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This announcement and the listing document referred herein is for informational purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell or acquire or the solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the issuer for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

This announcement does not constitute an offer to sell or the solicitation of an offer to acquire, purchase or subscribe for any securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever. Neither this announcement nor any copy hereof may be taken into or distributed in the United States or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or with any securities regulatory authority of any state of the United States or other jurisdiction and may not be offered or sold in the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933, as amended, and applicable state or local securities laws. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements. The Company (as defined below) does not intend to make any public offering of securities in the United States.

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)

US$1,200,000,000 4.500% SENIOR NOTES DUE 2028
(Debt Stock Code: 5230)
AND
US$1,300,000,000 4.625% SENIOR NOTES DUE 2029
(Debt Stock Code: 5232)
(together, the "Notes")

PUBLICATION OF OFFERING MEMORANDUM

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

Please refer to the offering memorandum dated September 24, 2024 (the "**Offering Memorandum**") appended herein in relation to the issuance of the Notes. The Offering Memorandum is published in English only. No Chinese version of the Offering Memorandum has been prepared.

Notice to Hong Kong investors: Meituan (the "**Company**") confirms that the Notes are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Stock Exchange on that basis. Accordingly, the Company confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Offering Memorandum does not constitute a prospectus, notice, memorandum, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Memorandum must not be regarded as an inducement to subscribe for or purchase any securities of the Company, and no such inducement is intended. In making an investment decision, prospective investors must rely on their examination of the Company and the terms of this offering, including the merits and risks involved.

By Order of the Board
Meituan
Wang Xing
Chairman

Hong Kong, October 3, 2024

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Xing and Mr. Mu Rongjun as executive Directors; and Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong, Dr. Shum Heung Yeung Harry and Ms. Yang Marjorie Mun Tak as independent non-executive Directors.

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS UNDER RULE 144A UNDER THE SECURITIES ACT (AS DEFINED BELOW) OR (2) NON-U.S. PERSONS OUTSIDE OF THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT (AS DEFINED BELOW)

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum. You are therefore advised to read this disclaimer carefully before reading, accessing, or making any other use of the attached. In accessing the attached, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR SOLICITATION IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (WITHIN THE MEANING OF REGULATION S OF THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAW OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE ATTACHED OFFERING MEMORANDUM. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of Your Representation: In order to be eligible to view the attached offering memorandum or make an investment decision with respect to the securities, investors must be either (1) Qualified Institutional Buyers ("QIBs") (as defined in Rule 144A under the Securities Act) or (2) non-U.S. persons (within the meaning of Regulation S of the Securities Act) outside of the United States and to the extent you purchase securities described in the attached offering memorandum, you will be doing so pursuant to Regulation S under the Securities Act. The attached offering memorandum is being sent at your request and by accepting the e-mail and accessing the attached offering memorandum, you shall be deemed to have represented to us that you and any customers you are acting on behalf of (a) are QIBs or (b) are non-U.S. persons not located in the United States and (3) you consent to delivery of the attached offering memorandum by electronic transmission. You are reminded that the attached offering memorandum has been delivered to you on the basis that you are a person into whose possession the attached offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. If this is not the case, you must return the attached offering memorandum to us immediately. You may not, nor are you authorized to, deliver or disclose the contents of this offering memorandum to any other person.

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

UK MiFIR product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (''COBS''), and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (''UK MiFIR''); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a ''distributor'') should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the ''UK MiFIR Product Governance Rules'') is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Restrictions: The attached offering memorandum is being furnished in connection with an offering exempt from the registration requirement under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the offering memorandum. You are reminded that the information in the attached document is not complete and may be changed.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the issuer or any initial purchaser to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute a general advertisement or general solicitation (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act) in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers are licensed brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or their affiliates on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached offering memorandum on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

Actions that You May Not Take: You should not reply by e-mail to this communication, and you may not purchase any securities by doing so. Any reply email communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

美团
Meituan

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

US$1,200,000,000 4.500% Senior Notes due 2028
US$1,300,000,000 4.625% Senior Notes due 2029

Issue Price for 2028 Notes Due 2028: 99.635%
Issue Price for 2029 Notes Due 2029: 99.467%

We are offering US$1,200,000,000 principal amount of our 4.500% Senior Notes due 2028 (the "2028 Notes"), and US$1,300,000,000 principal amount of our 4.625% Senior Notes due 2029 (the "2029 Notes," and together with the 2028 Notes, the "Notes"). The 2028 Notes will bear interest at a rate of 4.500% per year. Interest on the 2028 Notes will accrue from October 2, 2024. Interest will be paid on the 2028 Notes semi-annually in arrears on April 2 and October 2 of each year, beginning on April 2, 2025. Unless previously repurchased, cancelled, or redeemed, the 2028 Notes will mature on April 2, 2028. The 2029 Notes will bear interest at a rate of 4.625% per year. Interest on the 2029 Notes will accrue from October 2, 2024. Interest will be paid on the 2029 Notes semi-annually in arrears on April 2 and October 2 of each year, beginning on April 2, 2025. Unless previously repurchased, cancelled, or redeemed, the 2029 Notes will mature on October 2, 2029.

We may at our option redeem the Notes in whole but not in part at a redemption price of 100% of principal amount plus accrued and unpaid interest at any time upon the occurrence of certain tax events. We may also at our option redeem the 2028 Notes at any time prior to March 2, 2028, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2028 Notes to be redeemed and (ii) the make-whole amount (as defined elsewhere in this offering memorandum), plus, in each case, accrued and unpaid interest on the 2028 Notes to be redeemed, if any, to (but not including) the redemption date. In addition, we may at our option redeem the 2028 Notes at any time on or after March 2, 2028, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2028 Notes to be redeemed, plus accrued and unpaid interest on the 2028 Notes to be redeemed, if any, to (but not including) the redemption date. We may also at our option redeem the 2029 Notes at any time prior to September 2, 2029, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2029 Notes to be redeemed and (ii) the make-whole amount (as defined elsewhere in this offering memorandum), plus, in each case, accrued and unpaid interest on the 2029 Notes to be redeemed, if any, to (but not including) the redemption date. In addition, we may at our option redeem the 2029 Notes at any time on or after September 2, 2029, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2029 Notes to be redeemed, plus accrued and unpaid interest on the 2029 Notes to be redeemed, if any, to (but not including) the redemption date. Upon the occurrence of a triggering event, we will be required to make an offer to repurchase all of the Notes outstanding at a purchase price in cash equal to 101% of their principal amount, plus accrued and unpaid interest, if any, on the Notes being repurchased to (but excluding) the date of repurchase.

The Notes are our senior unsecured obligations and will rank senior in right of payment to all of our existing and future obligations expressly subordinated in right of payment to the Notes, rank at least equal in right of payment with all of our existing and future unsecured and unsubordinated obligations (subject to any priority rights pursuant to applicable law), and be effectively subordinated to all of our existing and future secured obligations, to the extent of the value of the assets serving as security therefor.

Pursuant to the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) (the "NDRC Administrative Measures") promulgated by the PRC National Development and Reform Commission (the "NDRC") and effective on February 10, 2023 and any relevant implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time, we have registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC dated August 26, 2024 evidencing such registration. Pursuant to the NDRC Administrative Measures, we will cause the requisite information relating to the issue of the Notes to be reported to the NDRC within 10 working days of time after the issue date of the Notes and comply with all reporting obligations under the NDRC Administrative Measures and any other applicable PRC laws and regulations in relation to the issue of the Notes.

Investing in the Notes involves risks. See "*Risk Factors*" beginning on page 14.

Application will be made to The Stock Exchange of Hong Kong Limited (the "SEHK") for the listing of the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (together, "Professional Investors") only. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: we confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the SEHK on that basis. Accordingly, we confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The SEHK has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Notes on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Notes or us or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this document, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. The Notes may not be offered or sold within the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any other jurisdiction. The Notes may be offered and sold only to (i) persons who are qualified institutional buyers ("QIBs") (as defined in Rule 144A under the Securities Act) purchasing for their own account or the account of a QIB as to which the purchaser exercises sole investment discretion, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, or (ii) non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act, and in accordance with any other applicable law. Prospective purchasers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on resales and transfers, see "Transfer Restrictions."

The Notes are expected to be assigned a rating of "Baa2" by Moody's Investors Service Limited, "BBB+" by S&P Global Ratings and "BBB" by Fitch Ratings Ltd.. A rating is not a recommendation to buy, sell, or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.

We expect that delivery of the Notes will be made to investors in book-entry form through The Depository Trust Company on or about October 2, 2024.

Joint Global Coordinators, Joint Lead Managers, and Joint Bookrunners

Goldman Sachs **BofA Securities** **Morgan Stanley** **HSBC**

Joint Lead Managers and Joint Bookrunners

UBS **Barclays** **CITIC Securities**

The date of this offering memorandum is September 24, 2024

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NOTICE TO INVESTORS

This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time after that date.

IN CONNECTION WITH THIS OFFERING, ANY INITIAL PURCHASER, AS STABILIZING MANAGER, OR ANY PERSON ACTING FOR IT, MAY PURCHASE AND SELL THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS, AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME. THESE ACTIVITIES, IF UNDERTAKEN, WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF THE STABILIZING MANAGER, AND NOT FOR US OR ON OUR BEHALF.

This offering memorandum is highly confidential. We are providing it solely for the purpose of enabling you to consider a purchase of the Notes. You should read this offering memorandum before making a decision whether to purchase the Notes. You must not use this offering memorandum for any other purpose, or disclose any information in this offering memorandum to any other person.

PRIIPs REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION/PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the Notes. We reserve the right to withdraw the offering of the Notes at any time, and Goldman Sachs (Asia) L.L.C., Merrill Lynch (Asia Pacific) Limited, Morgan Stanley & Co. International plc, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, Barclays Bank PLC and CLSA Limited (the "initial purchasers") reserve the right to reject any commitment to purchase the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser. The initial purchasers and certain related entities may acquire a portion of the Notes for their own accounts.

This offering memorandum is personal to the prospective investor to whom it has been delivered by the initial purchasers and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Notes. Distribution of this offering memorandum to any person other than the prospective investor and those persons, if any, retained to advise that prospective investor with respect thereto is unauthorized, and any disclosure of its contents without our prior written consent is prohibited. The prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and agrees not to make any photocopies of this offering memorandum.

This offering memorandum is intended solely for the purpose of soliciting indications of interest in the Notes from qualified investors and does not purport to summarize all of the terms, conditions, covenants, and other provisions contained in the indentures governing the Notes (the "indentures") and other transaction documents described herein. The information provided is not all-inclusive. We have obtained the market information in this offering memorandum from publicly available sources deemed to be reliable.

You should rely only on the information contained in this offering memorandum. We have not authorized anyone to provide you with information that is different. This offering memorandum may only be used where it is legal to sell the Notes. The information in this document may only be accurate as of the date of this offering memorandum. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs and those of each of our subsidiaries or that the information set forth herein is correct in all material respects as of any date subsequent to the date hereof.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to us. We accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable inquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

In making an investment decision, prospective investors must rely on their examination of us and the terms of this offering, including the merits and risks involved.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS OFFERING MEMORANDUM IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

None of us, the initial purchasers, Citicorp International Limited (the "trustee"), Citibank, N.A., London Branch (the "paying agent," the "transfer agent," and the "registrar," and collectively, the "agents"), nor any of our or their respective affiliates or representatives are making any representation to any offeree or purchaser of the Notes offered hereby regarding the legality of any investment by such offeree or purchaser under applicable laws. None of the initial purchasers, the trustee, the agents, or any person who controls any of them or any director, officer, employee, associate, advisor, representative, or agent of any of them, has independently verified all of the information contained in this offering memorandum. Each prospective investor should consult with its own advisors as to legal, tax, business, financial, and related aspects of a purchase of the Notes.

No representation or warranty, express or implied, is made or given by the initial purchasers, the trustee, the agents, or any of their respective affiliates or advisors as to the accuracy, completeness, or sufficiency of the information set forth herein, and nothing contained in this offering memorandum is, or should be relied upon as, a promise, representation, or warranty, whether as to the past or the future. Each person receiving this offering memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the initial purchasers, the trustee, the agents, or any person affiliated with the initial purchasers, the trustee, or the agents in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, or the Notes (other than as contained herein and information given by our duly authorized officers and employees, as applicable, in connection with investors' examination of us and the terms of this offering) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the initial purchasers, the trustee, or the agents.

The distribution of this offering memorandum and the offer and sale of the Notes may, in certain jurisdictions, be restricted by law. Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this offering memorandum, and must obtain any consent, approval or permission required for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes purchases, offers or sales. See "Plan of Distribution" for a description of certain restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions.

Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain initial purchasers, are "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMI(s) may also be acting as "overall coordinators" ("**OCs**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any initial purchaser, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the initial purchaser or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order." If a prospective investor is otherwise affiliated with any initial purchaser, such that its order may be considered to be a "proprietary order" (pursuant to

the SFC Code), such prospective investor should indicate to the relevant initial purchaser when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order." Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the initial purchasers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

AVAILABLE INFORMATION

At any time when we are neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, we will furnish, upon request, to any holder of the Notes, or any prospective purchaser designated by any such holder, information satisfying the requirements of Rule 144A(d)(4)(i) under the Securities Act to permit compliance with Rule 144A in connection with resales of the Notes for so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

CONVENTIONS THAT APPLY TO THIS OFFERING MEMORANDUM

In this offering memorandum, unless otherwise indicated or unless the context otherwise requires:

- "Active Merchant" refers to 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;

- "AI" refers to artificial intelligence, and "AGI" refers to artificial general intelligence, a type of AI that aims to match or surpass human capabilities across a wide range of cognitive tasks;

- "China", "Mainland China" or "PRC" refers to the People's Republic of China and, solely for the purpose of this offering memorandum, excludes Taiwan, Hong Kong Special Administrative Region, and Macau Special Administrative Region;

- "Company," "Issuer," "Meituan," "Group," "we," "our," or "us" refers to Meituan 美团, an exempted company with limited liability incorporated under the laws of the Cayman Islands, and its consolidated subsidiaries and consolidated affiliated entities, unless the context indicates otherwise;

- "Consolidated Affiliated Entities" refers to the entities we control through contractual arrangements, namely, the VIEs and their respective subsidiaries;

- "Class A Shares" refers to 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" refers to 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;

- "ERP" refers to enterprise resource planning;

- "Gross Transaction Volume" or "GTV" refers to 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 value-added tax (VAT), but excludes any payment-only transactions, such as QR code scan payments and point-of-sale payments;

- "Listed POI" refers to POI (point of interest, a specific point location that one may find useful or interesting) that can be searched, viewed, and is currently valid on our platform;

- "Number of On-demand Delivery transactions" refers to number of transactions from food delivery and Meituan Instashopping businesses;

- "Renminbi" or "RMB" refers to the lawful currency of China;

- "SEHK" refers to The Stock Exchange of Hong Kong Limited;

- "SFC" refers to the Securities and Futures Commission of Hong Kong;

- "SKU" refers to stock keeping unit;

- "Share(s)" refers to the Class A Shares and Class B Shares in the share capital of the Company, as the context so requires;

- "Transacting User" refers to 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" refers to the number of transactions, which is generally recognized based on the number of payments made. (i) With respect to our in-store business, one transaction is recognized if a user purchases multiple vouchers with a single payment; (ii) with respect to our hotel-booking business, one transaction is recognized if a user books multiple room nights with a single payment; (iii) with respect to our attraction, movie, air and train ticketing businesses, one transaction is recognized if a user purchases multiple tickets with a single payment; and (iv) with respect to our bike sharing business and e-moped sharing businesses, 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;

- "UGC" refers to user generated content, which refers to the information or content provided by users, including ratings, in-depth comments, recommendations, graphics, and videos, as well as information on POIs;

- "U.S. dollars" or "US$" or "USD" refers to United States dollars, the lawful currency of the United States of America;

- "VIE" refers to variable interest entity; and

- "WFOEs," each a "WFOE," refers to Tianjin Xiaoyi Technology Co., Ltd., Beijing Kuxun Technology Co., Ltd., Tianjin Wanlong Technology Co., Ltd., Beijing Sankuai Online Technology Co., Ltd., Shenzhen Sankuai Online Technology Co., Ltd., Hanhai Information Technology (Shanghai) Co., Ltd., Beijing Sankuai Internet Technology Co., Ltd., Mobike (Beijing) Information Technology Co., Ltd., and Tianjin Hanbo Information Technology Co., Ltd.

Any discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

Our reporting currency is Renminbi because our business is primarily conducted in China and most of our revenue is denominated in Renminbi. This offering memorandum contains translations from Renminbi to U.S. dollars based on the exchange rate set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System solely for the convenience of the reader. Unless otherwise stated, all amounts in this offering memorandum have been translated from Renminbi to U.S. dollars at a rate of RMB7.2672 to US$1.00, which was the exchange rate in effect as of June 30, 2024. The exchange rate in effect as of September 13, 2024 was RMB7.0930 to US$1.00. We make no representation that any Renminbi or U.S. dollar amounts referred to in this offering memorandum could have been, or could be, converted to U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange.

Market data and certain industry forecasts and statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information, and industry publications. In many cases, there is no readily available external information (whether from trade associations, government bodies, or other organizations) to validate market-related analyses and estimates, requiring us to rely on our own internally developed estimates regarding our industry, our position in the industry, our market and segment share, and the market and segment shares of various industry participants based on experience, our own investigation of market conditions, and our review of industry publications, including information made available to the public by our competitors. Although this information is believed to be reliable, it has not been independently verified by us or the initial purchasers or our or their respective directors and advisors, and neither we or the initial purchasers nor our or their respective directors and advisors make any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside of China. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

PRESENTATION OF FINANCIAL INFORMATION

Our consolidated financial statements/information included elsewhere in this offering memorandum are prepared in accordance with all applicable International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards") and disclosure requirements of the Hong Kong Companies Ordinance, which differ in certain respects from generally accepted accounting principles in the United States and in certain other countries. There could be significant differences between IFRS Accounting Standards and generally accepted accounting principles in the United States and in certain other countries as applied to the Company. We have made no attempt to describe or quantify the impact of those differences or reconcile to its IFRS Accounting Standards financial information to accounting principles generally accepted in the United States and other countries. Accordingly, such information is not available to investors. In making an investment decision, investors must rely upon their own examination of us, the terms of the Notes, and the consolidated financial statements/information we present herein. Potential investors should consult their own professional advisers for an understanding of the differences between IFRS Accounting Standards and accounting principles generally accepted in other countries, including the United States, and how those differences might affect the consolidated financial statements/information presented herein.

This offering memorandum contains non-IFRS Accounting Standards financial measures that are not required by, or presented in accordance with, IFRS Accounting Standards, including adjusted EBITDA and adjusted net profit/(loss). We believe that the presentation of non-IFRS Accounting Standards measures when shown in conjunction with the corresponding IFRS Accounting Standards measures provides useful information to investors and management regarding financial and business trends in relation to our financial condition and results of operations, by eliminating any potential impact 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. We also believe that the non-IFRS Accounting Standards measures are appropriate for evaluating our operating performance. However, the use of these non-IFRS Accounting Standards measures has limitations as an analytical tool, and you 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 and therefore may not be comparable to similar measures used by other companies.

FORWARD-LOOKING STATEMENTS

Certain statements in this offering memorandum are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, or future events or performance (often, but not always, through the use of words or phrases such as "will," "expect," "anticipate," "estimate," "believe," "going forward," "ought to," "may," "seek," "should," "intend," "plan," "projection," "could," "vision," "goals," "aim," "aspire," "objective," "target," "schedules," and "outlook") are not historical facts, are forward-looking, and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this offering memorandum), uncertainties, and other factors, some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties, and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our business and growth strategies and our ability to implement such strategies;
- our ability to develop and manage our expanding operations;
- our ability to control operating costs and expenses;
- competition for, among other things, consumer spending, merchants, delivery couriers, capital, technology, and skilled personnel;
- our ability to maintain and enhance our brands;
- our ability to adopt new technologies or to adapt our apps, websites and systems;
- changes to regulatory and operating conditions in the industries in which we operate; and
- all other risks and uncertainties described in "Risk Factors."

Furthermore, these forward-looking statements merely reflect our current view with respect to future events and are not a guarantee of future performance. Our financial condition may differ materially from the information contained in the forward-looking statements due to a number of factors, including factors disclosed under "Risk Factors" and elsewhere in this offering memorandum.

We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity; the development of the industry in which we operate; and the effect of acquisitions on us may differ materially from the results or developments that may be suggested by the forward-looking statements contained in this offering memorandum. In addition, even if our results of operations, financial condition and liquidity; the development of the industry in which we operate; and the effect of acquisitions on us are consistent with the forward-looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

Subject to the requirements of applicable laws, rules, and regulations, we do not have any obligation and do not intend to update or otherwise revise the forward-looking statements in this offering memorandum, whether as a result of new information, future events, or otherwise. Because of these risks, uncertainties, or assumptions, the forward-looking events and circumstances discussed in this offering memorandum might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this offering memorandum are qualified by reference to this cautionary statement.

ENFORCEABILITY OF FOREIGN JUDGMENTS AND CIVIL LIABILITIES

We were incorporated under the laws of the Cayman Islands as an exempted company with limited liability, because of certain benefits associated with being a Cayman Islands exempted company, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of foreign exchange control or currency restrictions, and the availability of professional and support services. However, the Cayman Islands has a less developed body of securities laws than the United States and provides less protection for investors. In addition, Cayman Islands companies do not have standing to sue before the federal courts of the United States.

A majority of our assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or these persons, or to enforce judgments obtained in U.S. courts against us or them, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States or any state in the United States. It may also be difficult for you to enforce judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors.

Maples and Calder (Hong Kong) LLP, our legal counsel as to Cayman Islands law, has advised us that there is uncertainty as to whether the courts of the Cayman Islands would (1) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States, or (2) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the federal securities laws of the United States or the securities laws of any state in the United States.

Maples and Calder (Hong Kong) LLP has informed us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment *in personam* obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (i) is given by a competent foreign court with jurisdiction to give the judgment, (ii) imposes on the judgment debtor a liability (to pay a liquidated sum for which the judgment has been given), (iii) is final and conclusive, (iv) is not in respect of taxes, a fine or a penalty, and (v) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. There is uncertainty with regard to Cayman Islands law relating to whether a judgment obtained from the United States courts under civil liability provisions of the securities laws of the United States will be determined by the courts of the Cayman Islands as penal or punitive in nature. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Han Kun Law Offices, our counsel as to the laws of the PRC, has advised us that there is uncertainty as to whether the PRC courts would (1) recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (2) entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Han Kun Law Offices has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. The PRC's courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law and other applicable laws and regulations based either on treaties between the PRC and the country where the judgment is made or on principles of reciprocity between jurisdictions. The PRC does not have any treaties

or other form of reciprocal arrangements with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of China's law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a court in the PRC would enforce a judgment rendered by a court in the United States or in the Cayman Islands.

In addition, it will be difficult for holders of the Notes to originate actions against us in China in accordance with the PRC's laws because we are incorporated under the laws of the Cayman Islands and it will be difficult to establish a connection to China for the PRC's court to have jurisdiction as required under the Civil Procedures Law.

SUMMARY

This summary may not contain all of the information that may be important to you. You should read this entire offering memorandum before making an investment decision to purchase the Notes.

Our Mission

Our mission is: "We help people eat better, live better."

We founded our Company with the belief that technology will make everyone's life better. We remain committed to investing in technology to accelerate the digitalization of local commerce, enriching the lives of consumers, empowering the operations of merchants, and elevating the overall social wellbeing of all participants in our ecosystem.

Overview

We are China's leading platform in local commerce. Operating in over 2,800 cities and counties in China, we have transformed the ways consumers enjoy their daily lives and merchants conduct their businesses. In the last twelve months ended June 30, 2024, we served over 750 million annual Transacting Users and over 13 million annual Active Merchants. We are China's leading on-demand delivery service provider, with an average daily order of approximately 65.2 million in the last twelve months ended June 30, 2024. Our in-store, hotel and travel business continue to grow robustly and maintains the leading position with a strong market presence.

Our one-stop platform in local commerce offers a full-spectrum of local commerce categories, addressing many aspects of consumers' daily lives through multiple fulfillment solutions. We offer an extensive matrix of goods and services through our flagship super app "Meituan app" and an array of other specialized apps, bringing quality offerings, convenience, and accessibility to consumers. Our strong brand awareness among all ecosystem participants makes us the go-to destination for consumers to discover local commerce, the preferred partner for merchants, and one of the top choices for couriers seeking flexible job opportunities. Through our leading position in on-demand delivery, we have established the consumer mindshare of "*speedy and instant*." Through our in-store, hotel and travel business, we aggregate high-quality merchants, combine traditional shelf-based model with mega-hit promotions and offer attractive deals, providing exceptionally cost-effective consumption experiences and fostering a compelling value proposition centered around "*value-for-money*."

As a super app, we are able to sustainably increase consumer purchase frequency and wallet share on our platform through effective cross-selling among different local commerce categories. For example, we effectively expand our user base through high-frequency services such as food delivery and direct them to medium-to-low frequency services, such as in-store, hotel and travel. In addition, as of June 30, 2024, more than 60% of our food delivery annual Transacting Users have been converted to users of Meituan Instashopping, which is our non-food on-demand delivery business. The breadth of our platform offerings and cross-selling capabilities enable us to benefit from lower user acquisition costs, reinforce our operational efficiency and improve user transaction frequency.

With the goal to accelerate the digital transformation of China's local commerce industry and support the business growth of merchants, we currently offer a comprehensive set of ROI-driven solutions to over 13 million annual Active Merchants. Our platform offers diverse marketing scenarios and a rich set of tools with high conversion rate and ROI. We empower merchants throughout the entire business cycle from new store opening campaigns to special promotions, integrating online and offline operations for an omnichannel experience. We solidified our competitive advantage in the shelf-based model by continuously improving our location-based service ("LBS") algorithms to enhance consumer-merchant matching efficiency and consumer conversion ratio. We have also achieved significant progress in promoting deep-discount and mega-hit products through new marketing campaigns and product formats. For restaurant merchants, especially small-to-medium sized merchants, our food delivery service provides efficient and cost-effective delivery services, helping them significantly expand customer reach and achieve business growth. Our in-store dining service also increases foot traffics for dine-in services, further supporting their growth. Our business-to-business food distribution service, Kuailv ("快驢"), and restaurant SaaS solutions also enhance merchant's operation efficiency and loyalty to our platform.

We operate the leading intra-city on-demand delivery network globally. Leveraging our leading delivery network infrastructure, we are able to onboard more merchants to Meituan platform, and in turn attract more consumers with wide merchant selections and superior speedy delivery experiences. For our food delivery business, our on-demand delivery network fosters strong economies of scale and tremendous network effect with high order density. This enables us to achieve a more optimized unit economic model and serve low-price band orders more efficiently, establishing a significant entry barrier for competitors. Meituan Instashopping continues to expand its offerings from food to a broader range of non-food categories, offering consumers more varieties and enhancing our delivery network's order density and operational efficiency throughout the day. Our efficient delivery network fosters a deep integration of online and offline retail, cultivating "Everything Now" ("萬物到家") as the new lifestyle across all city tiers. Our intelligent dispatch system utilizes AI technologies to optimize order-courier matching and route planning. The continuous optimization and iteration of the dispatch system further enhance delivery efficiency. We are also advancing our autonomous delivery technologies, especially autonomous driving vehicles and drones to optimize our on-demand, last-mile delivery experiences under various delivery scenarios, especially challenging delivery scenarios where human delivery is constrained.

Our platform benefits from a massive consumer and merchant base, along with a world-leading on-demand delivery network. The significant network effects create strong value for all ecosystem participants and enhance their stickiness and loyalty to our platform. Our on-demand delivery infrastructure and large consumer base attract more merchants, driving revenue opportunities. Consumers are drawn to our platform for a wider selection of merchants, products and categories and a reliable delivery experience. The large consumer and merchant bases lead to more orders and higher order density, enabling couriers to fulfill the deliveries more efficiently and earn more income on our platform. In addition, our large and engaged consumer and merchant bases generate authentic comments and reviews, enabling better decision-makings for consumers and enhanced service offerings for merchants.

We have achieved significant growth. We generate revenues from delivery services, commissions, online marketing services, and other services and sales. In 2021, 2022, 2023 and for the six months ended June 30, 2024, we had total revenues of RMB179.1 billion, RMB220.0 billion, RMB276.7 billion (US$38.1 billion) and RMB155.5 billion (US$21.4 billion), respectively. Our total revenue growth remained strong, growing by 22.8% from 2021 to 2022, 25.8% from 2022 to 2023 and 22.9% from the six months ended June 30, 2023 to the same period ended June 30, 2024, respectively. We have also been improving our margin profile. In 2021, 2022, 2023 and for the six months ended June 30, 2024, our gross margin was 23.7%, 28.1%, 35.1% and 38.3%, respectively, serving as a testament to our enhancing economies of scale and optimized operations. In addition, we also maintained a strong and stable cash balance and a healthy liquidity position.

Key Operating Data

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2021	2022	2023	2023	2024
			(in millions)		
Number of On-demand Delivery transactions	15,501.3	17,670.2	21,893.2	9,667.8	11,631.6

Competitive Strengths

We believe the following competitive strengths contribute to our success and differentiate us from our competitors:

- leading platform in local commerce with tremendous scale and network effect;
- the "Super App" with full-spectrum local commerce categories and strong brand awareness;
- leading intra-city on-demand delivery network globally;
- extensive local merchant coverage with innovative supply formats and comprehensive merchant solutions;
- management with long-term vision and proven execution capabilities; and
- strong financial profiles driving sustainable growth and value creation.

Our Strategy

Our key strategies to further grow our business are to:

- foster deeper collaboration across all business lines and serve more consumers more frequently;
- further strengthen platform supply and empower more merchants throughout their business cycle with our comprehensive solutions;
- continue to grow our on-demand retail business and cultivate the "Everything Now" lifestyle for consumers;
- accelerate online penetration of in-store, hotel and travel businesses across geographies;
- continue to invest in research and development and technological innovations; and
- prudently expand into overseas markets with financial discipline.

Corporate Information

Our principal executive offices are located at Blocks B&C, Hengjiweiye Building, No. 4 Wang Jing East Road, Chaoyang District, Beijing 100102, People's Republic of China. Our registered office in the Cayman Islands is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Our website is *www.meituan.com*. The information contained on our website is not a part of this offering memorandum.

SUMMARY FINANCIAL INFORMATION

The following summary consolidated income statements and summary consolidated statements of cash flows for the years ended December 31, 2021, 2022 and 2023 and summary consolidated statements of financial position as of December 31, 2021, 2022 and 2023 have been derived from our audited consolidated financial statements as of and for the years ended December 31, 2022 and 2023 included elsewhere in the offering memorandum. The following summary consolidated income statements and summary consolidated statements of cash flows for the six months ended June 30, 2023 and 2024 and summary consolidated statements of financial position as of June 30, 2024 have been derived from our unaudited interim condensed consolidated financial information as of and for the six months ended June 30, 2023 and 2024 included elsewhere in this offering memorandum.

With respect to our unaudited interim condensed consolidated financial information as of and for the six months ended June 30, 2023 and 2024, PricewaterhouseCoopers, the Company's independent auditor, has performed a review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board (the "**IAASB**"). However, as stated in its reports, a review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, the degree of reliance on its reports on such information should be restricted in light of the limited nature of the review procedures applied.

Therefore, our unaudited interim condensed consolidated financial information as of and for the six months ended June 30, 2023 and 2024 may not provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. None of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers nor any of their directors, officers, employees, representatives, agents, advisers, or affiliates makes any representation or warranty, express or implied, regarding the sufficiency of such financial information for an assessment of, and potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. Our unaudited interim condensed consolidated financial information as of and for the six months ended June 30, 2023 and 2024 should not be taken as an indication of our expected financial condition or results of operations for the full financial year ending December 31, 2024 and they are not comparable to the financial information for the years ended December 31, 2021, 2022 and 2023.

You should read this section in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes to those audited consolidated financial statements and unaudited interim condensed consolidated financial information included elsewhere in this offering memorandum. The historical results are not necessarily indicative of the results of operations to be expected in the future.

Amounts in the Company's consolidated financial statements are stated in Renminbi. The translation of Renminbi amounts into U.S. dollars is for convenience only and has been made at the rate of RMB7.2672 to US$1.00. No representation is made that Renminbi amounts have been, could have been, or could be converted into U.S. dollars at the rate indicated or at any other rate.

Adoption of New Accounting Standards

In preparing the audited consolidated financial statements as of and for the year ended December 31, 2023, the Company has adopted the new accounting standard, namely Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction, as and when they came into effect on January 1, 2023, and has not restated the prior years' financial statements/information as permitted under IFRS Accounting Standards. Therefore, the audited consolidated financial statements as of and for the year ended December 31, 2023 may not be comparable with the consolidated financial statements for the previous years. For the impact on the adoption of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction, please refer to note 2.1.1(a) of the audited consolidated financial statements as of and for the year ended December 31, 2023 beginning on page F-129.

Summary Consolidated Income Statements of the Company

	For the year ended December 31,							For the six months ended June 30,				
	2021		2022		2023			2023		2024		
	RMB	%	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
						(Unaudited)		(Unaudited)		(Unaudited)	(Unaudited)	
	(in thousands, except percentages)											
Revenues	**179,127,997**	**100.0**	**219,954,948**	**100.0**	**276,744,954**	**38,081,373**	**100.0**	**126,582,096**	**100.0**	**155,526,961**	**21,401,222**	**100.0**
Cost of revenues	(136,653,869)	(76.3)	(158,201,969)	(71.9)	(179,553,793)	(24,707,424)	(64.9)	(81,366,666)	(64.3)	(95,940,377)	(13,201,835)	(61.7)
Gross profit	**42,474,128**	**23.7**	**61,752,979**	**28.1**	**97,191,161**	**13,373,949**	**35.1**	**45,215,430**	**35.7**	**59,586,584**	**8,199,387**	**38.3**
Selling and marketing expenses	(40,683,166)	(22.7)	(39,745,112)	(18.1)	(58,616,997)	(8,065,967)	(21.2)	(24,986,265)	(19.7)	(28,720,750)	(3,952,107)	(18.5)
Research and development expenses	(16,675,595)	(9.3)	(20,739,865)	(9.4)	(21,201,005)	(2,917,355)	(7.7)	(10,454,563)	(8.2)	(10,339,833)	(1,422,808)	(6.6)
General and administrative expenses	(8,612,626)	(4.8)	(9,771,810)	(4.4)	(9,372,067)	(1,289,639)	(3.4)	(4,134,001)	(3.3)	(4,993,254)	(687,095)	(3.2)
Net provisions for impairment losses on financial and contract assets	(259,953)	(0.2)	(468,620)	(0.2)	(1,135,405)	(156,237)	(0.4)	(450,611)	(0.3)	(451,817)	(62,172)	(0.3)
Fair value changes of other financial investments at fair value through profit or loss	815,747	0.5	(1,013,057)	(0.5)	234,227	32,230	0.1	267,790	0.2	(637,153)	(87,675)	(0.4)
Other (losses)/gains, net	(185,734)	(0.1)	4,165,037	1.9	6,315,473	869,038	2.3	2,840,940	2.2	2,022,504	278,306	1.3
Operating (loss)/profit	**(23,127,199)**	**(12.9)**	**(5,820,448)**	**(2.6)**	**13,415,387**	**1,846,019**	**4.8**	**8,298,720**	**6.6**	**16,466,281**	**2,265,836**	**10.6**
Finance income	546,037	0.3	657,908	0.3	818,986	112,696	0.3	401,608	0.3	624,249	85,900	0.4
Finance costs	(1,130,935)	(0.6)	(1,628,825)	(0.7)	(1,425,157)	(196,108)	(0.5)	(707,482)	(0.6)	(607,236)	(83,559)	(0.4)
Share of profits of investments accounted for using the equity method	145,620	0.1	35,848	0.0	1,212,652	166,866	0.5	72,647	0.1	655,401	90,186	0.4
(Loss)/profit before income tax	**(23,566,477)**	**(13.1)**	**(6,755,517)**	**(3.0)**	**14,021,868**	**1,929,473**	**5.1**	**8,065,493**	**6.4**	**17,138,695**	**2,358,363**	**11.0**
Income tax credits/(expenses)	30,279	0.0	70,194	0.0	(164,537)	(22,641)	(0.1)	(18,383)	(0.0)	(417,378)	(57,433)	(0.2)
(Loss)/profit for the year/period	**(23,536,198)**	**(13.1)**	**(6,685,323)**	**(3.0)**	**13,857,331**	**1,906,832**	**5.0**	**8,047,110**	**6.4**	**16,721,317**	**2,300,930**	**10.8**

Summary Consolidated Statements of Financial Position of the Company

	As of December 31,				As of June 30,	
	2021	2022	2023		2024	
	RMB	RMB	RMB	US$	RMB	US$
				(Unaudited)	(Unaudited)	(Unaudited)
			(in thousands)			
Total non-current assets	92,824,592	101,335,725	109,913,453	15,124,594	115,290,695	15,864,528
Total current assets	147,828,677	143,145,467	183,116,179	25,197,625	170,267,675	23,429,611
Total assets	**240,653,269**	**244,481,192**	**293,029,632**	**40,322,219**	**285,558,370**	**39,294,139**
Total non-current liabilities	46,503,550	39,345,378	40,199,170	5,531,590	30,803,061	4,238,642
Total current liabilities	68,592,957	76,430,097	100,874,095	13,880,737	94,255,949	12,970,050
Total liabilities	**115,096,507**	**115,775,475**	**141,073,265**	**19,412,327**	**125,059,010**	**17,208,692**
Share capital	411	415	418	58	417	57
Share premium	311,221,237	316,743,344	325,578,612	44,801,108	325,916,058	44,847,542
Treasury shares	–	–	–	–	(6,314,176)	(868,860)
Shares held for shares award scheme	–	–	–	–	(1)	–
Other reserves	(2,866,675)	1,484,187	2,051,062	282,236	(150,530)	(20,712)
Accumulated losses	(182,741,531)	(189,466,336)	(175,616,885)	(24,165,689)	(158,896,426)	(21,864,877)

	As of December 31,				As of June 30,	
	2021	2022	2023		2024	
	RMB	RMB	RMB	US$	RMB	US$
				(Unaudited)	(Unaudited)	(Unaudited)
			(in thousands)			
Equity attributable to equity holders of the Company	**125,613,442**	**128,761,610**	**152,013,207**	**20,917,713**	**160,555,342**	**22,093,150**
Non-controlling interests	**(56,680)**	**(55,893)**	**(56,840)**	**(7,821)**	**(55,982)**	**(7,703)**
Total equity and liabilities	**240,653,269**	**244,481,192**	**293,029,632**	**40,322,219**	**285,558,370**	**39,294,139**
Net current assets	**79,235,720**	**66,715,370**	**82,242,084**	**11,316,888**	**76,011,726**	**10,459,561**

Summary Consolidated Statements of Cash Flows of the Company

	For the year ended December 31,				For the six months ended June 30,		
	2021	2022	2023		2023	2024	
	RMB	RMB	RMB	US$	RMB	RMB	US$
				(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
				(in thousands)			
Net cash flows (used in)/generated from operating activities	(4,011,457)	11,411,448	40,521,850	5,575,992	18,916,423	25,038,337	3,445,390
Net cash flows (used in)/generated from investing activities	(58,491,834)	(14,713,569)	(24,663,844)	(3,393,858)	(10,548,255)	28,571,875	3,931,621
Net cash flows generated from/(used in) financing activities	78,598,331	(9,990,201)	(2,781,303)	(382,720)	(1,697,222)	(32,413,691)	(4,460,273)
Net increase/(decrease) in cash and cash equivalents	16,095,040	(13,292,322)	13,076,703	1,799,414	6,670,946	21,196,521	2,916,738
Cash and cash equivalents at the beginning of the year/period	17,093,559	32,513,428	20,158,606	2,773,917	20,158,606	33,339,754	4,587,703
Exchange (losses)/gains on cash and cash equivalents	(675,171)	937,500	104,445	14,372	173,486	167,893	23,103
Cash and cash equivalents at the end of the year/period	32,513,428	20,158,606	33,339,754	4,587,703	27,003,038	54,704,168	7,527,544

Non-IFRS Accounting Standards Measures: Adjusted EBITDA and Adjusted Net (Loss)/Profit

To supplement our consolidated results, which are prepared and presented in accordance with IFRS Accounting Standards, we also use adjusted EBITDA and adjusted net (loss)/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. The following table sets forth our non-IFRS Accounting Standards measures for the years or periods indicated:

	For the year ended December 31,							For the six months ended June 30,				
	2021		2022		2023			2023		2024		
	RMB	%	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)											
Non-IFRS Accounting Standards Measures:												
Adjusted net (loss)/profit (unaudited)	(15,571,500)	(8.7)	2,827,245	1.3	23,253,418	3,199,777	8.4	13,151,309	10.4	21,094,650	2,902,720	13.6
Adjusted EBITDA (unaudited)	(9,694,076)	(5.4)	9,724,589	4.4	23,878,018	3,285,725	8.6	13,944,411	11.0	23,067,611	3,174,209	14.8

We define adjusted net (loss)/profit as (loss)/profit for the year or period adjusted for (i) certain non-cash or one-off items, consisting of share-based compensation expense, amortization 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.

We define adjusted EBITDA as adjusted net (loss)/profit for the year or 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, amortization of intangible assets, depreciation of property, plant and equipment, and certain impairment and expense reversal/(provision).

The following table sets forth the reconciliations of our non-IFRS Accounting Standards measures for the years or periods indicated to the nearest measures prepared in accordance with IFRS Accounting Standards:

	For the year ended December 31,				For the six months ended June 30,		
	2021	2022	2023		2023	2024	
	RMB	RMB	RMB	US$	RMB	RMB	US$
				(Unaudited) *(in thousands)*	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit for the year/period	(23,536,198)	(6,685,323)	13,857,331	1,906,832	8,047,110	16,721,317	2,300,930
Adjusted for:							
Fine imposed pursuant to China's Antimonopoly Law	3,442,440	–	–	–	–	–	–
Share-based compensation expenses	5,193,860	8,742,962	8,383,353	1,153,588	4,387,488	3,920,339	539,456
Net (gains)/losses from investments	(1,247,255)	193,472	12,486	1,718	9,388	296,815	40,843
Impairment and expense (reversal)/provision	(58,743)	322,872	817,785	112,531	520,379	129,153	17,772
Amortization of intangible assets resulting from acquisitions	495,954	471,372	246,190	33,877	160,572	85,681	11,790
Tax effects	138,442	(218,110)	(63,727)	(8,769)	26,372	(58,655)	(8,071)
Adjusted net (loss)/profit	**(15,571,500)**	**2,827,245**	**23,253,418**	**3,199,777**	**13,151,309**	**21,094,650**	**2,902,720**

	For the year ended December 31,				For the six months ended June 30,		
	2021	2022	2023		2023	2024	
	RMB	RMB	RMB	US$	RMB	RMB	US$
				(Unaudited) *(in thousands)*	(Unaudited)	(Unaudited)	(Unaudited)
Adjusted for:							
Income tax (credits)/expenses not adjusted for adjusted net (loss)/profit	(168,721)	147,916	228,264	31,410	(7,989)	476,033	65,504
Share of (profits)/losses of investments accounted for using the equity method not adjusted for adjusted net (loss)/profit	(416,920)	290,822	(1,554,673)	(213,930)	(356,129)	(237,336)	(32,659)
Finance income	(546,037)	(657,908)	(818,986)	(112,696)	(401,608)	(624,249)	(85,900)
Finance costs	1,130,935	1,628,825	1,425,157	196,108	707,482	607,236	83,559
Other gains, net not adjusted for adjusted net (loss)/profit	(2,553,898)	(3,771,253)	(6,405,729)	(881,458)	(3,020,200)	(2,100,231)	(289,001)
Amortization of software and others	321,090	64,362	62,744	8,634	30,908	32,776	4,510
Depreciation of property, plant and equipment	8,110,975	9,194,580	7,687,823	1,057,880	3,840,638	3,818,732	525,476
Adjusted EBITDA	**(9,694,076)**	**9,724,589**	**23,878,018**	**3,285,725**	**13,944,411**	**23,067,611**	**3,174,209**

THE OFFERING

The following is a brief summary of the terms of this offering and is qualified in its entirety by the remainder of this offering memorandum. For a more complete description of the terms of the Notes, see "Description of the 2028 Notes" and "Description of the 2029 Notes" in this offering memorandum. Terms used in this summary and not otherwise defined shall have the meanings given to them in "Description of the 2028 Notes" and "Description of the 2029 Notes."

Issuer/The Company	Meituan 美团, a company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability.
Notes Offered	US$1,200,000,000 aggregate principal amount of 4.500% senior notes due 2028 (the "2028 Notes"). US$1,300,000,000 aggregate principal amount of 4.625% senior notes due 2029 (the "2029 Notes").
Issue Price	2028 Notes: 99.635% 2029 Notes: 99.467%
Issue Date	October 2, 2024
Maturity Date	2028 Notes: April 2, 2028 2029 Notes: October 2, 2029
Interest Payment Dates	For all Notes, the interest payment dates will be April 2 and October 2 of each year, commencing April 2, 2025, and at maturity being April 2, 2028 for the 2028 Notes and October 2, 2029 for the 2029 Notes.
Interest	The 2028 Notes will bear interest at 4.500% per annum, payable semi-annually in arrears from October 2, 2024. The 2029 Notes will bear interest at 4.625% per annum, payable semi-annually in arrears from October 2, 2024. Interest will be calculated on the basis of a 360-day year, consisting of twelve/30-day months.
Issues of Additional Notes	The Issuer may, from time to time, without the consent of the holders of the Notes, issue additional Notes under the indentures having the same terms and conditions as the previously outstanding Notes in all respects (or in all respects except for the issue date, the issue price, and the first payment of interest). Additional Notes issued in this manner may be consolidated with the previously outstanding Notes to constitute a single series of the Notes; provided, however, that such additional Notes will not have the same CUSIP, ISIN, Common Code or other identifying number as the outstanding Notes unless the additional Notes are fungible with the outstanding Notes for U.S. federal income tax purposes.

Ranking	The Notes will constitute senior unsecured obligations of the Issuer. The Notes will rank senior in right of payment to all of the Issuer's existing and future obligations expressly subordinated in right of payment to the Notes and rank at least equal in right of payment with all of the Issuer's existing and future unsecured and unsubordinated obligations (subject to any priority rights pursuant to applicable law). However, the Notes will be effectively subordinated to all of the Issuer's existing and future secured obligations, to the extent of the value of the assets serving as security therefor, and be structurally subordinated to all existing and future obligations and other liabilities of the Issuer's Controlled Entities (as defined elsewhere in this offering memorandum).
Certain Covenants	The Issuer has covenanted in the indentures not to create or permit to subsist certain security interests or consolidate, merge or sell its assets substantially as an entirety unless certain conditions are satisfied. The Notes and the indentures do not otherwise restrict or limit the Issuer's ability to incur additional indebtedness by itself or its subsidiaries or its ability to enter into transactions with, or to pay dividends or make other payments to, affiliates. See "Description of the 2028 Notes – Limitation on Liens," "Description of the 2028 Notes – Consolidation, Merger, and Sale of Assets," "Description of the 2029 Notes – Limitation on Liens" and "Description of the 2029 Notes – Consolidation, Merger, and Sale of Assets."
Payment of Additional Amounts .	In the event that the Issuer is required to deduct or withhold from payments on the Notes taxes imposed by any jurisdiction in which the Issuer is organized or resident for tax purposes or any jurisdiction through which payment is made by or on behalf of the Issuer (in each case including any political subdivision or taxing authority thereof or therein), the Issuer will, subject to certain exceptions, pay such Additional Amounts as will result, after deduction or withholding of such taxes, in the receipt by the holders of the amounts that would have been received in respect of the Notes had no deduction or withholding been required. See "Description of the 2028 Notes – Payment of Additional Amounts" and "Description of the 2029 Notes – Payment of Additional Amounts."
Optional Redemption	At any time, the Issuer may, at the Issuer's option, redeem the 2028 Notes prior to March 2, 2028, in whole or in part, at a redemption amount equal to the greater of (i) 100% of the principal amount of the 2028 Notes to be redeemed and (ii) the make-whole amount (as defined elsewhere in this offering memorandum), *plus*, in each case, accrued and unpaid interest, if any, to (but not including) the redemption date. See "Description of the 2028 Notes – Optional Redemption."

	At any time, the Issuer may, at the Issuer's option, redeem the 2028 Notes on or after March 2, 2028, in whole or in part, at a redemption amount equal to 100% of the principal amount of the 2028 Notes to be redeemed, plus accrued and unpaid interest, if any, to (but not including) the date of redemption. See "Description of the 2028 Notes – Optional Redemption."
	At any time, the Issuer may, at the Issuer's option, redeem the 2029 Notes prior to September 2, 2029, in whole or in part, at a redemption amount equal to the greater of (i) 100% of the principal amount of the 2029 Notes to be redeemed and (ii) the make-whole amount (as defined elsewhere in this offering memorandum), *plus*, in each case, accrued and unpaid interest, if any, to (but not including) the redemption date. See "Description of the 2029 Notes – Optional Redemption."
	At any time, the Issuer may, at the Issuer's option, redeem the 2029 Notes on or after September 2, 2029, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2029 Notes to be redeemed, plus accrued and unpaid interest, if any, to (but not including) the date of redemption. See "Description of the 2029 Notes – Optional Redemption."
Tax Redemption	The Notes may be redeemed at any time, at the Issuer's option, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to, but not including, the date fixed for redemption in the event the Issuer (or an applicable successor Person) becomes obligated to pay Additional Amounts upon the next payment of principal, premium (if any) or interest in respect of the Notes as a result of certain changes in tax law. See "Description of the 2028 Notes – Tax Redemption" and "Description of the 2029 Notes – Tax Redemption."
Repurchase upon Triggering Event	Upon the occurrence of a Triggering Event (as defined in "Description of the 2028 Notes – Repurchase Upon Triggering Event" and "Description of the 2029 Notes – Repurchase Upon Triggering Event," respectively), the Issuer will be required to make an offer to repurchase all or, at the holder's option, any part (equal to US$200,000 or multiples of US$1,000 in excess thereof), of each holder's Notes outstanding at a purchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased, *plus* accrued and unpaid interest, if any, on the Notes repurchased to, but not including, the date of purchase. See "Description of the 2028 Notes – Repurchase upon Triggering Event" and "Description of the 2029 Notes – Repurchase upon Triggering Event."

Transfer Restrictions	The Notes have not been and will not be registered under the Securities Act, any state securities laws in the United States or the securities laws of any other jurisdiction. Accordingly, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes may be offered and sold only to (1) persons who are Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act) purchasing for their own account or the account of a Qualified Institutional Buyer as to which the purchaser exercises sole investment discretion, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A; or (2) non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act, and in accordance with any other applicable law. See "Transfer Restrictions."
Use of Proceeds	The gross proceeds we expect to receive from this offering, before deducting underwriting commissions and certain estimated offering expenses, will be approximately US$2,488 million. We intend to use the net proceeds of this offering for refinancing of existing offshore indebtedness and other general corporate purposes. See "Use of Proceeds" for more information.
Governing Law	The Notes and the indentures will be governed by, and construed in accordance with, the laws of the State of New York.
Denomination, Form, and Registration	The Notes will be issued in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Notes offered in the United States to Qualified Institutional Buyers in reliance on Rule 144A will be represented by one or more permanent global notes in fully registered that will be deposited with Citibank, N.A., London Branch for The Depository Trust Company, New York, New York ("DTC") and registered in the name of Cede & Co. as nominee of DTC for the accounts of its participants, including Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). The Notes offered to non-U.S. persons outside the United States in reliance on Regulation S will be represented by one or more global notes in fully registered form that will be deposited with Citibank, N.A., London Branch for DTC and registered in the name of Cede & Co. as nominee of DTC for the respective accounts of Euroclear Bank SA/NV, or Euroclear, and Clearstream Banking S.A., or Clearstream. DTC will credit the respective accounts of holders of the Notes with DTC or its participants, including Euroclear and Clearstream, with the principal amount, premium, if any, and interest on the Notes being purchased by or through such participant. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream.

Ratings	The Notes are expected to be rated "BBB+" by S&P, "BBB" by Fitch, and "Baa2" by Moody's. Security ratings are not recommendations to buy, sell or hold the Notes. Ratings are subject to revision or withdrawal at any time by the rating agency.
Risk Factors	See "Risk Factors" and the other information in this offering memorandum for a discussion of factors that should be carefully considered before deciding to invest in the Notes.
Listing	A confirmation of the eligibility of the listing of the Notes has been received from the SEHK. Application will be made to the SEHK for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only as described in this offering memorandum.
Events of Default	Events of default with respect to the Notes include failure to pay principal, premium (if any), interest or additional amounts and certain other events of default in respect of the Company and/or the Company's Principal Controlled Entities (as defined below). See "Description of the 2028 Notes – Events of Default" and "Description of the 2029 Notes – Events of Default."
Delivery of the Notes	The Company expects to make delivery of the Notes, against payment in same-day funds on or about October 2, 2024, which will be the fifth business day following the date of this offering memorandum referred to as "T+5." You should note that initial trading of the Notes may be affected by the T+5 settlement. See "Plan of Distribution."
Tax Considerations	For certain Cayman Islands, the PRC, Hong Kong, and U.S. federal income tax considerations of the ownership and disposition of the Notes, see "Taxation."
Trustee	Citicorp International Limited
Paying Agent, Transfer Agent, and Registrar	Citibank, N.A., London Branch
Clearing System and Settlement	The Notes have been accepted for clearance through the facilities of Euroclear, Clearstream and DTC. Certain trading information with respect to the Notes is set forth below:

2028 Notes sold under	**Rule 144A**	**Regulation S**
CUSIP	58533E AE3	G59669 AE4
ISIN	US58533EAE32	USG59669AE46

2029 Notes sold under	**Rule 144A**	**Regulation S**
CUSIP	58533E AF0	G59669 AF1
ISIN	US58533EAF07	USG59669AF11

Only Notes evidenced by a global note have been accepted for clearance through Euroclear, Clearstream, and DTC.

You should carefully consider the risks described below and the other information contained in this offering memorandum before making an investment decision. The risks and uncertainties described below may not be the only ones that we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition, or results of operations. If any of the events described below should occur, our business, financial condition, or results of operations could be materially and adversely affected. In such case, we may not be able to satisfy our obligations under the Notes, and you could lose all or part of your investment.

Risks Relating to Our Business and Industry

We may not be able to sustain our historical growth rates, and our historical performance may not be indicative of our future growth or financial results.

We have achieved rapid growth since our inception. Our total revenues increased by 22.8% from RMB179.1 billion in 2021 to RMB220.0 billion in 2022 and further increased by 25.8% to RMB276.7 billion (US$38.1 billion) in 2023. Our total revenues also increased by 22.9% from RMB126.6 billion for the six months ended June 30, 2023 to RMB155.5 billion (US$21.4 billion) for the six months ended June 30, 2024. However, we cannot assure you that we will be able to maintain our historical growth rates in future periods. Our growth rates may decline for any number of possible reasons, including adverse general economic conditions, decreasing consumer spending, increasing competition, declining growth of the local commerce industry or consumer service e-commerce industry in China, emergence of alternative business models, or changes in government policies. If our growth rates decline, investors' perceptions of our business and business prospects may be adversely affected. In addition, as we have a limited operating history in the new categories that we offer and we continue to expand our product and service offerings, it is difficult to evaluate our business and future prospects based on our historical performance.

If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

Our business has grown substantially in recent years. Since our inception in 2010, we have evolved from a single-category provider to a leading platform in local commerce, offering a wide range of services including food delivery, Meituan Instashopping, in-store, hotel and travel, Meituan Select, Xiaoxiang Supermarket, business-to-business food distribution services (also known as Kuailv), etc., to satisfy consumers' and merchants' diverse needs in different consumption scenarios. We are also expanding into new geographical areas including overseas markets and have successfully launched food delivery services with the brand Keeta in Hong Kong. On the consumer side, we plan to further grow our consumer base and consumption frequency, expand product and service offerings, and increase consumer wallet share. On the merchant side, we expect to further expand our merchant base and provide more solutions to more merchants. In the meantime, we continue exploring new business initiatives, including investing in frontier technologies to enhance our competitiveness, such as AGI technologies and autonomous delivery.

In addition, as we continue growing our business and launch new business initiatives, we need to work with existing and an increasingly large number of new merchants and other participants in our network efficiently and establish and maintain mutually beneficial relationships with them. We also need to continue to expand, train, manage, and motivate our growing workforce. To support our expansion, we also expect to implement a variety of new and upgraded managerial, operating, financial, and human resource systems, procedures, and controls. All these efforts will require significant managerial, financial, and human resources.

However, we cannot assure you our new business initiatives and growth strategies will be successful, profitable or achieve the benefits we expected, nor that our historical growth rate or new business initiatives will be sustainable or achieved at all in the future, nor that we will be able to implement all these managerial, operating, financial, technical, and human resource systems, procedures, and control measures successfully. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful and our business and prospects may be materially and adversely affected.

If our expansion into new businesses is not successful, our business, prospects, and growth momentum may be materially and adversely affected.

We have a track record of successfully expanding into and becoming a leader in new categories. For instance, Meituan Instashopping expands the categories offerings beyond prepared meals and currently covers a wide range of categories. Through different business models including Meituan Select, Xiaoxiang Supermarket, and business-to-business food distribution services (also known as Kuailv), we have entered into grocery retail, aiming to better satisfy consumers' diverse needs in different consumption scenarios. We are also currently developing product and service offerings that are relatively new to us, such as AGI technologies. Expansion into new businesses involves new risks and challenges. Our lack of familiarity with, and relevant user data relating to, these businesses may make it more difficult for us to keep pace with the evolving consumer demands and preferences. We also face the risk that we may not be able to attract a sufficient number of merchants that provide quality services. In addition, there may be one or more existing market leaders in any category that we decide to expand into. Such companies may be able to compete more effectively than us by leveraging their experience in doing business in that market as well as their deeper data insight and greater brand recognition among consumers and merchants. We may also be subject to new risks, such as personal injury risks with respect to bike sharing services and inventory and supply chain risks with respect to grocery retail, and may need to comply with new laws and regulations applicable to these businesses. Expansion into any new category may place significant strain on our management and resources, and failure to expand successfully may also diminish investor confidence in our decision-making and execution capabilities, which could have a material adverse effect on our business and prospects.

We face intense competition in our businesses. Although we have a track record of competing effectively in major categories, we may not be able to do so in the future, in which case we may lose market share and customers, and our business, financial condition, and results of operations may be materially and adversely affected.

We face intense competition in our businesses, including food delivery, Meituan Instashopping, in-store, hotel and travel, Meituan Select, Xiaoxiang Supermarket, business-to-business food distribution services (also known as Kuailv). See "Business – Competition" for details on our competitive landscape. To obtain and maintain competitive advantage in any of these business segments would require us to divert significant managerial, financial, and human resources. In addition, each of our business segments is subject to rapid market changes and the potential development of new business models and the entry of new and well-funded competitors, who may also be a leading player in other fields of operation with existing consumer base and brand influence. Some of our current competitors have, and future competitors may have, greater financial, technical, or marketing resources, longer operating histories, greater brand recognition, or larger consumer bases or network than we do. Other companies also may enter into business combinations or alliances that strengthen their competitive positions. Increased competition has, in the past, negatively impacted our profitability and may reduce our market share and profitability and require us to increase our marketing and promotional efforts and capital commitment in the future, which could negatively affect our results of operations or force us to incur further losses. Although we have a track record of competing effectively against our competitors, there is no assurance that we will be able to continue to do so in the future against current or future competitors, and such competitive pressures may have a material adverse effect on our business, financial condition, and results of operations. Many of the businesses which we currently provide or plan to provide may require large cash spending to subsidize consumers in order to maintain or increase our market share, which may create pressure on our cash flow and liquidity.

We had incurred significant losses in the past, and we may not be able to remain profitable or increase profitability in the future. Our operating philosophy of thinking long-term and seizing strategic business opportunities may also negatively affect our short-term financial performance.

We had incurred losses in the past. In 2021 and 2022, we had losses of RMB23.5 billion and RMB6.7 billion, respectively, mainly arising from investments in New initiatives. We achieved profit-making in 2023. In 2023 and for the six months ended June 30, 2024, we had a profit of RMB13.9 billion (US$1.9 billion) and RMB16.7 billion (US$2.3 billion), and non-IFRS Accounting Standards adjusted net profit of RMB23.3 billion (US$3.2 billion) and RMB21.1 billion (US$2.9 billion), respectively.

Our ability to maintain profitability will depend in large part on our ability to increase the number and engagement of our Transacting Users, to increase the number of Active Merchants and monetization from them, to manage our products and service offerings mix as segment operating margins vary across different business segments, and to take advantage of our operating leverage to realize cost and operating expense savings. As we continue growing our business in an intensified competitive landscape, we intend to invest heavily for the foreseeable future in the expansion of our consumer and merchant bases, as well as technology innovations and research and development capabilities to support such expansion. As a result, we may not be able to remain profitable or increase our profitability in the future. In addition, any change in the macroeconomic and regulatory environment, competitive dynamics, and our inability to respond to these changes in a timely and effective manner may also cause us to incur losses again in the future.

Consistent with our operating philosophy of thinking long-term and seizing strategic business opportunities, we may take actions that fail to generate short-term profitability, and we cannot assure you that these actions will produce long-term benefits. Our efforts have emphasized on expanding our customer base, satisfying unmet customer needs, and enhancing our network, rather than prioritizing short-term monetization. We also make investments in and acquire new services and products that may not provide economic benefits to us in the short-term.

We require a significant amount of capital to fund our operations, especially with respect to those new categories. We used to record negative cash flows from operating activities in the past. If we cannot obtain sufficient capital on acceptable terms to fund our operations, our business, financial condition, and prospects may be materially and adversely affected.

Building a local commerce platform with scale is costly and time-consuming. Significant and continuous investments in sales and marketing are required to attract consumers and merchants to visit, use, and stay on our platform, especially with respect to new product and service offerings, such as the online grocery businesses. We also invest heavily in technology innovations and research and development, which are the foundation of our business and are essential to our growth. It will typically take a long period of time to realize returns on such investments, if at all.

We experienced significant operating cash outflow in the past. We had net cash used in operating activities of RMB4.0 billion in 2021. The cost of continuing operations could reduce our cash position, and a potential net cash outflow from operating activities could adversely affect our operations by reducing the amount of cash available to meet the cash needs for operating our businesses and to fund our investments in our business expansion. We have historically funded our cash requirements principally with capital contribution from shareholders, financing through issuance and sale of the preferred shares in private placement transactions, our initial public offering in September 2018, and our issuance of senior notes, shares and convertible bonds in 2020 and 2021. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities could result in the dilution of our existing shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all.

Our ability to obtain additional capital in the future, however, is subject to a number of uncertainties, including those relating to our future business development, financial condition and results of operations, general market conditions for financing activities by companies in our industry, and macro-economic and other conditions globally. If we cannot obtain sufficient capital to meet our capital needs, we may not be able to execute our growth strategies, and our business, financial condition, and prospects may be materially and adversely affected.

Our success depends on the continuing efforts of our key management and experienced and capable personnel generally as well as our ability to preserve our corporate culture and values. As our business expands, we need to continuously recruit talents to develop our online and offline capabilities. If we fail to hire, retain, and motivate our staff, our business may suffer.

Our future success is significantly dependent upon the continued service of our key management as well as experienced and capable personnel generally. In particular, Wang Xing, our co-founder, executive director, chief executive officer, and chairman of the board, and Mu Rongjun, our co-founder, executive director, and senior vice president, have been crucial to the development of our culture and strategic direction. If we lose the services of any member of key management, we may not be able to locate suitable or qualified replacements and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth. If any of our key management joins a competitor or forms a competing business, we may lose customers, know-how, and key professionals and staff members. Our management has entered into employment agreements and confidentiality and non-competition agreements with us. However, if any dispute arises between any of our management member and us, we may have to incur substantial costs and expenses in order to enforce such agreements in China or we may be unable to enforce them at all.

We believe that a critical component of our success is our corporate culture and values, which have generated strong cohesiveness that has attracted and retained many talents. As we continue to expand and grow our business, we may find it difficult to maintain these valuable aspects of our corporate culture and values. Any failure to preserve our corporate culture and values could negatively impact our ability to attract and retain employees, which would in turn jeopardize our future success.

Our rapid growth also requires us to hire and retain a wide range of talents who can adapt to a dynamic, competitive, and challenging business environment and are capable of helping us develop online and offline capabilities. We need to continue to attract and retain experienced and capable personnel at all levels as we expand our business and operations. Competition for talent in China's internet industry is intense, and we may need to offer a more attractive compensation and other benefits package, including share-based compensation, to attract and retain them. Even if we were to offer higher compensation and other benefits, there is no assurance that these individuals will choose to join or continue to work for us. Any failure to attract, retain, or motivate key management and experienced and capable personnel could severely disrupt our business and growth.

If we fail to adopt new technologies or adapt our mobile apps, websites, and systems to changing user requirements or emerging industry standards, our business may be materially and adversely affected, and development of new technologies involves risks.

Although we have been successful in capturing the market opportunities created by the mobile internet boom, to remain competitive, we must continue to stay abreast of the constantly evolving industry trends and to enhance and improve the responsiveness, functionality and features of our mobile apps, websites, and systems. Our competitors are constantly innovating and introducing new services and interface features to increase their user base and enhance user experience. As a result, in order to attract and retain users and compete against our competitors, we must continue to invest significant resources in research and development to enhance our technologies and improve our existing services. The local commerce industry and the consumer service e-commerce industry are characterized by rapid technological evolution, changes in user requirements and preferences, frequent introduction of new services and products embodying new technologies, and the emergence of new industry standards and practices, any of which could render our existing technologies and systems obsolete. Our success will

depend, in part, on our ability to identify, develop, acquire, or license leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices in a cost-effective and timely way. The development of mobile apps, websites, AI technologies, logistics, and other proprietary technology entails significant technical and business risks. We cannot assure you that we will be able to use new technologies effectively or adapt our mobile apps, websites, proprietary technologies, and systems to meet user requirements or emerging industry standards. If we are unable to adapt in a cost-effective and timely manner in response to changing market conditions or user preferences, whether for technical, legal, financial, or other reasons, our business may be materially and adversely affected.

If we are not able to continue to innovate or if we fail to adapt to changes in our industry, our business, financial condition and results of operations would be materially and adversely affected. Our industries are characterized by rapidly changing technology, evolving industry standards, new mobile apps and protocols, new products and services, new media and content, new marketing tools, and changing consumer demands and trends. Furthermore, our competitors are continuously developing innovations in personalized search and recommendation, online shopping and marketing, communications, social networking, live streaming, logistics and other services, to enhance consumer experience. As a result, we continue to invest significant resources in our infrastructure, research and development and other areas in order to enhance our businesses and operations, as well as to explore new growth strategies and introduce new high-quality products and services.

For example, in August 2023, we completed the acquisition of Light Year (as defined below), which is a leading AGI innovator in the PRC. We make investments in AI technologies with the goal to further improve experience for our consumers, enable our merchants to improve efficiency, and improve our own operating efficiencies, among other things. However, the development and use of AI technologies are complex and involve significant costs and risks. There can be no assurance that our investments in and usage of AI technologies will achieve the benefits we anticipated. Furthermore, the legal regulatory regime relating to AI technologies is developing in many jurisdictions, and new rules and regulations could significantly increase our compliance costs, require us to modify our technologies and business practices, prevent or limit our use of AI technologies in certain circumstances or result in regulatory investigations, fines and penalties.

Our investments in innovations and new technologies, which may be significant, may not increase our competitiveness or generate financial returns in the short term, or at all, and we may not be successful in adopting and implementing new technologies such as AI technologies and autonomous delivery. The new technologies may also subject us to further regulations. The changes and developments taking place in our industry may also require us to re-evaluate our business model and adopt significant changes to our long-term strategies and business plans. Our failure to innovate and adapt to these changes and developments in a timely manner could have a material adverse effect on our business, financial condition and results of operations. Even if we timely innovate and adopt changes in our strategies and plans, we may nevertheless fail to realize the anticipated benefits of these changes or even generate lower levels of revenue as a result.

Growth of our business will depend on our strong brands, and any failure to maintain, protect, and enhance our brands would limit our ability to retain or expand our customer base, which would materially and adversely affect our business, financial condition, and results of operations.

We believe that the strong recognition of our brands among consumers and merchants has reduced our user acquisition costs through word-of-mouth marketing and contributed significantly to the growth and success of our business. Accordingly, maintaining, protecting, and enhancing the recognition of our household brands is critical to our business and market position. Many factors, some of which are beyond our control, are important to maintaining, protecting, and enhancing our brands. These factors include our ability to:

- maintain the breadth, quality, and attractiveness of the services we offer;
- maintain the quality and integrity of the UGC, and other information available on our mobile apps and websites;

- increase brand awareness through marketing and brand promotion activities;
- maintain or improve satisfaction with our customer services;
- compete effectively against existing or future competitors;
- preserve our reputation and goodwill generally and in the event of any negative publicity on our services, consumer safety, internet security, or other issues affecting us or other service e-commerce companies in China; and
- maintain our cooperative relationships with other participants.

A public perception that we, merchants on our platform, or other participants do not provide satisfactory services to consumers, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brands, undermine the trust and credibility we have established, and have a negative impact on our ability to attract and retain consumers and merchants, which may materially and adversely affect our business, financial condition, and results of operations.

If we fail to acquire new Transacting Users and Active Merchants in a cost-effective manner, to retain our existing Transacting Users and Active Merchants, or to maintain or increase their engagement, our business, financial condition, and results of operations may be materially and adversely affected.

We must continue to attract new Transacting Users and Active Merchants, retain our existing Transacting Users and Active Merchants, and maintain and increase their engagement in order to increase the number of transactions on our platform, drive revenue growth and maintain profitability. To that end, we plan to continue to broaden and deepen our product and service offerings, deepen our service penetration, further enrich our content database, and provide superior consumer service. We also cross-sell low-frequency services on our platform by leveraging our market-leading position in those mass-market, high-frequency, essential businesses. Given that we operate in a rapidly evolving industry, we need to anticipate consumer needs and industry changes and respond to such changes in a timely and effective manner. In particular, as we derive a majority of our revenues from our food delivery services, if we fail to continue to provide innovative services that meet the evolving needs and preferences of consumers and retain our consumer base for our food delivery services, our business, financial condition, and results of operations may be materially and adversely affected. We must also continue to enable merchants to improve their service quality and operational efficiency, enable them to build online presence and recognition among consumers, and provide them with data insight and effective, targeted marketing tools to attract and retain consumers.

If consumers cannot find the services they are looking for on our platform, if our competitors offer more attractive prices, incentives, or better consumer services, or if consumers find the mobile apps or websites of our competitors to be more convenient to use or the content database to be more relevant or reliable, they may lose interest in us and visit our mobile apps or websites less frequently or even stop visiting our mobile apps or websites. Furthermore, as we rely on our platform's powerful network effects to grow, the decrease in our consumer base will affect our ability to attract merchants to and retain them on our platform, and the decrease in our merchant base will in turn attract fewer consumers. Merchants may choose our competitors if they charge lower commissions, marketing or other fees, or offer more attractive incentives, if merchants do not find our marketing and promotional services effective, or if our competitors provide more types of or more effective enabling services. We may also experience attrition in our merchants in the ordinary course of business resulting from reduction in marketing budgets, or closures or bankruptcies of merchants.

In addition, although we believe that many of our new Transacting Users and Active Merchants originate from word-of-mouth referrals and our broad service offerings and strong brands allow us to enjoy low user acquisition cost, we expect to continue to spend a significant amount to acquire additional Transacting Users and Active Merchants. We cannot assure you that the revenue from them will ultimately exceed the cost of acquisition. If we are unable to retain our existing Transacting Users and Active Merchants or to acquire new Transacting Users and Active Merchants in a cost-effective manner, the revenue we generate may decrease and our results of operations will be adversely affected.

If we are unable to continue to provide services to merchants or to implement our strategy to enable more merchants with more solutions, our business and prospects may be materially and adversely affected.

We have been focusing on extending our platform from serving consumers to serving the supply end, driving internet penetration of the entire local commerce industry value chain. Our wide range of services to merchants includes targeted online marketing tools, cost-effective on-demand delivery network, restaurant SaaS systems and business-to-business food distribution service. We also provide a combination of live streaming programs, which includes Meituan platform live streaming, merchant live streaming and sales team live streaming, helping merchants attract and better serve more consumers more efficiently, increase sales, and enhance profitability. We believe that such services represent significant market potential and will further enhance consumer experience, thus solidifying our market-leading position. We cannot assure you, however, that we will be successful in implementing such business initiatives as a result of the development of new business models or increased competition in this field. If we are unable to continue to provide services to merchants or to implement our strategy to enable more merchants with more solutions, our business and prospects may be materially and adversely affected.

We rely on merchants and other participants in our network to provide quality services to consumers. Their illegal actions or misconduct, or any failure by them to provide satisfactory services or maintain their service levels, could materially and adversely affect our business, reputation, financial condition, and results of operations.

Merchants are the ultimate providers of services listed on our platform, and our brand and reputation may be harmed by actions taken by merchants that are outside our control. For example, with respect to our food delivery services, we rely upon restaurants to provide quality food to consumers on a timely basis, and to the extent they choose to deliver by themselves, we also rely on them to deliver the food securely and expeditiously. With respect to our in-store, hotel and travel services, we rely on merchants to ensure that the consumers enjoy a positive in-store experience and to reach a satisfactory resolution with consumers in case of any disputes. Any shortcomings of our merchants, such as difficulty in servicing consumer demand, producing safe and quality food, providing timely delivery and good service, or failure to provide services as advertised or generally meeting consumer expectations, may be attributed by consumers to us, thus damaging our reputation and brand value and potentially affecting our results of operations. In addition, negative publicity and consumer sentiment generated as a result of fraudulent or deceptive conduct by our merchants could damage our reputation, disrupt our ability to attract new consumers, or retain our current consumers, and diminish the value of our brand.

In addition to the services provided by merchants on our platform, we also rely on a large number of other participants in our network, such as delivery couriers to perform the on-demand delivery services, drivers to perform the ride sharing services, and online marketing service providers to provide various services to merchants. To the extent they are unable to provide satisfactory services to consumers or merchants, which may be due to events that are beyond our or their control, such as inclement weather or transportation disruptions, we may suffer reputational damage, and our business, financial condition, and results of operations may be materially and adversely affected. The delivery couriers and drivers that we work with may also subject us to additional risks. For example, we may be exposed to claims for personal injury, death, or property damage resulting from traffic accidents caused by delivery couriers and drivers in performing their services. Such incidents may cause negative publicity in the local community and may negatively affect our brand image and reputation. In addition, as delivery couriers and drivers interact directly with our consumers, we may suffer substantial reputational harm from any misconduct, illegal

actions, or crimes committed by them. Such incidents have occurred in the past, and as they are beyond our control, we cannot assure you that they will not occur in the future regardless of the measures we have taken, and will take, to screen and supervise the delivery couriers and drivers on our platform. Further, labor disputes initiated by employees and personnel of our participants could also directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, lead to decreases in our revenue. If we are unable to effectively address these risks, our brand image, reputation, and financial performance may be materially and adversely affected.

If we are unable to maintain the relationships with our suppliers or engage more suppliers, or otherwise fail to procure products on favorable terms, our business may be materially and adversely affected.

Our relationship with current and potential suppliers has become a key factor for our ability to procure products on favorable terms and our continued success in those areas. Our ability to maintain and deepen the relationship with the current suppliers is also crucial for continuously procuring value-for-money and mega-hit offers for our consumers, which enable us to solidify consumer mindshare of offering cost-effective consumption options. As we further expand our businesses to a wider range of categories, the relationships with suppliers are becoming increasingly more important, and the risks of relying on and maintaining the relationship with our suppliers include, among other things, potential failure to obtain traffic for goods and services, potential failure or delay in procuring offers and products on favorable terms to our consumers and merchants, and failure by us to find alternative suppliers.

The ability and willingness of our suppliers to continue cooperating with us is largely beyond our control. If one or more of these suppliers fail to perform its obligations in a timely manner or at satisfactory quality levels, we could face difficulties in fulfilling our customers' or merchants' needs, and we may be unable to timely find alternatives at a reasonable price. As a result, our total revenue could decline and our business, financial condition and results of operations would be adversely affected.

Our strategic alliances, investments, or acquisitions may have a material adverse effect on our business, reputation, financial condition, and results of operations.

We have acquired and invested in a significant number of businesses, technologies, services, and products in recent years, such as the strategic transaction between Meituan Corporation and Dianping Holdings in 2015, our acquisitions of Qiandaibao in 2016, Mobike in 2018, and Light Year in 2023, and our strategic investment in Li Auto Inc. (NASDAQ Ticker: LI). We expect to continue to evaluate and consider a wide array of strategic alliances, investments, and acquisitions that we believe can extend and solidify our market-leading position as part of our overall business strategy. At any given time we may be engaged in discussions or negotiations with respect to one or more of these types of transactions. These transactions involve significant challenges and risks, including:

- difficulties in integrating into our operations the personnel, operations, products, services, technology, internal controls, and financial reporting of companies we acquire;
- disrupting our ongoing business, distracting our management and employees, and increasing our expenses;
- losing skilled professionals as well as established client relationships of the businesses we invest in or acquire;
- for investments over which we do not obtain management and operational control, we may lack influence over the controlling partners or shareholders, which may prevent us from achieving our strategic goals in such investment;
- new regulatory requirements and compliance risks that we become subject to as a result of acquisitions in new industries or otherwise;

- actual or alleged misconduct or non-compliance by any company we acquire or invest in (or by its affiliates) that occurred prior to our acquisition or investment, which may lead to negative publicity, government inquiry, or investigations against such company or against us;

- unforeseen or hidden liabilities or costs that may adversely affect us following our acquisition of such targets;

- regulatory hurdles including in relation to the national security review of foreign investment, the anti-monopoly and competition laws, rules, and regulations of China and other countries in connection with any proposed investments and acquisitions;

- the risk that any of our pending or other future proposed acquisitions does not close;

- the costs of identifying and consummating investments and acquisitions;

- the use of substantial amounts of cash and potentially dilutive issuances of equity securities;

- the occurrence of significant goodwill impairment charges and amortization expenses for other intangible assets; and

- challenges in achieving the expected benefits of synergies and growth opportunities in connection with these acquisitions and investments.

Any such negative developments described above could disrupt our existing business and materially and adversely affect our business, reputation, financial condition, and results of operations.

Our debt may restrict our operations, and cash flows and capital resources may be insufficient to make required payments on our substantial indebtedness and future indebtedness.

We have a substantial amount of debt and may incur additional debt in the future. As of June 30, 2024, we had total borrowings of RMB1.5 billion (US$208.6 million) and total notes payable of RMB36.0 billion (US$4.9 billion). Our substantial debt could have important consequences on our operations. For example, it could:

- reduce the availability of our cash flow to fund future working capital, capital expenditures, acquisitions and other general corporate purposes;

- increase our vulnerability to general adverse economic and industry conditions;

- restrict us from making strategic acquisitions or pursuing business opportunities;

- limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds; and

- place us at a competitive disadvantage compared to competitors that may have proportionately less debt.

In addition, our ability to make scheduled payments or refinance our obligations depends on our successful financial and operating performance, cash flows, and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business, and other factors, many of which are beyond our control. If our cash flows and capital resources are insufficient to fund our debt obligations, we may be forced to reduce or delay capital expenditures, sell material assets or operations, obtain additional capital or restructure our debt.

Change in business prospects of acquisitions may result in goodwill impairment and impairment of our other intangible assets acquired in a business combination, which could negatively affect our results of operations.

As of June 30, 2024, we had intangible assets of RMB30.3 billion (US$4.2 billion), including goodwill of RMB27.8 billion (US$3.8 billion), which primarily arose from the strategic transaction of Meituan and Dianping in 2015 and our acquisitions of Qiandaibao in 2016 and Mobike in 2018. We assess the impairment of goodwill annually and whenever there is an indication that a cash-generating unit to which goodwill has been allocated may be impaired, by comparing the recoverable amounts of cash generating unit ("**CGU**") to the carrying amounts. We recorded nil net impairment loss for 2021, 2022, 2023 and the six months ended June 30, 2024. The recoverable amount of a CGU was determined based on value-in-use calculations. The key assumptions used include annual revenue growth rate for the five-year period, gross margin, terminal revenue growth rate and pre-tax discount rate. The magnitude of the carrying amount of goodwill and the estimation of recoverable amount is subject to high degree of estimation uncertainty, which could affect our results of operation and financial condition. In addition, adjustment of our business and branding strategy, technological changes and advancements may render our existing technologies less effective or even obsolete, or may cause our services to be less attractive to consumers and merchants, each of which may in turn result in impairment losses for goodwill and intangible assets associated with our cash generating units. Any significant impairment of goodwill or other intangible assets could materially and adversely affect our business, financial condition, and results of operations.

We have invested significantly in a variety of sales and marketing efforts, including significant selling and marketing expenses in order to attract consumers and merchants, and some marketing campaigns and methods may turn out to be ineffective.

We have invested significantly in sales and marketing activities to promote our brands and our services and to deepen our relationships with consumers and merchants, including incurring RMB40.7 billion, RMB39.7 billion, RMB58.6 billion (US$8.1 billion), RMB25.0 billion and RMB28.7 billion (US$4.0 billion) in selling and marketing expenses in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. Such selling and marketing expenses represented 22.7%, 18.1%, 21.2%, 19.7%, and 18.5% of our total revenues in the corresponding periods. Our sales and marketing activities, however, may not be well received by consumers and merchants, and may not attract additional consumers and merchants as anticipated. The evolving marketing approaches and tools may require us to experiment with new marketing methods to keep pace with industry trends and consumer and merchant preferences. Failure to refine our existing marketing approaches or to introduce new effective marketing approaches in a cost-effective manner could reduce our market share and negatively impact our results of operations. In addition, we have a limited operating history in certain new categories that we offer or new markets in which we are expanding. We may be required to increase our selling and marketing expenses, including providing significant subsidies or discounts to consumers, in promoting our brand awareness as well as our new categories and/or in expanding into new markets. We cannot assure you that we will be able to recover costs of our sales and marketing activities or that these activities will be effective in generating new consumers and merchants for us.

If our collaboration with any of our strategic partners is terminated or curtailed, or if we are no longer able to benefit from the synergies of our business collaborations with our strategic partners, our business may be adversely affected.

Our business has benefited from our collaborations with our strategic partners. We cooperate with them in a number of areas, including joint marketing, payment, user traffic, and movie ticketing service. However, we cannot assure you that we will continue to maintain our cooperative relationships with our strategic partners and their respective affiliates in the future. If the services provided by these strategic partners become limited, compromised, restricted, curtailed, or less effective or become more expensive or unavailable to us for any reason, our business may be materially and adversely affected. To the extent we cannot maintain our cooperative relationships with these strategic partners, we may need to source other alternative partners to provide such services, which may divert significant management attention from existing business operations.

We face challenges in expanding our overseas business and operations.

As our business continues to grow, we plan to expand our overseas footprint in order to capture additional growth opportunities. For example, we have launched food delivery services with the brand Keeta in Hong Kong. We are faced with risks associated with expanding into new geographical areas where we have limited or no experience, we may be less well-known or have fewer local resources and we may need to localize our business practices, culture and operations. We may also face protectionist or national security policies that could, among other things, hinder our ability to execute our business strategies and put us at a competitive disadvantage relative to domestic companies in other jurisdictions. Our lack of familiarity with, and relevant user data relating to, new geographical areas may make it more difficult for us to keep pace with the evolving consumer demands and preferences. In addition, there may be one or more existing market leaders in any geographical area that we decide to expand into. Such companies may be able to compete more effectively than us by leveraging their experience in doing business in that market as well as their deeper data insight and greater brand recognition among consumers.

The expansion of our international businesses will also expose us to risks and challenges inherent in operating businesses globally, including:

- limited or no experience operating in an overseas geographical area and fewer local resources and connections with suppliers and merchants;
- challenges in replicating or adapting our company policies and procedures to operating environments different from that of China, including technology and logistics architecture;
- challenges of maintaining efficient and consolidated internal systems, including IT architecture, and of achieving customization and integration of these systems with the other parts of our ecosystem;
- lack of acceptance of our product and service offerings, and challenges of localizing our offerings to appeal to local tastes;
- failure to understand cultural differences, local consumer behaviors and preferences and local business practices;
- protectionist or national security policies that restrict our ability to invest in or acquire companies; develop, import or export certain technologies, such as the national AI initiative proposed by the U.S. government and the European Union; utilize technologies that are deemed by local governmental regulators to pose a threat to their national security; or obtain or maintain the necessary licenses and authorizations to operate our businesses;
- the need for increased resources to manage regulatory compliance across our international businesses;
- failure to attract and retain capable talent with international perspectives who can effectively manage and operate local businesses;
- compliance with local laws and regulations, including those relating to e-commerce marketplaces and platforms, digital services, privacy and data security, such as the Digital Markets Act, the Digital Services Act and the General Data Protection Regulation of the EU, consumer and labor protection, and environmental regulations, and increased compliance costs across different legal systems;
- heightened restrictions and barriers on the transfer of data across different jurisdictions;
- availability, reliability and security of international and cross-border payment systems and logistics architecture;

- exchange rate fluctuations, which may have a material adverse effect on cross-border commerce businesses and businesses in the affected countries or regions; and

- political instability and general economic or political conditions in particular countries or regions, including territorial or trade disputes, war and terrorism.

The proper functioning of our technology architecture is essential to our business, and any failure to maintain the satisfactory performance, security, and integrity of our technology architecture would materially and adversely impair our ability to provide services and affect our business, reputation, financial condition, and results of operations.

The proper functioning of our technology architecture is essential to the conduct of our business. Specifically, the satisfactory performance, reliability, and availability of our mobile apps and websites, our transaction-processing systems, and our network architecture are critical to our success and our ability to attract and retain users and provide adequate services. Our revenues depend on the user traffic on our mobile apps and websites and the volume of activities that traffic generates.

In addition, our ability to provide users with a high-quality online experience depends on the continuing operation and scalability of our network architecture and information technology systems. The risks we face in this area include:

- our systems are potentially vulnerable to damage or interruption as a result of earthquakes, floods, fires, extreme temperatures, power loss, telecommunications failures, technical error, computer viruses, hacking, and similar events;

- we may encounter problems when upgrading our systems or services and undetected programming errors could adversely affect the performance of the software we use to provide our services. The development and implementation of software upgrades and other improvements to our internet services is a complex process, and issues not identified during pre-launch testing of new services may only become evident when such services are made available to our entire user base; and

- we rely on servers, data centers, and other network facilities provided by third parties, and the limited availability of third-party providers with sufficient capacity to house additional network facilities and broadband capacity may lead to higher costs or limit our ability to offer certain services or expand our business.

These and other events may lead to interruptions, decreases in connection speed, loss of user base, degradation of our services, or the permanent loss of user data and uploaded content. Any system interruptions caused by telecommunications failures, computer viruses, or hacking or other attempts to harm our systems that result in the unavailability of our mobile apps and websites or reduced performance would affect the attractiveness of the services offered on our platform. If we experience frequent or persistent service disruptions, whether caused by failures of our own systems or those of third-party service providers, our reputation or relationships with our users may be damaged and our users may switch to our competitors, which may have a material adverse effect on our business, financial condition, and results of operations.

Any lack of requisite approvals, licenses, or permits applicable to our business may have a material and adverse impact on our business, financial condition, and results of operations.

Our business is subject to governmental supervision and regulation by the relevant governmental authorities in jurisdictions in which we operate. Together, the relevant government authorities promulgate and enforce regulations that cover many aspects of our business operations, including but not limited to online and mobile commerce, food operations, online payment and other financial services, ride sharing services, internet mapping services, audio-visual program operations, radio and television program services, online culture operations, travel agency operations, and cloud computing. In addition,

governmental authorities are likely to continue to issue new laws, rules, and regulations governing these industries, enhance enforcement of existing laws, rules, and regulations, and require new and additional approvals, licenses or permits from us or participants on our platform. For detailed discussion of certain licenses and permits relevant to our businesses, see "Regulations."

We have made great efforts to obtain all the applicable licenses and permits, but due to the large number of different categories offered on our platform, we cannot assure you that we have obtained or applied for all the permits and licenses required and necessary for conducting our business or will be able to maintain our existing permits and licenses or obtain any new permits and licenses if required by any future laws or regulations.

If we fail to obtain and maintain approvals, licenses, or permits required for our business, governmental authorities shall have the power to, among other things, levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions may have a material and adverse effect on our business, financial condition and results of operations.

We are subject to various regulations related to e-commerce business and internet platforms and new regulations may be formulated from time to time, which if we fail to comply with may subject us to fines, penalties and other sanctions, and materially and adversely affect our business, financial condition, and results of operations.

The industries in which we operate are highly regulated. As the local commerce industry is evolving rapidly in China, new laws and regulations may be adopted to address new issues that arise from time to time and to impose additional restrictions on our business. The PRC government promulgated relevant regulations that require internet platform companies to strictly regulate their operations and not engage in market abusive acts, unfair competitions, illegal collection and use of consumer data and pricing fraud. Such legislation and enforcement may result in additional compliance obligations and increased costs or place restrictions upon our current or future operations, and may materially and adversely affect our business, financial condition, and results of operations. For detailed discussion of certain regulations relevant to our businesses, see "Regulations." Furthermore, if the PRC government establishes stricter supervision requirements in the future for us to conduct our business, we may be required to incur significantly higher compliance costs, and we cannot assure you that we would be able to meet all the supervision requirements in a timely manner, or at all.

For example, the PRC government promulgated rules relating to anti-monopoly, such as the Anti-Monopoly Guidelines for Internet Platforms issued by Anti-Monopoly Commission of the State Council which prohibits certain activities that abuse dominant position, including discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology means to block competitors' interface, favorable positioning in search results of goods displays, using bundle services to sell services or products, compulsory collection of unnecessary user data, etc. In addition, the Anti-Monopoly Guidelines for Internet Platforms also reinforces antitrust merger review for internet platform related transactions to safeguard market competition. Accordingly, we may be subject to government investigations from time to time and may be subject to fines, penalties or rectification orders under those rules. In October 2021, the State Administration for Market Regulation, (the "**SAMR**"), issued a fine of RMB3.44 billion for abusing dominant position and required our rectification. We settled the fine in full and completed rectification work in 2022. That being said, we could be subject to additional government investigations of our business practices, and be subject to fines, penalties, rectification orders and other sanctions as a result of any such investigation, which may result in a material and adverse effect on our ability to conduct our business and have a material and adverse impact on our business, financial condition, and results of operations.

In addition, as required by the Law of the People's Republic of China against Unfair Competition, a business operator shall not deceive or mislead consumers by making false or misleading commercial publicity on its products. In particular, the Price Law of the People's Republic of China prohibits the business operators to commit the specified unlawful pricing activities, such as dumping products at price below cost for the purpose of driving out rivals or monopolizing the market, using false or misleading prices to deceive consumers to transact, colluding with others to manipulate the market price, or conducting price discrimination against other business operators. The SAMR has imposed administrative penalties on various companies, including us, for certain unlawful pricing activities.

Meanwhile, as we expand into overseas markets, we are also subject to laws and regulations affecting our overseas operations. For instance, our operation in Hong Kong is subject to e-commerce, competition, consumer protection, employment, data privacy, health and safety, taxation, advertising, licenses, and other laws and regulations in Hong Kong. Compliance with both domestic and overseas regulations may be onerous and expensive and the applicable requirements may vary from jurisdiction to jurisdiction, further increasing the cost of compliance and doing businesses. Changes in overseas laws, regulations and their interpretations may also require additional management attention and increase the cost and risk of our overseas operations.

As we continue to grow in scale and significance, we expect to face increased scrutiny, which will, at a minimum, result in an increase in our investment in compliance and related capabilities and systems. The increasing sophistication and development of our customer base will also increase the need for higher standards of consumer protection, data and privacy protection, platform liability and allegedly fraudulent or illegal transactions, and dispute management. Any increased involvement in inquiries or investigations could result in significantly higher legal and other costs and diversion of management and other resources, as well as negative publicity, which could materially and adversely affect our business, reputation, financial condition, and results of operations.

We face potential liabilities and legal claims based on the nature of our business, which could harm our business and results of operations.

We face potential liability, expense for legal claims, and harm to our business relating to the nature of the service industry. For example, third parties could assert legal claims against us in connection with personal injuries related to food poisoning or tampering. Reports, whether true or not, of food-borne illnesses and injuries caused by food tampering at restaurants that are on our platform, could result in significant negative publicity, and severely diminish consumer confidence in us and the value of our brands. Even if such incidents are solely associated with restaurants that are not on our platform, the negative publicity and consumer sentiment about the restaurant industry in general resulting from such incidents could also materially and adversely affect our business, financial condition, and results of operations. Alternatively, we could be subject to legal claims relating to product liability, property damage, breach of contract, unfair competition, or other legal claims relating to the product and service offerings we make available on our platform.

In addition, we face potential liability and expense for claims relating to the information published on our mobile apps, smart mini programs, and websites, including claims for defamation, libel, negligence, copyright, patent or trademark infringement, fraud, other unlawful activity or other theories and claims based on the nature and content of information to which we link or that may be posted on our mobile apps, smart mini programs, or websites, generated by our users, or delivered or shared hypertext links to third-party websites, or video or image services, if appropriate licenses and/or third-party consents have not been obtained. For example, we have from time to time been subject to claims for intellectual property infringement, and infringement of right to reputation.

We have been involved in litigation relating principally to third-party intellectual property infringement claims, contract disputes, civil tort disputes, employment-related cases, and other matters in the ordinary course of our business. We have also been involved in litigation relating to unfair competition. We may also be held liable if other participants in our network, such as delivery couriers or drivers, fail to comply with applicable rules and regulations, or for the personal injuries or property damages caused by them.

We have been and expect to continue to be subject to legal claims. The frequency of such claims could increase in proportion to the number of consumers and merchants that use our platform. These claims could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merits of the claims. In some instances, we may elect or be compelled to remove content or may be forced to pay substantial damages if we are unsuccessful in our efforts to defend against these claims, which could negatively affect our business, financial condition and results of operations. In addition, a judgment in, or settlement of, any legal proceeding, that involves our industries, regardless of whether we are a party to such legal proceeding or not, could also adversely affect our business, financial condition, and results of operations.

Our business generates and processes a large amount of data, and any improper use or disclosure of such data could subject us to significant reputational, financial, legal, and operational consequences, and deter current and potential customers from using our services.

Our business generates and processes a large quantity of personal, transaction, demographic, and behavioral data. We face risks inherent in handling large volumes of data and in protecting the security of such data. In particular, we face a number of challenges relating to data from transactions and other activities on our platform, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behavior by our employees;
- addressing concerns related to privacy and sharing, safety, security, and other factors; and
- complying with applicable laws, rules, and regulations relating to the collection, use, retention, disclosure, or security of personal information, including any requests from regulatory and government authorities relating to such data.

Any systems failure or security breach or lapse that results in the release of user data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability. We have encountered user data leakage incidents in the past. Any failure, or perceived failure, by us to comply with our privacy policies or with any regulatory requirements or privacy protection-related laws, rules, and regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs, and severely disrupt our business.

We are subject to domestic and international laws relating to the collection, use, retention, security, and transfer of personally identifiable information, with respect to our customers and employees. In many cases, these laws not only apply to third-party transactions, but also may restrict transfers of personally identifiable information among us and our international subsidiaries. Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may vary from jurisdiction to jurisdiction. Complying with emerging and changing international requirements may cause us to incur substantial costs or require us to change our business practices. For instance, PRC regulatory authorities have promulgated a number of laws and regulations, including the Personal Information Protection Law, the Provisions on the Scope of Necessary Personal Information Required for Common Types of Mobile Internet Applications and the Administrative Provisions on the Account Information of Internet Users, that stipulate requirements and limitations on the collection, processing and handling of personal information. PRC regulatory authorities have also put forward regular inspections and reporting on the compliance of mobile apps, mini-programs, software development kits and other applications with applicable personal data and privacy protection laws and regulations. Moreover, due to our online platform, we may be subject to more frequent regulatory inspections. We believe that our business operations are compliant with the currently effective PRC laws relating to personal data and privacy protection in all material respects. Nevertheless, as the interpretation and implementation of these laws and regulations are evolving and PRC regulatory authorities have been enhancing compliance requirements or may require us to adopt recommended compliance practices, we may be required to continuously adjust and upgrade our applications.

As we further expand our business operations overseas, we will be subject to additional laws in other jurisdictions in which we operate and where our consumers, merchants, users, customers, suppliers and other participants are located. For example, the European Union has adopted the Digital Markets Act and the Digital Services Act and proposed the European Data Act since 2020, which impose various requirements on data use, data sharing and data protection, among other matters. Users of our on-demand food delivery platform Keeta in Hong Kong would need to provide personal information during registration and our online platforms may monitor the online behavior of the users so as to gather data for market trend analysis and enhance user experience. As such, our business in Hong Kong is subject to Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) ("PDPO"), which aims to protect the privacy of individuals' personal data. The PDPO imposes a statutory duty on data users to comply with the requirements of the six data protection principles (the "Data Protection Principles") contained in Schedule 1 to the PDPO. The PDPO provides that a data user shall not do an act, or engage in a practice, that contravenes a Data Protection Principle unless the act or practice, as the case may be, is required or permitted under the PDPO.

We also rely on contracts with our business partners and third-party service providers to ensure proper authorization and protection of private information transmitted from and to us. If we, our business partners, or third-party service providers inappropriately disclose any personally identifiable information, we could be subject to claims for identity theft or similar fraud claims or claims for other misuses of personally identifiable information, such as unauthorized marketing or unauthorized access to personally identifiable information. Our practices may become inconsistent with new laws or regulations of China and other jurisdictions concerning data protection, or the interpretation and application of existing consumer and data protection laws or regulations, which could, in addition to the possibility of fines, result in an order requiring that we change our practices, which in turn could adversely affect our business and results of operations.

We are subject to complex and evolving laws and regulations regarding privacy and data protection and cybersecurity. Complying with these laws and regulations increases our cost of operations, limits our business opportunities and may require changes to our data collection, use and other practices or negatively affect our user growth and engagement. Failure to comply with these laws and regulations could result in claims, regulatory investigations, litigation or penalties, or otherwise negatively affect our business.

According to the PRC National Security Law, the State Council shall establish institutions and mechanisms for national security review and regulation, conduct national security review on certain matters which affect or may affect the national security, such as key technologies and IT products and services. According to the PRC Cybersecurity Law and relevant regulations, network constructors, network operators and service providers that provide services via network are obligated to take technical and other necessary measures to ensure the security and stable operation of network, maintain the integrity, confidentiality and availability of network data, and furthermore provide technical assistance and support in accordance with the law for public security and national security authorities to protect national security or assist with criminal investigations. In addition, the PRC Cybersecurity Law provides that personal information and important data collected and generated by operators of critical information infrastructure in the course of their operations in the PRC should be stored in the PRC, and the law imposes heightened regulation and additional security obligations on operators of critical information infrastructure. On September 12, 2022, the CAC proposed a series of draft amendments to the PRC Cybersecurity Law, which impose more stringent legal liabilities for certain violations. Such draft amendments were released for soliciting public comments and its final form, interpretation and implementation remain substantially uncertain.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law, which came into effect on September 1, 2021. The PRC Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data processing activities, introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally

acquired or used, provides for a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information. The PRC Data Security Law provides that "data" refers to any recording of information by electronic or other means. Data processing includes the collection, storage, use, processing, transmission, availability and disclosure of data, etc. In addition, government authorities in the PRC have enacted a series of laws and regulations relating to the protection of privacy and personal information, under which internet service providers and other network operators are required to clearly indicate the purposes, methods and scope of any information collection and usage, to obtain appropriate user consent and to establish user information protection systems with appropriate remedial measures. See "Regulation – Regulations on Cybersecurity, Data Security and Privacy Protection" for a detailed discussion. However, this regulatory framework for privacy and data protection and cybersecurity in the PRC and worldwide is currently evolving and is likely to remain uncertain for the foreseeable future.

We collect, utilize and store a large quantity of personal data, including consumers' personal data, in our business operations, and face a number of challenges relating to data from transactions and other activities on our platforms, including:

- protecting the data in and hosted on our system, including against attacks on our system or unauthorized use by outside parties or fraudulent behavior or improper use by our employees;

- addressing concerns, challenges, negative publicity and litigation related to data privacy, collection, use and actual or perceived sharing for promotional and other purposes (including cooperation and sharing among our own businesses, cooperation with business partners or mandatory disclosure to regulators), and concerns among the public about the alleged discriminatory treatment adopted by internet platforms based on user profiles, safety, security and other factors that may arise from our existing businesses or new businesses and technologies, such as new forms of data (for example, biometric data, location information and other information); and

- complying with applicable laws, rules and regulations relating to the collection (from users and other third-party systems or sources), use, storage, access, transfer, disclosure and security of personal data, including requests from data subjects and regulatory authorities.

We generally comply with industry standards and are subject to the terms of our own privacy policies. Compliance with any additional laws could be expensive, and may place restrictions on the conduct of our business and the manner in which we interact with our customers. Any failure to comply with applicable regulations could also result in regulatory enforcement actions against us, and misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against us by governmental authorities or other authorities, damage to our reputation and credibility and could have a negative impact on revenues and profits. Improper use or disclosure of our user data by any party could result in a loss of users, businesses and other participants of our platform, loss of confidence or trust in our platform and has a material adverse effect on our business and prospects. Moreover, we are subject to numerous laws and regulations in many markets relating to the protection of personal information, cybersecurity, data security and cross-border data transmission. These laws and regulations can be complex and the interpretation and application of these laws and regulations are evolving, in flux and complicated.

If we fail to generate sufficient high-quality content and maintain their authenticity and transparency, we will be unable to provide users with the information they are searching for, which could negatively impact our business.

Our success depends in part on our ability to provide users with the information they seek, which in turn depends on the quantity and quality of the content provided by our content contributors. For example, we may be unable to provide users with the information they seek if our users do not contribute content that is helpful and reliable, or if they remove content they previously submitted. Similarly, we may be unable to provide users with the information they seek if our users are unwilling to contribute content, or if the information on our mobile apps, smart mini programs, and websites is not up-to-date. If our mobile apps, smart mini programs, and websites do not provide current information about Listed POIs or if users perceive reviews on our mobile apps, smart mini programs, and websites as less relevant, our brand and our business could be harmed.

If we are unable to provide users with the information they seek, or if they can find equivalent content on other services, they may stop or reduce their use of our platform, and traffic to our mobile apps and websites may decline. If our user traffic declines, merchants may stop or reduce the amount of marketing activities on our platform and our business could be harmed.

Security breaches and attacks against our platform, and any potentially resulting breach or failure to otherwise protect confidential and proprietary information, could damage our reputation, negatively impact our business, and materially and adversely affect our financial condition and results of operations.

Although we have employed significant resources to develop our security measures against breaches, our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches, or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of user information, or a denial of service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate, or implement adequate measures to protect against, these attacks.

We have in the past been, and are likely again in the future to be, subject to these types of attacks, although to date no such attack has resulted in any material damages or remediation costs. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed and we could sustain substantial revenue loss from lost sales and customer dissatisfaction. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Cyber-attacks may target us, our consumers, merchants or other participants, or the communication infrastructure on which we depend. Actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants.

The wide variety of payment methods that we accept subjects us to third-party payment processing-related risks.

Our online payment options include, among others, our proprietary payment method, Meituan Payment, other third-party payment methods, such as Weixin Pay, Apple Pay, Alipay and Union Pay, and credit and debit cards or transfers from an online bank account. For third-party payment methods and credit and debit cards, we pay varying service fees, which may increase over time and raise our operating costs and lower our profit margins. We may also be subject to fraud, security breaches, and other illegal activities in connection with the various payment methods we offer. In addition, we are subject to various rules, regulations, and requirements, regulatory or otherwise, governing payment processing, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers, process electronic funds transfers, or facilitate other types of online payments, and our business, financial condition and results of operations could be materially and adversely affected.

We own loan receivables in connection with our micro-credit business, and non-performance, or significant underperformance, of those loan receivables may adversely affect our business and results of operation.

We hold loan receivables in connection with our micro-credit business in 2021, 2022, 2023 and the six months ended June 30, 2024. As of June 30, 2024, we had RMB6.5 billion (US$896.2 million) in loan receivables. During the period that we own the loan receivables, we bear the credit risk in the event that the borrowers default. In the event that we experience non-performance or significant underperformance of the loan receivables, our business and results of operation may be materially and adversely affected.

The determination of the fair value changes of certain of our assets and liabilities and the impairment for financial and contract assets requires the use of estimates that are based on unobservable inputs, and therefore inherently involves a certain degree of uncertainty.

We use significant unobservable inputs, such as expected volatility, discount for lack of marketability, risk-free rate, market multiples, expected rate of return, assumptions of expected future cash flows and discount rate, in valuing certain of our fair value of financial instruments. The fair value change of such financial instruments may significantly affect our financial position and results of operations. In addition, the process for determining whether an impairment for financial and contract assets arising from credit risk is based on assumptions about the risk of defaults and expected loss rates. Accordingly, such determination requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such assets and liabilities, and the impairment for financial and contract assets. These factors include, but are not limited to, general economic condition, changes in market interest rates, and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition.

We may not fully recover our deferred tax assets, which could affect our results of operation and financial condition.

As of June 30, 2024, we had deferred tax assets of RMB1.8 billion (US$254.2 million). Our deferred tax assets related to certain temporary differences or tax losses are recognized to the extent that the utilization of such differences and losses against future taxable profits is probable. This requires significant judgment on the tax treatments of transactions and an assessment of the probability that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered. The outcome of their actual utilization may be different from management's estimation, which could affect our results of operation and financial condition.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment, and non-compete agreements with our employees and others, to protect our proprietary rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented, or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, we cannot assure you that (i) our application for the registration of trademarks, patents, and other intellectual property rights will be approved, (ii) any intellectual property rights will be adequately protected, or (iii) such intellectual property rights will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Further, because of the rapid pace of technological change in our industry, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms.

It may be difficult to register, maintain, and enforce intellectual property rights in jurisdictions in which we operate. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment, and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in jurisdictions in which we operate. Policing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our management and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. We cannot assure you that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting, or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition, and results of operations.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, or other intellectual property rights held by third parties. We have been, and from time to time in the future may be, subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by services offered by our merchants, our services or other aspects of our business. We cannot assure you that holders of patents purportedly relating to some aspect of our technology architecture or business, if any such holders exist, would not seek to enforce such patents against us in China, the United States, or any other jurisdictions. Further, the application and interpretation of China's patent laws and the procedures and standards for granting patents in China are still evolving, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Such infringement or licensing allegations and claims have been and may be brought by our suppliers. Defending against these claims and proceedings is costly and time consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgment, a fine, or a settlement involving a large amount of payment were to occur, or injunctive relief were issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position, and results of operations could be materially and adversely affected.

In addition, we allow our users to upload content to our mobile apps and websites. In particular, our Dianping mobile app features a vast amount of detailed, authentic, and engaging content on merchants and services. However, content posted on our mobile apps and websites may expose us to allegations by third parties of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation, and other violations of third-party rights. We have been involved in litigations based on allegations of infringement of third-party copyrights due to the content available on our mobile apps and websites, although to date none of such litigation has resulted in any material adverse impact on us. Our failure to identify unauthorized content posted on our mobile apps and websites may subject us to claims of infringement of third-party intellectual property rights or other rights, defending of which may impose a significant burden on our management and employees, and there can be no assurance that we will obtain final outcomes that are favorable to us. In addition, we may be subject to administrative actions brought by the National Copyright Administration of China or its local branches for alleged copyright infringement.

We use open source software in connection with our products and services. Companies that incorporate open source software into their products and services have, from time to time, faced claims challenging the ownership of open source software and compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or non-compliance with open source licensing terms. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software and make available any derivative works of the open source code on unfavorable terms or at no cost. Any requirement to disclose our source code or pay damages for breach of contract could be harmful to our business, financial condition and results of operations.

Failure to deal effectively with any fraud perpetrated and fictitious transactions conducted on our platform could harm our business.

We face risks with respect to fraudulent activities engaged by merchants on our platform. Merchants on our platform may engage in fictitious transactions with themselves or collaborate with third parties in order to artificially inflate their sales records, popularity and search results rankings.

Such activity may frustrate other merchants by enabling the perpetrating merchants to be favored over legitimate merchants, and may harm consumers by misleading them to believe that a merchant is more reliable or trustworthy than the merchant actually is. Although we have implemented strict measures to detect and penalize merchants who engaged in fraudulent activities on our platform, there can be no assurance that such measures will be effective in preventing fraudulent transactions.

Moreover, illegal, fraudulent, or collusive activities by our employees could also subject us to liability or negative publicity. We have discovered cases in which certain of our employees accepted payments from merchants or other service providers in order to receive preferential treatment on our platform. Although the employees who have been found to be responsible for these incidents have either resigned or have been terminated by us and we have implemented internal controls and policies with regard to the review and approval of merchant accounts, sales activities and other relevant matters, we cannot assure you that our controls and policies will prevent fraud or illegal activity by our employees or that similar incidents will not occur in the future. Any illegal, fraudulent, or collusive activity could severely damage our brand and reputation, which could drive consumers away from our platform, and materially and adversely affect our business, financial condition and results of operations.

We face risks relating to natural disasters, health epidemics, and other outbreaks, which could significantly disrupt our business, financial condition, and results of operations.

The occurrence of a natural disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in China or elsewhere in the world could materially disrupt our industry and our business and operations, and have a material adverse effect on our business, financial condition and results of operations. We and our merchants are vulnerable to natural disasters, health epidemics, and other calamities. Our business could be adversely affected if our employees, merchants, or delivery couriers are affected by health epidemics or fear of spread of contagious diseases, such as the outbreak of Ebola virus disease (EVD), coronavirus disease 2019 (COVID-19), Middle East respiratory syndrome (MERS), severe acute respiratory syndrome (SARS), H1N1 flu, H7N9 flu, and avian flu. For example, these events could cause a temporary closure of the facilities we use for our operations, affect the health of our employees

and their work efficiency, significantly disrupt supply chains and logistics services or severely impact consumer behaviors and the operations of merchants, business partners and other participants in our ecosystem. Our operations could also be disrupted if any of our employees or employees of our business partners are suspected of contracting an epidemic disease, since this could require us or our business partners to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or other outbreak or any change in regulatory, corporate and public actions in response to such event harms the global or PRC economy in general.

We, our third party service providers and/or their associates may increasingly become a target for public scrutiny, including complaints to regulatory agencies, investigations, negative media coverage, and malicious allegations, all of which could severely damage our reputation and materially and adversely affect our business and prospects.

We process an extremely large number of transactions on a daily basis on our platform, and the high volume of transactions taking place on our platform as well as publicity about our business create the possibility of heightened attention from the public, regulators, and the media. Heightened regulatory and public concerns over consumer protection, and consumer safety and other issues may subject us to additional legal, regulatory and social responsibilities and increased scrutiny and negative publicity over these issues, due to the large number of transactions that take place on our platform and the increasing scope of our overall business operations. In addition, changes in our services or policies have resulted and could result in objections by members of the public, the traditional, new and social media, social network operators, merchants on our platform, or others. From time to time, these objections or allegations, regardless of their veracity, may result in consumer dissatisfaction or negative publicity, which could result in government inquiry or substantial harm to our brand, reputation, and operations. Moreover, as our business expands and grows, both organically and through acquisitions of and investments in other businesses, domestically and internationally, we may be exposed to heightened public scrutiny in jurisdictions where we already operate as well as in new jurisdictions where we may operate. There is no assurance that we nor our third party service providers and/or their associates would not become a target for regulatory or public scrutiny in the future or that scrutiny and public exposure would not damage our reputation as well as our business and prospects. We also work with many different third party service providers in our business and our third party service providers and/or their associates may also from time to time be subject to heightened regulatory and public scrutiny. For example, one of the network firms of our independent auditor has recently been the subject of investigations in respect of its audit work for a certain PRC company and as a result of which, the PRC regulators have imposed fines, sanctions and a six-month business suspension, as well as a local office closure on such network firm. There are announcements indicating that our independent auditor is also being investigated by the Accounting and Financial Reporting Council in Hong Kong for audit work for a related entity of the same PRC company. It is uncertain what the outcome of such investigation may be. We are monitoring this development and will assess its potential impact. We may take certain remedial actions including, if deemed necessary, engaging a new auditor.

If other companies copy information from our mobile apps and websites, and publish or aggregate it with other information for their own benefit, traffic to our mobile apps and websites may decline, and our business and prospects may be materially and adversely affected.

We cannot assure you that other companies would not copy information from our mobile apps and websites, through website scraping, robots, or other means, and publish or aggregate it with other information for their own benefit. For example, we have in the past filed lawsuits against third parties for copying and publishing consumer comments and other content from our website without our consent. When third parties copy, publish, or aggregate content from our mobile apps and websites, it makes them more competitive, and decreases the likelihood that consumers will use our mobile apps and websites to find the information they seek, which could materially and adversely affect our business and results of operations. We may not be able to detect such third-party conduct in a timely manner and, even if we could, we may not be able to remove it. In addition, we may be required to expend significant financial or other resources to successfully enforce our rights.

Our online marketing services may constitute internet advertisement, which subjects us to laws, rules, and regulations applicable to advertising.

We derive a significant portion of our revenues from online marketing services. In February 2023, the SAMR promulgated the Administrative Measures for Internet Advertising, or the Internet Advertising Measures, effective May 2023, pursuant to which internet advertisements are defined as any commercial advertising that directly or indirectly promotes goods or services through internet media in any form including paid-for search results. Pursuant to the Internet Advertising Measures, internet advertising operators and publishers shall establish and improve the management systems regarding acceptance, registration, review and filing of the internet advertising businesses according to the relevant regulations and shall examine, verify and register the identity information of advertisers such as their names, addresses and valid contact details, set up registration files and check and update them on a regular basis. Relevant files shall be kept for not less than three years from termination of the advertisement. Internet advertising operators and publishers are required to maintain advertisement reviewers familiar with advertising laws and regulations or establish a special department responsible for the review of internet advertisements. Where internet advertising is published by means of algorithmic recommendation, the relevant rules and records of such algorithmic recommendation shall be included in the advertising filings. Since the Internet Advertising Measures were recently promulgated, there remains uncertainties as to their ultimate impact on our business and results of operations in the long term. Complying with these requirements and any penalties or fines for any failure to comply may significantly reduce the attractiveness of our platform and increase our costs and could materially and adversely affect our business, financial condition, and results of operations. See "Regulations – Regulations on Internet Advertising." Under the Internet Advertising Measures, our online marketing services may constitute internet advertisement.

PRC advertising laws, rules, and regulations require advertisers, advertising operators, and advertising distributors to ensure that the content of the advertisements they prepare or distribute is fair and accurate and is in full compliance with applicable law. Violation of these laws, rules, or regulations may result in penalties, including fines, confiscation of advertising fees, orders to cease dissemination of the advertisements, and orders to publish corrective information. In circumstances involving serious violations, the PRC government may order a violator to terminate its advertising operation or even suspend or revoke its business license or license for operating advertising business. In addition, the Internet Advertising Measures require paid-for search results to be distinguished from natural search results so that consumers will not be misled as to the nature of these search results. Those who violate these measures may face fines, confiscation of illegal profits, business operation suspension, and revocation of licenses. As such, we are obligated to distinguish from others the merchants who purchase online marketing services from us or the relevant listings by these merchants. Pursuant to the Internet Advertising Measures and the PRC Advertising Law, as last amended in April 2021, the release or distribution of advertisements via internet cannot affect users' normal use of the internet. Advertisements released on webpages, such as pop-up advertisements, must display a conspicuous "close" button to ensure that the users may easily close such advertisements by one click.

In addition, for advertising content related to specific types of products and services, advertisers, advertising operators, and advertising distributors must confirm that the advertisers have obtained the requisite government approvals, including the advertiser's operating qualifications, proof of quality inspection of the advertised products and services, and, with respect to certain industries, government approval of the content of the advertisement and filing with the local authorities. Pursuant to the Internet Advertising Measures, we are required to take steps to monitor the content of advertisements displayed on our mobile apps, smart mini programs, and websites. This requires considerable resources and time, and could significantly affect the operation of our business, while at the same time also exposing us to increased liability under the relevant laws, rules, and regulations. The costs associated with complying with these laws, rules, and regulations, including any penalties or fines for our failure to so comply if required, could have a material adverse effect on our business, financial condition and results of operations. Any further change in the classification of our online marketing services by the PRC government may also significantly disrupt our operations and materially and adversely affect our business and prospects.

Recent activities and technology trends in advertising, such as links in comments or posts, and the proliferation of short video and live streaming platforms, with paid promotions that are frequently not marked as advertising, have made advertising content monitoring more challenging. Moreover, technologies and tools attempting to circumvent, evade or deceive our advertisement content monitoring system are evolving, which makes it more complicated for us to monitor and review the advertisements on our platform. When we discover advertisements that violate laws and regulations, we will timely take corresponding measures. Although we have made significant efforts to ensure that the advertisements shown on our platform are in full compliance with currently effective and applicable PRC laws and regulations, we cannot ensure that we will be in compliance at all times with the requirements under any new laws and regulations such as the Internet Advertising Measures. Failure to comply with these obligations may subject us to fines and other administrative penalties.

We have granted and will continue to grant options, restricted share units, and other types of awards under our share schemes, which may result in increased share-based compensation expenses that could affect our results of operation and potentially dilute existing shareholders' ownership.

We adopted our pre-IPO employee stock incentive scheme (the "**Pre-IPO ESOP**"), post-IPO share option scheme (the "**Post-IPO Share Option Scheme**"), and post-IPO share award scheme (the "**Post-IPO Share Award Scheme**"), for the purpose of granting share-based compensation awards to various participants with the opportunity to acquire proprietary interests in our Company and to encourage them to work towards enhancing our value. We recognize expenses in our consolidated financial statements in accordance with IFRS Accounting Standards.

We believe that the granting of share-based compensation is important to attract and retain key personnel and employees, and we will continue to grant share-based compensation to the eligible participants in the future. As a result, additional grant of share-based awards by us will further increase our share-based payments, which could result in increased share-based compensation expenses that could affect our results of operation and potentially dilute existing shareholders' ownership.

Certain of our leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines.

Certain of our leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines if we fail to remediate after receiving any notice from the relevant PRC government authorities. In case of failure to register or file a lease, the parties to the unregistered lease may be ordered to make rectifications (which would involve registering such leases with the relevant authority) before being subject to penalties. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. Although we have proactively requested that the applicable lessors complete or cooperate with us to complete the registration in a timely manner, we are unable to control whether and when such lessors will do so. In the event that a fine is imposed on both the lessor and lessee, and if we are unable to recover from the lessor any fine paid by us, such fine will be borne by us.

Our operations depend on the performance of the internet infrastructure and fixed telecommunications networks in China and overseas markets where we operate.

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the PRC Ministry of Industry and Information Technology. Moreover, we primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures, or other problems with China's internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. Our operation overseas also requires cooperation of local telecommunication service providers and internet infrastructure. With the expansion of our business to more geographic areas in China and globally, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our website or engage

more local telecommunication service and obtain access to local internet data centers. We cannot assure you that the internet infrastructure and the fixed telecommunications networks in China and overseas markets where we operate will be able to support the demands associated with the continued growth in internet usage.

In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected. Furthermore, if internet access fees or other charges to internet users increase, our user traffic may decline and our business may be harmed.

A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect our business, financial condition, and results of operations.

COVID-19 had a severe and negative impact on the Chinese and the global economy from 2020 through 2022, and the global macroeconomic environment still faces numerous challenges. While the Chinese economy has experienced significant growth in the past decades, the growth rate of the Chinese economy has gradually slowed since 2010, which trend may continue. Any adverse changes in economic conditions in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to reduction in demand for our products and services and adversely affect our financial results. Other economies around the globe have also experienced stagnant or negative GDP growth. Whether this will lead to a prolonged downturn in the global economy is still unknown.

There is considerable uncertainty over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. The U.S. Federal Reserve's monetary policy has undergone significant changes in response to economic challenges over the past few years. Starting with a rate cut in 2019, the first since the 2007 financial crisis, the U.S. federal government implemented further reductions in 2020 due to the COVID-19 pandemic, reaching a historic low of 0% to 0.25%. As the economy began to recover in 2022, the U.S. federal government shifted its focus to address rising inflation and the economic impacts of the Russia-Ukraine conflict, resulting in a series of rate hikes that brought the federal-funds rate to a range of 5.25% to 5.50% by 2023. In September 2024, the U.S. Federal Reserve announced a cut of 50 basis points in the benchmark federal-funds rate, bringing it to a new target range of 4.75% to 5.00%. Furthermore, the ongoing conflict between Russia and Ukraine, the war in Gaza Strip, terrorist threats and the potential for war in the Middle East and elsewhere, elevated inflation levels, and high food and energy price may increase market volatility across the globe. It is unclear whether these challenges and uncertainties will be contained or resolved and what effects they may have on the global political and economic conditions in the long term. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any prolonged slowdown in the global or Chinese economy may have a negative impact on our business, results of operations, and financial condition, and continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

Recent developments due to political tensions between the United States and China may materially and adversely affect our business and results of operations.

The recent political tensions between the United States and China have escalated due to, among other things, trade disputes, sanctions imposed by the U.S. Department of Treasury on certain officials of the Hong Kong Special Administrative Region and the PRC central government, and the executive orders issued by former U.S. President Donald J. Trump in August 2020 that prohibit certain transactions with certain Chinese companies in the internet industry and their mobile applications. In November 2020, the U.S. administration issued U.S. Executive Order 13959, prohibiting investments by any U.S. persons in publicly traded securities of certain Chinese companies that are deemed owned or controlled by the Chinese military. In May 2021, the American depositary shares of China Telecom Corporation Limited, China Mobile Limited and China Unicom (Hong Kong) Limited were delisted from the NYSE to comply

with this executive order. In June 2021, the U.S. administration expanded the scope of the executive order to include Chinese defense and surveillance technology companies. In April 2023, certain U.S. senators also called for the imposition of sanctions on Chinese cloud companies. Recently, in April 2024, U.S. president Joe Biden signed into law the Protecting Americans from Foreign Adversary Controlled Applications Act, which is an effect ban or forced sale of TikTok from its parent company ByteDance, with respect to concerns over potential user data collection and influence operations by the PRC government.

Additionally, China has issued regulations to give itself the ability to unilaterally nullify the effects of certain foreign restrictions that are deemed to be unjustified to Chinese individuals and entities. The Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures promulgated by the MOFCOM on January 9, 2021, provide that, among other things, Chinese individuals or entities are required to report to the MOFCOM within 30 days if they are prohibited or restricted from engaging in normal business activities with third-party countries or their nationals or entities due to non-Chinese laws or measures; and the MOFCOM, following the decision of the relevant Chinese authorities, may issue prohibition orders contravening such non-Chinese laws or measures. Furthermore, on June 10, 2021, the SCNPC promulgated the Anti-foreign Sanctions Law. The Anti-foreign Sanctions Law prohibits any organization or individual from implementing or providing assistance in implementation of discriminatory restrictive measures taken by any foreign state against the citizens or organizations of China. In addition, all organizations and individuals in China are required to implement the retaliatory measures taken by relevant departments of the State Council of the PRC.

Although we do not have significant operations or users in the United States, rising political tensions between the United States and China could reduce levels of trades, investments, technological exchanges, and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our business, prospects, financial condition and results of operations.

Overall tightening of the labor market or any possible labor unrest may affect our business.

Our business requires a substantial number of personnel. Any failure to retain stable and dedicated labor by us and our delivery partners may lead to disruption to or delay in our services provided to customers. Although we or our delivery partners have not experienced any labor shortage to date, we have observed an overall tightening and increasingly competitive labor market. We have experienced, and expect to continue to experience, increases in labor costs due to increases in salary, social benefits, and employee headcount. We and our delivery partners compete with other companies in our industry and other labor-intensive industries for labor, and we and our delivery partners may not be able to offer competitive remuneration and benefits compared to them. If we or our delivery partners are unable to manage and control our labor costs, our business, financial condition, and results of operations may be materially and adversely affected.

Our delivery partners have been subject to labor disputes initiated by their employees and personnel from time to time, although none of them, individually or in the aggregate, have had a material adverse impact on us. Our delivery partners may continue to be subject to various legal or administrative proceedings relating to labor disputes in the ordinary course of business, which may have a material effect on us due to the magnitude of the labor force involved in our delivery network. Any labor unrest directed against our delivery partners could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, lead to decreases in our revenue. For example, a delivery courier strike that took place in April 2023 caused service disruption in Shanwei, Guangdong, and we cannot assure you that similar incidents would not happen in the future. We and our delivery partners are not able to predict or control any labor unrest. Further, labor unrest may affect general labor market conditions or result in changes to labor laws, which in turn could materially and adversely affect our business, financial condition and results of operations.

We have limited insurance coverage.

Risks associated with our business and operations include, but are not limited to, business interruption due to power shortages or network failure, product liability claims, and losses of key personnel, any of which may result in significant costs or business disruption. The insurance industry in China is still at an early stage of development, and insurance companies in China currently offer limited business-related insurance products. In line with general market practice, we do not have any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. In addition, we also do not maintain insurance policies covering damages to our IT architecture. Any disruption in our IT architecture or natural disasters may cause us to incur substantial costs and divert our resources, and we have no insurance to cover such losses. With respect to our employees, we provide pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and medical insurance, as well as supplemental commercial medical insurance and accident insurance. We maintain various insurance policies with respect to our ride sharing business, including property and casualty insurance for the drivers and passengers in our network. We also require personal accident, third-party personal injury, and property damage insurance to be purchased for each delivery courier by our delivery partners. Any uninsured risks may result in substantial costs and the diversion of resources, which could adversely affect our results of operations and financial condition.

Any revision, downgrade or withdrawal of our credit ratings may affect our ability to raise additional financing and may adversely affect the market price of the Notes.

We have been assigned a long-term corporate credit rating of "BBB+" with a stable outlook by S&P, "BBB" with a positive outlook by Fitch, and "Baa2" with a positive outlook by Moody's. These ratings reflect the rating agencies' views of our ability to make timely payment of principal and interest on senior unsecured debts, including the Notes. There can be no assurance that these ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies at any time in the future if, in their judgment, circumstances so warrant.

Any negative rating revision, downgrade or withdrawal of our credit ratings by one or two or all of these agencies could have an adverse effect on the market price of the Notes as well as adversely impact on our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available and could have a material adverse effect on our financial condition and results of operations.

Risks Relating to Doing Business in Jurisdictions in China

Adverse changes in economic and political policies of the PRC government could have a material adverse effect on overall economic growth in China, which could materially and adversely affect our business and results of operation.

A significant portion of our operations are conducted in China and the majority of our revenue is sourced from China. Accordingly, our financial condition, results of operations, and prospects are influenced by economic, political, and legal developments in China. Economic reforms have resulted in significant economic growth in China in the past few decades. However, any economic reform policies or measures in China may from time to time be modified or revised. China's economy differs from the economies of other countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources. While the PRC economy has experienced significant growth in the past four decades, there can be no assurance such growth would be maintained or be evenly across sectors. Our financial condition and results of operations could be materially and adversely affected by government regulations over capital investments or changes in tax regulations that are applicable to us.

Furthermore, the global macroeconomic environment faces significant challenges in the near-term future. For example, there is considerable uncertainty about the short- and long-term economic impact of the monetary and fiscal policies adopted by the central banks and government authorities of some of the world's leading economies, including but not limited to the United States and China. There are also material concerns about the current and future relationship between the United States and China. Any deterioration in political conditions and abrupt changes in Sino-U.S. relations are difficult to predict and could trigger new changes in economic and political policies by the United States or China, which in turn may adversely affect China's overall economic and market conditions and consequently our business, operating results and financial condition.

The PRC government exerts substantial influence over the manner in which we conduct our business operations. It may influence our operations at any time as part of its efforts to enforce PRC law, which could result in a material adverse change in our operations.

Our operations are mainly conducted in the PRC, and are governed by PRC laws, rules and regulations. The PRC government exerts substantial influence over the manner in which we conduct our business, and may influence our operations. The PRC government has recently published new policies that substantially affected certain industries. We cannot rule out the possibility that it will in the future release regulations or policies that directly or indirectly affect our industry or require us to seek additional permission to continue our operations, which could result in a material adverse change in our operation. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business. Such actions could significantly limit or hinder our ability to offer or continue to offer securities to investors.

There may be changes from time to time in the interpretation and application of the laws of the PRC, and any failure to comply with laws and regulations could have a material adverse effect on our business, results of operations and financial condition in the PRC.

We conduct our business primarily through our PRC subsidiaries and Consolidated Affiliated Entities in China. Our operations in the PRC are governed by PRC laws and regulations. The legal system in the PRC is based on written statutes. Although court decisions may be cited for reference, they may have limited precedent value in certain areas. The legal system in the PRC evolves rapidly, and the interpretations of many laws, regulations, and rules may change from time to time. In addition, we cannot predict the effect of future developments in the PRC legal system, particularly with regard to internet-related industries, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. For example, on December 29, 2023, the SCNPC promulgated the amended PRC Company Law, which came into effect on July 1, 2024 and supersede the existing PRC Company Law. The amended PRC Company Law provides stricter requirements on capital contribution of a company established in the PRC. According to the amended PRC Company Law, we may be required to fulfill the obligations of capital contribution to our PRC subsidiaries or to provide financial support to the nominee shareholders of our VIEs within a much shorter period than the currently effective period. However, since the amended PRC Company Law is still relatively new, there is still uncertainty regarding the implementation and interpretation of the amended PRC Company Law. Such unpredictability towards our contractual, property (including intellectual property), and procedural rights could adversely affect our business and impede our ability to continue our operations. Furthermore, certain litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management attention.

China's Anti-Monopoly Law, M&A rules and certain other PRC laws and regulations also establish procedural requirements for acquisitions conducted by foreign investors that could make it difficult for us to grow through acquisitions in the PRC.

A number of PRC laws and regulations, including the M&A Rules, the Anti-monopoly Law promulgated by the SCNPC in August 2007 and amended in 2022, the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by the PRC Ministry of Commerce ("MOFCOM") in August 2011, and the Measures for the Security Review of Foreign Investment in January 2021, have established procedures and requirements for merger and acquisition activities in China by foreign investors. For example, the M&A rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand.

The approval from the MOFCOM shall be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. Mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the anti-monopoly authority under the State Council when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the Prior Notification Rules, issued by the State Council in August 2008 and last amended in January 2024, is triggered. In addition, the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the Security Review Rule, issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement.

Furthermore, on December 19, 2020, the NDRC and MOFCOM promulgated the Measures for Security Review of Foreign Investment, or the Foreign Investment Security Review Measures, which took effect on January 18, 2021. Under the Foreign Investment Security Review Measures, investment in certain key areas which results in acquiring the actual control of the assets is required to obtain approval from designated governmental authorities in advance. We have grown and may continue to grow our business by acquiring complementary businesses. Complying with the requirements of the new regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from the MOFCOM, the SAMR and other governmental authorities, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

Regulation and censorship of information disseminated over the internet in China may adversely affect our business and subject us to liability for content posted on our mobile apps and websites.

Internet companies in China are subject to a variety of existing and new rules, regulations, policies, and license and permit requirements. The PRC government prohibits information that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, contains terrorism or extremism content, or is reactionary, obscene, superstitious, fraudulent, or defamatory, from being distributed through the internet. PRC laws also prohibit the use of the internet in ways which, among other things, result in leakage of state secrets or distribution of socially destabilizing content. In connection with enforcing these rules, regulations, policies and requirements, relevant government authorities may suspend services by, or revoke licenses of, any internet or mobile content service provider that is deemed to provide illicit content online or on mobile devices. In particular, the Cyberspace Administration of China has issued rules from time to time to increase mobile app and website operators' obligations to monitor the information displayed on the information platform and prevent dissemination of illegal contents.

We endeavor to eliminate illicit content from our mobile apps and websites. However, government standards and interpretations may change in a manner that could render our current monitoring efforts insufficient. We cannot assure you that our business and operations will be immune from government actions or sanctions in the future. If government actions or sanctions are brought against us, or if there are widespread rumors that government actions or sanctions have been brought against us, our reputation and brand image could be harmed, we may lose users and business partners, our revenue and results of operation may be materially and adversely affected.

We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our noteholders and have a material adverse effect on our results of operations and the value of your investment.

Under the PRC Enterprise Income Tax Law, or the EIT Law, which became effective on January 1, 2008 and was amended on December 29, 2018, an enterprise established outside China whose "de facto management body" is located in China is considered a "PRC resident enterprise" and will generally be subject to the uniform 25% enterprise income tax rate on its global income. Under the implementation rules of the EIT Law, "de facto management body" is defined as the organization body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

On April 22, 2009, the State Administration of Taxation, or the SAT, released the Notice Regarding the Determination of PRC-Controlled Offshore Incorporated Enterprises as People's Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies, which was amended on December 29, 2017, or SAT Circular 82, that sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of China and controlled by PRC enterprises or PRC enterprise groups is located within China. Further to SAT Circular 82, on July 27, 2011, SAT issued the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial), or SAT Bulletin 45, to provide more guidance on the implementation of SAT Circular 82; such bulletin became effective on September 1, 2011 and was last amended on June 15, 2018. SAT Bulletin 45 clarified certain issues in the areas of resident status determination, post-determination administration, and competent tax authorities' procedures.

Under SAT Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily operations are located mainly within China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within China; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within China. SAT Bulletin 45 specifies that when provided with a copy of Chinese tax resident determination certificate from a resident Chinese controlled offshore incorporated enterprise, the payer should not withhold 10% income tax when paying the China-sourced dividends, interest, and royalties to the PRC-controlled offshore incorporated enterprise.

Although SAT Circular 82 and SAT Bulletin 45 explicitly provide that the above standards only apply to enterprises that are registered outside of China and controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals, SAT Circular 82 and SAT Bulletin 45 may reflect SAT's criteria for how the "de facto management body" test should be applied in determining the tax residence of foreign enterprises in general, regardless of whether they are controlled by PRC enterprises or PRC enterprise groups or by the PRC or foreign individuals. If the PRC tax authorities determine that we are to be treated as a PRC resident enterprise for PRC enterprise income tax purposes, we will be subject to PRC enterprise income tax reporting obligations, and the 25% PRC enterprise income tax on our global taxable income could materially and adversely affect our ability to satisfy any cash requirements we may have.

The heightened scrutiny over acquisition transactions by PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.

Pursuant to the Notice of State Administration for Taxation on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-Resident Enterprises, or SAT Circular 698, issued by SAT in December 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas nonpublic holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5% or (ii) does not impose income tax on the foreign income of its residents, the non-resident enterprise, being the transferor, must report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding, or deferring PRC tax.

On February 3, 2015, SAT issued the Announcement of SAT on Several Issues concerning the Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non-Resident Enterprises, or SAT Circular 7, which abolished certain provisions in SAT Circular 698, as well as certain other rules providing clarification on SAT Circular 698. SAT Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of PRC taxable assets. Under SAT Circular 7, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC taxable assets, when a non-resident enterprise transfers PRC taxable assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC taxable assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC enterprise income taxes and without any other reasonable commercial purpose. However, SAT Circular 7 contains certain exemptions, including (i) where a non-resident enterprise derives income from the indirect transfer of PRC taxable assets by acquiring and selling shares of an overseas listed company which holds such PRC taxable assets on a public market; and (ii) where there is an indirect transfer of PRC taxable assets, but if the non-resident enterprise had directly held and disposed of such PRC taxable assets, the income from the transfer would have been exempted from PRC enterprise income tax under an applicable tax treaty or arrangement.

On October 17, 2017, SAT issued the Circular on the Source of Deduction of Income Tax for Non-resident Enterprises, or SAT Circular 37, which became effective on December 1, 2017, was amended on June 15, 2018, and abolished SAT Circular 698 and certain provisions in SAT Circular 7. SAT Circular 37 further clarifies the practice and procedure of withholding non-resident enterprise income tax. Pursuant to SAT Circular 37, where the party responsible for deducting such income tax did not or was unable to make such deduction, or the non-resident enterprise receiving such income failed to declare and pay the taxes that should have been deducted to the relevant tax authority, both parties may be subject to penalties. The taxable gain is calculated as balance of the total income from such transfer net deducting the net book value of equity interest.

We have conducted and may conduct acquisitions involving changes in corporate structures, and historically our shares were transferred by certain then shareholders to our current shareholders. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Any PRC tax imposed on a transfer of our shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

Discontinuation of preferential tax treatments we currently enjoy or other unfavorable changes in tax law could result in additional compliance obligations and costs.

Operating in the high-technology industry, a number of our PRC operating entities enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. Our PRC subsidiaries and Consolidated Affiliated Entities may, if they meet the relevant requirements, qualify for certain preferential tax treatment.

For a qualified high and new technology enterprise, the applicable enterprise income tax rate is 15%. The high and new technology enterprise qualification is re-assessed by the relevant authorities every three years. Moreover, a qualified software enterprise is entitled to a tax holiday consisting of a two-year tax exemption beginning with the first profit-making calendar year and a 50% tax reduction for the subsequent three years. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Description of Major Components of Our Results of Operations – Taxation – the PRC." If such PRC subsidiaries or VIEs fail to maintain their respective qualification under the relevant PRC laws and regulations, their applicable enterprise income tax rates may increase to up to 25%, which could materially and adversely affect our results of operations.

PRC regulations of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We may transfer funds to our PRC subsidiaries or finance our PRC subsidiaries by means of shareholders' loans or capital contributions after completion of this offering. Any loans to our PRC subsidiaries, which are foreign-invested enterprises, or FIEs, cannot exceed a statutory limit, and must be filed with SAFE or its local counterparts after the loan agreement is signed and at least three business days before the borrower withdraws any amount from the foreign loan. In addition, any such loans with a term of at least one year are also subject to filing requirement with the NDRC or its local branches.

Furthermore, if we provide our PRC subsidiaries with capital contributions, such PRC subsidiaries are required to apply for registrations with the SAMR or its local branches, submit a change report to the Ministry of Commerce or its local counterpart through the online enterprise registration system, and complete the exchange registration with qualified banks. We may not be able to obtain these government registrations or approvals, or complete these government filings on a timely basis, if at all. If we fail to receive such registrations or approvals or complete such filings, our ability to provide loans or capital contributions to our PRC subsidiaries in a timely manner may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

In light of the various requirements imposed by PRC regulations on loans to, and direct investment in, PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans or future capital contributions by us to our PRC subsidiaries. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed. If we fail to complete such registrations or obtain such approvals, our ability to use foreign currency, including the proceeds we received from this offering, and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business. Furthermore, the applicable foreign exchange circulars and rules may limit our ability to transfer the net proceeds from this offering to our PRC subsidiaries and convert the net proceeds into Renminbi, which may adversely affect our business, financial condition, and results of operations.

We may be subject to penalties, including restrictions on our ability to inject capital into our PRC subsidiaries and our PRC subsidiaries' ability to distribute profits to us, if our resident shareholders or beneficial owners in China fail to comply with relevant PRC foreign exchange regulations.

SAFE issued the Notice on Relevant Issues Relating to Domestic Residents' Investment and Financing and Round-Trip Investment through Special Purpose Vehicles, or SAFE Circular 37, effective on July 4, 2014. SAFE Circular 37 requires PRC residents, including PRC individuals and entities, to register with SAFE or its local branches in connection with their direct establishment or indirect control of an offshore special purpose vehicle, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. In addition, such PRC residents must update their foreign exchange registrations with SAFE or its local branches when the offshore special purpose vehicle in which such residents directly hold the equity interests undergoes material events relating to any change of basic information (including change of such PRC individual shareholder, name, and operation term), increases or decreases in investment amount, share transfers or exchanges, or mergers or divisions.

If any shareholder holding interest in an offshore special purpose vehicle, who is a PRC resident as determined by SAFE Circular 37, fails to fulfill the required foreign exchange registration with the local SAFE branches, the PRC subsidiaries of that offshore special purpose vehicle may be prohibited from distributing their profits and dividends to their offshore parent company or from carrying out other subsequent cross-border foreign exchange activities, and the offshore special purpose vehicle may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

On February 13, 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13, effective on June 1, 2015 and amended on December 30, 2019. In accordance with SAFE Notice 13, entities and individuals are required to apply for foreign exchange registration of foreign direct investment and overseas direct investment, including those required under SAFE Circular 37, with qualified banks, instead of SAFE. The qualified banks, under the supervision of SAFE, directly examine the applications and conduct the registration.

We may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC residents, and therefore, we may not be able to identify all our shareholders or beneficial owners who are PRC residents to ensure their compliance with SAFE Circular 37 or other related rules. In addition, we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain, or update any applicable registrations or comply with other requirements required by SAFE Circular 37 or other related rules in a timely manner. Even if our shareholders and beneficial owners who are PRC residents comply with such request, we cannot assure you that they will successfully obtain or update any registration required by SAFE Circular 37 or other related rules in a timely manner due to many factors, including those beyond our and their control. If any of our shareholders who is a PRC resident as determined by SAFE Circular 37 fails to fulfill the required foreign exchange registration, our PRC subsidiaries may be prohibited from distributing their profits and dividends to us or from carrying out other subsequent cross-border foreign exchange activities, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries, which may adversely affect our business.

We principally rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business or financial condition.

We are a holding company, and we principally rely on dividends and other distributions on equity that may be paid by our PRC subsidiaries and remittances from our Consolidated Affiliated Entities, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of our ordinary shares and service any debt we may incur. If our PRC subsidiaries or our Consolidated Affiliated Entities incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, wholly foreign-owned enterprises in China may pay dividends only out of their retained earnings as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. At the discretion of the board of directors of the wholly foreign-owned enterprise, it may allocate a portion of its after-tax profits based on PRC accounting standards to other reserve funds. These reserve funds are not distributable as cash dividends. Any limitation on the ability of our Consolidated Affiliated Entities to make remittance to our wholly-owned PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Restrictions on the remittance of Renminbi into and out of China and governmental control of currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment.

The PRC government imposes regulations on the convertibility of Renminbi into foreign currencies and the remittance of currency out of China. We receive substantially all of our revenue in Renminbi. Under our current corporate structure, our income will be primarily derived from dividend payments from our PRC subsidiaries. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of dividends declared in respect of our ordinary shares, if any. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration or filings with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may further regulate foreign currencies for current account transactions or capital account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency needs, we may not be able to pay dividends in foreign currencies to our shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The value of Renminbi against the Hong Kong dollar, the U.S. dollar, and other currencies fluctuates, is subject to changes resulting from the PRC government's policies, and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. With the development of the foreign exchange market and progress toward interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or the U.S. dollar in the future. Foreign exchange risk may arise when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the functional currency of our group entities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Risk Disclosure – Foreign Exchange Risk" for more details on our foreign currency translation losses/gains.

The proceeds from the offering will be received in U.S. dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our proceeds from this offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to complete filings with and obtain approvals from SAFE before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, financial condition, results of operations, and prospects, and could reduce the value of, and dividends payable on, our shares in foreign currency terms.

It may be difficult to effect service of process upon us or our directors or officers named in this offering memorandum who reside in China or to enforce foreign court judgments against them in China.

Most of our assets are situated in China and most of our directors and officers named in this offering memorandum reside in, and most of their respective assets are located in, China. As a result, it may be difficult to effect service of process outside China upon most of our directors and officers, including with respect to matters arising under applicable securities laws. Even if you obtain a judgment against us, our directors, executive officers or the expert named in this offering memorandum in a U.S. court or other court outside China, you may not be able to enforce such judgment against us or them in China. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions may be difficult or impossible. In addition, you may not be able to bring original actions in China based on the U.S. or other foreign laws against us, our directors, executive officers or the expert named in this offering memorandum. As a result, shareholder claims that are common in the United States, including class actions based on securities law and fraud claims, are difficult or impossible to pursue as a matter of law and practicality

in China. Although the local authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such regulatory cooperation with the securities regulatory authorities in the United States have not been efficient in the absence of mutual and practical cooperation mechanism. According to Article 177 of the PRC Securities Law which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide the documents and materials relating to securities business activities to overseas parties. While detailed interpretation of or implementation rules under Article 177 of the PRC Securities Law is not yet available, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by investors in protecting your interests. Therefore, you may not be able to effectively enjoy the protection offered by the U.S. laws and regulations that are intended to protect public investors.

Furthermore, judgments of courts of certain other jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty on that with China. On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "2006 Arrangement"), pursuant to which reciprocal recognition and enforcement of the judgment may be possible between these two jurisdictions provided that the judgment is rendered by a final court of these two jurisdictions and the parties have an expressly written choice of court. On January 18, 2019, the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "2019 Arrangement") was signed between the Supreme People's Court of China and Hong Kong, and such arrangement came into effect on January 29, 2024. Compared with the 2006 Arrangement, the 2019 Arrangement seeks to establish a bilateral legal mechanism with greater clarity and certainty for reciprocal recognition and enforcement of judgments between Hong Kong and the PRC in civil and commercial matters under both Hong Kong and PRC laws. The 2019 Arrangement applies to judgments made by the courts of Hong Kong and the PRC on or after its commencement date. The 2006 Arrangement was superseded upon the effective date of the 2019 Arrangement. However, the 2006 Arrangement will remain applicable to a "choice of court agreement in writing" as defined in the 2006 Arrangement which is entered into before the 2019 Arrangement takes effect. As the 2019 Arrangement went effective relatively recently, its implementation and interpretation is still evolving. It may be difficult or impossible for you to enforce a judgment between these jurisdictions if you have not agreed on sole jurisdiction with the other party. As a result, you may encounter difficulty in enforcing foreign judgments against us or our directors or senior management members.

It may be difficult for overseas shareholders and/or regulators to conduct investigations or collect evidence within China.

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without governmental approval in China, no entity or individual in China may provide documents and information relating to securities business activities to overseas regulators when it is under direct investigation or evidence discovery conducted by overseas regulators. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests.

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds, and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the applicable municipal and provincial government from time to time. The requirement of employee benefit plans has not been implemented consistently by the municipal and provincial governments in China. As a result, we cannot assure you that the relevant local government authorities will not impose penalty for failing to make adequate contributions to such employee benefit plans.

Risks Relating to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in certain categories of value-added telecommunications services and other related businesses, including but not limited to, the provision of internet information services, radio and television program services, and internet cultural services. In particular, under the Special Administrative Measures (Negative List) for Foreign Investment Access issued in 2021, the operation of certain value-added telecommunications services (except for e-commerce, domestic multi-party communication, storage-and-forward classes and call centers) is considered "restricted," and the provision of radio and television program services and the internet cultural services (except for music) are considered "prohibited." We are an exempted company with limited liability incorporated under the laws of the Cayman Islands. To comply with PRC laws and regulations, we conduct our internet-related business in China through a number of VIEs incorporated in China. The VIEs are owned by PRC citizens who are our co-founders or key employees, with whom we have contractual arrangements. The contractual arrangements give us effective control over each of the VIEs and enable us to obtain substantially all of the economic benefits arising from the VIEs as well as to consolidate the financial results of the VIEs in our results of operations. Although the structure we have adopted is consistent with longstanding industry practice, and is commonly adopted by comparable companies in China, the PRC government may not agree that these arrangements comply with PRC licensing, registration, or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. These VIEs hold the licenses, approvals, and key assets that are essential for the operations of our relevant businesses.

Han Kun Law Offices, our PRC legal counsel, has advised us that (i) the ownership structures of our material WFOEs and our material VIEs in China, both currently and immediately after giving effect to this offering, do not and will not violate any explicit provision of applicable PRC law, regulations, or rules currently in effect, and (ii) subject to the risks as disclosed in "–Risks Relating to Our Corporate Structure" and "Corporate Structure," each agreement of the contractual arrangements between our material WFOEs, our material VIEs, and their respective equity holders governed by PRC law is valid, binding, and enforceable in accordance with its terms and applicable PRC laws and regulations currently in effect and does not violate any applicable PRC law currently in effect. There are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. The relevant PRC regulatory authorities have broad discretion in determining whether a particular contractual structure violates PRC laws and regulations. Pursuant to the PRC Foreign Investment Law, "foreign investment" is defined to include any foreign investor's direct and indirect investment in China, in particular, including making investment through other means provided by laws, administrative regulations, or State Council provisions. However, it remains unclear whether our contractual arrangements will cause our VIEs to be interpreted and deemed as foreign investment under the PRC Foreign Investment Law. In addition, on December 26, 2019, the Supreme People's Court issued the Interpretations on Certain Issues Regarding the Applicable Law of Foreign Investment, or FIL

Interpretations, which came into effect on January 1, 2020. In accordance with the Foreign Investment Law Interpretations, where a party claims an investment agreement to be invalid based on that it is for investment in prohibited industries under the negative list or it is for investment in restricted industries under the negative list and violates the restrictions set out therein, the courts should support such claim. There remains uncertainty as to whether our contractual arrangements will be deemed as investment agreements under the FIL Interpretations. Thus, we cannot assure you that the PRC government will not ultimately take a view contrary to the opinion of Han Kun Law Offices. If we are found in violation of any PRC laws or regulations or if the contractual arrangements among our material WFOEs, our material VIEs, and their respective equity holders are determined as illegal or invalid by any PRC court, arbitral tribunal, or regulatory authorities, the relevant governmental authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoke the agreements constituting the contractual arrangements;
- revoke our business and operating licenses;
- require us to discontinue or restrict operations;
- restrict our right to collect revenue;
- restrict or prohibit our use of the proceeds from our public offering to fund our business and operations in China;
- shut down all or part of our websites or services;
- levy fines on us and/or confiscate the proceeds that they deem to have been obtained through non-compliant operations;
- require us to restructure the operations in such a way as to compel us to establish a new enterprise, re-apply for the necessary licenses, or relocate our businesses, staff and assets;
- impose additional conditions or requirements with which we may not be able to comply; or
- take other regulatory or enforcement actions that could be harmful to our business.

Furthermore, any of the assets under the name of any record holder of equity interest in material VIEs, including such equity interest, may be put under court custody in connection with litigation, arbitration, or other judicial or dispute resolution proceedings against that record holder. We cannot be certain that the equity interest will be disposed of in accordance with the contractual arrangements. In addition, new PRC laws, rules, and regulations may be introduced to impose additional requirements that may impose additional challenges to our corporate structure and contractual arrangements. The occurrence of any of these events or the imposition of any of these penalties may result in a material and adverse effect on our ability to conduct internet-related businesses. In addition, if the imposition of any of these penalties causes us to be unable to direct the activities of such VIEs and their respective subsidiaries or the right to receive their economic benefits, we would no longer be able to consolidate such VIEs into our consolidated financial statements, which could materially and adversely affect our financial condition and results of operations.

Uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and its Implementation Rules and how they may impact the viability of our current corporate structure, corporate governance, and operations.

On March 15, 2019, the PRC National People's Congress approved the PRC Foreign Investment Law, which came into effect on January 1, 2020 and replaced the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law, and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. On December 26, 2019, the PRC State Council approved the Implementation Rules of Foreign Investment Law, which came into effect on January 1, 2020. The PRC Foreign Investment Law and its Implementation Rules embody an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, since the PRC Foreign Investment Law and its Implementation Rules are relatively new, substantial uncertainties exist with respect to its interpretation and implementation.

Furthermore, on December 19, 2020, the NDRC and the MOFCOM promulgated the Foreign Investment Security Review Measures, which took effect on January 18, 2021. Under the Foreign Investment Security Review Measures, investments in military, national defense-related areas or in locations in proximity to military facilities, or investments that would result in acquiring the actual control of assets in certain key sectors, such as critical agricultural products, energy and resources, equipment manufacturing, infrastructure, transport, cultural products and services, IT, Internet products and services, financial services and technology sectors, are required to be approved by designated governmental authorities in advance. Although the term "investment through other means" is not clearly defined under the Foreign Investment Security Review Measures, we cannot rule out the possibility that control through contractual arrangement may be regarded as a form of actual control and therefore require approval from the competent governmental authority. There are uncertainties with respect to the interpretation and implementation of the Foreign Investment Security Review Measures. Accordingly, there are uncertainties as to whether the VIE structure adopted by us may be deemed as a method of foreign investment in the future.

The VIE structure has been adopted by many China-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. See "– Risks Relating to Our Corporate Structure" and "Corporate Structure." Under the PRC Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises, or other entities in China. Although it does not explicitly classify contractual arrangements as a form of foreign investment, we cannot assure you that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activities in the future. In addition, the definition contains a catch-all provision providing that investments made by foreign investors through other methods specified in laws or administrative regulations or other methods prescribed by the State Council, which leaves leeway for future laws, administrative regulations, or provisions promulgated by the State Council to provide for contractual arrangements as a method of foreign investment. Moreover, in accordance with the Foreign Investment Law Interpretations, where a party claims an investment agreement to be invalid based on that it is for investment in prohibited industries under the negative list or it is for investment in restricted industries under the negative list and violates the restrictions set out therein, the courts should support such claim. There remains uncertainty as to whether our contractual arrangements will be deemed as investment agreements under the FIL Interpretations. Given the foregoing, it is uncertain whether our contractual arrangements will be deemed to be in violation of the market entry clearance requirements for foreign investment under the PRC laws and regulations. There are uncertainties as to how the PRC Foreign Investment Law would be further interpreted and implemented. We cannot assure you that the interpretation and implementation of the PRC Foreign Investment Law made by the relevant governmental authorities in the future will not materially impact the viability of our current corporate structure, corporate governance, and business operations in any aspect.

Our contractual arrangements may not be as effective in providing operational control as direct ownership, and our VIE shareholders may fail to perform their obligations under our contractual arrangements.

Since PRC laws limit foreign equity ownership in certain businesses in China, we operate our relevant businesses in China through our VIEs, in which we have no ownership interest and rely on a series of contractual arrangements with our VIEs and their respective equity holders to control and operate these businesses. Our revenue and cash flow from our relevant businesses are attributed to our VIEs. The contractual arrangements may not be as effective as direct ownership in providing us with control over our VIEs. Direct ownership would allow us, for example, to directly or indirectly exercise our rights as a shareholder to effect changes in the boards of directors of our VIEs, which, in turn, could effect changes, subject to any applicable fiduciary obligations at the management level. However, under the contractual arrangements, as a legal matter, if our VIEs or their respective equity holders fail to perform their respective obligations under the contractual arrangements, we may have to (i) incur substantial costs, (ii) expend significant resources to enforce those arrangements, and (iii) resort to litigation or arbitration and rely on legal remedies under PRC laws. These remedies may include seeking specific performance or injunctive relief and claiming damages, any of which may not be effective. In the event we are unable to enforce these contractual arrangements or we experience significant delays or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our VIEs and may lose control over the assets owned by our VIEs. As a result, we may be unable to consolidate our VIEs in our consolidated financial statements, which could materially and adversely affect our financial condition and results of operations.

We may lose the ability to use, or otherwise benefit from, the licenses, approvals, and assets held by our VIEs, which could render us unable to conduct some or all of our business operations and constrain our growth.

Although the significant majority of our revenues are generated, and the significant majority of our operational assets are held, by our offshore subsidiaries and WFOEs, our VIEs hold licenses, approvals, and assets that are necessary for the operation of our relevant businesses, as well as equity interests in a series of our portfolio companies, to which foreign investments are typically restricted or prohibited under applicable PRC law. The contractual arrangements contain terms that specifically obligate the equity holders of the VIEs to ensure the valid existence of the VIEs and restrict the disposition of material assets or any equity interest of the VIEs. However, in the event the equity holders of the VIEs breach the terms of these contractual arrangements and voluntarily liquidate our VIEs, or any of our VIEs declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to operate some or all of our relevant businesses or otherwise benefit from the assets held by the VIEs, which could materially and adversely affect our business, financial condition, and results of operations. Furthermore, if any of our VIEs undergoes a voluntary or involuntary liquidation proceeding, its equity holders or unrelated third-party creditors may claim rights to some or all of the assets of such VIEs, thereby hindering our ability to operate our business as well as constraining our growth.

The contractual arrangements with our VIEs may be subject to scrutiny by the tax authorities in China. Any adjustment of related party transaction pricing could lead to additional taxes, and therefore could substantially reduce our consolidated profit and the value of your investment.

The tax regime in China is rapidly evolving, and there is uncertainty for taxpayers in China as PRC tax laws may be interpreted in different ways. The PRC tax authorities may assert that we or our subsidiaries or VIEs or their equity holders owe or are required to pay additional taxes on previous or future revenue or income. In particular, under applicable PRC laws, rules, and regulations, arrangements, and transactions among related parties, such as the contractual arrangements with our VIEs, may be subject to audit or challenge by the PRC tax authorities. If the PRC tax authorities determine that any contractual arrangements were not entered into on an arm's-length basis and therefore constitute a favorable transfer pricing, the PRC tax liabilities of the relevant subsidiaries or VIEs or equity holders of the VIEs could be increased, which could increase our overall tax liabilities. In addition, the PRC tax authorities may impose late payment interest. Our profit may be materially reduced if our tax liabilities increase.

The equity holders, directors, and executive officers of the VIEs may have potential conflicts of interest with us.

The PRC laws provide that a director or an executive officer owes a fiduciary duty to the company he or she directs or manages. The directors and executive officers of the VIEs, including Mr. Wang Xing, Mr. Mu Rongjun, and Mr. Wang Huiwen, must act in good faith and in the best interests of the VIEs and must not use their respective positions for personal gain. On the other hand, as our directors, each of Mr. Wang Xing, Mr. Mu Rongjun, and Mr. Wang Huiwen has a duty of care and loyalty to us and to our shareholders as a whole under Cayman Islands law. We control our VIEs through contractual arrangements, and the business and operations of our VIEs are closely integrated with the business and operations of our subsidiaries. Nonetheless, conflicts of interests for these individuals may arise due to dual roles both as directors and executive officers of the VIEs and as directors or employees of our Company, and may also arise due to dual roles both as equity holders of the VIEs and as directors or employees of our Company.

We cannot assure you that these individuals will always act in the best interests of our Company should any conflicts of interest arise, or that any conflicts of interest will always be resolved in our favor. We also cannot assure you that these individuals will ensure that the VIEs will not breach the existing contractual arrangements. If we cannot resolve any such conflicts of interest or any related disputes, we would have to rely on legal proceedings to resolve these disputes or take enforcement action under the contractual arrangements. There is substantial uncertainty as to the outcome of any such legal proceedings. See "– We may lose the ability to use, or otherwise benefit from, the licenses, approvals, and assets held by our VIEs, which could render us unable to conduct some or all of our business operations and constrain our growth."

We conduct our business operations in China through our VIEs by way of contractual arrangements, but certain of the terms of the contractual arrangements may be unenforceable or difficult and costly to enforce under PRC laws.

All the agreements which constitute the contractual arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in China. Accordingly, these agreements would be interpreted in accordance with PRC laws and disputes would be resolved in accordance with PRC legal procedures. In the event that we are unable to enforce the contractual arrangements, or if we experience significant time delays or other obstacles in enforcing them, it would be difficult to exert effective control over our VIEs, and our ability to conduct the relevant businesses and our financial condition and results of operations may be materially and adversely affected.

The contractual arrangements contain provisions to the effect that the arbitral body may award remedies over the shares or assets of our VIEs, or grant injunctive relief or winding up of our VIEs. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in our VIEs in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China. PRC laws do allow the arbitral body to grant an award of transfer of assets of or equity interests in our VIEs in favor of an aggrieved party. Therefore, in the event of breach of any agreements constituting the contractual arrangements by our VIEs or their respective equity holders, and if we are unable to enforce the contractual arrangements, we may not be able to exert effective control over our VIEs, which could negatively affect our ability to conduct our business.

If we exercise the option to acquire equity ownership of our VIEs, the ownership transfer may subject us to certain limitations and substantial costs.

Pursuant to the Special Administrative Measures (Negative List) for Foreign Investment Access issued in 2021, foreign investors are not allowed to hold more than 50% of the equity interests of any company providing value-added telecommunications services, including internet content provider services, with the exception of those engaged in e-commerce business, domestic multi-party communications services business, store-and-forward business, and call center business, which may be 100% owned by foreign investors. Pursuant to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises promulgated by the State Council on December 11, 2001 and amended on February 6, 2016, or the FITE Regulation (2016 Version), the main foreign investor who invests in a value-added telecommunications business in China must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas, or the Qualification Requirements. On March 29, 2022, the Decision of the State Council on Revising and Repealing Certain Administrative Regulations, which took effect on May 1, 2022, was promulgated to amend certain provisions of regulations including the FITE Regulation (2016 Version). Pursuant to the revised Regulations for the Administration of Foreign-Invested Telecommunications Enterprises, or the FITE Regulation (2022 Version), the foreign investor contemplating to acquire equity interests in a value-added telecommunications services provider in China will not be required to demonstrate its Qualification Requirements. Currently there is a general lack of guidance and uncertainties exist as to whether in practice the Qualification Requirements will still apply, and whether and what other qualification requirements will be imposed on or apply to a foreign investor with respect to holding equity interest in a value-added telecommunications services provider in China. Although we have taken many measures to meet the Qualification Requirements, we still face the risk of not satisfying the requirement promptly. If the PRC laws are revised to allow foreign investors to hold more than 50% of the equity interests of value-added telecommunications enterprises in China, we may be unable to unwind the contractual arrangements before we are able to comply with applicable qualification requirements, or if we attempt to unwind the contractual arrangements before we are able to comply with applicable qualification requirements we may become ineligible to operate our value-added telecommunication enterprises and may be forced to suspend their operations, which could materially and adversely affect our business, financial condition, and results of operations.

Pursuant to the contractual arrangements, we have the exclusive right to purchase all or any part of the equity interests in our VIEs from the respective equity holders for a nominal price, unless the relevant government authorities or PRC laws request that another amount be used as the purchase price and in which case the purchase price shall be the lowest amount under such request. Subject to relevant laws and regulations, the respective equity holders shall return any amount of purchase price they have received to our WFOEs. If such a return of purchase price takes place, the competent tax authority may require our WFOEs to pay enterprise income tax for ownership transfer income with reference to the market value, in which case the amount of tax could be substantial.

Any failure by the VIEs or their equity holders to perform their obligations under the contractual arrangements would have a material adverse effect on our business, financial condition and results of operations.

If the VIEs or their equity holders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce the arrangements. Although we have entered into exclusive option agreements in relation to each VIE, which provide that we may exercise an option to acquire, or nominate a person to acquire, ownership of the equity in that entity or, in some cases, its assets, to the extent permitted by applicable PRC laws, rules and regulations, the exercise of these call options is subject to the review and approval of the relevant PRC governmental authorities. We have also entered into equity pledge agreements with the equity holders with respect to each VIE to secure certain obligations of the VIE or its equity holders to us under the contractual arrangements. In addition, the enforcement of these agreements through arbitral or judicial agencies, if any, may be costly and time-consuming. Moreover, our remedies under the equity pledge agreements are primarily intended to help us collect debts owed to us by the VIEs or the VIE equity holders under the contractual arrangements and may not help us in acquiring the assets or equity of the VIEs.

In addition, with respect to the VIEs that are directly owned by individuals, although the terms of the contractual arrangements provide that they will be binding on the successors of the VIE equity holders, as those successors are not a party to the agreements, it is uncertain whether the successors in case of the death, bankruptcy or divorce of a VIE equity holder will be subject to or will be willing to honor the obligations of the VIE equity holder under the contractual arrangements. If the relevant VIE or its equity holder (or its successor), as applicable, fails to transfer the shares of the VIE according to the respective exclusive option agreement or equity pledge agreement, we would need to enforce our rights under the exclusive option agreement or equity pledge agreement, which may be costly and time-consuming and may not be successful.

Risks Relating to the Notes

The Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes, and the information contained in this offering memorandum or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, and other factors that may affect its investment and its ability to bear the applicable risks.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for China-based companies' securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in other regions in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

An active trading market may not develop for the Notes and the trading price of the Notes could be materially and adversely affected.

The Notes are a new issue of securities with no established trading market. We will apply to the SEHK for listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. However, we cannot assure you that the Notes will be or remain listed. We do not intend to apply for listing of the Notes on any U.S. securities exchange or for quotation through an automated dealer quotation system. The initial purchasers have advised us that they presently intend to make a market in

the Notes as permitted by applicable laws. However, the initial purchasers are not obligated to make a market in the Notes and may discontinue their market-making activities at any time at their discretion without notice. In addition, the liquidity of the trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for securities and by changes in our financial performance or prospects of companies in our industry in general. As a result, we cannot assure you that an active trading market will develop or be maintained for the Notes. If a market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected.

In addition, the Notes may trade at prices that are higher or lower than the price at which the Notes have been issued. The price at which the Notes trade depends on many factors, including:

- prevailing market interest rates and interest rate volatility;
- our results of operations, financial condition, and future prospects;
- changes in our industry and competition;
- the market conditions for similar securities; and
- general economic conditions such as the mounting inflationary pressures and recent trade conflicts between the United States and China, almost all of which are beyond our control.

As a result, we cannot assure you that you will be able to resell the Notes at attractive prices or at all. The Notes initially offered and sold pursuant to Rule 144A will be issued with a separate CUSIP number from that of the Notes initially offered and sold pursuant to Regulation S. Therefore, the Notes initially offered and sold pursuant to Rule 144A and the Notes initially offered and sold pursuant to Regulation S will not initially be fungible with each other. As such, liquidity with respect to the Notes offered hereby may be limited.

Changes in market interest rates may have an adverse effect on the price of the Notes.

Holders of the Notes may suffer unforeseen losses due to fluctuations in market interest rates. Generally, a rise in market interest rates may cause a fall in the trading prices of the Notes, resulting in a capital loss for holders of the Notes. However, holders of the Notes may reinvest the interest payments at higher prevailing interest rates. Conversely, when market interest rates fall, the trading prices of the Notes may rise. Holders of the Notes may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates. As the Notes will carry a fixed interest rate, the trading price of the Notes will consequently vary with the fluctuations in the U.S. dollar interest rates. If holders of the Notes propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

If securities or industry analysts cease to publish research or publish inaccurate or unfavorable research about our business, the market price for the Notes and trading volume could decline.

The trading market for our Notes will depend in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who covers us downgrades the Notes or our Company generally or publishes inaccurate or unfavorable research about our business, the market price for the Notes would likely decline. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the Notes to decline significantly.

The terms of the Notes and the indentures provide only limited protection against significant corporate events that could materially and adversely impact your investment in the Notes.

While the Notes and the indentures under which the Notes will be issued contain terms intended to provide a certain level of protection to holders of the Notes upon the occurrence of certain events involving significant corporate transactions and our creditworthiness, these terms are limited and may not be sufficient to protect your investment in the Notes. For example, the indentures that will govern the Notes will not prohibit some important corporate events, such as leveraged recapitalizations, even though those corporate events could significantly increase the level of our indebtedness or otherwise materially and adversely affect our capital structure, credit ratings, or the value of the Notes.

The indentures for the Notes also do not:

- require us to maintain any financial ratios or specific levels of net worth, revenue, income, cash flows, or liquidity;
- limit our ability to incur indebtedness that is equal in right of payment to the Notes;
- restrict the ability of our subsidiaries or Consolidated Affiliated Entities to issue unsecured debt securities or otherwise incur unsecured indebtedness that would be senior to our equity interests in our subsidiaries or Consolidated Affiliated Entities and therefore rank effectively senior to the Notes;
- limit the ability of our subsidiaries or Consolidated Affiliated Entities to service other indebtedness;
- restrict our ability to repurchase or prepay any other of our securities or other indebtedness;
- restrict our ability to make investments or to repurchase or pay dividends or make other payments in respect of our shares or other securities ranking junior to the Notes;
- limit our ability to sell, merge or consolidate any of our subsidiaries or Consolidated Affiliated Entities; or
- limit our ability or that of our subsidiaries or Consolidated Affiliated Entities to secure or guarantee any bank debt, bank loans, or securitizations.

As a result of the foregoing, when evaluating the terms of the Notes, you should be aware that the terms of the indentures and the Notes do not restrict our ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances, and events that could have a material adverse impact on your investment in the Notes.

The Notes are unsecured obligations.

As the Notes are unsecured obligations, their repayment may be compromised if:

- we enter into bankruptcy, liquidation, reorganization, or other winding-up proceedings;
- there is a default in payment under our future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of our indebtedness.

Although we do not expect any of these events to occur, since it is not permitted under the terms of the indentures to carry on any business activities other than in connection with the issuance of the Notes and advance of the proceeds therefrom to us or our subsidiaries, if any of these events occur, our assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Notes.

The Notes will be effectively subordinated to any of our secured indebtedness to the extent of the value of the assets securing that indebtedness.

The Notes will not be secured by any of our assets. As a result, the Notes will be effectively subordinated to our existing and future secured indebtedness with respect to the assets that secure that indebtedness. The effect of this subordination is that upon a default in payment on, or the acceleration of, any of our secured indebtedness, or in the event of bankruptcy, insolvency, liquidation, dissolution or reorganization of us, the proceeds from the sale of assets securing our secured indebtedness will be available to pay obligations on the Notes only after all such secured indebtedness has been paid in full. As a result, holders of the Notes may receive less ratably than the holders of secured debt in the event of our bankruptcy, insolvency, liquidation, dissolution, or reorganization.

The Notes will be structurally subordinated to the existing and future indebtedness and other liabilities of our existing and future subsidiaries and effectively subordinated to their secured debt to the extent of the value of the collateral securing such indebtedness.

The Notes will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of our existing and future subsidiaries, whether or not secured. We may not have direct access to the assets of their respective subsidiaries unless these assets are transferred by dividend or otherwise to us. The ability of such subsidiaries to pay dividends or otherwise transfer assets to us is subject to various restrictions under applicable laws and contracts to which they are party. Each of such subsidiaries is a separate legal entity that has no obligation to pay any amounts due under the Notes or make any funds available therefor, whether by dividend, loans, or other payments. Our right to receive assets of any of their respective subsidiaries upon such subsidiary's liquidation or reorganization will be effectively subordinated to the claim of such subsidiary's creditors (except to the extent that we are the creditors of that subsidiary). Consequently, the Notes will be effectively subordinated to all liabilities, including trade payables and lease obligations, of such subsidiary and any subsidiary that we may in the future acquire or establish.

The indentures do not restrict the amount of additional debt that we may incur and have limited restrictions on our ability to incur secured or guaranteed debt.

The Notes and the indentures under which the Notes will be issued do not limit the amount of unsecured debt that may be incurred by us or our subsidiaries or Consolidated Affiliated Entities, and permit us and our subsidiaries and Consolidated Affiliated Entities to incur or guarantee an unlimited amount of secured bank debt, bank loans, and securitizations as well as other types of indebtedness in certain circumstances, including Renminbi-denominated notes, bonds, and debentures initially offered, marketed, or issued primarily to persons residing in China, without securing or guaranteeing the Notes equally and ratably therewith. In addition, we (including our controlled entities) are permitted to secure capital markets indebtedness in certain circumstances. Our and our subsidiaries' and Consolidated Affiliated Entities' incurrence of additional debt may have important consequences for you as a holder of the Notes, including making it difficult for us to satisfy our obligations with respect to the Notes, a loss in the market value of your Notes, and a risk that the credit rating of the Notes is lowered or withdrawn.

We may not be able to repurchase the Notes upon a Triggering Event.

Upon the occurrence of a Triggering Event described in "Description of the 2028 Notes – Repurchase Upon Triggering Event" and "Description of the 2029 Notes – Repurchase Upon Triggering Event," we will be required to offer to repurchase all outstanding Notes at 101% of their principal amount, *plus* accrued and unpaid interest, if any, to, but not including, the date of repurchase. The source of funds for any purchase of the Notes would be our available cash or cash generated from our subsidiaries' or Consolidated Affiliated Entities' operations or other sources, including borrowings, sales of assets, or sales of equity. We may not be able to repurchase the Notes upon a Triggering Event because we may not have sufficient financial resources to purchase all of the debt securities that are tendered upon a Triggering Event and repay our other indebtedness that may become due. We may require additional financing from third parties to fund any such purchases, and we may be unable to obtain financing on satisfactory terms or at all. Further, our ability to repurchase the Notes may be limited by law.

Holders of the Notes may not be able to determine when a Triggering Event giving rise to their right to have the Notes repurchased has occurred.

The definition of Triggering Event in the indentures that will govern the Notes includes a phrase relating to operating "substantially all" or deriving "substantially all" of the economic benefits from, the business operations that we conduct. There is no precise established definition of the phrase "substantially all" under New York law. Accordingly, the ability of a holder of the Notes to require us to repurchase its Notes as a result of a Triggering Event may be uncertain.

Holders of the Notes will not be entitled to registration rights, and we do not currently intend to register the Notes under applicable securities laws. There are restrictions on your ability to transfer or resell the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the Securities Act and applicable securities laws, and we do not currently intend to register the Notes in any jurisdiction. The holders of the Notes will not be entitled to require us to register the Notes for resale or otherwise. Therefore, you may transfer or resell the Notes only in a transaction registered under or exempt from the registration requirements of the Securities Act and applicable securities laws of your jurisdiction or state, and you may be required to bear the risk of your investment for an indefinite period of time. See "Transfer Restrictions."

The ratings of the Notes and our corporate ratings may be lowered, suspended, or withdrawn; changes in such credit ratings may adversely affect the value of the Notes.

The Notes are expected to be assigned a rating of BBB+ by S&P, BBB by Fitch, and Baa2 by Moody's. In addition, we have been assigned a long-term corporate credit rating of "BBB+" with a stable outlook by S&P, "BBB" with a positive outlook by Fitch, and "Baa2" with a positive outlook by Moody's. Ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of a rating may be obtained from the relevant rating agency. Ratings are not recommendations to buy, sell, or hold securities, and there can be no assurance that ratings will remain in effect for any given period of time or that ratings will not be lowered, suspended, or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. Each rating should be evaluated independently of any other rating. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market value of the Notes and increase our corporate borrowing costs.

We may be deemed a "resident enterprise" under PRC tax laws, which could subject interest on the Notes to PRC withholding tax and gains on the transfer of the Notes to PRC income tax and could, under certain circumstances, permit us to redeem the Notes.

If we are considered a PRC resident enterprise under the EIT Law, as described above under "We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our noteholders and have a material adverse effect on our results of operations and the value of your investment," holders of the Notes who are non-resident enterprises may be subject to PRC withholding tax on interest paid and PRC income tax on any gains realized from the transfer or redemption of Notes, if such income is considered to be derived from sources within China, at a rate of 10%, provided that such non-resident enterprise investor (i) has no establishment or premises in China, or (ii) has an establishment or premises in China but its income derived from China has no real connection with such establishment or premises. Furthermore, if we are considered a PRC resident enterprise and relevant PRC tax authorities consider interest we pay with respect to the Notes or any gains realized from the transfer or redemption of Notes to be income derived from sources within China, such interest earned by non-resident individuals may be subject to PRC withholding tax and such gain realized by non-resident individuals may be subject to PRC individual income tax, in each case at a rate of 20%. Any PRC income tax liability may be reduced under applicable income tax treaties. However, if we are considered a PRC resident enterprise, it is unclear whether in practice non-resident investors

would be able to obtain the benefits of tax treaties between China and their countries. In addition, if we are considered a PRC resident enterprise, interest payable to non-resident holders of the Notes may be subject to PRC value-added tax at a rate of 6%. As described under "Description of the 2028 Notes – Tax Redemption" and "Description of the 2029 Notes – Tax Redemption," we may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest if such requirement to pay additional amounts results from a change in law (or a change in the official application or interpretation of law or a stating of a new official position with respect thereto).

If we are unable to comply with the restrictions and covenants in our various debt agreements or the indentures, there could be a default under the terms of these agreements or the indentures, which could cause the repayment of our debt to be accelerated.

We are subject to certain restrictions and covenants in our various debt agreements. From time to time we may have to seek amendments, waivers, and consents in connection with covenants and breaches under our debt facilities and we cannot assure you that such amendments, waivers or consents, as the case may be, will be granted by corresponding creditors.

If we are unable to comply with the restrictions and covenants in the indentures or our current or future financing and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the relevant debt could terminate their commitments to lend to us, accelerate the debt obligation, and declare all amounts borrowed due and payable, or terminate the agreements, as the case may be. Furthermore, certain debt agreements, including the indentures, contain cross-acceleration or cross-default provisions. As a result, default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under other debt agreements. If any of these events should occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all indebtedness, or that alternative financing could be found. Even if alternative financing can be obtained, we cannot assure you that it would be on terms that are favorable or acceptable to us.

We will follow the applicable corporate disclosure standards for debt securities listed on the SEHK, whose standards may be different from those applicable to companies in certain other countries.

We will apply to the SEHK for the listing of and permission to deal in the Notes by way of debt issues to Professional Investors only. For so long as the Notes are listed on the SEHK, we will be subject to the applicable corporate disclosure standards for debt securities listed on the SEHK. The disclosure standards imposed by the SEHK may be different from those imposed by securities exchanges in other countries or regions such as the United States or Singapore. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

We may elect to redeem the Notes prior to their maturity.

Pursuant to terms of the Notes and the indentures, we may elect to redeem the Notes prior to their maturity in whole or in part at the price specified in the sections entitled "Description of the 2028 Notes – Optional Redemption" and "Description of the 2029 Notes – Optional Redemption." The date on which we elect to redeem the Notes may not accord with the preference of particular noteholders. In addition, a noteholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Notes.

In addition, as described under "Description of the 2028 Notes – Tax Redemption" and "Description of the 2029 Notes – Tax Redemption," in the event we are required to pay Additional Amounts (as defined therein) with respect to any payment due or to become due under the Notes as a result of (i) any change in or amendment to the laws of a Relevant Jurisdiction (as defined therein) or any regulations or rulings promulgated thereunder affecting taxation, or (ii) any change in the official interpretation or official application of such laws, regulations, or rulings, which change or amendment and such requirement cannot be avoided by the taking of reasonable measures by us, then subject to certain conditions, we may redeem the Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest (including any Additional Amounts).

We may make amendments or modifications to certain provisions of the indentures.

Under certain circumstances as described under "Description of the 2028 Notes – Modification and Waiver" and "Description of the 2029 Notes – Modification and Waiver," we may, from time to time and without the consent of any holder of the Notes, make certain amendments to the indentures. Further, under certain circumstances as described under "Description of the 2028 Notes – Modification and Waiver" and "Description of the 2029 Notes – Modification and Waiver," we may, from time to time and with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding Notes, make certain amendments to the indentures, or change or modify the rights of the holders of the Notes. If the requisite consents are obtained (if required) or the relevant conditions are satisfied (or waived) and such amendments or modifications become operative, all holders of the outstanding Notes will be bound by the terms of the indentures as amended, whether or not a holder of the Notes delivered a consent. Such amendments or modifications could materially increase the credit risks faced by holders of the Notes or could otherwise be materially adverse to the interests of holders of the Notes.

The Trustee may request holders of the Notes to provide an indemnity, security, or pre-funding to its satisfaction.

Under certain circumstances, including without limitation giving notice to us upon an event of default and taking enforcement steps pursuant to the terms of the indentures, the trustee may, at its sole and absolute discretion, request holders of the Notes to provide an indemnity, security, or pre-funding to its satisfaction before it takes actions on behalf of holders of the Notes. The trustee will not be obliged to take any such actions if not indemnified, secured, or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity, security, or pre-funding can be a lengthy process and may impact on when such actions can be taken. The trustee may not be able to take actions, notwithstanding the provision of an indemnity, security or pre-funding to it, in breach of the terms of the indentures and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the noteholders to take such actions directly.

Because the Notes will initially be issued in book-entry form, holders must rely on DTC's procedures to receive communications relating to the Notes and exercise their rights and remedies.

We will initially issue the Notes in the form of one or more global notes registered in the name of Cede & Co., as nominee of DTC. Beneficial interests in global notes will be shown on, and transfers of global notes will be effected only through, the records maintained by DTC. Except in limited circumstances, we will not issue certificated notes. See "Description of the 2028 Notes – Book-Entry; Delivery and Form" and "Description of the 2029 Notes – Book-Entry; Delivery and Form." Accordingly, if you own a beneficial interest in a global note, then you will not be considered an owner or holder of the Notes. Instead, DTC or its nominee will be the sole holder of global notes. Unlike persons who have certificated notes registered in their names, owners of beneficial interests in global notes will not have the direct right to act on our solicitations for consents or requests for waivers or other actions from holders. Instead, those beneficial owners will be permitted to act only to the extent that they have received appropriate proxies to do so from DTC or, if applicable, a DTC participant. The applicable procedures for the granting of these proxies may not be sufficient to enable owners of beneficial interests in global notes to vote on any requested actions on a timely basis. In addition, notices and other communications relating to the Notes will be sent to DTC. We expect DTC to forward any such communications to DTC participants, which in turn would forward such communications to indirect DTC participants. But we can make no assurances that you timely will receive any such communications.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our consolidated indebtedness and capitalization as of June 30, 2024 on an actual basis under IFRS Accounting Standards and as adjusted to give effect to the gross proceeds from the issuance of the Notes being issued, before deducting underwriting commissions and certain estimated offering expenses. The following table should be read in conjunction with the summary financial information and the audited consolidated financial statements, and the unaudited interim condensed consolidated financial information, and related notes included elsewhere in this offering memorandum.

The as adjusted information below is illustrative only and, except as described above, does not take into account any other changes in our capitalization after June 30, 2024.

	As of June 30, 2024			
	Actual		Adjusted	
	RMB	US$[3]	RMB	US$[3]
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(in thousands)			
Short-term debt:				
Borrowings under current liabilities	698,790	96,157	698,790	96,157
Notes payable under current liabilities	10,765,105	1,481,328	10,765,105	1,481,328
Total short-term debt	**11,463,895**	**1,577,485**	**11,463,895**	**1,577,485**
Long-term debt:				
Borrowings under non-current liabilities	816,894	112,408	816,894	112,408
Notes payable under non-current liabilities	25,190,723	3,466,359	25,190,723	3,466,359
Notes to be issued in this offering	–	–	18,085,815	2,488,691
Total long-term debt	**26,007,617**	**3,578,767**	**44,093,432**	**6,067,458**
Total indebtedness[1]	**37,471,512**	**5,156,252**	**55,557,327**	**7,644,943**
Total equity	**160,499,360**	**22,085,447**	**160,499,360**	**22,085,447**
Total capitalization[2]	**197,970,872**	**27,241,699**	**216,056,687**	**29,730,390**

Notes:

(1) Total indebtedness equals total short-term debt plus total long-term debt of the Company. For a summary of our material indebtedness, see "Description of Other Material Indebtedness."

(2) Total capitalization equals total indebtedness plus total equity of the Company.

(3) Amounts in RMB have been translated into U.S. dollars at the rate of RMB7.2672 to US$1.00. No representation is made that the RMB amounts should have been, could have been or may be converted to U.S. dollars, or vice versa, at that rate.

We have incurred and will continue to incur additional indebtedness since June 30, 2024 in our ordinary course of business. Except as disclosed herein, there have been no material changes in the Company's total capitalization since June 30, 2024.

USE OF PROCEEDS

The gross proceeds we expect to receive from this offering, before deducting underwriting commissions and certain estimated offering expenses, will be approximately US$2,488 million. We intend to use the net proceeds of this offering primarily for refinancing of existing offshore indebtedness and other general corporate purposes.

The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering. Our management, however, will have significant flexibility and discretion to apply the net proceeds of this offering subject to the applicable the PRC laws and regulations. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this offering memorandum subject to the applicable PRC laws and regulations.

The following discussion should be read in connection with "Summary Financial Information" and our consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum. Certain statements in this section are forward-looking statements. See "Forward-Looking Statements." Our historical consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

Overview

We are China's leading platform in local commerce. Operating in over 2,800 cities and counties in China, we have transformed the ways consumers enjoy their daily lives and merchants conduct their businesses. In the last twelve months ended June 30, 2024, we served over 750 million annual Transacting Users and over 13 million annual Active Merchants. We are China's leading on-demand delivery service provider, with an average daily order of approximately 65.2 million in the last twelve months ended June 30, 2024. Our in-store, hotel and travel business continue to grow robustly and maintains the leading position with a strong market presence.

Our one-stop platform in local commerce offers a full-spectrum of local commerce categories, addressing many aspects of consumers' daily lives through multiple fulfillment solutions. We offer an extensive matrix of goods and services through our flagship super app "Meituan app" and an array of other specialized apps, bringing quality offerings, convenience, and accessibility to consumers. Our strong brand awareness among all ecosystem participants makes us the go-to destination for consumers to discover local commerce, the preferred partner for merchants, and one of the top choices for couriers seeking flexible job opportunities. Through our leading position in on-demand delivery, we have established the consumer mindshare of "*speedy and instant*." Through our in-store, hotel and travel business, we aggregate high-quality merchants, combine traditional shelf-based model with mega-hit promotions and offer attractive deals, providing exceptionally cost-effective consumption experiences and fostering a compelling value proposition centered around "*value-for-money*."

As a super app, we are able to sustainably increase consumer purchase frequency and wallet share on our platform through effective cross-selling among different local commerce categories. For example, we effectively expand our user base through high-frequency services such as food delivery and direct them to medium-to-low frequency services, such as in-store, hotel and travel. In addition, as of June 30, 2024, more than 60% of our food delivery annual Transacting Users have been converted to users of Meituan Instashopping, which is our non-food on-demand delivery business. The breadth of our platform offerings and cross-selling capabilities enable us to benefit from lower user acquisition costs, reinforce our operational efficiency and improve user transaction frequency.

With the goal to accelerate the digital transformation of China's local commerce industry and support the business growth of merchants, we currently offer a comprehensive set of ROI-driven solutions to over 13 million annual Active Merchants. Our platform offers diverse marketing scenarios and a rich set of tools with high conversion rate and ROI. We empower merchants throughout the entire business cycle from new store opening campaigns to special promotions, integrating online and offline operations for an omnichannel experience. We solidified our competitive advantage in the shelf-based model by continuously improving our location-based service ("LBS") algorithms to enhance consumer-merchant matching efficiency and consumer conversion ratio. We have also achieved significant progress in promoting deep-discount and mega-hit products through new marketing campaigns and product formats. For restaurant merchants, especially small-to-medium sized merchants, our food delivery service provides efficient and cost-effective delivery services, helping them significantly expand customer reach and achieve business growth. Our in-store dining service also increases foot traffics for dine-in services, further supporting their growth. Our business-to-business food distribution service, Kuailv ("快驢"), and restaurant SaaS solutions also enhance merchant's operation efficiency and loyalty to our platform.

We operate the leading intra-city on-demand delivery network globally. Leveraging our leading delivery network infrastructure, we are able to onboard more merchants to Meituan platform, and in turn attract more consumers with wide merchant selections and superior speedy delivery experiences. For our food delivery business, our on-demand delivery network fosters strong economies of scale and tremendous network effect with high order density. This enables us to achieve a more optimized unit economic model and serve low-price band orders more efficiently, establishing a significant entry barrier for competitors. Meituan Instashopping continues to expand its offerings from food to a broader range of non-food categories, offering consumers more varieties and enhancing our delivery network's order density and operational efficiency throughout the day. Our efficient delivery network fosters a deep integration of online and offline retail, cultivating "Everything Now" ("萬物到家") as the new lifestyle across all city tiers. Our intelligent dispatch system utilizes AI technologies to optimize order-courier matching and route planning. The continuous optimization and iteration of the dispatch system further enhance delivery efficiency. We are also advancing our autonomous delivery technologies, especially autonomous driving vehicles and drones to optimize our on-demand, last-mile delivery experiences under various delivery scenarios, especially challenging delivery scenarios where human delivery is constrained.

Our platform benefits from a massive consumer and merchant base, along with a world-leading on-demand delivery network. The significant network effects create strong value for all ecosystem participants and enhance their stickiness and loyalty to our platform. Our on-demand delivery infrastructure and large consumer base attract more merchants, driving revenue opportunities. Consumers are drawn to our platform for a wider selection of merchants, products and categories and a reliable delivery experience. The large consumer and merchant bases lead to more orders and higher order density, enabling couriers to fulfill the deliveries more efficiently and earn more income on our platform. In addition, our large and engaged consumer and merchant bases generate authentic comments and reviews, enabling better decision-makings for consumers and enhanced service offerings for merchants.

We have achieved significant growth. We generate revenues from delivery services, commissions, online marketing services, and other services and sales. In 2021, 2022, 2023 and for the six months ended June 30, 2024, we had total revenues of RMB179.1 billion, RMB220.0 billion, RMB276.7 billion (US$38.1 billion) and RMB155.5 billion (US$21.4 billion), respectively. Our total revenue growth remained strong, growing by 22.8% from 2021 to 2022, 25.8% from 2022 to 2023 and 22.9% from the six months ended June 30, 2023 to the same period ended June 30, 2024, respectively. We have also been improving our margin profile. In 2021, 2022, 2023 and for the six months ended June 30, 2024, our gross margin was 23.7%, 28.1%, 35.1% and 38.3%, respectively, serving as a testament to our enhancing economies of scale and optimized operations. In addition, we also maintained a strong and stable cash balance and a healthy liquidity position.

Major Factors Affecting Our Results of Operations

Our business and results of operations are affected by general factors affecting the broad local commerce industry in China, including China's overall economic growth, the increase in per capita disposable income and the growth in consumer spending in China. In addition, they are also affected by factors driving the consumer service e-commerce industry, such as the growth of mobile internet usage and penetration rate and increasing adoption of mobile payment. Unfavorable changes in any of these general factors could materially and adversely affect our results of operations.

Our results of operations are also affected by certain company-specific factors, including the following major factors:

Number and Engagement of Transacting Users on Our Platform

Growth in the number of transactions on our platform is the key driver of our revenue growth, which is in turn driven by the number and engagement of Transacting Users on our platform.

Our ability to increase the number and engagement of Transacting Users mainly depends on our ability to broaden and deepen the product and service offerings on our platform. Consumers are attracted to our platform by the breadth and depth of the product and service offerings on our platform, as well as the convenience and value provided to them. We focus on mass-market and essential product categories,

including food delivery and in-store dining services, and have expanded to a broad range of categories, such as Meituan Instashopping, hotel and travel bookings, grocery retail, mobility services, and others. Aligning our "Retail + Technology" strategy, we plan to cover a wider spectrum of consumption scenarios and product categories in consumers' daily lives, and further enrich the selections within each category.

Active Merchant Base on Our Platform

In addition to the number and engagement of Transacting Users, growth in the number of transactions is also driven by the Active Merchant base on our platform. As of June 30, 2024, we served over 13 million annual Active Merchants. Merchants are attracted to our platform by our strong user traffic, cost-effective on-demand delivery infrastructure, and a comprehensive set of digitization solutions that help them succeed. We will broaden our consumer and merchant base, improve our product and service offerings, enhance our delivery network, and optimize these digital solutions, including targeted online marketing solutions, production and operation digitization solutions, restaurant SaaS, business-to-business food distribution services and other value-added services to empower merchants through their business cycles from acquiring consumers, growing their business beyond the physical boundaries of their stores, improving operational efficiency, to providing high-quality services.

Generally, our revenues from merchants may be viewed as the fees merchants are willing to pay to establish online presence, acquire more consumers, build their brands, promote their product and services, and improve their operational efficiency through our platform. The willingness of a merchant to pay these fees is a function of the sales and profit the merchant expects to generate through our platform. As a result, our ability to generate revenues from merchants is mainly driven by our ability to provide more effective services to merchants, and to broaden and deepen the product service offerings on our platform to capture more monetization opportunities.

Our Ability to Increase Monetization

Our ability to increase monetization also contributes to our revenue growth. We monetize the transactions on our platform mainly through commissions, online marketing fees, delivery fees and fees from other services and sales. We currently have two business segments, consisting of our Core local commerce and New initiatives. For our Core local commerce segment, which accounted for 74.1% of our total revenues in the six months ended June 30, 2024, we generate revenues primarily from (a) delivery services from both merchants and consumers; (b) commission from technology service charged to merchants and third-party agent partners; and (c) online marketing services in various formats provided to merchants. Our New initiatives, including Meituan Select, Xiaoxiang Supermarket, business-to-business food distribution services (also known as Kuailv), etc., generate revenues through (a) sales of goods primarily from Xiaoxiang Supermarket and business-to-business food distribution services (also known as Kuailv); and (b) various services rendered by various businesses such as Meituan Select, bike sharing, e-moped sharing, power banks and micro-credit.

Operating Leverage of Our Platform

Our platform has significant operating leverage which enables us to realize structural cost savings. We have established many touch points with consumers' lives, which allow us to launch and cross-sell a broad range of product categories, such as food delivery, Meituan Instashopping, in-store, hotel and travel services, and others. More product categories offered and more merchants on our platform increase the choices available to consumers, and more consumers on our platform increase the potential transactions for merchants through a mutually beneficial virtuous cycle. As we operate in intensely competitive markets, we need to provide incentives to attract consumers, merchants, and other platform participants, and conduct promotion and advertising activities to enhance our brand awareness. The self-reinforcing network effects of our platform and associated operating leverage allow us to compete effectively by enjoying low user acquisition cost and growing user lifetime value. As our business further grows, we believe our massive scale, coupled with the network effects, will allow us to acquire consumers and merchants more cost-effectively and benefit from substantial economies of scale.

Our Investment in Research and Development and Technology

We have made, and will continue to make, significant investments in research and development and technology, to solidify our market leadership. As our business grows, and as we continue to expand and enhance our platform, research and development talent attraction and retention are critical for our business, operations, and growth prospects. We intend to continue to invest in our people, particularly engineers, personnel with specific technology expertise, and other research and development personnel. In addition, we have dedicated and will continue to dedicate significant resources to research and development efforts, focusing on developing innovative applications, products, and services aimed at providing more convenience to consumers and enabling merchants to improve their service quality and operational efficiency, as well as advancing our technologies such as big data and AI capabilities. We continue to refine our key technologies by investing in development of autonomous delivery vehicles, drones, intelligent dispatch systems and highly efficient operational frameworks. In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, we incurred research and development expenses of RMB16.7 billion, RMB20.7 billion, RMB21.2 billion (US$2.9 billion), RMB10.5 billion and RMB10.3 billion (US$1.4 billion) respectively. Moreover, we will also continue to invest significant resources in the expansion and enhancement of our technology infrastructure to support the growth of our business.

Critical Accounting Policies and Estimates

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the periods presented. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our consolidated financial statements. Other significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 2 and 4 of the audited consolidated financial statements for the years ended December 31, 2022 and 2023 included in this offering memorandum.

Revenue Recognition

Our revenue principally comprises delivery services, commission, online marketing services and other services and sales. Revenue is recognized when or as the control of the promised goods or services is transferred to the customers, netting of value-added taxes.

The following is a description of the accounting policy for our principal revenue streams:

Delivery services

We provide on-demand delivery services to certain merchants and Transacting Users (collectively as the "Delivery Services Customers") as a principal. Delivery services revenue is recognized at the time when the on-demand delivery services are provided and is determined based on the fees charged to the Delivery Services Customers, netting of any possible Transacting Users incentives which are not in exchange for a distinct good or service. The relevant costs are recorded under "Delivery related costs" in cost of revenues.

Commission

We use technology to arrange for the provision of the specified goods or services by merchants or third-party agent partners (collectively as the "Commission Customers") in our online marketplaces as an agent. Technical service fees charged to the Commission Customers, primarily determined as a percentage of respectively relevant transaction amount, are recognized as commission revenue upon the completion of the underlying goods or services provided by the Commission Customers to the Transacting Users. The advance payments from Transacting Users are initially recorded in "Advances from Transacting Users," which can be withdrawn at any time. Once the commission revenue is recognized, the amounts to be remitted to the Commission Customers are recorded in "Payables to merchants."

Online marketing services

We provide various online marketing services primarily to merchants in our online marketplaces or through the third-party marketing affiliate program, including but not limited to pay for performance marketing services on which the merchants are charged through market-based mechanism based on effective clicks on certain information, display marketing services that allow merchants to place promotion information online, and other value-added marketing services under an annual plan.

Revenue from performance-based marketing services is recognized when relevant specified performance measures are fulfilled. Revenues from display-based and other value-added marketing services are recognized ratably over the contractual service period. The online marketing services revenue is recorded on a gross basis when we are the principal to the merchants in the respective arrangements.

In general, the merchants need to make advance payments for all the online marketing services which is primarily recorded in "Deferred revenues."

Other services and sales

We recognize the other services and sales revenue on a gross basis as a principal when the control of the goods is transferred to the customers, or when the respective services are rendered, netting of any possible Transacting Users incentives which are not in exchange for a distinct good or service. Other services and sales revenue primarily comprises (i) sales of goods, mainly generated from Xiaoxiang Supermarket and business-to-business food distribution services (also known as Kuailv), (ii) various services rendered by various businesses such as Meituan Select, bike sharing and e-moped sharing, power banks and micro-credit.

Revenues generated from micro-credit primarily consist of revenues generated from loan facilitation services and post-origination services, and interest revenue. Loan facilitation services and post-origination services are identified as two distinct performance obligations, to which the total consideration is allocated based on relative standalone selling price appropriately. Loan facilitation services revenue is recognized at point of time when the loan contract is established between borrowers and lenders and post-origination services revenue is recognized over the loan contract period.

Interest revenue is derived from the loan principal, funded entirely or partially by us, by applying the effective interest rate to the gross carrying amount of loan receivables.

Contract Balances

When either party to a contract has performed, we present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is our right to consideration in exchange for goods and services that we have transferred to a customer. A receivable is recorded when we have an unconditional right to consideration, if only the passage of time is required before payment of that consideration is due. Our contract assets are mainly generated from loan facilitation services.

If a customer pays consideration or we have a right to an amount of consideration that is unconditional, before we transfer a good or service to the customer, we present the contract liability when the payment is made, or a receivable is recorded (whichever is earlier).

A contract liability is our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

Our contract liabilities are mainly resulted from online marketing services, which are recorded as deferred revenues. Contract costs include incremental costs of obtaining a contract and costs to fulfil a contract with the customers. The contract costs are amortized using a method which is consistent with the pattern of recognition of the respective revenues.

Incentives to Transaction Users

When incentives are provided to Transacting Users that are considered as customers from an accounting perspective, the incentives are recorded as a reduction of revenue if there is no exchange of distinct good or service to us or the fair value of the good or service received cannot be reasonably estimated. Otherwise, despite the absence of any explicit contractual obligations to incentivize the Transacting Users on behalf of customers, which in most circumstances are merchants, we further evaluate the varying features of different incentive programs to determine whether the incentives represent implicit obligations to Transacting Users on behalf of customers. If so, it will be recorded as a reduction of revenues, otherwise the "Selling and marketing expenses."

Consolidated Income Statements

The following table sets forth a summary of our consolidated income statements with line items in absolute amounts and as percentages of our revenues for the years or periods indicated.

	For the year ended December 31,							For the six months ended June 30,				
	2021		2022		2023			2023		2024		
	RMB	%	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
						(Unaudited)		(Unaudited)		(Unaudited)	(Unaudited)	
					(in thousands, except percentages)							
Revenues	**179,127,997**	**100.0**	**219,954,948**	**100.0**	**276,744,954**	**38,081,373**	**100.0**	**126,582,096**	**100.0**	**155,526,961**	**21,401,222**	**100.0**
Cost of revenues	(136,653,869)	(76.3)	(158,201,969)	(71.9)	(179,553,793)	(24,707,424)	(64.9)	(81,366,666)	(64.3)	(95,940,377)	(13,201,835)	(61.7)
Gross profit	**42,474,128**	**23.7**	**61,752,979**	**28.1**	**97,191,161**	**13,373,949**	**35.1**	**45,215,430**	**35.7**	**59,586,584**	**8,199,387**	**38.3**
Selling and marketing expenses	(40,683,166)	(22.7)	(39,745,112)	(18.1)	(58,616,997)	(8,065,967)	(21.2)	(24,986,265)	(19.7)	(28,720,750)	(3,952,107)	(18.5)
Research and development expenses	(16,675,595)	(9.3)	(20,739,865)	(9.4)	(21,201,005)	(2,917,355)	(7.7)	(10,454,563)	(8.2)	(10,339,833)	(1,422,808)	(6.6)
General and administrative expenses	(8,612,626)	(4.8)	(9,771,810)	(4.4)	(9,372,067)	(1,289,639)	(3.4)	(4,134,001)	(3.3)	(4,993,254)	(687,095)	(3.2)
Net provisions for impairment losses on financial and contract assets	(259,953)	(0.2)	(468,620)	(0.2)	(1,135,405)	(156,237)	(0.4)	(450,611)	(0.3)	(451,817)	(62,172)	(0.3)
Fair value changes of other financial investments at fair value through profit or loss	815,747	0.5	(1,013,057)	(0.5)	234,227	32,230	0.1	267,790	0.2	(637,153)	(87,675)	(0.4)
Other (losses)/gains, net	(185,734)	(0.1)	4,165,037	1.9	6,315,473	869,038	2.3	2,840,940	2.2	2,022,504	278,306	1.3

	For the year ended December 31,							For the six months ended June 30,				
	2021		2022		2023			2023		2024		
	RMB	%	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
						(Unaudited)		(Unaudited)		(Unaudited)	(Unaudited)	
						(in thousands, except percentages)						
Operating (loss)/profit	**(23,127,199)**	**(12.9)**	**(5,820,448)**	**(2.6)**	**13,415,387**	**1,846,019**	**4.8**	**8,298,720**	**6.6**	**16,466,281**	**2,265,836**	**10.6**
Finance income	546,037	0.3	657,908	0.3	818,986	112,696	0.3	401,608	0.3	624,249	85,900	0.4
Finance costs	(1,130,935)	(0.6)	(1,628,825)	(0.7)	(1,425,157)	(196,108)	(0.5)	(707,482)	(0.6)	(607,236)	(83,559)	(0.4)
Share of profits of investments accounted for using the equity method	145,620	0.1	35,848	0.0	1,212,652	166,866	0.5	72,647	0.1	655,401	90,186	0.4
(Loss)/profit before income tax	**(23,566,477)**	**(13.1)**	**(6,755,517)**	**(3.0)**	**14,021,868**	**1,929,473**	**5.1**	**8,065,493**	**6.4**	**17,138,695**	**2,358,363**	**11.0**
Income tax credits/(expenses)	30,279	0.0	70,194	0.0	(164,537)	(22,641)	(0.1)	(18,383)	(0.0)	(417,378)	(57,433)	(0.2)
(Loss)/profit for the year/period	**(23,536,198)**	**(13.1)**	**(6,685,323)**	**(3.0)**	**13,857,331**	**1,906,832**	**5.0**	**8,047,110**	**6.4**	**16,721,317**	**2,300,930**	**10.8**

Description of Major Components of Our Results of Operations

Our business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker, who is responsible for allocating resources and assessing performance of our operating segments. Our chief operating decision-maker mainly includes our executive director who makes strategic decisions. We evaluated our operating segments separately or aggregately, and determined that we have two reportable segments.

Revenues

Revenues by Segment

We generate revenues from two reportable segments: Core local commerce and New initiatives. The following table sets forth segment revenues both in absolute amount and as a percentage of our revenues for the years or periods presented.

	For the year ended December 31,							For the six months ended June 30,				
	2021		2022		2023			2023		2024		
	RMB	%	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
						(Unaudited)		(Unaudited)		(Unaudited)	(Unaudited)	
						(in thousands except percentages)						
Revenues:												
Core local commerce	136,645,437	76.3	160,759,022	73.1	206,906,932	28,471,341	74.8	94,085,282	74.3	115,307,565	15,866,849	74.1
New initiatives	42,482,560	23.7	59,195,926	26.9	69,838,022	9,610,032	25.2	32,496,814	25.7	40,219,396	5,534,373	25.9
Total:	**179,127,997**	**100.0**	**219,954,948**	**100.0**	**276,744,954**	**38,081,373**	**100.0**	**126,582,096**	**100.0**	**155,526,961**	**21,401,222**	**100.0**

Core local commerce

The Core local commerce segment includes food delivery, Meituan Instashopping, in-store, hotel and travel businesses. The food delivery and Meituan Instashopping businesses primarily help consumers place orders of food and retail products prepared by merchants through our online market interfaces and provide merchants with options to either engage us to provide the delivery service or delivery by themselves. The in-store, hotel and travel businesses primarily enable consumers to purchase local services provided by merchants at an attractive price in numerous in-store categories or make reservations for hotels, alternative accommodations, attraction ticketing, and transportation ticketing. Revenues from the Core local commerce segment primarily consist of (i) delivery services from both merchants and consumers; (ii) commission from technology service charged to merchants and third-party agent partners; and (iii) online marketing services in various formats provided to merchants.

New initiatives

We continually develop various New initiatives, including Meituan Select, Xiaoxiang Supermarket, business-to-business food distribution services (also known as Kuailv), etc., to satisfy consumers' and merchants' diverse needs in different consumption scenarios. Revenues from the New initiatives segment primarily consist of (i) sales of goods primarily from business-to-business food distribution and Xiaoxiang Supermarket; and (ii) various services rendered by various businesses such as Meituan Select, bike sharing, e-moped sharing, power banks and micro-credit.

Revenues by Type

The following table sets forth our revenues by type both in absolute amount and as a percentage of our revenues for the years or periods presented.

	For the year ended December 31,							For the six months ended June 30,				
	2021		2022		2023			2023		2024		
	RMB	%	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
						(Unaudited)		(Unaudited)		(Unaudited)	(Unaudited)	
					(in thousands, except percentages)							
Revenues:												
Delivery services	57,102,328	31.9	70,063,908	31.9	82,190,980	11,309,855	29.7	37,280,261	29.5	44,086,329	6,066,481	28.3
Commission	49,645,559	27.7	56,509,699	25.7	76,688,543	10,552,695	27.7	35,155,530	27.8	43,482,551	5,983,398	28.0
Online marketing services	29,085,170	16.2	30,768,590	14.0	40,513,216	5,574,804	14.6	18,089,994	14.3	22,750,746	3,130,607	14.6
Other services and sales (including interest revenue)	43,294,940	24.2	62,612,751	28.4	77,352,215	10,644,019	28.0	36,056,311	28.4	45,207,335	6,220,736	29.1
Total:	**179,127,997**	**100.0**	**219,954,948**	**100.0**	**276,744,954**	**38,081,373**	**100.0**	**126,582,096**	**100.0**	**155,526,961**	**21,401,222**	**100.0**

Cost of Revenues

Our cost of revenues primarily consists of (i) delivery related costs, (ii) transaction costs, (iii) other outsourcing costs, and (iv) other cost of revenues.

The following table sets forth our cost of revenues as a percentage of total revenues for the years or periods indicated:

	For the year ended December 31,							For the six months ended June 30,				
	2021		2022		2023			2023		2024		
	RMB	%	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
						(Unaudited)		(Unaudited)		(Unaudited)	(Unaudited)	
	(in thousands, except percentages)											
Cost of revenues:	(136,653,869)	(76.3)	(158,201,969)	(71.9)	(179,553,793)	(24,707,424)	(64.9)	(81,366,666)	(64.3)	(95,940,377)	(13,201,835)	(61.7)

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) Transacting User incentives, (ii) employee benefits expenses, (iii) promotion and advertising expenses, and (iv) other selling and marketing expenses.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefits expenses, (ii) other outsourcing costs, (iii) depreciation of property, plant and equipment, and (iv) other research and development expenses.

General and Administrative Expenses

Our general and administrative expenses primarily consist of (i) employee benefits expenses, (ii) other outsourcing costs, (iii) depreciation of property, plant and equipment, and (iv) other general and administrative expenses.

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

Fair value changes of other financial investments at fair value through profit or loss represent the gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss other than short-term treasury investments and long-term treasury investments.

Other (Losses)/Gains, Net

Our other (losses)/gains, net include (i) fair value changes and gains of treasury investments, (ii) tax preference, (iii) foreign exchange (losses)/gains, net, and (iv) others.

Operating (Loss)/Profit

The following table sets forth our operating (loss)/profit in absolute amounts and as a percentage of our revenues, or operating margin, for the years or periods indicated:

	For the year ended December 31,							For the six months ended June 30,				
	2021		2022		2023			2023		2024		
	RMB	%	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
						(Unaudited)		(Unaudited)		(Unaudited)	(Unaudited)	
	(in thousands, except percentages)											
Operating (loss)/profit	(23,127,199)	(12.9)	(5,820,448)	(2.6)	13,415,387	1,846,019	4.8	8,298,720	6.6	16,466,281	2,265,836	10.6

Share of Profits of Investments Accounted for Using the Equity Method

Share of profits of investments accounted for using the equity method represents our share of movements in the profits of the investees.

Finance Income and Finance Costs

Our finance income primarily includes interest income from bank deposits, and our finance costs primarily consist of (i) interest expenses on bank borrowings and notes payable, (ii) interest in respect of lease liabilities, and (iii) others.

Taxation

We had income tax credits of RMB30.3 million, RMB70.2 million in 2021 and 2022, respectively, and income tax expenses of RMB164.5 million (US$22.6 million) in 2023, RMB18.4 million in the six months ended June 30, 2023 and RMB417.4 million (US$57.4 million) in the six months ended June 30, 2024, respectively. We are subject to various rates of income tax under different jurisdictions. The following summarizes the major factors affecting our applicable tax rates in the Cayman Islands, the British Virgin Islands, Hong Kong, and China.

Value Added Tax

We are subject to VAT rate of 6% for services revenues or 13% for revenues of inventories sales, and relevant surcharges on VAT payments according to China tax law.

The Cayman Islands and the British Virgin Islands

We are incorporated as an exempted company with limited liability under the laws of the Cayman Islands and are not subject to tax on income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

Entities incorporated in the British Virgin Islands and all dividends, interest, rents, royalties, compensation, and other amounts paid by entities incorporated in the British Virgin Islands to persons who are not resident in the British Virgin Islands and any capital gains realized with respect to any shares, debt obligations, or other securities of entities incorporated in the British Virgin Islands by persons who are not resident in the British Virgin Islands are exempt from all provisions of the Income Tax Ordinance in the British Virgin Islands.

Hong Kong

The Hong Kong profits tax rate is 8.25% for assessable profits on the first HK$2.0 million and 16.5% for any assessable profits in excess of HK$2.0 million.

The PRC

Under the amended EIT Law effective from December 29, 2018, our PRC subsidiaries, and controlled affiliated entities and their subsidiaries are subject to the statutory rate of 25%, subject to preferential tax treatment available to qualified enterprises in certain encouraged sectors of the economy.

Enterprises that qualify as "high and new technology enterprises" under the EIT Law are entitled to a preferential enterprise income tax rate of 15%. Certain of our PRC subsidiaries and controlled affiliated entities and their subsidiaries were certified as "high and new technology enterprises" in 2021, 2022, 2023, and the six months ended June 30, 2024. In addition, certain PRC subsidiary was subject to a preferential income tax rate of 12.5% for the year ended December 31, 2022. Certain of our PRC subsidiaries located in western region and engaged in certain encouraged industries were eligible for a preferential income tax rate of 15% in 2021, 2022, 2023, and the six months ended June 30, 2024. Certain of our PRC subsidiaries and controlled affiliated entities and their subsidiaries were certified as "small and thin-profit enterprises" under the EIT Law and were subject to a preferential income tax rate of 20% in 2021, 2022, 2023, and the six months ended June 30, 2024.

Our remaining PRC entities were subject to enterprise income tax at a rate of 25% in 2021, 2022, 2023 and the six months ended June 30, 2024. Pursuant to the EIT Law, a 10% withholding tax is levied on dividends paid to foreign investors (non-resident enterprises that do not have an establishment or place of business in the PRC or that have an establishment or place of business in the PRC, but the relevant income is not effectively connected therewith) from China effective from January 1, 2008. The withholding tax rate for dividend payment from the PRC may be lowered to a treaty-preferential treatment (e.g., 5% for the qualified Hong Kong investors) if there is a tax arrangement between China and the jurisdiction of the foreign investors. However, the above-mentioned treaty-preferential treatment does not automatically apply, and certain requirements must be satisfied.

(Loss)/Profit for the year/period

The following table sets forth our (loss)/profit in absolute amounts and as a percentage of our revenues for the years or periods indicated:

	For the year ended December 31,							For the six months ended June 30,				
	2021		2022		2023			2023		2024		
	RMB	%	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
						(Unaudited)		(Unaudited)		(Unaudited)	(Unaudited)	
					(in thousands, except percentages)							
(Loss)/profit for the year/period	(23,536,198)	(13.1)	(6,685,323)	(3.0)	13,857,331	1,906,832	5.0	8,047,110	6.4	16,721,317	2,300,930	10.8

Period-To-Period Comparison of Results of Operations

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

Revenues

Our revenues increased by 22.9% to RMB155.5 billion (US$21.4 billion) for the six months ended June 30, 2024 from RMB126.6 billion for the same period of 2023. We achieved revenue growth in both reportable segments.

Core local commerce. Our revenues from the Core local commerce segment increased by 22.6% to RMB115.3 billion (US$15.9 billion) for the six months ended June 30, 2024 from RMB94.1 billion for the same period of 2023. The revenue growth in delivery services and commission was in line with our increased GTV as a result of an increase in the number of transactions, and partially offset by the lower

average order value of our Core local commerce transactions as a result of the changing consumption preferences. The revenue growth in online marketing services was mainly attributable to the increased number of online marketing Active Merchants and average revenue per online marketing Active Merchant.

New initiatives. Our revenues from the New initiatives segment increased by 23.8% to RMB40.2 billion (US$5.5 billion) for the six months ended June 30, 2024 from RMB32.5 billion for the same period of 2023, mainly due to the revenue growth in our goods retail businesses.

Costs and Expenses

Cost of Revenues

Our cost of revenues increased by 17.9% to RMB95.9 billion (US$13.2 billion) for the six months ended June 30, 2024 from RMB81.4 billion for the same period of 2023, and decreased by 2.6 percentage points to 61.7% from 64.3% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily due to the increases in delivery related costs of our food delivery and Meituan Instashopping businesses, and cost of revenues of our goods retail businesses, both resulting from growth of business scale. The decrease in cost of revenues as a percentage of revenues was mainly due to the improved gross margin of our goods retail businesses.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 14.9% to RMB28.7 billion (US$4.0 billion) for the six months ended June 30, 2024 from RMB25.0 billion for the same period of 2023, which was primarily attributable to the increases in Transacting User incentives and promotion expenses as a result of business development, evolving business circumstances and business strategies, as well as the increase in employee benefits expenses. The percentage of revenues decreased by 1.2 percentage points to 18.5% from 19.7% on a year-over-year basis, mainly due to the decrease in Transacting User incentives as a percentage of revenues as a result of optimized marketing strategy.

Research and Development Expenses

Our research and development expenses was RMB10.3 billion (US$1.4 billion) for the six months ended June 30, 2024, remaining stable on a year-over-year basis. The percentage of revenues decreased by 1.6 percentage points to 6.6% from 8.2% on a year-over-year basis, resulting from improved operating leverage.

General and Administrative Expenses

Our general and administrative expenses increased by 20.8% to RMB5.0 billion (US$687.1 million) for the six months ended June 30, 2024 from RMB4.1 billion for the same period of 2023, which was primarily attributable to the increase in employee benefit expenses. The percentage of revenues was 3.2% for the six months ended June 30, 2024, remaining stable on a year-over-year basis.

Net Provisions for Impairment Losses on Financial and Contract Assets

Our net provisions for impairment losses on financial and contract assets was RMB451.8 million (US$62.2 million) for the six months ended June 30, 2024, which remained stable on a year-over-year basis.

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 RMB637.2 million (US$87.7 million) for the six months ended June 30, 2024 from a gain of RMB267.8 million for the same period of 2023, which was driven by the fluctuation in the fair value of our investment portfolios.

Other Gains, Net

Our other gains, net for the six months ended June 30, 2024 was RMB2.0 billion (US$278.3 million), compared to RMB2.8 billion for the same period of 2023. The change was primarily attributable to the decrease in tax preference and increase in foreign exchange loss.

Operating Profit/(Loss) and Operating Margin

As a result of the foregoing, our operating profit and operating margin for the six months ended June 30, 2024 were RMB16.5 billion (US$2.3 billion) and 10.6% respectively, compared to operating profit of RMB8.3 billion and operating margin of 6.6% for the same period in 2023.

The following table sets forth our operating profit/(loss) both in absolute amount and our operating margin, by segment for the six months ended June 30, 2023 and 2024:

	For the six months ended June 30,				
	2023		2024		
	RMB	%	RMB	US$	%
	(Unaudited)		(Unaudited)	(Unaudited)	
	(in thousands, except percentages)				
Operating profit/(loss)					
Core local commerce	20,583,591	21.9	24,932,432	3,430,817	21.6
New initiatives	(10,221,816)	(31.5)	(4,071,258)	(560,224)	(10.1)
Unallocated items[1]	(2,063,055)	NA	(4,394,893)	(604,757)	NA
Total	**8,298,720**	**6.6**	**16,466,281**	**2,265,836**	**10.6**

Note 1: Unallocated items mainly include (i) share-based compensation expenses, (ii) amortization 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.

Core local commerce. Our operating profit from the Core local commerce segment increased to RMB24.9 billion (US$3.4 billion) for the six months ended June 30, 2024 from RMB20.6 billion for the same period of 2023, which was mainly attributable to the growth of business scale, partially offset by the higher Transacting User incentives. The operating margin was 21.6%, which remained stable on a year-over-year basis.

New initiatives. Our operating loss from the New initiatives segment narrowed to RMB4.1 billion (US$560.2 million) for the six months ended June 30, 2024 from RMB10.2 billion for the same period of 2023, and the operating margin of this segment improved by 21.4 percentage points to negative 10.1% from negative 31.5% on a year-over-year basis. The improvements in both operating loss and operating margin were primarily attributable to our efforts in improving operating efficiency, especially 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 RMB655.4 million (US$90.2 million) for the six months ended June 30, 2024 from RMB72.6 million for the same period of 2023, as a result of the fluctuation in the financial results of our investees.

Profit before Income Tax

Primarily as a result of the foregoing, our profit before income tax for the six months ended June 30, 2024 was RMB17.1 billion (US$2.4 billion), compared to a profit before income tax of RMB8.1 billion for the six months ended June 30, 2023.

Profit for the Period

As a result of the foregoing, we had a profit of RMB16.7 billion (US$2.3 billion) for the six months ended June 30, 2024, compared to a profit of RMB8.0 billion for the same period of 2023.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenues

Our revenues increased by 25.8% from RMB220.0 billion in 2022 to RMB276.7 billion (US$38.1 billion) in 2023. The increase was primarily attributable to the revenue growth of both of our reportable segments as follows.

Core local commerce. Our revenues from the Core local commerce segment increased by 28.7% from RMB160.8 billion in 2022 to RMB206.9 billion (US$28.5 billion) in 2023, primarily due to (i) the increase in delivery services and commission, which was driven by the increase in the Number of On-demand Delivery transactions and GTV of our in-store, hotel and travel businesses, and (ii) the increase in online marketing services, which was driven by the increase in the number of and the average revenue from online marketing Active Merchants.

New initiatives. Our revenues from the New initiatives segment increased by 18.0% from RMB59.2 billion in 2022 to RMB69.8 billion (US$9.6 billion) in 2023, primarily 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

Costs of Revenues

Our cost of revenues increased by 13.5% from RMB158.2 billion in 2022 to RMB179.6 billion (US$24.7 billion) in 2023 and decreased by 7.0 percentage points from 71.9% to 64.9% as a percentage of revenues on a year-over-year basis. The increase in absolute 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% from RMB39.7 billion in 2022 to RMB58.6 billion (US$8.1 billion) in 2023 and increased by 3.1 percentage points from 18.1% to 21.2% 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 the amount of selling and marketing expenses.

Research and Development Expenses

Our research and development expenses was RMB21.2 billion (US$2.9 billion) in 2023, remaining stable on a year-over-year basis. The percentage of revenues decreased by 1.7 percentage points from 9.4% to 7.7% 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 (US$1.3 billion) in 2023, remaining stable on a year-over-year basis. The percentage of revenues decreased by 1.0 percentage points from 4.4% to 3.4% 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 (US$156.2 million) 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 (US$32.2 million) in 2023 from a loss of RMB1.0 billion in 2022, which was 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 (US$869.0 million), 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 (Loss)/Profit and Operating Margin

As a result of the foregoing, our operating profit and operating margin in 2023 was RMB13.4 billion (US$1.8 billion) and 4.8% respectively, compared to operating loss of RMB5.8 billion and operating margin of negative 2.6% in 2022.

The following table sets forth our operating (loss)/profit both in absolute amount and our operating margin, by segment in 2022 and 2023:

	For the year ended December 31,				
	2022		2023		
	RMB	%	RMB	US$	%
				(Unaudited)	
	(in thousands, except percentages)				
Operating (loss)/profit					
Core local commerce	29,502,669	18.4	38,698,847	5,325,139	18.7
New initiatives	(28,379,210)	(47.9)	(20,166,484)	(2,775,001)	(28.9)
Unallocated items	(6,943,907)	NA	(5,116,976)	(704,119)	NA
Total	**(5,820,448)**	**(2.6)**	**13,415,387**	**1,846,019**	**4.8**

Core local commerce. Our operating profit from the Core local commerce segment increased to RMB38.7 billion (US$5.3 billion) in 2023 from RMB29.5 billion in 2022, and our 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.

New initiatives. Our operating loss from the New initiatives narrowed to RMB20.2 billion (US$2.8 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 (US$166.9 million) in 2023 from RMB35.8 million in 2022, as a result of the fluctuation of the financial results of our investees.

(Loss)/Profit before Income Tax

Primarily as a result of the foregoing, our profit before income tax in 2023 was RMB14.0 billion (US$1.9 billion), compared to a loss before income tax of RMB6.8 billion in 2022.

(Loss)/Profit for the Year

As a result of the foregoing, we had a profit of RMB13.9 billion (US$1.9 billion) in 2023, compared to a loss of RMB6.7 billion in 2022.

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

Revenues

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

Core local commerce. Our revenues from the Core local commerce segment increased by 17.6% from RMB136.6 billion in 2021 to RMB160.8 billion in 2022, primarily due to (i) the growth in delivery services revenue on a year-over-year basis, which was mainly driven by the increase in the number of transactions and the optimized Transacting Users incentives strategy resulting in the decreased amount of revenue deduction in our food delivery and Meituan Instashopping businesses, (ii) the increase in commission revenue on a year-over-year basis, which 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 and travel businesses due to pandemic, and (iii) the increase in online marketing services revenue on a year-over-year basis, which was primarily attributable to the increase in the number of online marketing Active Merchants.

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

Costs and Expenses

Cost of Revenues

Our cost of revenues increased by 15.8% from RMB136.7 billion in 2021 to RMB158.2 billion in 2022 and decreased from 76.3% to 71.9% as a percentage of revenues on a year-over-year basis. The increase in absolute amount was caused by 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 attributable 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 from RMB40.7 billion in 2021 to RMB39.7 billion in 2022 and decreased by 4.6 percentage points from 22.7% to 18.1% as a percentage of revenues on a year-over-year basis. Both the decreases in amount and as a percentage of revenues were primarily attributable to the restrained Transacting User incentives, promotion and advertising expenses as a result of effective cost control.

Research and Development Expenses

Our research and development expenses increased from RMB16.7 billion in 2021 to RMB20.7 billion in 2022, and the percentage of revenues remained stable at 9.4% on a year-over-year basis. The increase in the 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 from RMB8.6 billion in 2021 to RMB9.8 billion in 2022 and decreased by 0.4 percentage points from 4.8% to 4.4% as a percentage of revenues on a year-over-year basis. The increase in the 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, 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 RMB1.0 billion in 2022 from a gain of RMB815.7 million in 2021, which was driven by the fluctuation in the fair value of our investment portfolios.

Other (Losses)/Gains, Net

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

Operating (Loss)/Profit and Operating Margin

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

The following table sets forth our operating (loss)/profit both in absolute amount and our operating margin, by segment in 2021 and 2022:

	For the year ended December 31,			
	2021		2022	
	RMB	%	RMB	%
	(in thousands, except percentages)			
Operating (loss)/profit				
Core local commerce	18,811,045	13.8	29,502,669	18.4
New initiatives	(35,918,751)	(84.5)	(28,379,210)	(47.9)
Unallocated items	(6,019,493)	NA	(6,943,907)	NA
Total	**(23,127,199)**	**(12.9)**	**(5,820,448)**	**(2.6)**

Core local commerce. Our operating profit from the Core local commerce segment increased to RMB29.5 billion in 2022 from RMB18.8 billion in 2021, and our operating margin for this segment increased by 4.6 percentage points to 18.4% from 13.8% on a year-over-year basis. Such increases 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.

New initiatives. 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 decreased to RMB35.8 million in 2022 from RMB145.6 million in 2021, as a result of the fluctuation in financial results of our investees.

Loss before Income Tax

Primarily as a result of the foregoing, our loss before income tax in 2022 was RMB6.8 billion, compared to a loss of RMB23.6 billion in 2021.

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.

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 RMB54.7 billion (US$7.5 billion) and short-term treasury investments of RMB78.5 billion (US$10.8 billion) as of June 30, 2024.

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

	For the year ended December 31,				For the six months ended June 30,		
	2021	2022	2023		2023	2024	
	RMB	RMB	RMB	US$	RMB	RMB	US$
				(Unaudited) *(in thousands)*	(Unaudited)	(Unaudited)	(Unaudited)
Net cash flows (used in) /generated from operating activities	(4,011,457)	11,411,448	40,521,850	5,575,992	18,916,423	25,038,337	3,445,390
Net cash flows (used in) /generated from investing activities	(58,491,834)	(14,713,569)	(24,663,844)	(3,393,858)	(10,548,255)	28,571,875	3,931,621
Net cash flows generated from/(used in) financing activities	78,598,331	(9,990,201)	(2,781,303)	(382,720)	(1,697,222)	(32,413,691)	(4,460,273)
Net increase/(decrease) in cash and cash equivalents	16,095,040	(13,292,322)	13,076,703	1,799,414	6,670,946	21,196,521	2,916,738
Cash and cash equivalents at the beginning of the year/period	17,093,559	32,513,428	20,158,606	2,773,917	20,158,606	33,339,754	4,587,703
Exchange (losses)/gains on cash and cash equivalents	(675,171)	937,500	104,445	14,372	173,486	167,893	23,103
Cash and cash equivalents at the end of the year/period	32,513,428	20,158,606	33,339,754	4,587,703	27,003,038	54,704,168	7,527,544

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/(loss) before income tax, as adjusted by non-cash items and changes in working capital.

For the six months ended June 30, 2024, net cash flows generated from operating activities was RMB25.0 billion (US$3.4 billion), which was primarily attributable to our profit before income tax, as adjusted by (i) depreciation and amortization, share-based compensation expenses and fair value changes and gains related to treasury investments and other investments, and (ii) the changes in working capital, which primarily consisted of increase in certain current liabilities driven by seasonality.

For the year ended December 31, 2023, net cash flows generated from operating activities was RMB40.5 billion (US$5.6 billion), which was primarily attributable to our profit before income tax, as adjusted by (i) share-based compensation expenses, depreciation and amortization 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.

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 amortization, share-based compensation expenses and fair value changes and gains related to treasury investments and other investments, and (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.

For the year ended December 31, 2021, net cash flows used in operating activities was RMB4.0 billion, which was primarily attributable to our loss before income tax, as adjusted by (i) depreciation and amortization, share-based compensation expenses and fair value changes and gains related to treasury investments and other investments, (ii) net decrease in working capital in line with the business scale expansion and the continuous investment in our new initiatives, and (iii) partial payment of the fine imposed pursuant to China's Antimonopoly Law.

Investing Activities

For the six months ended June 30, 2024, net cash flows generated from investing activities was RMB28.6 billion (US$3.9 billion), which was mainly attributable to net cash generated from treasury investments, partially offset by purchase of property, plant and equipment and some other investments.

For the year ended December 31, 2023, net cash flows used in investing activities was RMB24.7 billion (US$3.4 billion), which was mainly attributable to net cash used in treasury investments and property, plant and equipment, as well as some other investments.

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

For the year ended December 31, 2021, net cash flows used in investing activities was RMB58.5 billion, which was mainly attributable to net cash used in treasury investments and property, plant and equipment, as well as some other investments.

Financing Activities

For the six months ended June 30, 2024, net cash flows used in financing activities was RMB32.4 billion (US$4.5 billion), which was mainly attributable to repayments of borrowings' principal and interest and repurchase of Class B Shares.

For the year ended December 31, 2023, net cash flows used in financing activities was RMB2.8 billion (US$382.7 million), which was mainly attributable to the payments of lease liabilities.

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.

For the year ended December 31, 2021, net cash flows generated from financing activities was RMB78.6 billion, which was mainly attributable to proceeds from issuance of shares upon placement and convertible bonds and the net increase of borrowings, partially offset by the payments of lease liabilities.

Indebtedness

For a summary of our material indebtedness, see "Description of Other Material Indebtedness."

Capital Expenditures and Long-Term Investments

The following table sets forth our capital expenditures and placement for long-term investments for the years or periods indicated:

	For the year ended December 31,				For the six months ended June 30,		
	2021	2022	2023		2023	2024	
	RMB	RMB	RMB	US$	RMB	RMB	US$
				(Unaudited) *(in thousands)*	(Unaudited)	(Unaudited)	(Unaudited)
Purchases and prepayments of property, plant and equipment and intangible assets	9,010,455	5,731,304	6,879,551	946,658	1,942,244	5,770,528	794,051
Purchases and prepayments of other financial investments at fair value	5,040,733	3,240,760	3,588,016	493,727	1,704,397	631,301	86,870
Total	**14,051,188**	**8,972,064**	**10,467,567**	**1,440,385**	**3,646,641**	**6,401,829**	**880,921**

We believe that our existing cash and cash equivalents, cash flows from operations, and treasury investments will be sufficient to meet the anticipated cash needs for our operating activities and capital expenditures for at least the next twelve months.

Contractual Obligations

Capital Commitments

The table below sets forth our capital commitments as of the dates indicated:

	As of December 31,				As of June 30,	
	2021	2022	2023		2024	
	RMB	RMB	RMB	US$	RMB	US$
				(Unaudited)	(Unaudited)	(Unaudited)
			(in thousands)			
Within 1 year	4,064,519	2,782,808	10,482,123	1,442,388	5,830,754	802,338
1–2 years	235,352	1,573,132	1,003,032	138,022	840,557	115,664
2–5 years	–	969,314	166,419	22,900	509,355	70,090
More than 5 years	–	47,239	60	8	14,190	1,953
Total	**4,299,871**	**5,372,493**	**11,651,634**	**1,603,318**	**7,194,856**	**990,045**

Off-Balance Sheet Commitments and Arrangements

Saved as disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Commitments," as of June 30, 2024, we did not have other material off-balance sheet commitments or arrangements.

Financial Risk Disclosure

Our activities expose us to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk, and price risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management. For more information on our financial risks, see note 3 to the audited consolidated financial statements for the years ended December 31, 2022 and 2023 included in this offering memorandum.

Market Risk

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not our entities' functional currency. We manage our foreign exchange risk by performing regular reviews of our net foreign exchange exposures and try to minimize these exposures through natural hedges, wherever possible and may enter into forward foreign exchange contracts, when necessary.

As we operate mainly in the PRC with most of the transactions settled in RMB, and our functional currency is U.S. dollars whereas functional currency of the subsidiaries operating in the PRC is RMB, our management considers that our business is not exposed to significant foreign exchange risk as our financial assets or liabilities denominated in the currencies other than the respective functional currencies of our entities are not significant.

Cash Flow and Fair Value Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates and we have no significant interest-bearing assets except for cash and cash equivalents, restricted cash, loan receivables and treasury investments at amortized cost, and details of which have been disclosed in note 25, note 22(a) and note 21 to the audited consolidated financial statements for the years ended December 31, 2022 and 2023 included in this offering memorandum.

Our exposure to changes in interest rates is also attributable to our borrowings and notes payable, details of which are disclosed in note 31 and note 32 to the audited consolidated financial statements for the years ended December 31, 2022 and 2023 included in this offering memorandum. Borrowings and notes payable carried at floating rates expose us to cash flow interest rate risk whereas those carried at fixed rates expose us to fair value interest rate risk.

As of June 30, 2024, our notes payable were carried at fixed rates, and our borrowings were partially carried at floating rates.

Price Risk

We are exposed to price risk in respect of financial assets measured at fair value held by us. We are not exposed to commodity price risk. To manage the price risk arising from our financial assets, we diversify our portfolio. Each investment is managed by senior management on a case-by-case basis. The sensitivity analysis is performed by management.

Credit Risk

We are exposed to credit risk in relation to our cash and cash equivalents, restricted cash, treasury investments, trade receivables, contract assets, and prepayments, deposits and other assets. The carrying amounts of each class of the above financial assets represent our maximum exposure to credit risk in relation to financial assets.

To manage credit risk arising from cash and cash equivalents, restricted cash and treasury investments, we only transact with state-owned or reputable financial institutions. Primarily these instruments are considered to have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are immaterial.

To manage credit risk arising from trade receivables and contract assets, we have policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 180 days considering their financial position, past experience, and other factors.

To manage credit risk arising from loan receivables, standardized credit management procedures are performed. For pre-approval investigation, we optimize the review process using big data technology through its platform and system, including credit analysis, assessment of collectability of borrowers, monitoring the cash flows status of the merchants, possibility of misconduct and fraudulent activities. In terms of credit examining management, specific policies and procedures are established to assess loans offering. For subsequent monitoring, we monitor the cash flows and operation status of each borrower. Once the loan is issued, all borrowers will be assessed by fraud examination model to prevent fraudulent behaviors. In post-loan supervision, we establish risk monitoring alert system through periodical monitoring. The estimation of credit exposure for risk management purposes is complex and requires use of models as the exposure varies with changes in market conditions, expected cash flows and passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default corrections between counterparties. We measure credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"). This is consistent with the general approach used for the purpose of measuring ECL under IFRS Accounting Standards 9.

For more details on our credit risks, see note 3 to the audited consolidated financial statements for the years ended December 31, 2022 and 2023 included in this offering memorandum.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, our policy is to regularly monitor our liquidity risk and to maintain adequate cash and cash equivalents or adjusted financing arrangements to meet our liquidity requirements.

Our Mission

Our mission is: "We help people eat better, live better."

We founded our Company with the belief that technology will make everyone's life better. We remain committed to investing in technology to accelerate the digitalization of local commerce, enriching the lives of consumers, empowering the operations of merchants, and elevating the overall social wellbeing of all participants in our ecosystem.

Overview

We are China's leading platform in local commerce. Operating in over 2,800 cities and counties in China, we have transformed the ways consumers enjoy their daily lives and merchants conduct their businesses. In the last twelve months ended June 30, 2024, we served over 750 million annual Transacting Users and over 13 million annual Active Merchants. We are China's leading on-demand delivery service provider, with an average daily order of approximately 65.2 million in the last twelve months ended June 30, 2024. Our in-store, hotel and travel business continue to grow robustly and maintains the leading position with a strong market presence.

Our one-stop platform in local commerce offers a full-spectrum of local commerce categories, addressing many aspects of consumers' daily lives through multiple fulfillment solutions. We offer an extensive matrix of goods and services through our flagship super app "Meituan app" and an array of other specialized apps, bringing quality offerings, convenience, and accessibility to consumers. Our strong brand awareness among all ecosystem participants makes us the go-to destination for consumers to discover local commerce, the preferred partner for merchants, and one of the top choices for couriers seeking flexible job opportunities. Through our leading position in on-demand delivery, we have established the consumer mindshare of "*speedy and instant*." Through our in-store, hotel and travel business, we aggregate high-quality merchants, combine traditional shelf-based model with mega-hit promotions and offer attractive deals, providing exceptionally cost-effective consumption experiences and fostering a compelling value proposition centered around "*value-for-money*."

As a super app, we are able to sustainably increase consumer purchase frequency and wallet share on our platform through effective cross-selling among different local commerce categories. For example, we effectively expand our user base through high-frequency services such as food delivery and direct them to medium-to-low frequency services, such as in-store, hotel and travel. In addition, as of June 30, 2024, more than 60% of our food delivery annual Transacting Users have been converted to users of Meituan Instashopping, which is our non-food on-demand delivery business. The breadth of our platform offerings and cross-selling capabilities enable us to benefit from lower user acquisition costs, reinforce our operational efficiency and improve user transaction frequency.

With the goal to accelerate the digital transformation of China's local commerce industry and support the business growth of merchants, we currently offer a comprehensive set of ROI-driven solutions to over 13 million annual Active Merchants. Our platform offers diverse marketing scenarios and a rich set of tools with high conversion rate and ROI. We empower merchants throughout the entire business cycle from new store opening campaigns to special promotions, integrating online and offline operations for an omnichannel experience. We solidified our competitive advantage in the shelf-based model by continuously improving our location-based service ("LBS") algorithms to enhance consumer-merchant matching efficiency and consumer conversion ratio. We have also achieved significant progress in promoting deep-discount and mega-hit products through new marketing campaigns and product formats. For restaurant merchants, especially small-to-medium sized merchants, our food delivery service provides efficient and cost-effective delivery services, helping them significantly expand customer reach and achieve business growth. Our in-store dining service also increases foot traffics for dine-in services, further supporting their growth. Our business-to-business food distribution service, Kuailv ("快驢"), and restaurant SaaS solutions also enhance merchant's operation efficiency and loyalty to our platform.

We operate the leading intra-city on-demand delivery network globally. Leveraging our leading delivery network infrastructure, we are able to onboard more merchants to Meituan platform, and in turn attract more consumers with wide merchant selections and superior speedy delivery experiences. For our food delivery business, our on-demand delivery network fosters strong economies of scale and tremendous network effect with high order density. This enables us to achieve a more optimized unit economic model and serve low-price band orders more efficiently, establishing a significant entry barrier for competitors. Meituan Instashopping continues to expand its offerings from food to a broader range of non-food categories, offering consumers more varieties and enhancing our delivery network's order density and operational efficiency throughout the day. Our efficient delivery network fosters a deep integration of online and offline retail, cultivating "Everything Now" ("萬物到家") as the new lifestyle across all city tiers. Our intelligent dispatch system utilizes AI technologies to optimize order-courier matching and route planning. The continuous optimization and iteration of the dispatch system further enhance delivery efficiency. We are also advancing our autonomous delivery technologies, especially autonomous driving vehicles and drones to optimize our on-demand, last-mile delivery experiences under various delivery scenarios, especially challenging delivery scenarios where human delivery is constrained.

Our platform benefits from a massive consumer and merchant base, along with a world-leading on-demand delivery network. The significant network effects create strong value for all ecosystem participants and enhance their stickiness and loyalty to our platform. Our on-demand delivery infrastructure and large consumer base attract more merchants, driving revenue opportunities. Consumers are drawn to our platform for a wider selection of merchants, products and categories and a reliable delivery experience. The large consumer and merchant bases lead to more orders and higher order density, enabling couriers to fulfill the deliveries more efficiently and earn more income on our platform. In addition, our large and engaged consumer and merchant bases generate authentic comments and reviews, enabling better decision-makings for consumers and enhanced service offerings for merchants.

We have achieved significant growth. We generate revenues from delivery services, commissions, online marketing services, and other services and sales. In 2021, 2022, 2023 and for the six months ended June 30, 2024, we had total revenues of RMB179.1 billion, RMB220.0 billion, RMB276.7 billion (US$38.1 billion) and RMB155.5 billion (US$21.4 billion), respectively. Our total revenue growth remained strong, growing by 22.8% from 2021 to 2022, 25.8% from 2022 to 2023 and 22.9% from the six months ended June 30, 2023 to the same period ended June 30, 2024, respectively. We have also been improving our margin profile. In 2021, 2022, 2023 and for the six months ended June 30, 2024, our gross margin was 23.7%, 28.1%, 35.1% and 38.3%, respectively, serving as a testament to our enhancing economies of scale and optimized operations. In addition, we also maintained a strong and stable cash balance and a healthy liquidity position.

Key Operating Data

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2021	**2022**	**2023**	**2023**	**2024**
			(in millions)		
Number of On-demand Delivery transactions	15,501.3	17,670.2	21,893.2	9,667.8	11,631.6

Our Strengths

Leading platform in local commerce with tremendous scale and network effect

We are China's leading platform in local commerce. Operating in over 2,800 cities and counties in China, we have transformed the ways consumers enjoy their daily lives and merchants conduct their businesses. In the last twelve months ended June 30, 2024, we served over 750 million annual Transacting Users and over 13 million annual Active Merchants. We are China's leading on-demand delivery service provider, with an average daily order of approximately 65.2 million in the last twelve months ended June 30, 2024. Our in-store, hotel and travel business continue to grow robustly and maintains the leading position with a strong market presence.

We believe that our food delivery business has outgrown the industry in the past few years. With broad merchant coverage across the country, we are able to offer a wide range of high-quality food selections to our consumers across diverse consumption scenarios. Through the innovation of new supply formats, we are also better positioned to serve the prevailing consumption preference for value-for-money options in lower-price band. As the leading player with a marketplace model in China's on-demand retail sector, Meituan Instashopping leads and accelerates the digitalization of various on-demand retail categories, cultivating "Everything Now" as the new lifestyle. We cover a wide range of categories, addressing consumers' demand under different consumption scenarios. We have also built the leading on-demand delivery network globally. For our in-store, hotel and travel business, leveraging our advantages in shelf-based model and extended capability in promoting mega-hit products, we have reinforced our position as the leading go-to platform in the local service industry. We empower merchants throughout their entire business cycle through a comprehensive set of ROI-driven solutions. Currently, we offer a diversified range of services spanning across more than 200 categories, assisting consumers in finding stores and discounts more conveniently.

Our platform benefits from a massive consumer and merchant base, along with a world-leading on-demand delivery network. The significant network effects create strong value for all ecosystem participants and enhance their stickiness and loyalty to our platform. Our on-demand delivery infrastructure and large consumer base attract more merchants, driving revenue opportunities. Consumers are drawn to our platform for a wider selection of merchants, product and service and a reliable delivery experience. The large consumer and merchant bases lead to more orders and higher order density, enabling couriers to fulfill the deliveries more efficiently and earn more income on our platform. In addition, our large and engaged consumer and merchant bases generate authentic comments and reviews, enabling better decision-makings for consumers and enhanced service offerings for merchants.

The "Super App" with full-spectrum local commerce categories and strong brand awareness

Our one-stop platform in local commerce offers a full-spectrum of local commerce categories, addressing many aspects of consumers' daily lives through multiple fulfillment solutions. We offer an extensive matrix of goods and services through our flagship super app "Meituan app" and an array of other specialized apps, bringing quality offerings, convenience, and accessibility to consumers.

We are the go-to destination for consumers to discover local commerce, the preferred partner for merchants, and one of the top choices for couriers seeking flexible job opportunities. Through our leading position in on-demand delivery, we have established the consumer mindshare of "*speedy and instant*." Through our in-store, hotel and travel business, we aggregate high-quality merchants, combine traditional shelf-based model with mega-hit promotions and offer attractive deals, providing exceptionally cost-effective consumption experiences and fostering a compelling value proposition centered around "*value-for-money*."

As a super app, we are able to sustainably increase consumer purchase frequency and wallet share on our platform through effective cross-selling among different local commerce categories. For example, we effectively expand our user base through high-frequency services such as food delivery and direct them to medium-to-low frequency services, such as in-store, hotel and travel. In addition, as of June 30, 2024, more than 60% of our food delivery annual Transacting Users have been converted to users of Meituan Instashopping, which is our non-food on-demand delivery business. Our consumer-facing new initiatives have also helped us attract more user traffic, strengthened our brand awareness, and created cross-selling opportunities for our Core local commerce segment.

The breadth of our platform offerings and cross-selling capabilities enable us to benefit from lower user acquisition costs, reinforce our operational efficiency and improve user transaction frequency. In the last twelve months ended June 30, 2024, our average number of transactions per annual Transacting User exceeded 50, representing a significant growth from 26 transactions in the same period ended June 30, 2019.

Leading intra-city on-demand delivery network globally

We operate the leading intra-city on-demand delivery network globally, positioning us at the forefront of "30-minutes on-demand delivery service" with strong consumer mindshare. In the last twelve months ended June 30, 2024, our average daily order volume of on-demand delivery exceeded 65 million. Leveraging our leading delivery network infrastructure, we are able to onboard more merchants to Meituan platform, and in turn attract more consumers with wide merchant selections and superior speedy delivery experiences. For our food delivery business, our on-demand delivery network fosters strong economies of scale and tremendous network effect with high order density. This enables us to achieve a more optimized unit economic model and serve low-price band orders more efficiently, establishing a significant entry barrier for competitors.

Leveraging our on-demand delivery network built for food delivery, Meituan Instashopping continues to expand its offerings from food to a broader range of non-food categories, offering consumers more varieties and enhancing our delivery network's order density and operational efficiency throughout the day. Our efficient delivery network fosters a deep integration of online and offline retail, cultivating "Everything Now" ("萬物到家") as the new lifestyle across all city tiers.

Our intelligent dispatch system utilizes AI technologies to optimize order-courier matching based on the real-time locations of delivery couriers and run the route planning algorithms billions times per hour during the daily peak time. The continuous optimization and iteration of the dispatch system further enhance delivery efficiency. We are also advancing our autonomous delivery technologies to optimize our on-demand, last-mile delivery experiences under various delivery scenarios, especially challenging delivery scenarios where human delivery is constrained. We launched autonomous delivery vehicles in specific areas in Beijing in 2020, and have expanded to more regions. We are also advancing the low-altitude air logistics industry with drones, aiming to revolutionize the delivery process to be faster, safer, and more efficient.

Extensive local merchant coverage with innovative supply formats and comprehensive merchant solutions

With the goal to accelerate the digital transformation of China's local commerce industry and support the business growth of merchants, we currently offer a comprehensive set of ROI-driven solutions to over 13 million annual Active Merchants.

Our platform offers diverse marketing scenarios and a rich set of tools with high conversion rate and ROI. We empower merchants throughout the entire business cycle from new store opening campaigns to special promotions, integrating online and offline operations for an omnichannel experience. In addition, we solidified our competitive advantage in the shelf-based model by continuously improving our location-based service ("LBS") algorithms to enhance consumer-merchant matching efficiency and

consumer conversion ratio. We have also achieved significant progress in promoting mega-hit products via innovative marketing formats. For example, we launched several new marketing campaigns such as Shen Qiang Shou ("神搶手") and Special Deals sessions ("特價團購"). These marketing formats enable merchants to leverage live streaming or short-form videos to create and promote deep-discount, mega-hit products for a selected number of SKUs, attracting consumers with vivid recommendations and content displays and exceptional value-for-money proposition.

For restaurant merchants, especially small-to-medium sized merchants, our food delivery service provides efficient and cost-effective delivery services, helping them significantly expand customer reach and achieve business growth. Our in-store dining service also increases foot traffics for dine-in services, further supporting their growth. Our business-to-business food distribution service, Kuailv ("快驢"), and restaurant SaaS solutions also enhance merchant loyalty to our platform. As of June 30, 2024, both Kuailv and restaurant SaaS solutions have served millions of active restaurant merchants, with a significant portion being our food delivery or in-store dining merchants. Our service offerings optimize restaurant merchants' online operations by expanding customer reach through our food delivery channel, enhancing raw material procurement, and improving customer relationship and financial management in one platform, effectively enhance their sales performances.

We are continuously innovating supply formats to cater to the ever-changing consumer demands across a wider range of price band and consumption scenarios, supplementing existing offerings from merchants and more adequately serving consumers' demand. For our food delivery business, we expanded Pin Hao Fan ("拼好飯") to hundreds of cities to better satisfy consumer demands in value-for-money selections. Pin Hao Fan is an innovative model where we guide merchants to provide selected low-priced dishes and encourage consumers to place group orders for such dishes, to lower prices and delivery cost by increasing sales volumes and group delivery format. For Meituan Instashopping, our Meituan InstaMart ("美团闪电仓"), the front-distribution retail stores run by third-party merchants with our platform support on digital operations, has effectively enriched our platform offerings and complemented the traditional offline supplies, with continuous expansion into more regions and more categories.

Management with long-term vision and proven execution capabilities

Our management team pioneered the local commerce model globally. Led by their vision, we have evolved from a single-category service provider into a comprehensive multi-category local commerce platform. We have expanded our footprints from large cities to small cities and counties across China, creating a truly "online + offline" integrated operating model with nationwide coverage. We have established our leadership position in multiple businesses, such as on-demand delivery, in-store dining, other in-store services, restaurant SaaS and Kuailv, etc. We have extended our platform from serving only consumers to serving merchants and the supply side as well, driving digital transformation across the entire local commerce value chain. In response to the ever-evolving external environment and shifting consumption trend, we are continuously iterating and refining our products and strategies to better serve consumer demand, driving sustainable business growth with solid profitability. We launched food delivery brand Keeta in Hong Kong in May 2023 and have achieved solid progress under the prudent execution of our management team. In the long term, we plan to prudently explore markets outside of China with an ROI-driven approach in order to capture additional growth opportunities. Overall, we have demonstrated strong execution capabilities to capture emerging business opportunities.

Our management believes that our success is measured by the value that we create for consumers, merchants and the society, which requires patience and persistence over the long term. We will continue to improve ourselves and are committed to pursuing long-term success.

Strong financial profiles driving sustainable growth and value creation

We have demonstrated robust revenue growth and strong profitability, and have generated positive cash flows from our operations. In 2021, 2022, 2023 and for the six months ended June 30, 2024, we had total revenues of RMB179.1 billion, RMB220.0 billion, RMB276.7 billion (US$38.1 billion) and RMB155.5 billion (US$21.4 billion), respectively. Our total revenue growth remained strong, growing by 22.8% from 2021 to 2022, 25.8% from 2022 to 2023 and 22.9% from the six months ended June 30, 2023 to the same period ended June 30, 2024, respectively. Our net profit was RMB13.9 billion (US$1.9 billion) and RMB16.7 billion (US$2.3 billion) in 2023 and for the six months ended June 30, 2024, respectively. In 2022, 2023 and for the six months ended June 30, 2024, we had non-IFRS Accounting Standards adjusted EBITDA of RMB9.7 billion, RMB23.9 billion (US$3.3 billion) and RMB23.1 billion (US$3.2 billion), and non-IFRS Accounting Standards adjusted net profit of RMB2.8 billion, RMB23.3 billion (US$3.2 billion) and RMB21.1 billion (US$2.9 billion), respectively. For these same periods, we also had net cash generated from operating activities of RMB11.4 billion, RMB40.5 billion (US$5.6 billion) and RMB25.0 billion (US$3.4 billion), respectively.

We have been improving our margin profile. In 2021, 2022, 2023 and for the six months ended June 30, 2024, our gross margin was 23.7%, 28.1%, 35.1% and 38.3%, respectively, serving as a testament to our enhancing economies of scale and optimized operations. Our operating margin was 4.8% and 10.6% in 2023 and for the six months ended June 30, 2024, respectively, demonstrating our commitment to efficiency optimization and cost management. Credit to substantial efficiency improvement, the operating loss of our New Initiatives segment has narrowed significantly. The operating margin of our New Initiatives segment has improved by 36.6, 19.0 and 21.4 percentage points from 2021 to 2022, 2022 to 2023, and the six months ended June 30, 2023, to the six months ended June 30, 2024, respectively, and we expect the losses to continue to narrow in the future.

We have also maintained a strong and stable cash balance and a healthy liquidity position. As of June 30, 2024, we held cash and cash equivalents of RMB54.7 billion (US$7.5 billion) and short-term treasury investments of RMB78.5 billion (US$10.8 billion). Our borrowings and notes payable as of June 30, 2024 were only RMB1.5 billion (US$208.6 million) and RMB36.0 billion (US$4.9 billion), resulting in a net cash position.

Our Strategies

As a tech-driven retail company, we remain steadfast in the implementation of our "Retail + Technology" strategy to fulfill our mission that "We help people eat better, live better." We are dedicated to offering a full spectrum of goods and services to cater to our consumers' evolving needs, in order to create an enriched and elevated experience on our platform. By providing a full suite of marketing and operation solutions, we also strive to deliver greater value to merchants to help them grow. Going forward, we will continue to invest in research and technology to enhance and enable the retail sector. We intend to work closely with all ecosystem participants to better fulfill our social responsibilities and deliver more social value. The key elements of our strategy to further grow our business include:

Foster deeper collaboration across all business lines and serve more consumers more frequently

Growth in our consumer base and purchase frequency is the fundamental driver for our business. We intend to attract new consumers and increase their purchase frequency and ARPU through continuous iteration of our products, thereby increasing our wallet share. We aim to create high-quality and comprehensive experience for consumers across various categories and scenarios of local commerce, from demand discovery to product fulfillment.

Our organizational restructuring this year has paved the way for deeper integration across business lines of our Core local commerce segment. We plan to better align consumer needs with platform supply, and further improve our brand recognition in local commerce. For example, we will continue to convert our high-quality food delivery users to Meituan Instashopping and encourage them to use our on-demand

retail services in more categories and more frequently. We also plan to further increase the transaction frequency of our in-store, hotel and travel businesses through the upgraded membership program ("神會員") and other collaborative marketing tools.

Additionally, our various new initiatives will continue to serve as new touch points which enable us to reach more consumers, increase the overall consumption frequency of our consumer base and capture additional cross-selling opportunities with our Core local commerce segment.

Further strengthen platform supply and empower more merchants throughout their business cycle with our comprehensive solutions

Merchants are critical to the success of our business. We seek to further expand our merchant base in each local commerce category and penetrate deeper into the industry value chain. We aim to empower a broader merchant base with more diverse and integrated solutions over their entire business cycle from new store opening and daily operation to delivery, traffic acquisition, marketing, and others.

We will continue to optimize our shelf-based model with location-based intelligent recommendations to further improve user conversion. We will further strengthen our capabilities to help merchants create mega-hit products via innovative product formats such as Shen Qiang Shou ("神搶手") and Special Deals ("特價團購"), with new marketing formats such as live streaming and short-form videos. We also plan to further develop other merchant services including business-to-business food distribution services and restaurant SaaS to enhance merchant stickiness.

We will continue to actively explore innovative models to strengthen our platform supply and better address consumers' diverse needs. We aim to further expand the geographical coverage and categories offered by Meituan InstaMart ("美团闪电仓"), which will allow us to supplement traditional offline supplies with more comprehensive product offerings, enhance price competitiveness, elevate consumers' shopping experience and capture additional market demand. We will further finetune the business model of Pin Hao Fan ("拼好飯") to strengthen our value-for-money supply and serve the low-price band demand more efficiently. We believe our continuous explorations and innovations in the industry supply chain will further solidify our competitive advantages and drive sustainable growth of our platform.

Continue to grow our on-demand retail business and cultivate the "Everything Now" lifestyle for consumers

On-demand retail has empowered and accelerated the digital transformation of offline retail, popularizing "Everything Now" as the new lifestyle for consumers. Our continuous investment in our world's leading on-demand delivery network has allowed us to expand our offerings from food to a broader range of retail categories. We aim to make 30-minute delivery a new norm and further cultivate the consumer mindshare in on-demand delivery across a wider range of categories and consumption scenarios.

Leveraging our large and growing food delivery consumer base, we aim to further increase our user penetration for on-demand retail across all city tiers. There is also tremendous room to improve the transaction frequency, ARPU and the number of categories purchased by each consumer as we relentlessly enhance our platform supply. We plan to capture the evolving consumption trend and introduce more emerging categories. We also plan to onboard a wide range of merchants and deepen collaborations with more brands. For certain categories, we will become more deeply involved in the industry supply chain, enriching our offerings and elevating consumer experience. We will continue to explore and innovate in new supply formats that are specifically tailored to the on-demand consumption scenario, and expand to more geographic coverage across China.

Accelerate online penetration of in-store, hotel and travel businesses across geographies

Online penetration for local services industry is still relatively low with significant room for growth. We aim to onboard more merchants and explore additional opportunities in new categories to capture evolving consumption trends. We plan to enhance price competitiveness by leveraging our strengths in shelf-based model as well as our increasing efforts in promoting mega-hit products, and reinforce our value-for-money consumer mindshare through our new brand name Meituan Groupbuy ("美团团购") and innovative marketing campaigns.

With majority of China's mobile internet users coming from third-tier cities and below, we see tremendous market potential in the local commerce industry in lower-tier cities. As we have already become the leader in on-demand delivery in lower-tier cities, we aim to capture growth opportunities and strengthen our competitive advantages of in-store services in lower-tier cities as well. We will design and implement tailored strategies for different local markets and continue to refine our operations.

Continue to invest in research and development and technological innovations

We aim to continue to develop and invest in cutting edge technologies such as AI, autonomous delivery technologies and robotics, in order to enable technological advancements, further enhance customer experience, increase delivery efficiency, and drive digital transformation across the entire industry value chain.

From a long-term perspective, we believe that autonomous delivery vehicles and unmanned aerial vehicles will form an urban delivery network that integrates aerial and ground transportation together with the couriers. We plan to further develop autonomous delivery technologies to enhance delivery efficiency, provide supplementary delivery capacity, and meet consumer demand across various scenarios.

In addition, we will continue to develop our own foundation models and applications, while cooperating with external parties. We intend to further integrate AI applications into our business to elevate consumer experience, improve marketing and operational efficiency for merchants, and enhance the overall efficiency of our platform.

Prudently expand into overseas markets with financial discipline

Global expansion is a part of our long-term growth strategy. Leveraging our industry know-how and operational capabilities in Mainland China, we successfully launched food delivery business in Hong Kong under the Keeta brand in 2023. Within one year, Keeta has become a leading player in the city by number of orders. In September 2024, we began a trial operation of Keeta in Saudi Arabia to expand our services in Middle East. Going forward, we plan to prudently assess and explore markets outside of China with an ROI-driven approach in order to capture additional growth opportunities.

Our Businesses

We operate in over 2,800 cities and counties in China and have become the leading platform and a household name for local commerce in China. Adhering to the "Retail + Technology" corporate strategy, we have been investing in technology to enhance and enable both goods retail and services retail. As a super app, we develop our comprehensive suite of offerings with the purpose of providing diversified and integrated local commerce to satisfy the increasingly diverse needs of consumers in a more accessible, efficient, and personalized way. With the goal to capture digital transformation of China's local commerce industry, we offer a comprehensive set of ROI-driven solutions to over 13 million annual Active Merchants, accelerating their digitalization and enhancing their business growth. Driven by our mission that "we help people eat better, live better", we remain committed to accelerating the digitalization of local commerce, enriching the lives of consumers, empowering the operations of merchants, and elevating the overall social wellbeing of all participants in our ecosystem.

Core Local Commerce

Our Core local commerce segment comprises of the on-demand delivery business as well as our in-store, hotel and travel businesses.

On-Demand Delivery

Our on-demand delivery businesses, primarily including food delivery and Meituan Instashopping businesses, powered by our on-demand delivery network, enable consumers to place orders for food and retail products prepared by merchants through our online marketplace interfaces and provide merchants with options to either engage us to provide the delivery service or delivery by themselves. In the last twelve months ended June 30, 2024, average daily number of on-demand delivery transactions reached approximately 65.2 million.

Food Delivery

Our food delivery mainly includes delivery of ready-to-eat meals prepared by restaurants. We operate the leading intra-city on-demand delivery network globally, covering over 2,800 cities and counties in China as of June 30, 2024. Food delivery order volume and purchase frequency have continued to grow healthily even after 11 years of launching.

Our food delivery transactions were primarily generated on our Meituan, Meituan Waimai, and Dianping apps. Consumers may also access our food delivery service through the Weixin mini program. Consumers enter or confirm the GPS-positioned delivery address and are presented with nearby restaurants that provide delivery services. Consumers can further filter the results based on cuisine types, popularity, proximity, and certain other features such as delivery speed, ratings, and average spending per person. They can also search merchant names or menu items directly. Once consumers have found what they are looking for, they can provide specific instructions and make payments through various payment channels. Once we receive an order, we transmit it to the restaurant, save the consumer preference for future orders, and automatically dispatch the order to appropriate couriers leveraging our intelligent dispatch system.

As consumer preference keeps evolving, we have been proactively exploring innovative business models and refining our operations in product, marketing, and supply during the past decade. To better capture the evolving consumer needs for low-price band food offerings, we have been expanding Pin Hao Fan ("拼好饭") model that encourages consumers to place group orders for specific low-priced popular dishes offered by merchants. Merchants are motivated to reduce their product prices due to the increased sales volume, allowing consumers to enjoy more cost-effective meals. By grouping the delivery of multiple orders, we can lower average delivery cost and more efficiently serve the consumer demand for value-for-money options. We have also launched Brand Satellite Store ("品牌衛星店"), where merchants do not offer in-store dining, but rather only provide high-quality and value-for-money food delivery services. Through leveraging existing brand value and operations under a leaner cost structure, merchants can offer products with the same quality but at a more affordable price compared to in-store dining. We have collaborated with and motivated merchants to offer Small Portion Dishes/Rice ("小份菜/飯") and Meal-For-One ("一人食"), providing consumers with diverse portion choices. We have also been constantly iterating our marketing formats, and have launched various mega-hit promotions with larger traffic and more visually-appealing marketing tools to supplement our shelf-based model. Since March 2023, we have rolled out "Shen Qiang Shou" ("神搶手") that integrates live streaming, short-form videos and other formats to sell discounted high-quality products. Consumers can stockpile coupons and deals in advance, which incentivize demand under non-instant scenarios, driving incremental growth. This innovation helps merchants display their offerings in a more vivid and interactive manner, and effectively increases merchants' sales. Our food delivery membership program offers benefits including special discounts and discounted coupon packages to members. Our members have significantly higher transaction frequencies compared to non-members. Recently, we have extended the food delivery membership benefits to our in-store, hotel and travel businesses, providing more diversified value-for-money products to consumers.

We work closely with millions of restaurant merchants and brands, and facilitate their digital operations. We constantly onboard new merchants, including chain restaurants as well as small- and medium-sized merchants, enriching our platform supply. Our comprehensive marketing solutions and various marketing campaigns can effectively increase merchants' sales, and enable merchants to acquire customers and increase retention at higher efficiency. Merchants have demonstrated increasing willingness to adopt our advertising products.

Meituan Instashopping

Meituan Instashopping is the leading player with a marketplace model in China's in on-demand retail sector, connecting millions of local retailers and brands with hundreds of millions of consumers. Meituan Instashopping leads and accelerates the digitalization of on-demand retail, popularizing "Everything Now" ("萬物到家") as the new lifestyle. Leveraging the on-demand delivery network, Meituan Instashopping expands our offerings beyond prepared meals, and further amplifies the value and network effect of our on-demand delivery network. We currently cover a wide range of categories, including medicine, groceries, fruits, flowers, alcohol, electronic products, apparels, mother-and-child products, pet care products, etc., allowing us to address consumers' demand under different consumption scenarios.

Traditional retail industry has ample room for further digitalization, across wide geographic coverage and various product categories and consumption scenarios. Traditional offline retailers have been actively embracing the on-demand delivery channel, and we have formed strategic partnerships with hundreds of well-known brands. Retailers and brands are also relentlessly diversifying their SKU offerings to cater to the on-demand retail channel. As a result, the quality and diversity of supply on our platform have remarkably increased over the years. We offer merchants comprehensive digital operation solutions that encompass the whole process of online store set-up, product listing traffic support and marketing activities, reinforcing merchants' confidence in moving supply to on-demand channel. We are also rapidly expanding our new supply format, Meituan InstaMarts ("美团闪电仓"), which are front-distribution retail stores run by merchants with our platform support on digital operations, specifically tailored to the on-demand channel with more diverse product offerings and higher efficiency. Meituan InstaMarts ("美团闪电仓") continue to draw a growing number of merchants and external partners to collaborate with our platform. This new supply model has further potential to penetrate into more low-tier cities and expand to a wider range of categories. We also offer consumers one-stop and round-the-clock online health services, including quick home testing, online consulting, medicines delivery, and 24-hour pharmacies services in partner with chain pharmacies.

Our enhanced platform supply has progressively translated into improvement in consumers' experience. Our user base for Meituan Instashopping has expanded across city tiers with increasing purchase frequency. As of June 30, 2024, more than 60% of food delivery annual Transacting Users have converted into Meituan Instashopping users, representing our high-quality user base who have stronger purchasing power and are stickier to our platform. Consumers now use Meituan Instashopping across a wider range of scenarios. Meituan Instashopping has now formed a self-reinforcing loop in which demand and supply strengthen each other, demonstrating enormous potential for long-term growth.

On-Demand Delivery Network

A highly efficient on-demand delivery network is essential to our businesses. Our delivery network brings convenience to people's daily lives, enables merchants to reach a broader audience, and offers abundant employment opportunities and creates social value. Our delivery capabilities and efficiency continue to contribute to the broader logistic network of the community as a critical component.

We have built and currently operate the world's leading on-demand delivery network in terms of the number of deliveries in 2023 which covers over 2,800 cities and counties. Merchants on our platform have the option to either engage us to provide the delivery service or deliver by themselves. Thanks to our delivery network, having everything delivered in 30 minutes has become a new lifestyle. We are confident that our delivery network will help shape the trends of people's lifestyle in the new era.

We continuously cultivate an employment "reservoir," providing stable job positions and reliable income for couriers, empowering individuals from diverse backgrounds to build rewarding careers. In 2023, around 7.45 million of delivery couriers earned income from Meituan platform.

In-Store, Hotel and Travel

We offer digitized daily consumer services outside consumers' home and office settings, including in-store dining, other in-store services, hotel and alternative accommodation reservation, and travel services. Our in-store, hotel and travel businesses primarily enable consumers to purchase local services provided by merchants at an attractive price in numerous in-store categories or make reservations for hotels, alternative accommodation, attraction ticketing, and transportation ticketing. As we proactively captured the acceleration of digital transformation of local commerce, GTV of our in-store, hotel and travel businesses increased tremendously in 2023 and remained strong growth momentum during the six months ended June 30, 2024. The annual Transacting Users and annual Active Merchants continued to reach new highs.

Our in-store, hotel and travel services bring online consumers to offline merchants. "In-store" refers to the specific use case from a consumer perspective to consume the services offline in a physical location where the merchants conduct their businesses. On our platform or through the Weixin mini program, consumers can search and discover merchants, check reviews, make reservations, purchase e-vouchers, order food, make online payments, and write reviews. Our full-spectrum content offerings help consumers discover local commerce that fits their demands, and cultivate a highly engaged local community. Our unique interest-based feeds further fuel user engagement and drive merchant exposure through location-based features, our rich and interactive content, and customized recommendations powered by complex algorithms and data analytics capabilities.

We offer merchants diversified marketing solutions and tools in order to meet their various marketing needs, including performance-based paid searches, brand displays, coupons and smart marketing tools, and other packaged marketing solutions. These solutions and tools help merchants improve marketing efficiency and reach more targeted consumers. We customize our online marketing solutions based on city tiers and services. In order to encourage more merchants onboard our platform, we lower the threshold of subscription-based services for certain categories in lower-tier cities and simplify the merchant onboarding process. We aim to provide higher ROI for online marketing services to meet merchant needs in different scenarios, including daily operations, new store openings, promotional activities, and mega-hit products sales events, ensuring that merchants can effectively reach their target audiences and maximize their return on investment.

Since 2023, we have started to introduce a combination of mega-hit promotions in addition to our traditional shelf-based search model to provide vivid recommendations for consumers and satisfy their stockpiling needs. Merchants on our platform may participate in our innovative products such as Special Deals sessions ("特價團購"), and leverage live streaming to offer a diverse selection of discounted value-for-money deals to consumers. For Special Deals sessions, we provide merchants with tailored recommendations on product selections and pricing, offer customers mega-hit, lower priced selections for selected SKUs. For live streaming, we attract consumers with vivid recommendations and content displays and exceptional value-for-money proposition of selected SKUs.

In-Store Dining

We operate a powerful online platform for in-store dining services in China. The rich user content and other information available on our platform enable consumers to make informed decisions in selecting desirable restaurants. With input from our review contributors, consumers are able to quickly identify attractive features and potential issues of restaurants, and most of the restaurants are tagged with relevant features such as free parking, free Wi-Fi, baby chairs, smoke-free, or late evening dining. Consumers can also take advantage of various themed posts where local foodies in our communities share their dining experiences. Consumers can browse restaurants as well as filter results by a number of criteria, package deals or promotions, available-for-reservations, new restaurants only, and good for groups. Consumers can also sort the listed restaurants by price, proximity, popularity, and rating.

We provide attractive restaurant deals to consumers. Consumers can purchase package deals and e-vouchers that can be redeemed in the restaurants directly through our apps, typically at discounted prices compared with making in-store payments to the restaurants directly. We also offer deals with restaurants through live streaming, where consumers are able to comprehensively learn about the cuisines and deals offered by restaurants. Through live streaming, we can showcase the highlights for each cuisine and deal, which can drive consumers' immediate interest. Our versatile packaged deals are able to facilitate a variety of consumption scenarios, such as eating alone, dating, family eating out, business meals, and other gatherings, so that everyone is able to benefit from our restaurant deals. We also offer "Pickup Now" service ("秒提"), which allows consumers to order online and pickup in store immediately. It's a complementary to our food delivery and in-store dining services. In addition, consumers can quickly and conveniently book tables at restaurants using our mobile apps for free or make reservations at certain high-end restaurants for a fee, without having to call restaurants. Using our apps, consumers can also put their names on the waiting list of restaurants and monitor the lineup remotely, and even browse menus and order food online, without having to visit and queue at the restaurant.

We also further elevate user experience of our in-store dining services by optimizing our theme-based marketing events and organizing more diversified online and offline promotions such as "Must-Eat List" ("必吃榜"), "Must-Eat Festival" ("必吃節"), and "Black Pearl Restaurant Guide" ("黑珍珠榜單"), which enable high-quality merchants to further enhance their brand awareness and transaction conversions on our platform.

Other In-Store Services

Leveraging the large number of consumers in the high-frequency categories, we cross-sell low-frequency and high-value services covering a wide range of categories. Consumers make purchases principally in the form of package deals and e-vouchers.

- Leisure and Entertainment. We connect consumers with merchants that meet a variety of leisure and entertainment needs, ranging from karaoke clubs, pet services, sports and fitness, game centers, escape rooms, live houses, bars, tea houses and cafes.

- Beauty, Medical Aesthetic, and Healthcare. Consumers visit our beauty, medical aesthetic, and healthcare categories to discover and transact with businesses such as hairdressers, mani-pedis, skin care, medical beauty clinic, dental clinic, and many more services.

- Parent and Children. We help meet parents' needs to explore diversified children-related services, including pregnancy care, child photography, child entertainment facilities, early education centers, and family-friendly shopping malls. Meanwhile, we connect users with sports training, overseas education application services, language services and professional training.

- Life Events. Our offerings also cover the consumer needs for daily life events, such as wedding and related services, home decoration, car washing, and house cleaning and maid services.

We continuously expand into broad categories of new in-store services and provide more diversified and personalized experiences to capture the growth opportunities from evolving consumer demands. By diversifying our offerings, we aim to attract a broader audience and create more opportunities for our merchants to engage with consumers.

In addition, merchants of our other in-store services also participate "Special Deals" sessions and promote their mega-hit products via live streaming. In particular, we further optimized our theme-based marketing events featuring public holidays and popular festivals to present an immersive experience to consumers, improving transaction conversion efficiency.

Expanding from our "Must-Eat List", we also regularly publish our "Must List Series", including "Must-Shop List" for shopping malls, and "Must-Go List" for cities. The "Must List Series" have further strengthened our unrivaled brand awareness among consumers and helped to reinforce the positioning of

our platform as both the most reliable online marketing channel for merchants as well as the go-to platform for consumers to discover and explore local commerce in a wide range of categories.

Hotel and Travel

We are a leading online hotel and travel platform in China. We satisfy consumer demand in hotel and travel-related recommendations and experiences thanks to our continuous enhancement in supply, pricing capabilities and service quality. Our major type of cooperation arrangement with hotels is the prepaid model, under which consumers book and prepay for hotel room nights. Payments to the hotels are collected by us first, which are then remitted to hotels after deducting our commissions following the actual consumption of hotel room nights.

We offer wide selections of hotel accommodations, ranging from mass-market hotels to high-star hotels to alternative accommodations. Thanks to our first mover advantage in lower-tier markets as well as the evolving consumption trend with niche and small destinations gaining popularity, we have maintained our leadership in low-star hotels and facilitated the digital transformation process in this domain. For high-star hotels, we continuously iterated our Hotel+X packaged deal products and leveraged our unique positioning to provide consumers with one-stop travel experience that includes accommodations, attraction ticketing, dining, entertainment, and more. We also offer broad selections of alternative accommodations, and have gained leadership position in the domestic market.

Furthermore, we continue to improve our products and services through a combination of traditional shelf-based model, as well as live streaming, helping consumers make informed decisions and helping merchants acquire user traffic, sell mega-hit products, and improve operational efficiency.

New Initiatives

Our new initiatives primarily include grocery retail, restaurant SaaS, mobility services and others.

Grocery Retail

Our grocery retail businesses consist of Meituan Select, Xiaoxiang Supermarket and business-to-business food distribution services (also known as Kuailv), providing a wide spectrum of goods retail with varied geographical coverage and business models.

Meituan Select (“美团优选”)

We launched our community e-commerce business “Meituan Select” in July 2020 and expanded to more than 2,000 cities and counties, covering vast majority of the cities and county districts in China with a focus in offering grocery and daily necessities in lower-tier markets. By the end of 2023, Meituan Select had accumulated over 500 million Transacting Users.

Meituan Select generally applies a pre-sale and next-day delivery model. Through Meituan app, Meituan Select app or the Weixin mini program, our platform sources goods from selected suppliers via a smart-sorting system and aggregates orders from consumers placed online. We have built the next-day delivery network in lower-tier cities, featuring numerous self-pickup stations in towns and townships. Leveraging the nationwide multi-tiered warehousing and logistics network, we deliver goods from suppliers to designated self-pickup points on the next day of the order. We have developed cold-chain logistics for a broad range of fresh agricultural products to ensure the freshness and stable quality of delivery, promoting the sale of local specialty farm-fresh produce to the national market. Our effective order fulfillment, strong supply chain and logistic capacities and a large network of pick-up stations enable us to provide efficient merchandise service and bring convenience to consumers across China, particularly in the lower-tier cities.

On the supply side, a majority of the goods on our platform are sourced from different local suppliers or distributors. By collaborating with regional authorities and local farmers, we source fresh produce and frozen goods directly from farmers to improve our supply chain efficiency, as well as help farmers generate additional revenues and offer lower prices for consumers. On the consumer side, we offer selected SKUs at large quantities, which would enable us to negotiate attractive prices and ship directly to locations near consumers. Consumers, especially those in lower-tier cities, counties and rural areas, can access more selections with more reliable quality, lower prices and next-day delivery. We work with group leaders in each community to assist new consumers with the ordering process and help manage the self-pickup sites. We bring additional income as well as more offline foot traffic to those group leaders.

Meituan Select is part of our online grocery strategy. At the beginning of 2024, we refined our business strategies in Meituan Select, to focus more on loss reduction and high-quality development. We prioritize on building key competences and improving user experience, rather than focusing on nationwide market share. Therefore, in the first half of 2024, operating loss for Meituan Select narrowed significantly compared to the same period in 2023 and we expect the losses to continue to narrow in the future.

Xiaoxiang Supermarket ("小象超市")

In December 2023, we upgraded the former Meituan Grocery to a new brand, Xiaoxiang Supermarket, which marks the official transition from grocery to online supermarket, covering an increasing variety of products including fresh grocery, foods, snacks, beverages, personal hygiene, daily supplies and cosmetics, to capture consumer mindshare and cultivate consumer habits of Meituan as the go-to-destination for local supermarket services delivered to their doorsteps. In the first half of 2024, Xiaoxiang Supermarket achieved strong GTV growth, driven by steady increases in both our user base and purchase frequency.

Consumers may place order through our Xiaoxiang Supermarket app, Meituan app or Weixin mini program and receive offline delivery to their home addresses as fast as within 30 minutes. We work extensively to expand our product offerings in all means. On the one hand, we diversify our product selections to provide consumers with more high-quality items in cooperation with well-rated suppliers on the mobile app; on the other hand, we build up our private labels such as Xiang Chef ("象大廚"), Xiang Good Deal ("象划算") and Xiang Good Selection ("象優選") to diversify supply channels and satisfy various consumption demands.

Leveraging our self-operated front distribution centers and on-demand delivery capabilities, Xiaoxiang Supermarket targets to meet the daily necessity needs of consumers who value high quality supply, and convenient on-demand experience. We take control of the supply chain, including inventory management, to ensure quality of carefully curated SKUs available to consumers. Our front distribution centers are located in high-density communities and aim to serve a consumer base within a short radius locally and deliver groceries in a timely manner or another specified time by means of high-efficiency delivery services.

Business-to-Business Food Distribution Services, Kuailv ("快驢")

We aim to help merchants establish and maintain a more efficient supply chain through our business-to-business food distribution services. Our services allow restaurants to order raw materials, food ingredients, and disposable restaurant supplies, and also provide delivery services for these items. By bringing mobile commerce to restaurant procurement, we help merchants improve operating efficiency. Our business-to-business food distribution service enables merchants to see real-time prices and inventories. They can order whenever and wherever they want, and we provide next-day delivery services. We focus on the development and maintenance of targeted merchants as well as the growth of average revenue per restaurant through an increase in their wallet share, purchase frequency, and ticket size. In addition, we dynamically adjust our product structure to better satisfy the demands of our targeted merchants.

Restaurant SaaS Systems

We have developed restaurant SaaS systems enabling restaurants to accept payments, streamline operations, and analyze business information. The systems include hardware and software that integrate and digitalize table booking, digital menu, online order placement, queue management, takeout delivery, kitchen management, multiple payment methods, pre-paid coupons, invoicing, inventory, payroll, and customer relationship management into one system with cloud connection, thus streamlining merchants' offline and online operations, improving merchants' efficiencies and lowering costs. Our restaurant SaaS systems feature comprehensive ERP functionalities. Some of the most popular features include:

- Seamless support across food delivery order, in-store purchase group buying, reservation, queuing, payment, and restaurant review.

- Multiple scene ordering with digital menu, such as mobile phone ordering, Pad ordering, all-in-one machine ordering and queue pre-ordering.

- Various payment methods, such as barcode scanning box, barcode scanning gun, point of sale ("**POS**") payment, front desk code, membership card and table code.

- Diverse marketing support, such as marketing for store opening and restaurant promotion.

- Digital supply chain including storage, distribution, and inventory management.

- Business analytics and membership management.

- Financial auditing and financial management.

We also provide restaurants with a variety of hardware supplies such as touch-screen order panels, POS terminals, QR code scanners, and printers. For restaurants that still use Windows-based software, we also provide open application programming interfaces, which make our system compatible and capable of directly connecting with these restaurants' existing ERP systems, in order to help them perform certain cloud-based functions, such as online order placement. In addition, through the use of cloud-based analytics of inventory data, our restaurant management systems help restaurants make informed business decisions to stay competitive. Once a payment is completed, the restaurant is able to further utilize the established point of contact with the consumer by soliciting reviews or distributing e-vouchers, which helps the restaurant convert offline transactions into online user traffic and expand sales channels. We expect to further drive the adoption and penetration of our restaurant management systems across high-quality restaurants on our platform to further help them digitize their businesses.

Mobility

Bike Sharing and E-Moped Sharing

We currently offer Meituan bikes and Meituan electric mopeds to satisfy consumers' short-distance daily commuting needs. We acquired Mobike in 2018 and rebranded it to Meituan bike in 2019. Consumers can unlock the dockless bikes by scanning QR codes with Meituan app. The embedded GPS allows the bikes to be tracked and dispatched to locations of higher demand. We have optimized the design and interface of Meituan bike to enhance our overall offline image across China. In 2020, we introduced Meituan electric mopeds ("e-mopeds") service, which has optimized the pricing matrix for our mobility services.

Ride Sharing

We currently carry out our ride sharing business on our Meituan app or the Weixin mini program in an aggregated model, which serves as an end-to-end marketplace to connect third-party ride sharing service providers with Meituan consumers.

Technology

Technology is the foundation of our Company and a key component of our strengths. We have used off-the-shelf technology as well as internally developed proprietary technology in building our technology architecture. Our research and development team has become a first-class R&D organization in the industry, covering various technical fields including front-end (Web, iOS and Android), back-end, systems, algorithms, testing, operations and maintenance, big data, etc. After years of innovation, we have built strong technical system, including big data, artificial intelligence, infrastructure, complex business system platforms based on mainstream open-source technologies and self-developed ones, as well as relatively complete operation and maintenance, security, and risk control systems. We incurred RMB16.7 billion, RMB20.7 billion, RMB21.2 billion (US$2.9 billion), RMB10.5 billion and RMB10.3 billion (US$1.4 billion) in research and development expenses in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.

SOA

Based on our standardized core-architecture, we have built a service-oriented architecture, or SOA, that is highly scalable and capable of rapid iteration in order to meet our business development needs. The SOA also enables easier monitoring and maintenance.

Standardized Core-Architecture Environment

Our standardized core-architecture includes SOA, governance, middleware services such as Key-Value storage service, various research and development tools such as deployment systems and data architecture such as Hadoop cluster. Our standardized core-architecture facilitates our research and development activities, service calls across business groups and data onboarding.

AI and Deep Learning

We leverage AI to optimize customer experience, aiming to become an intelligent assistant for consumers' daily life. The AI-related technologies that we are building include NLP (Natural Language Processing), LLM (Large Language Model) and MLLM (Multimodal Large Language Model) and knowledge graphs.

We use deep-learning-powered natural language processing to perform text analysis, semantic matching, search result recalling, and engine ranking to return the most relevant merchants and services when a user conducts a search query. We apply generative AI-related technologies in digital virtual human live streaming solutions and content creation, enabling merchants to broaden their reach to acquire customers via visual-appealing formats. We also adopt AI-related technologies in customer service, enhancing our response efficiency and problem-solving quality.

Real-Time Intelligent Dispatch System

Leveraging big data, AI, cloud computing, and our innovative technologies, we have developed a real-time intelligent dispatch system to realize the optimal allocation of orders and the intelligent planning of delivery routes. The system tracks the direction and location of each delivery courier on a real-time basis and automatically allocate orders based on the locations of the couriers, the merchants and the consumers. The system calculates optimized delivery routes taking into account of various factors. The system also reduces delivery time fluctuations resulting from human factors and therefore delivers consistent user experience. Powered by AI technology, we are able to perform 2.9 billion path calculations per hour at peak system usage. Furthermore, couriers are equipped with a smart headphone and a smart helmet that are installed with our dispatch system. Couriers are able to interact with our system by using voice control and the system gives vocal instructions throughout the dispatch process. The system is also self-learning and self-adaptive. Our real-time intelligent dispatch system integrates order pool controlling, order dispatching, and order re-dispatching and is able to automatically detect delivery delay risks and re-dispatch accordingly.

Autonomous Delivery Vehicles and Drones

We launched autonomous delivery vehicles in specific areas in Beijing in 2020, and have expanded to more regions. We continually improve our autonomous delivery vehicles, introducing the latest solution for on-demand last-mile delivery based on our delivery business scenarios. We are also advancing the low-altitude air logistics industry with drones. The delivery services cover multiple scenarios including office buildings, scenic spots, municipal parks, hospitals, and schools.

We believe that autonomous delivery will ultimately become an important component of the urban delivery infrastructure. We expect to further invest in autonomous delivery technologies to enhance delivery efficiency, provide supplementary delivery capacity, and meet consumer demand across various scenarios.

Intellectual Property

Intellectual property rights are fundamental to our business, and we devote significant time and resources to their development and protection. We rely on a combination of patent, trademark, copyright, and domain name protection in China and other jurisdictions, as well as confidentiality procedures and contractual provisions to protect our intellectual property rights. In general, our employees must enter into a standard employment contract which includes a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them on our behalf are our properties, and assigning to us any ownership rights that they may claim in those works. Despite our precautions, however, third parties may obtain and use intellectual property that we own or license without our consent. In 2021, 2022 and 2023 and during the six months ended June 30, 2024, we did not find any material breaches of our intellectual property rights. However, unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See "Risk Factors – Risks Relating to Our Business and Industry – We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position."

As of June 30, 2024, we had 3,365 patents registered with the State Intellectual Property Office of China and 2,154 pending patent applications in China. Globally, we had 64 patents registered and 42 pending patent applications in various overseas countries and jurisdictions.

As of June 30, 2024, we owned 560 trademarks in various categories and registered with the China Trademark Office. In addition, we had 12 trademark applications, each in various categories, pending with China Trademark Office. In addition, we had 34 registered trademarks in various overseas countries and jurisdictions.

As of June 30, 2024, we held 246 software copyrights and 133 other copyrights registered with the State Copyright Bureau of China.

As of June 30, 2024, we owned 89 registered domain names. We generally renew our domain name registrations once every year and applications for their renewal are usually made one to three months prior to their expiration. Under normal circumstances, the domain name registrations take effect immediately after the payment of renewal fees. If any of our domain name registrations cannot be renewed for any reason, the domain name registrar may deregister the relevant domain name.

Competition

Although there is no single competitor that can provide the broad range of products and services similar to us, we face competition in each of our business segments. We have been able to maintain our leadership position in multiple businesses. However, there are multiple existing market players, and there may be new entrants emerging in each of our business segments, and these market players compete to attract, engage and retain consumers and merchants. Some of these competitors are internet giants or are backed by internet giants in China. Key competitive factors for local commerce are scale and breadth of products and services provided, consumers' fulfillment experience, technology and data, and execution capabilities.

Employees

Substantially all of our employees are based in China, primarily at our headquarters in Beijing and Shanghai, with the rest in Xiamen, Shijiazhuang, Yangzhou, Chengdu, and other cities in China.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our recruiting and retention strategy, we offer employees competitive salaries, performance-based cash bonuses, and certain other incentives.

As required under the PRC regulations, we participate in housing funds and various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, maternity, work-related injury, and unemployment benefit plans, under which we make contributions at specified percentages of the salaries of our employees. We also purchase commercial health and accident insurance for our employees. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have granted and plan to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

None of our employees are currently represented by labor unions. We believe that we maintain a good working relationship with our employees and we did not experience any significant labor disputes or any difficulty in recruiting staff for our operations.

Properties

We operate our businesses through leased properties in Beijing, Shanghai, and various other cities in China. Our leased properties in China serve as our offices. Our servers and network facilities used for providing services to our users are not kept in any of our aforementioned leased properties. As of June 30, 2024, our leased properties had a total gross floor area of 894,218 square meters. Certain of our leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines if we fail to remediate after receiving any notice from the relevant PRC government authorities. See "Risk Factors – Risks Relating to Our Business and Industry – Certain of our leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines."

Insurance

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practices in our industry. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance, and housing funds, as required by PRC laws and regulations. We also purchase supplemental commercial medical insurance and accident insurance for our employees.

We maintain various insurance with respect to our various businesses, including property and casualty insurance for the drivers and passengers in our network. We also require personal accident, third party personal injury, and property damage insurance to be purchased for each delivery courier by our delivery partners.

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. See "Risk Factors – Risks Relating to Our Business and Industry – We have limited insurance coverage." We do not maintain keyman life insurance, insurance policies covering damages to our network or information technology systems, or any insurance policies for our properties.

Legal Proceedings

From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition, or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Regulations on Value-Added Telecommunications Services and Foreign Investment Restrictions

Restrictions on Foreign Investment

On September 25, 2000, the Telecommunications Regulations of the People's Republic of China, or the Telecom Regulations, were issued by the State Council, and were last amended and became effective on February 6, 2016 as the primary governing law on telecommunication services. The Telecom Regulations set out the general framework for the provision of telecommunication services by PRC companies. Pursuant to the Telecom Regulations, telecommunications service providers are required to procure operating licenses prior to their commencement of operations. The Telecom Regulations draw a distinction between "basic telecommunications services" and "value-added telecommunications services." The Catalog of Telecommunications Business was issued as an attachment to the Telecom Regulations, to categorize telecommunications services as "basic" or "value-added," and online data processing and transaction processing services and information services via public communication networks such as fixed networks, mobile networks and internet are classified as value-added telecommunications services.

Pursuant to the Provisions on Administration of Foreign Invested Telecommunications Enterprises, promulgated by the State Council on December 11, 2001 and last amended on March 29, 2022, and the Special Administrative Measures (Negative List) for Foreign Investment Access, or the 2021 Negative List, jointly promulgated by the NDRC and the Ministry of Commerce on December 27, 2021 and which took effect on January 1, 2022, if any foreign investor intends to invest in telecommunications business in China, a foreign-invested telecommunications enterprise must be established, and the ultimate foreign equity ownership in a value-added telecommunications services provider cannot exceed 50%, except for e-commerce business, domestic multiple-party communications services business, store-and-forward business, and call center business, which may be 100% owned by foreign investors.

In addition, the 2021 Negative List prohibits the foreign investors in providing the services for releasing information by the public through internet.

On July 13, 2006, the Ministry of Industry and Information Technology, or the MIIT, issued the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, which requires foreign investors to set up foreign-invested enterprises, or FIEs, and obtain a license for value-added telecommunications services, or the VATS License, to conduct any value-added telecommunications business in China. Pursuant to the circular, a domestic company that holds a VATS License is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. Furthermore, the relevant trademarks and domain names that are used in the value-added telecommunications business must be owned by the local VATS License holder or its shareholder. The circular further requires each VATS License holder to have the necessary facilities for its approved business operations and to maintain such facilities in the regions covered by its license.

Regulations on the Provision of Internet Content Services

On July 3, 2017, the MIIT promulgated the Administrative Measures for Telecommunications Business Operating Permit, which took effect on September 1, 2017. The measures confirm that there are two types of telecom operating licenses for operators in China, namely, license for basic telecommunications services and the VATS License. The operation scope of the license will detail the permitted activities of the enterprise to which it was granted. An approved telecommunication services operator must conduct its business in accordance with the specifications listed in its VATS License. In addition, a VATS License's holder is required to obtain approval from the original permit-issuing authority in respect of any change to its shareholders.

The Administrative Measures on Internet Information Services, or the Internet Measures, which were promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, set out guidelines on the provision of internet information services. Pursuant to the Internet Measures, commercial internet information services operators must obtain a value-added telecommunications business operating license, or the ICP License, from the relevant government authorities before engaging in any commercial Internet information services operations in China.

The content of the internet information is highly regulated in China. Internet information service operators must guarantee the contents of the information provided is lawful. According to the Internet Measures, violators who provide prohibited internet content may be subject to penalties, including criminal sanctions, operation suspension and rectification, or even revocation of ICP Licenses. Commercial Internet information services operators are also required to monitor their websites. They may not post or disseminate any content that falls within the prohibited categories, and must remove any such content from their websites, save the relevant records and make a report to the relevant governmental authorities. For example, at the end of 2019, the CAC issued the Provisions on the Management of Internet Information Content Ecology, which became effective on March 1, 2020, to strengthen the regulation and management of internet information content. Pursuant to the order, each internet information service provider is required, among others, (i) not to disseminate any information prohibited by laws and regulations, such as information jeopardizing national security; (ii) to strengthen the examination of advertisements published on such internet information content service platform; (iii) to promulgate management rules and platform convention and improve user agreement, such that the internet information content service platform could clarify users' rights and obligations and perform management responsibilities required by laws, regulations, rules, and conventions; (iv) to establish convenient means for complaints and reports; and (v) to prepare annual work report regarding its management of internet information content ecology. In addition, an internet information service provider must not, among others, (i) utilize new technologies such as deep-learning and virtual reality to engage in activities prohibited by laws and regulations; (ii) engage in online traffic fraud, malicious traffic rerouting and other activities related to fraudulent account, illegal transaction account or maneuver of users' account; or (iii) infringe a third party's legitimate rights or seek illegal interests by way of interfering with information display.

Since 2021, the PRC government has taken steps to strengthen the supervision on the use of algorithm in the field of internet information service. On September 17, 2021, the CAC and eight other authorities jointly issued the Notice on Promulgation of the Guiding Opinions on Strengthening the Comprehensive Governance of Algorithm-Related Internet Information Services, which provides that, among others, enterprises shall establish an algorithmic security responsibility system and a technology ethics vetting system, improve the algorithmic security management organization, strengthen risk prevention and control, and improve the capacity to respond to algorithmic security emergencies. On December 31, 2021, the CAC, the MIIT, the Ministry of Public Security and the SAMR jointly issued the Administrative Provisions on Internet Information Service Algorithm Recommendation, or the Algorithm Recommendation Provisions, which became effective on March 1, 2022. The Algorithm Recommendation Provisions stipulates that algorithmic recommendation service providers shall (i) fulfill their responsibilities with respect to algorithm security, (ii) establish and strengthen management systems for algorithm mechanism examination, technology ethics review, user registration, information release examination, data security and personal information protection, anti-telecom and network fraud, security assessment and monitoring, emergency response to security incidents, among others, and (iii) formulate and publish rules governing algorithmic recommendation related service. The provider of algorithmic recommendation services shall not use the services to (i) carry out any illegal activity which may endanger national security or social or public interest, disturb economic order or social order, or infringe on third parties' legal interest, or (ii) disseminate any information prohibited by laws or regulations. Besides, it shall not take advantage of its algorithms to impose unreasonable restrictions on other information service providers, or hinder or obstruct the normal operation of their lawful services. The providers of algorithmic recommendation services involving public opinion or having the capacity to effect social mobilization shall complete a filing with the CAC's filing system within ten business days after the launch of such services.

On November 25, 2022, the CAC, MIIT and Ministry of Public Security jointly issued the Administrative Provisions on Deep Synthesis of Internet Information Services, or the Provisions on Deep Synthesis Services, which took effect on January 10, 2023. According to the Provisions on Deep Synthesis Services, deep synthesis technology refers to any technology that utilizes deep learning, virtual reality or any other generative or synthetic algorithm to produce text, images, audio, video, virtual scenes or other network information. The Provisions on Deep Synthesis Services emphasize that the providers of deep synthesis services, as the primary entities responsible for the information security, shall not use deep synthesis services to engage in activities prohibited by laws and regulations. If the CAC and other relevant competent governmental authorities find that the deep synthesis service has a serious information security risk, they can require the deep synthesis service providers and technical supporters to suspend information update, user account registration or other related services in accordance with their duties and applicable laws. Deep synthesis service providers and technical supporters should take measures to rectify and eliminate hidden dangers. Deep synthesis service providers and technical supporters who violate such provisions shall be punished in accordance with relevant laws and regulations; If the act of deep synthesis services providers and/or technical supporters constitutes a violation of the administration of public security, it shall be punished according to the laws related to the administration of public security; If the act constitutes a crime, such deep synthesis service provider and/or technical supporter shall be prosecuted for criminal responsibility.

On July 10, 2023, the CAC and six PRC regulatory agencies, including the NDRC, jointly issued the Interim Measures on the Management of Generative Artificial Intelligence Services, which will take effect on August 15, 2023. Such measures define the generative artificial intelligence technology as the models and the related technologies with the ability to generate such contents as texts, pictures, sound, videos, etc. Pursuant to such measures, among others, the content generated by the generative artificial intelligence shall be true and accurate, and measures shall be taken to improve the transparency of generative artificial intelligence services and the accuracy and reliability of the generated content during the provision of generative artificial intelligence services. Organizations and individuals that use generative artificial intelligence technology to provide generated content services such as texts, pictures, sound, videos, etc., including those that provide generative artificial intelligence services by providing programmable interfaces or otherwise, shall assume the responsibilities of producers of the internet information content. In addition, such providers shall conduct the training data processing activities, such as pre-training data and optimized training data, in accordance with the laws, and take effective measures to improve the quality of training data and to enhance the authenticity, accuracy, objectivity and diversity of the training data.

Regulations on E-Commerce Services

The SCNPC promulgated the E-Commerce Law of the People's Republic of China, on August 31, 2018, which took effect on January 1, 2019. The E-commerce Law clarifies obligations for the operators of e-commerce platforms. For example, among other things, an operator of an e-commerce platform must (i) require merchants that apply to sell products or provide services on its platform to submit truthful information, including the identities, addresses, contacts, and licenses; (ii) verify and examine such information; (iii) establish registration archives and verify, examine, and update such information on a regular basis; (iv) submit identification information of merchants on its platform to market regulatory authorities and remind merchants that have not registered with market regulatory authorities to complete the relevant registration; (v) submit identities and tax payment-related information of the merchants on its platform to tax authorities and remind merchants that have not registered with tax authorities to complete the relevant tax registration; (vi) conspicuously display the terms of platform service agreements, transaction rules or links to such information on the homepage of the platform, and ensure that merchants and consumers are able to read and download such information conveniently; and (vii) restrain from deleting any comments made by consumers on any products sold or service provided on its platform. Where an e-commerce platform operator fails to take necessary measures when it knows or should have known that the products or services provided by a merchant on its platform do not meet the requirements regarding personal or property safety, or commits any other acts that impair the lawful rights and interests of consumers, such operator will be held jointly liable with the merchants on its platform. Where an e-commerce platform operator fails to verify and examine the qualifications of a merchant on its platform

or fails to fulfill its obligation to assure the safety of consumers with respect to products or services affecting consumers' life and health, which results in damage to consumers, such operator must take the corresponding liability. Where an e-commerce platform operator knows or should have known that a merchant on its platform has infringed any intellectual property right of other third parties, it must take necessary measures, such as deleting or blocking the relevant information, disabling the relevant links, and terminating the relevant transactions and services; otherwise, such operator will be held jointly liable with the infringing party.

On March 15, 2021, the SAMR, promulgated the Measures for the Supervision and Administration of Online Transactions, or Online Transactions Measures, which took effect on May 1, 2021, providing more detailed requirements for the operators and platforms, such as clarifying the specific acts infringing consumers' personal information in online transactions, the prohibited contents contained in the standard terms used by the operators, and elaborating the measures shall be applicable to the operating activities of selling goods or providing services through social network and network live-streaming. In particular, the Online Transaction Measures require that online transaction operators shall not force customers, whether or not in a disguised manner, to consent to the collection and use of information not directly related to their business activities by means of one-off general authorization, default authorization, bundling with other authorizations, or the suspension of installation and use. Otherwise, such online transaction operator may be subject to fines and consequences under related laws and regulations, including without limitation suspension of business for rectification and revocation of permits and licenses.

Regulations on Mobile Internet Applications Information Services

In addition to the Telecommunications Regulations and other regulations above, mobile internet applications are specifically regulated by the Administrative Provisions on Mobile Internet Application Information Services, or the APP Provisions, which were promulgated by the CAC on June 28, 2016, and most recently amended by the CAC on June 14, 2022 and became effective on August 1, 2022. Pursuant to the APP Provisions, CAC and local offices of cyberspace administration shall be responsible for the supervision and administration of mobile application information services. Pursuant to the APP Provisions, a mobile internet app refers to an app software that runs on mobile smart devices to provide users with information services, and mobile internet app providers refer to the owners or operators of mobile internet apps which provide information services. Mobile internet app providers shall comply with relevant provisions on the scope of necessary personal information when engaging in personal information processing activities and shall not compel users to agree to non-essential personal information collection or ban users from their basic functional services due to their refusal of providing unnecessary personal information. Mobile internet app providers shall not provide the relevant services to the users who fail to submit real identity information or use fraudulent identity information of other organizations or persons for fake registration. Mobile internet app providers shall also establish sound information content review and management mechanism, take sound management measures such as user registration, account management, information review, daily inspection and emergency disposal, and be staffed with professionals and technical ability appropriate to the service scale. Furthermore, mobile internet app providers who launch new technologies, applications or functions with the attribute of public opinion or the capability of social mobilization shall conduct security assessment in accordance with the applicable laws and regulations. If an internet app provider violates these regulations, internet app distribution platforms may issue warnings, suspend the release of its applications, or terminate the sale of its applications, and/or report the violations to governmental authorities, and the application provider may be imposed administrative penalty by the CAC and other competent authorities in accordance with the laws and regulations.

Furthermore, on December 16, 2016, the MIIT promulgated the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals, which took effect on July 1, 2017. The interim measures require that, among others, internet information service providers must ensure that a mobile application, as well as its ancillary resource files, configuration files, and user data can be uninstalled by a user on a convenient basis, unless it is a basic function software, which refers to a software that supports the normal functioning of hardware and operating system of a mobile smart device.

On July 21, 2023, the MIIT issued the Notice of the Record-filing of Mobile Internet Apps. Pursuant to this notice, operators of mobile internet apps which engage in internet information services within China shall complete a record-filing procedure prior to their provision of internet information services via mobile internet apps. The operators of mobile internet apps shall mark their respective record-filing number in a prominent place of the mobile internet apps, and incorporate a hyperlink of the record system below the record-filing number to facilitate the checking by the public. In case of any change to or deregistration of any filed information of such apps, the operators shall make revision record-filings with respect to such change or deregistration with the regulatory authority.

Regulations on Cybersecurity, Data Security and Privacy Protection

Regulation on Cybersecurity and Data Security

Internet content in China is regulated and restricted from a state security standpoint. The SCNPC enacted the Decisions on the Maintenance of Internet Security on December 28, 2000, which were amended on August 27, 2009, that may subject persons to criminal liabilities in China for any attempt to: (i) gain improper entry to a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe upon intellectual property rights. On December 16, 1997, the Ministry of Public Security issued the Administration Measures on the Security Protection of Computer Information Network with International Connections, which took effect on December 30, 1997 and were amended by the State Council on January 8, 2011 and prohibit using the internet in ways which, among others, result in a leakage of state secrets or a spread of socially destabilizing content. The Ministry of Public Security has supervision and inspection powers in this regard, and relevant local security bureaus may also have jurisdiction. If an ICP License holder violates these measures, the PRC government may revoke its ICP License and shut down its websites.

According to the PRC National Security Law issued by the SCNPC on February 22, 1993 and latest revision on July 1, 2015, China shall establish systems and mechanisms for national security review and supervision, conduct national security review on key technology, network information technology products and services related to national security to prevent and neutralize national security risks in an effective way.

According to the Cyber Security Law of the People's Republic of China promulgated by SCNPC on November 7, 2016 and which took effect on June 1, 2017, network operators must comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks must take technical measures and other necessary measures pursuant to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator cannot collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties, and network operators of key information infrastructure must store within the territory of China all the personal information and important data collected and produced within the territory of China. The purchase of network products and services that may affect national security must be subject to national cybersecurity review. On September 12, 2022, the CAC released the Decision on Amending the Cyber Security Law (Draft for Comments) to solicit public opinions by September 29, 2022, aiming to further protect the cybersecurity and effectively ensure the alignment between the Cyber Security Law and other newly promulgated laws and regulations.

On June 10, 2021, the SCNPC promulgated the Data Security Law, which took effect on September 1, 2021. The Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally

acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data shall designate the personnel and the management body responsible for data security, carry out risk assessments for its data processing activities and file the risk assessment reports with the competent authorities. In addition, the Data Security Law provides a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information.

On July 12, 2021, the CAC, the MIIT and the Ministry of Public Security jointly issued the Circular of Issuing the Administrative Provisions on Security Vulnerabilities of Network Products, which took effect on September 1, 2021. Such circular states that, no organization or individual may abuse the security vulnerabilities of network products to engage in activities that endanger network security, or to illegally collect, sell, or publish information relating to such security vulnerabilities. Anyone who is aware of the aforesaid offences should not provide any technical support, advertising, payment settlement and other assistance to the offenders. According to this circular, network product providers, network operators, and platforms collecting network product security vulnerabilities must establish and improve channels for receiving network product security vulnerability information and keep such channels available, and retain network product security vulnerability information reception logs for at least six months. In order to ensure that security vulnerabilities in network products are fixed on a timely basis and reasonably reported, network product providers should perform certain obligations on the management of security vulnerabilities in their network products, including, among others, reporting the relevant vulnerability information to the Cybersecurity Threat and Vulnerability Information Sharing Platform of the Ministry of Industry and Information Technology within two days, which shall include the name, model, and version of the product affected by such security vulnerability, as well as the technical characteristics, degree of harm and scope of impact of such vulnerability. This circular also prohibits the disclosure of undisclosed vulnerabilities to overseas organizations or individuals other than to the product providers.

On August 17, 2021, the State Council promulgated the Provisions on Protection of Critical Information Infrastructure Security, which took effect on September 1, 2021 and provides that "critical information infrastructures" refers to important network facilities and information systems involved in important industries and fields such as public communication and information services, energy, transportation, water conservancy, finance, public services, e-government, national defense related science and technology industry, as well as those which may seriously endanger national security, national economy and citizen's livelihood and public interests if damaged, malfunctioned, or if leakage of data relating thereto occurs. Pursuant to these provisions, the governmental authorities are responsible for formulating the rules on identifying the critical information infrastructures and organizing to identify such critical information infrastructures in the related industries and fields, taking into account the factors set forth in the provisions and shall notify the operators identified as critical information infrastructures operators. However, as the governmental authorities may further formulate detailed rules or explanations with respect to the interpretation and implementation of such provisions, including the rules on identifying the critical information infrastructures in different industries and fields, it remains unclear whether we or other operators we provide network products and services to may be identified as critical information infrastructures operators.

On December 28, 2021, the CAC, the NDRC, and several other administrations jointly promulgated the revised Measures for Cybersecurity Review, which became effective on February 15, 2022 and replaced the previous version published on April 13, 2020. These measures establish the basic framework for national security reviews of network products and services, and provide the principal provisions for undertaking cyber security reviews. According to these measures, critical information infrastructures operators that purchase network products and services, and network platform operators engaging in data processing activities that affect or may affect national security are subject to cybersecurity review. In addition, the regulatory authorities are still authorized to impose security reviews on network products and services that are deemed capable of affecting national security. The network platform operators who possess personal information of more than one million users and intend to be listed on a foreign stock exchange must be subject to the cybersecurity review. Critical information infrastructures operators and network platform operators may voluntarily file for a cybersecurity review with CAC prior to purchasing network products and services if they deem their behavior affect or may affect national security based on

self-assessment and self-evaluation. Notwithstanding the voluntary filing, the authorities can initiate cybersecurity reviews accordingly. Cybersecurity reviews focus on assessing the national security risks associated with relevant subjects or circumstances, mainly taking the following factors into account: (i) the risk of illegal control, interference or destruction of critical information infrastructure arising from the purchase and utilization of network products and services; (ii) the potential harm on the business continuity of critical information infrastructure incurring from a disruption of network products and services supply; (iii) the safety, openness, transparency, diversity of sources of Network Products and Services; the reliability of suppliers; and the risk of supply disruption due to political, diplomatic, trade and other reasons; (iv) the level of compliance with PRC laws, administrative regulations and ministry rules of the suppliers of Network Products and Services; (v) the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed, and illegally used or illegally transferred abroad; (vi) in connection with the listing of a company, the risk of critical information infrastructure, core data, important data or a large amount of personal information being affected, controlled, or used with malicious intent by foreign governments, as well as the risk relating to network information security; and (vii) other factors that may harm critical information infrastructure security, cyber security and/or data security.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-border Data Transfer, which became effective on September 1, 2022. In accordance with these measures, data processors will be subject to security assessment conducted by the CAC prior to any cross-border transfer of data if the transfer involves (i) important data; (ii) personal information transferred overseas by operators of critical information infrastructure or a data processor that has processed personal data of more than one million persons; (iii) personal information transferred overseas by a data processor who has already provided personal data of 100,000 persons or sensitive personal data of 10,000 persons overseas since January 1 of last year; or (iv) other circumstances as requested by the CAC. Furthermore, data processors shall conduct self-assessment on the risks of cross-border data transfer prior to their application for the security assessment and focus on assessment of the following significant matters, including, among others: (i) the legality and necessity of the purpose, scope and method of cross-border data transfer; (ii) the scale, scope, type and sensitivity of data transferred overseas, and risks to the national security, public interests or legitimate rights of individuals or organizations caused by such cross-border data transfer; (iii) the responsibilities and obligations that the overseas recipient of such data promises to undertake, and whether such overseas recipient's management and technical measures and capabilities for performing its responsibilities and obligations can guarantee the security of cross-border data transfer; (iv) the risks that the data transferred overseas may be falsified, destroyed, divulged, lost, transferred, illegally obtained or illegally used during and after the cross-border transfer; and (v) whether contracts or other legally binding documents entered into with the overseas recipient have fully stipulated the responsibilities and obligations to protect data security.

On December 8, 2022, the MIIT issued the Administrative Measures for Data Security in the Field of Industry and Information Technology (Trial), which stipulates that all businesses which handle data in the field of industry and informatization in China are required to categorize such information as "ordinary," "important" or "core" and businesses processing "important" or "core" data shall comply with certain filing and reporting obligations. Data in the field of industry and informatization includes industrial data, telecoms data and radio data. Data handlers in the field of industry and informatization include software and information technology service providers and other entities in the field of industry and information technology that independently determine handling purposes and handling methods in the data handling activities and data handling activities include, but are not limited to, data collection, storage, use, processing, transmission, provision and publication. According to such measures, data handlers in the field of industry and informatization shall file their catalogues of important data and core data with the local industrial regulatory authorities for the record. Data handlers in the field of industry and informatization shall follow the principles of legality and legitimacy in collecting data and shall not steal or collect data by other illegal means. To provide data handling services which involve operation of telecommunications business, data handlers in the field of industry and informatization shall obtain a telecommunications business permit in accordance with the provisions of the laws and administrative regulations.

In addition, on November 14, 2021, the CAC released the Regulations on Network Data Security Management (draft for public comments), which sets out general guidelines applicable to the protection of personal information, security of important data, security management of cross-border data transfer, obligations of internet platform operators, as well as the supervision, management and legal liabilities with respect to the foregoing. The draft regulations require data processors that process important data or are listed overseas to carry out an annual data security assessment on their own or by engaging a data security services institution, and the data security assessment report for a given year should be submitted to the local cyberspace affairs administration department before January 31 of the following year. If the draft regulations are enacted in the current form, we, as an overseas listed company, will be required to carry out an annual data security review and comply with the relevant reporting obligations.

Regulation on Privacy Protection

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of these rights. In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure.

On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Network Information Protection, which took effect on the same date, to enhance the legal protection of information security and privacy on the internet. On July 16, 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users, which took effect on September 1, 2013, to regulate the collection and use of users' personal information in the provision of telecommunication services and internet information services in China and the personal information includes a user's name, birth date, identification card number, address, phone number, account name, password and other information that can be used independently or in combination with other information for identifying a user.

On December 29, 2011, the MIIT promulgated the Several Provisions on Regulation of the Order of Internet Information Service Market, which took effect on March 15, 2012. The Provisions stipulate that without the consent of users, internet information service providers cannot collect information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information (hereinafter referred to as "personal information of users"), nor can they provide personal information of users to others, unless otherwise provided by laws and administrative regulations.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information, or the Interpretations, which took effect on June 1, 2017. The Interpretations clarify several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the People's Republic of China, including "citizen's personal information," "provision," and "unlawful acquisition." Also, the Interpretations specify the standards for determining "serious circumstances" and "particularly serious circumstances" of this crime. On October 21, 2019, the Supreme People's Court and the Supreme People's Procuratorate jointly issued the Interpretations on Certain Issues Regarding the Application of Law in Handling Criminal Case Involving Illegal Use of Information Networks and Assisting Committing Internet Crimes, which came into effect on November 1, 2019, and further clarifies the meaning of Internet service operators and the severe situations of the relevant crimes.

On May 28, 2020, the National People's Congress promulgated the PRC Civil Code, which came into effect on January 1, 2021, pursuant to which the information processor shall take technical measures and other necessary measures to protect the personal information collected and stored by it and to prevent any information from being leaked, falsified and lost. In the event that any personal information is or may be leaked, falsified or lost, the information processor shall take immediate remedial measures, inform the natural person concerned and escalate such situation to the competent department as required.

With respect to the security of information collected and used by mobile apps, pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps, which was issued on January 23, 2019, app operators should collect and use personal information in compliance with the Cyber Security Law and should be responsible for the security of personal information obtained from users and take effective measures to strengthen personal information protection. Furthermore, app operators should not force their users to make authorization by means of bundling, suspending installation or in other default forms and should not collect personal information in violation of laws, regulations or breach of user agreements. Such regulatory requirements were emphasized by the Notice on Launching Special Rectification of Apps Infringing upon User's Personal Rights and Interests, which was issued by MIIT on October 31, 2019, and the Notice on Deepening Special Rectification of Apps Infringing upon User's Personal Rights and Interests, which was issued by MIIT on July 22, 2020. On November 28, 2019, the CAC, the MIIT, the Ministry of Public Security and the SAMR jointly issued the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information. This regulation further illustrates certain commonly-seen illegal practices of apps operators in terms of personal information protection, including: (i) failure to publicize rules for collecting and using personal information; (ii) failure to expressly state the purpose, manner, and scope of collecting and using personal information; (iii) collection and use of personal information without consent of users of such App; (iv) collecting personal information irrelevant to the services provided by such app in violation of the principle of necessity; (v) provision of personal information to others without users' consent; (vi) failure to provide the function of deleting or correcting personal information as required by laws; and (vii) failure to publish information such as methods for complaints and reporting. Pursuant to the Notice on Promulgation of the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications which was jointly promulgated by the CAC, the MIIT and certain other government authorities on March 12, 2021, and will take effect on May 1, 2021, "necessary personal information" refers to the personal information necessary for ensuring the normal operation of a mobile app's basic function services, without which the mobile app cannot achieve its function services. For food delivery mobile apps, the basic function services are "purchase and delivery of food and beverage," and the necessary personal information includes (i) mobile phone numbers of registered users, (ii) name, address and contact number of the consignee, and (iii) time, amount and channel of payment and other payment information.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect in November 2021. The Personal Information Protection Law aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law and promoting the reasonable use of personal information. Personal information, as defined in the Personal Information Protection Law, refers to information related to identified or identifiable natural persons and is recorded by electronic or other means but excluding the anonymized information. The Personal Information Protection Law applies to personal information processing activities within China, as well as certain personal information processing activities outside China, including those for provision of products and services to natural persons within China or for analyzing and assessing acts of natural persons within China. The Personal Information Protection Law provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose, the method of processing, the type of personal information processed and retention period to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation etc. Processors processing personal information exceeding the threshold to be set by the authorities and critical information infrastructures operators are required to store, within the territory of the PRC, the personal information collected and produced within the PRC. If the Personal Information Law is applied to a personal information processor's processing activities outside the territory of the PRC, such processor must establish a special agency or designate a representative within the territory of the PRC to be responsible for the handling of all matters relating to personal information protection and must also file the name and contact information of such agency or representative with the governmental authorities responsible for

personal information protection. Specifically, a personal information processor who uses personal information to make automated decision-making shall ensure the transparency of decision-making and the fairness and impartiality of the results, and shall not impose unreasonable differential treatment on individuals in terms of pricing and other transaction conditions. The governmental authorities shall organize assessment on mobile apps' personal information protection and publicize the outcome. The mobile apps that are identified as not in compliance with personal information protection requirements under such law may be required to suspend or terminate the services and the operators may also be subject to penalties including confiscation of illegal revenues and fines. Furthermore, the Personal Information Protection Law also provides for the rights of natural persons whose personal information is processed, and takes special care of the personal information of children under 14 and sensitive personal information.

The Administrative Provisions on the Account Information of Internet Users, which was promulgated by the CAC on June 27, 2022 and became effective on August 1, 2022, sets out guidelines on the provision of the account information of internet users. Internet-based information service providers shall perform their responsibilities as the administrative subjects of the account information of internet users, have in place professionals and technical capacity appropriate to the scale of services, and establish, improve and strictly implement the authentication of real identity information, verification of account information, security of information content, ecological governance, emergency responses, protection of personal information and other management systems.

Regulations on Payment Services of Non-Financial Institutions

According to Measures for the Administration of Payment Services of Non-Financial Institutions, promulgated by the PBOC on June 14, 2010, which took effect on September 1, 2010, and was further amended on April 29, 2020, and Detailed Implementing Rules for the Measures for the Administration of Payment Services of Non-Financial Institution, promulgated by the PBOC and took effect on December 1, 2010, and last amended on July 20, 2021, the payment services provided by non-financial institutions refer to some or all of the following monetary capital transfer services provided by the non-financial institutions as intermediary agencies between payers and payees: (i) payment through the internet; (ii) issuance and acceptance of prepaid cards; (iii) bankcard acquiring; and (iv) other payment services as determined by the PBOC. Non-financial institutions which provide payment services must obtain a "Payment Business License" and become a "payment institution." Payment Business License is valid for five years from the date of issuance. Payment institutions must carry out business activities in compliance with the scope of business approved by the Payment Business License, and cannot outsource any businesses, transfer, or lease, or lend their Payment Business License. Any non-financial institutions and individuals cannot directly or indirectly engage in the payment business without the approval of the PBOC.

The Guidance Letter on Promoting the Sound Development of Internet Finance, jointly issued by the PBOC and several other authorities with immediate effect on July 18, 2015, provides that banking financial institutions and third-party payment institutions that are engaged in online payment services should comply with applicable laws and regulations. When collaborating with other institutions, third-party payment institutions are required to clearly define each party's rights and obligations and establish effective risk insulation and mechanisms to protect clients' rights. Payment institutions should make adequate disclosure regarding their services and clear disclosure regarding risks related to their businesses and should avoid exaggerating the nature and functions of the payment service intermediaries. The guidance letter also confirms PBOC as the supervisory body of online payment businesses.

The Administrative Measures on Online Payments by Non-bank Payment Institutions, or the Administrative Measures on Online Payment, were promulgated by the PBOC on December 28, 2015 and came into effect on July 1, 2016. According to the Administrative Measures on Online Payment, "online payment services" refers to money transfer services provided by payment institutions when a payer and a payee, through computers and mobile terminals, remotely initiate payment instructions relying on public network information systems with no interaction between the payer's electronic device and the payee's personal equipment. The Administrative Measures on Online Payment set out requirements on various aspects of online payment, including business scope, limitations on payment, client management, risk

management, supervision and penalty. Specifically, they require payment institutions to establish a "know your customer" system. Accounts should be opened on a real-name basis and payment institutions should take steps to verify clients' identification information and link different accounts of the same client. Personal payment accounts are divided into Type I, II, and III depending on the identity verification methods and the reliability of such verification, and are regulated differently. Type I and Type II payment accounts can only be used for consumption and fund transfer. Type III payment accounts can be used for consumption, fund transfer and investments and have higher payment limits. The Administrative Measures on Online Payment also require payment institutions to have risk management in place and to protect clients' rights and interests. They require payment institutions to establish a transaction risk management system and transaction monitoring system and take steps, such as investigation, delaying settlement and termination of services, to stop suspected fraud, illegal cash-out, money laundering, illegal financing, terrorist financing and the like. In addition, payment institutions are required to protect clients' funds security, data security, right of choice and information rights. Specifically, payment institutions should establish a sound risk control system and transaction compensation system, and should compensate clients for any loss of funds that are not attributable to such clients' negligence or bad faith.

To liberalize the payment service market and explicit policies on entry and supervision of foreign-invested payment institutions, on March 19, 2018, PBOC promulgated Issues Concerning Foreign-invested Payment Institutions, which took effect on the same day. Overseas institutions intending to provide electronic payment services for domestic entities must establish FIEs in China and obtain the Payment Business License pursuant to the Measures for the Administration of Payment Services of Non-Financial Institutions. Foreign-invested payment institutions established by overseas institutions must: (i) have a secure and complaint business system and disaster recovery system that are capable of independently completing the processing of payment business within the territory of China; and (ii) store, process and analyze the personal information and financial information collected and generated within the territory of China. Where such information needs to be transmitted overseas for the purpose of processing cross-border transactions, foreign-invested payment institutions must comply with laws, administrative regulations and the provisions of relevant regulatory departments, require overseas parties to fulfill corresponding information confidentiality obligations, and obtain consent from the parties involved in such personal information. Their corporate governance, daily operations, risk management, fund processing, deposit of excess reserves and contingent arrangements must comply with PBOC's requirements on non-bank payment institutions.

The State Council promulgated the Regulations on the Supervision and Administration of Non-bank Payment Institutions on December 9, 2023, which will become effective from May 1, 2024. According to these regulations, the Non-bank Payment Institution refers to limited liability companies or joint stock limited companies established in accordance with the law within the PBOC, other than banking financial institutions, that has obtained the payment license and engaged in the transfer of currency funds and other payment businesses based on electronic payment instructions submitted by payees or payers. The same shareholder of the non-bank payment institution shall not directly or indirectly hold 10% or more of the equity or voting rights of two or more non-bank payment institutions of the same business type, and the same actual controller may not control two or more non-bank payment institutions of the same business type, except as otherwise provided by the State. The payment services provided by the non-bank payment institutions are divided into two types based on whether they can receive prepaid funds from payees: stored value account operation and payment transaction processing. The specific classification and supervision rules for stored value account operation and payment transaction processing are formulated by the PBOC. The payment institution engaged in stored value account operation shall promptly convert the prepaid funds obtained from customers into payment account balances or prepaid fund balances of equivalent value, but may not pay interest or other returns related to the balances held by customers. The non-bank payment institution shall enter into a payment service agreement with customers. The payment service agreement shall specify the rights and obligations of the payment institutions and customers, the payment business process, the transmission path of electronic payment instructions, fund settlement, dispute resolution principles, and breach of contract liabilities, and shall not include contents that exclude or restrict competition, unreasonably exempt or mitigate the payment institution's liability, increase customers' liability, or limit or exclude the main rights of customers. The non-bank payment institution shall formulate agreement terms in accordance with the principle of fairness and make them publicly available in prominent locations at their business premises, official websites, mobile internet applications, and other platforms.

Regulations on M&A Rules and Overseas Listing

On August 8, 2006, six PRC regulatory agencies, including the Ministry of Commerce, State-owned Assets Supervision and Administration Commission of the State Council, SAT, SAMR, China Securities Regulatory Commission, or the CSRC, and SAFE issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, which took effect on September 8, 2006 and were amended on June 22, 2009. The M&A Rules established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. These rules require, among other things, that the approval of the Ministry of Commerce must be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire domestic companies affiliated with PRC enterprises or residents. After the PRC Foreign Investment Law and its implementation regulations became effective on January 1, 2020, the provisions of the M&A Rules remain effective to the extent they are not inconsistent with the PRC Foreign Investment Law and its implementation regulations. In addition, national security review rules issued by the PRC governmental authorities in 2011 require acquisitions by foreign investors of domestic companies engaged in military-related or certain other industries that are crucial to national security to be subject to prior security review. These rules also prohibit any transactions attempting to bypass such security review, including by controlling entities through contractual arrangements. Moreover, the Anti-Monopoly Law requires that the SAMR must be notified in advance of any concentration of undertaking, occurring inside or outside China, if certain thresholds are triggered.

On February 17, 2023, with the approval of the State Council, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Trial Measures, and several supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Trial Measures and supporting guidelines, in connection with any offering or listing of shares, depository receipts, convertible corporate bonds, or other equity-like securities by a PRC company in an overseas stock market, whether directly or indirectly through an offshore holding company, a filing should be made with the CSRC. The issuer (if the issuer is a PRC company), or its affiliated PRC company (if the issuer is an offshore holding company), must make a filing to the CSRC in respect of any initial public offerings, follow-on offerings and other offering activities conducted by the issuer. If a PRC domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such PRC domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly responsible persons may also be subject to administrative penalties, such as warnings and fines. If (i) the issuer meets the accounting standard that its domestic operating entities' total assets, net assets, revenues or profits in the most recent accounting year accounts for more than 50% of the corresponding line item in the issuer's audited consolidated financial statements for the same period, and (ii) its major operational activities or its principal places of business are in China, or a majority of its senior managers in charge of its operation and management are Chinese citizens or residents, such issuer's overseas offering and listing would be deemed as an indirect overseas offering and listing by such PRC domestic company. The determination of the indirect overseas offering and listing by PRC domestic companies shall follow the principle of "substance over form." In connection with its overseas offering or listing, the PRC domestic company shall designate its major PRC domestic operating entity as the PRC entity responsible for all filing procedures with the CSRC. The filing for initial public offering and listing, or for secondary or dual primary listing, of an issuer conducted overseas should be submitted to the CSRC within three business days after the initial filing of such issuer's listing application overseas. The Trial Measures further provides that companies that have been listed overseas prior to March 31, 2023 constitute "Existing Issuers" and are not required to conduct the overseas listing filing procedure immediately, but shall carry out filing procedures as required if they conduct secondary or dual primary listing, follow-on offerings, convertible bond offerings or are involved in other circumstances that require filings with the CSRC. Specifically, the filing for a follow-on offering by an issuer conducted in the same overseas market where it has previously offered or listed securities should be submitted to the CSRC within three business days after the completion of such follow-on offering. The filing for subsequent securities offerings and listings of an issuer in other overseas markets than where it previously has offered and listed securities should be submitted to the CSRC within three business days after the filing of such issuer's listing application overseas. Once listed overseas, an issuer is further required to report to the CSRC within three

business days after the occurrence of any of the following major events: (i) a change of control of the issuer; (ii) the investigation, sanction or other measures undertaken by foreign securities regulatory agencies or relevant competent authorities with respect to the issuer; (iii) change of listing status or transfer of listing segment; and (iv) the voluntary or mandatory delisting of the issuer.

Furthermore, on February 24, 2023, the CSRC jointly with other governmental authorities, promulgated the Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Enterprises, which came into effect on March 31, 2023. Pursuant to the Provisions, PRC domestic companies seeking overseas offerings and listings, whether directly or indirectly, shall comply with the applicable laws and regulations, raise the awareness of confidentiality, improve their archives management system, and take necessary measures in accordance with their confidentiality and archives management responsibilities in the process of their overseas offerings and listings. Pursuant to the Provisions, if a PRC domestic company is, in the course of its overseas offering and listing, required to publicly disclose or provide to any sponsors, underwriters, securities service providers, or regulators of a foreign jurisdiction, any documents that contain state secrets or work secrets of state government agencies, or any documents that, if divulged, would jeopardize national security or the public interest, such PRC domestic company must complete the applicable approval and filing procedures and any other procedures prescribed by law. The Provisions also mandates that all working paper and other files produced in China by sponsors, underwriters and securities service providers in the course of the overseas offerings and listings must be stored in China and not be transmitted outside China without the approval of the competent PRC authorities. The Provisions also alters procedures for the inspections of PRC domestic companies listing overseas and their sponsors, underwriters and securities service providers by foreign regulators. Specifically, in relation to inspections conducted on-site in China, the Provisions removes the requirements that such inspection must be carried out primarily by PRC regulators or must rely on the results of inspection of PRC regulators. Pursuant to the Provisions, foreign regulators should carry out activities relating to investigation, evidence collection and inspection, through cross-border cooperation mechanisms. Further, PRC domestic companies, sponsors, underwriters and securities service providers should obtain approvals from the CSRC or other PRC authorities before cooperating with foreign regulators in their investigations or inspections or providing any material to them.

Regulations on Company Establishment and Foreign Investment

The establishment, operation and management of companies in China is governed by the PRC Company Law, as amended in 2005, 2013, 2018 and 2023 subsequently. According to the PRC Company Law, companies established in China are either limited liability companies or joint-stock limited liability companies. The PRC Company Law applies to both PRC domestic companies and foreign-invested companies, unless the PRC laws on foreign investment have stipulated otherwise. The latest amended PRC Company Law has made material amendments on corporate governance and shareholders rights of the PRC companies, including, among others, the statutory period for payment of registered capital, the setting of the board of directors and the board of supervisors, and transfer of equity interests in a company.

The establishment procedures, approval procedures, registered capital requirements and day-to-day operational matters of a wholly foreign-owned enterprise are regulated by the PRC Foreign Investment Law, effective on January 1, 2020, and the Implementation Rules of the PRC Foreign Investment Law, effective on January 1, 2020. The Foreign Investment Law replaced the trio of laws regulating foreign investment in China, namely, the Sino-Foreign Equity Joint Venture Enterprise Law, the PRC Sino-Foreign Contractual Joint Ventures Law, and the PRC Wholly Foreign-owned Enterprise Law, together with their implementation rules and ancillary regulations. According to the Foreign Investment Law, "foreign investment" refers to the investment activities conducted directly or indirectly by foreign individuals, enterprises or other entities in China, including the following circumstances: (i) the establishment of foreign-invested enterprises in China by foreign investors solely or jointly with other investors, (ii) a foreign investors' acquisition of shares, equity interests, property portions or other similar rights and interests of enterprises in China, (iii) investment in new projects in China by foreign investors solely or jointly with other investors, and (iv) investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Pursuant to the

Foreign Investment Law, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended or released upon approval by the State Council, from time to time. The negative list will consist of a list of industries in which foreign investments are prohibited and a list of industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The most recent version of the negative list was issued in 2021. Foreign Investment Law and the Implementation Regulations allow foreign-invested enterprises established prior to January 1, 2020 and having corporate structure and governance inconsistent with the PRC Company Law or the PRC Partnership Enterprise Law, as applicable, to maintain their corporate structure and governance within a five-year transition period, but require adjustment for compliance with the PRC Company Law or the PRC Partnership Enterprise Law, as applicable, must be completed prior to the expiration of such transition period.

On December 30, 2019, the Ministry of Commerce and the SAMR issued the Measures for the Reporting of Foreign Investment Information, which became effective on January 1, 2020 and replaced the Interim Administrative Measures for the Record-filing of the Establishment and Modification of Foreign-invested Enterprises promulgated by Ministry of Commerce in October 2016. Pursuant to this regulation, the requirement of record-filing with or approval from the commerce authorities is replaced with a reporting requirement, regardless of whether such foreign investment is subject to the special entry administration measures under the negative list.

The NDRC and the Ministry of Commerce jointly promulgated the Measures for the Security Review of Foreign Investment, or the Security Review Measures on the Foreign Investment on December 19, 2020, which came into effect on January 18, 2021. Pursuant to the Security Review Measures on the Foreign Investment, the NDRC and the PRC Ministry of Commerce will establish a working mechanism office in charge of the security review of foreign investment, and any foreign investment which has or would possibly have an impact on the national security be subject to security review by such working mechanism office. The Security Review Measures on the Foreign Investment define foreign investment as direct or indirect investment by foreign investors in the PRC, which includes (i) investment in new onshore projects or establishment of wholly foreign owned onshore companies or joint ventures with foreign investors; (ii) acquiring equity or asset of onshore companies by mergers and acquisitions; and (iii) onshore investment by and through other means. It requires that a foreign investor or its domestic affiliate shall apply for clearance of national security review with the working mechanism office before conducting any investment into any of the following fields: (i) investment in the military industry or military-related industry, and investment in areas in proximity of defense facilities or military establishment; and (ii) investment in any important agricultural product, important energy and resources, critical equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technologies and internet products and services, important financial services, critical technologies and other important fields which concern the national security where actual control over the invested enterprise is obtained.

Regulations on Food Service

Food Safety Law

According to the PRC Food Safety Law, which was promulgated by SCNPC on February 28, 2009, took effect on June 1, 2009, and recently amended on April 29, 2021, and the PRC Regulations for the Implementation of the Food Safety Law, which were promulgated by the State Council, took effect on July 20, 2009, and recently amended on December 1, 2019, businesses engaging in food production and trading must obtain relevant food production and trading licenses in accordance with the law. However, the sale of edible agricultural products and the sale of pre-packaged food only are not subject to a permit. Where only pre-packaged food is sold, it shall be filed with the local food safety regulatory department of the local people's government at or above the county level for the record. The supervision and management of food production and trading activities must be carried out by the State Council departments of food

safety administration. The Food Safety Law and its implementation rules stipulate certain requirements for online food trades. The Food Safety Law mandates that online food traders must register its real name on the platform, and clearly set forth the traders' responsibilities and the platform providers' examination duties. Third-party platform providers of online transactions of foodstuffs must implement real name registration for participating food business operators, and specify their food safety management responsibilities. Third-party platform providers of online transactions of foodstuffs must, upon discovery of any violation by participating food business operators of the provisions of this Law, promptly stop the offender and forthwith report to the food safety administration department of the county People's Government at the locality; upon discovery of a serious illegal act, the third-party platform provider must forthwith cease provision of online trading platform service.

To strengthen the supervision and administration of food safety of online catering services, on November 6, 2017, the SAMR promulgated Measures for the Supervision and Administration of Food Safety of Online Catering Services, which were amended on October 23, 2020 and took effect on the same date, to regulate the business activities of provider of a third-party online catering services platform, or the Platform Provider, and catering service providers who provide catering services through third-party platforms and self-developed websites, or the Online Catering Service Provider. Pursuant to the measures, the Platform Provider must within 30 working days after approval by the competent communications administration, go through record-filing with the provincial food and drug administration at its domicile, review the food business permit of an Online Catering Service Provider and ensure that the authenticity of the information. The Online Catering Service Provider must have physical stores, operate the food business permit pursuant to the law, and engage in business activities according to the main business model and business items specified in its food business permit. The Platform Provider and an Online Catering Service Provider must strengthen food safety training and management of food delivery personnel. Where a delivery entity is entrusted with food delivery services, the delivery entity must strengthen food safety training and management of food delivery personnel. Where a local food safety administration at or above the county level finds that an Online Catering Service Provider it is investigating and dealing with has committed grave violations of the law, the said administration must notify the Platform Provider, and require the Platform Provider to immediately stop online transaction platform services for the Online Catering Service Provider. To specify food safety responsibilities, the provider of a third-party online catering services platform must sign a food safety agreement with an Online Catering Service Provider.

Food Operation Licensing

The Administrative Measures for Food Operation Licensing and Record-filing, which were promulgated on June 15, 2023 by the SAMR and took effect on December 1, 2023, provide that the food operation must be licensed in accordance with the law to engage in food selling and catering service within the territory of China. However, the food operation licensing is not required under any of the following circumstances: (i) sales of edible agricultural products; (ii) sales of pre-packaged food only; (iii) medical institutions and drug retailers sell specific total nutrition formula food in the formula food for special medical purposes; (iv) food producers that have been granted a food production licensing sell the food they produce at their production and processing places or via the Internet; and (v) other circumstances under which the food operation licensing is not required according to laws and regulations. The sale of prepackaged food only shall be filed for record with the local food safety regulatory department of the local people's government at or above the county level. The Administrative Measures for Food Operation Licensing and Record-filing also provide application requirements regarding operators who engage in the sale of food using vending equipment.

The SAMR will take charge of the supervision over and guidance to the nationwide food operation licensing administration. Local market regulatory authorities at and above the county level should take charge of food operation licensing within their respective administrative regions. The date on which the decision on licensing is made should be the date of issuance of the food operation license. The Food Operation License will be valid for five years.

Regulations on Travel Agency

The State Council promulgated the Regulations on Travel Agencies on February 20, 2009, which took effect on May 1, 2009 and were recently amended on November 29, 2020. On April 25, 2013, the SCNPC promulgated the PRC Tourism Law, which took effect on October 1, 2013 and was recently amended on October 26, 2018. Pursuant to the PRC Tourism Law, travel agencies may engage in domestic tourism, outbound tourism, border tourism and inbound tourism. According to the Implementing Rules of the Regulations on Travel Agencies promulgated by the Ministry of Culture and Tourism, or the MCT, and took effect on December 12, 2016, outbound tourism business means the travel agencies' businesses of soliciting, organizing, and receiving residents of the mainland of China to travel abroad, and to Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan region, and their businesses of soliciting, organizing, and hosting foreigners in the mainland of China, and residents of Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan region in the mainland of China to travel outside the mainland of China. Pursuant to such regulations and laws, the travel agency engaging in domestic tourism business and inbound tourism business must apply for business operation permit for travel agency. After obtaining such business operation permit for travel agency for two years without fines and severe punishment by administrative organs for infringing tourists' legal rights and interests, the travel agency may then apply for outbound tourism business. Further, pursuant to the Measures for Administration of Outbound Tours by Chinese Citizens promulgated by the State Council on May 27, 2002, effective on July 1, 2002, and amended on March 1, 2017, the travel agency applying for operating the outbound tour business must have obtained the qualification as an international travel agency over one year, have prominent performance of inbound tour business and have no material unlawful acts and major service problems.

Regulations on Ticket Sales Agency

The ticket sales agency business is subject to the supervision of China Air Transport Association and its regional branches. In 2019, the principal regulation governing ticket sales agency in China, the Measures for the Recognition of Sales Agency Qualifications, was abolished and air transportation sales agencies can operate ticket sales agency business without permits as was previously required. Alternatively, the Self-Discipline Measures for Air Passenger and Freight Transportation Sales Agency Business was promulgated by China Air Transport Association on March 1, 2019, which encourages self-discipline administration for air transportation sale agency business. China Air Transport Association has further promulgated the Business Standards of Air Passenger Transportation Sales Agencies and the Business Standards of Air Freight Transportation Sales Agencies, which introduce general business standards applied by airlines for selecting and authorizing their sales agents. For example, basic requirements for passenger air transportation sales agencies include (i) obtaining appropriate business license with the business scope of air ticket sales agency business or similar items, (ii) holding a VATS License for its online air-ticketing sales business, (iii) having the paid-in capital suitable for business scale, (iv) providing capital guarantee or pledge in favor of airlines, (v) that such agency and its principals must be without any poor credit records, and (vi) having skilled and trained employees suitable for business scale.

Regulations on Express Delivery Services

According to the Administrative Measures on Business Licensing for Express Delivery Services promulgated by Ministry of Transport on September 1, 2009, which took effect on October 1, 2009, and were amended on November 28, 2019, operators of express delivery services must obtain the Business License for Express Delivery Services issued by Postal Service Administrations pursuant to the law, and accept the supervision and administration by Postal Service Administrations and other relevant departments. The Business License for Express Delivery Services will be valid for a period of five years. An enterprise providing express delivery services must comply with the licensing scope and term of validity as specified in the Business License for Express Delivery Services. In addition, pursuant to the Interim Regulations of Courier which came into effect in May 2018 and were further amended in March 2019, express delivery operators and their branches may open express delivery terminal outlets according to their business needs, and must file with the local postal administrations in the places where such

terminal outlets are located within 20 days from the date of opening such terminal outlets. According to Administrative Measures for the Express Delivery Market, which were promulgated by the Ministry of Transport on December 17, 2023 and took effect on March 1, 2024, express delivery business enterprises shall comply with the laws and regulations and public order and good morals, conserve resources and protect the ecological environment in accordance with the law, and provide rapid, accurate, safe and convenient express delivery services for users. Express delivery business enterprises shall not entrust any enterprise without a Business License for Express Delivery Services to engage in express delivery services or engage in the express delivery services beyond the licensed scope.

Regulations on Online Taxi Booking Services

On July 27, 2016, the MIIT, Ministry of Public Security, Ministry of Commerce, SAMR and the CAC jointly promulgated Administrative Measures for the Business of Online Taxi Booking Services, which took effect on November 1, 2016 and were recently amended on November 30, 2022, to regulate the business activities of online taxi booking services, and ensure operational safety for the passengers. Before carrying out online taxi booking services, an online taxi booking service platform company must obtain the permit for online taxi booking business and complete the record-filing of internet information services to the provincial communications administration in the place of its enterprise registration. When collecting the personal information of drivers and passengers, an online taxi booking service platform enterprise cannot exceed the scope of information requisite for its online taxi booking business. Vehicles engaging the online taxi booking services must install satellite positioning devices and fulfill the criteria of safe operations. The competent administrative departments of the taxi industry in the service locations of a vehicle owner will issue the transportation permit for online taxi booking services for vehicles that satisfy the prescribed conditions and are registered as vehicles for pre-booked passenger transport by taxi. Drivers engaging in the online taxi booking services must satisfy the requirement of driving experience, no criminal record of traffic accidents or dangerous driving, violent crimes and other requirements to obtain his license for online taxi booking services. Except for the regulation on the national level, many local authorities have promulgated detailed implementing rules to further stipulate the requirements for online taxi booking service platforms, vehicles and drivers.

Regulations on Internet Advertising

On February 25, 2023, the SAMR promulgated the Administrative Measures for Internet Advertising, which took effect on May 1, 2023, regulate any advertisement published on the internet, including but not limited to, through websites, webpage and apps, in the form of word, picture, audio and video and provides more detailed guidelines to the advertisers, advertising operators and advertising distributors. Internet advertisers are responsible for the authenticity of the content of advertisements and may publish advertisements by setting up a website or an internet medium legally used by them, or by entrusting internet advertising operators or advertising publishers to publish advertisements. Internet platform operators must stop any person from using their information services to publish illegal advertisements if they are aware of, or should reasonably be aware of, such illegal advertisements. The following activities should/must be taken by internet platform operators to prevent and stop illegal advertisements pursuant to the measures: (i) recording and keeping the real identity information of the users who publish advertisements by using its information services, and keeping the information records for at least three years from the date of end of information service provision; (ii) monitoring and screening the contents of advertisements published by using its information services, taking necessary measures such as notifying for correction, deleting, blocking and disconnecting the published links to stop illegal advertisements if any and keeping the relevant records; (iii) establishing an effective mechanism for accepting and handling complaints and reports, setting up convenient portals or releasing the ways to lodge complaints and reports, and accepting and handling complaints and reports in a timely manner; (iv) not obstructing or impeding, by technical means or other means, the market regulatory authorities from carrying out advertisement monitoring; (v) cooperating with the market regulatory authorities in investigating illegal activities in Internet advertising, promptly adopting technical means to keep the evidence materials on suspected illegal advertisements as required by the market regulatory authorities and truthfully providing the real identity information of the relevant advertisement publishers, the record of modification of advertisements and the transaction information of the relevant commodities or services; and (vi) taking

measures such as warning, suspending or terminating services against the users who publish illegal advertisements by using its information services according to the service agreements and platform rules. The market regulatory administrative department is the relevant local administrative authority that supervises and enforces punishments for any illegal act in internet advertising. In addition, pursuant to the amended PRC Advertising Law in April 2021, all the provisions thereunder apply to the advertising activities conducted via the internet. The amended PRC Advertising Law further provides that the release or distribution of advertisements via internet cannot affect the normal use of the internet by users. Advertisements released on internet pages such as pop-up advertisements must be indicated with a clear close button to ensure that the users may close such advertisements by one click. Any violation of these laws and regulations may result in fines, prohibition of publishing advertisements for a period of time or withdrawal of business licenses, etc. Furthermore, advertising operators or advertising distributors may be subject to civil liability if they infringe on the legal rights and interests of third parties.

Regulations on Internet Audio-Visual Program Services

According to the Certain Decisions on the Entry of the Non-state-owned Capital into the Cultural Industry promulgated by the State Council, which took effect on April 13, 2005, and the Special Administrative Measures for Entry of Foreign Investment (Negative List) (2021 Version), non-state-owned capital and foreign investors are not allowed to conduct the business of transmitting audio-visual programs via an information network.

On February 17, 2011, the MCT promulgated the Interim Administrative Provisions on Internet Culture, which were amended on December 15, 2017. According to the provisions, "internet culture activities" include, among other things, online dissemination of internet cultural products and the production, reproduction, importation, publication and broadcasting of internet cultural products. In May 2019, the MCT issued a circular to adjust the applicable scope for the online culture operating permit, pursuant to which it will no longer be the authority supervising the online game industry and therefore the business scope of an online culture operating permit issued by it, and its local counterparts will only cover internet cultural products including online music, online plays or programs, online performance, online works of art, online cartoon and exhibition, and online matches, but excluding online games. Internet cultural entities are classified into operational internet cultural entities and non-operational internet cultural entities. Operational internet cultural entities must file an application for establishment to the competent culture administration authorities for approval and must obtain the online culture operating permit.

According to the Administrative Regulations on Internet Audio-Visual Program Service, promulgated by the NRTA and the MIIT on December 20, 2007, which took effect on January 31, 2008, and were amended on August 28, 2015, "internet audio-video program services" means producing, editing and integrating of audio-video programs, supplying audio-video programs to the public via the internet, and providing audio-video programs uploading and transmission services to a third party. Entities providing internet audio-video programs services must obtain an internet audio-video program transmission license. According to the Administrative Regulations on Internet Audio-Visual Program Service and other relevant laws and regulations, audio-video programs provided by the entities supplying internet audio-video program services cannot contain any illegal content or other content prohibited by the laws and regulations, such as any content against the basic principles in the PRC Constitution, any content that damages the sovereignty of the country or national security, and any content that disturbs social order or undermine social stability.

On November 18, 2019, the CAC, the MCT and the NRTA jointly issued the Administrative Provisions on Online Audio-visual Information Services, which took effect on January 1, 2020. According to the provisions, online audio-visual information services refer to the services of producing, publishing and disseminating audio-visual information offered to the public via internet platforms, such as websites and application programs. The provisions also require that no individual or entity is allowed to (i) use the online audio-visual information services or related technologies to engage in any activities which may jeopardize national security, undermine social stability or infringe the legitimate rights of others; or (ii) produce, publish or disseminate any audio-visual information prohibited by the laws and regulations,

such as internet rumors. The provider of audio-visual information services must establish, maintain and optimize a rumors refuting regime, under which once it identifies that any user of audio-visual information services produces, publishes or disseminates any rumor by virtue of the technology of producing forged pictures or audio-visual information based on deep-learning or virtual reality, such provider must take measures to refute such rumors in a timely manner and file such situations with the competent authorities governing internet information, culture and tourism, and radio and television.

Regulations on Radio and Television Programs

On August 11, 1997, the State Council promulgated Administrative Regulations on Radio and Television, which came into effect on September 1, 1997 and were amended on December 7, 2013, March 1, 2017 and November 29, 2020. Units for the production and management of radio television programs are established upon the approval of the administrative departments for radio and television under the people's governments at or above the provincial level. Only radio stations, television stations and units for the production and management of radio television programs can produce radio and television programs. No radio or television station may broadcast any program produced by units which are not licensed to produce and manage radio or television programs.

According to the Provisions for the Administration of the Production and Distribution of Radio and Television Programs promulgated by the NRTA on July 19, 2004, which took effect on August 20, 2004 and were recently amended on October 29, 2020, any business that produces or operates radio or television programs must first obtain a Radio and Television Program Production and Operation Permit. Entities holding such permits must conduct their business within the permitted scope as provided in their permits. In addition, foreign-invested enterprises are not allowed to engage in the above-mentioned services.

Regulations on Internet Pharmaceutical Information Service

The Administration Measures on Pharmaceutical Information Service on the Internet, promulgated by the SAMR on July 8, 2004, which took effect on the same date and were amended on November 17, 2017, define the provision of profit-making and non-profit-making online medicine information services on the internet. Where any website intends to provide internet drug information services, to obtain the Qualification Certificate for Internet Drug Information, it must first file an application with the food and drug administration department of the province level at the domicile of the website's sponsor, and then apply for an operation permit from the State Council's department in charge of the information industry or the telecom administrative authority at the provincial level or complete the procedures for record-filing.

Regulations on Microcredit Industry

China Banking and Insurance Regulatory Commission, or the CBIRC, and PBOC jointly promulgated the Guidance on the Pilot Programs for Microcredit Company on May 4, 2008. To establish a microcredit company, the investors must apply to the competent governmental body at provincial level and, upon approval, register at competent local branch of the SAMR where the company will be domiciled and obtain the business license. Within five days after the registration, the microcredit company must submit relevant materials to the local public security department and local branches of the CBIRC and the PBOC. Microcredit companies must be subject to public supervision and cannot illegally raise funds in any form. On September 7, 2020, the CBIRC issued the Circular on Strengthening the Supervision and Administration of Microcredit Company, which took effect on the same date, to further regulate the business operation of the microcredit companies and put forward certain new requirements in terms of the microcredit company's business scope, external financing ratio, loan amount, loan purpose, business area, loan interest rate, etc.

All provinces, autonomous regions, and municipalities directly under the PRC central government must appoint their own regulatory authority for the microcredit industry. Currently, the microcredit industry in China is primarily regulated by the financial affairs offices of the people's governments of the relevant provinces, autonomous regions and municipalities directly under the PRC central government. According to the Chongqing Municipal Instructions on Promoting Pilot Microcredit Companies promulgated by the Chongqing Municipal People's Government on August 1, 2008, Notice on Forwarding "Chongqing Municipal Interim Measures of Pilot Microcredit Companies" by the General Office of Chongqing Municipal People's Government, Notice on Issues concerning the Adjustment of "Chongqing Municipal Interim Measures of Pilot Microcredit Companies" by the General Office of Chongqing Municipal People's Government, and Suggestion on Further Promoting the Development of Microcredit Companies by the General Office of Chongqing Municipal People's Government promulgated by the General Office of Chongqing Municipal People's Government on August 1, 2008, April 27, 2009, and April 12, 2011, respectively, in preparing for the establishment of a microcredit company, all the investors as the applicants must submit an application to the financial affairs office for approval. A microcredit company with approval of establishment must put a deposit no less than 10% of its registered capital into a specified account before the establishment. With the approval of the financial affairs office, the microcredit company can carry out the businesses listed as below: (1) granting loans; (2) handling the discounting of negotiable instruments; and (3) handling asset transfer. Microcredit companies cannot perform any kind of illegal fund-raising or absorb public deposits in a disguised way. Microcredit companies with good management status and risk-control capability, and with capital equal to or more than RMB200 million, can establish branches in the administrative jurisdiction of Chongqing Municipal and conduct business across counties and autonomous counties after approval. Foreign investors are encouraged to hold shares of or own microcredit companies.

Meanwhile, we collaborated with certain commercial banks for our loan facilitation business. In July 2020, CBIRC promulgated the Interim Measures for Administrative of Online Loans by Commercial Banks, or Online Loans Measures, which aim to formulate the regulation regime for online lending business conducted by commercial banks. The Online Loans Measures require that a commercial bank shall not grant an individual with a credit line of more than RMB200,000 and the term of loan to an individual shall not exceed one year in the case of repayment of the principal due in a lump sum. In addition, the Online Loans Measures set several rules for commercial banks to collaborate with external institutions on online loans, including: (i) commercial banks shall conduct pre-admission assessments on cooperative external institution based on operating conditions, management capabilities, risk control capabilities, technical strength, service quality, business compliance and institutional reputation, etc.; (ii) the collaboration agreement between commercial banks and the cooperative external institutions shall specify that the cooperative external institution shall not charge any interest or expense to the borrower in any form; (iii) commercial banks shall independently carry out risk assessment and credit approval for the loans they contribute, and assume the primary responsibility for post-loan management; (iv) commercial banks shall not accept any direct or disguised credit enhancement service provided by any third-party institution without guarantee qualifications or which fails to meet the regulatory requirements for credit insurance and guaranteed insurance business qualifications; and (v) commercial banks shall not finance the loans through the cooperative external institutions.

Regulations on Internet Mapping Services

According to the Administrative Rules of Surveying Qualification Certificate, as most recently amended by the PRC Ministry of Natural Resources, or the MNR, on June 7, 2021 and effective on July 1, 2021, the provision of internet mapping services by any non-surveying and mapping enterprise is subject to the approval of the MNR and requires a surveying and mapping qualification certificate. Internet maps refer to maps called or transmitted through the internet. Pursuant to the Notice on Further Strengthening the Administration of Internet Mapping Services Qualification issued by the MNR on December 23, 2011, any entity without a Surveying and Mapping Qualification Certificate for Internet Surveying and Mapping is prohibited from providing any internet mapping services. According to the Provisions on the Administration of Examination of Maps promulgated by the MNR on June 23, 2006, effective on August 1, 2006 and recently amended on July 24, 2019, subject to limited exceptions, an enterprise must first apply for an approval by the relevant regulatory authority, if it intends to engage in

any of the following activities: (i) publication, display, production, posting, import or export of a map or a product attached with a map, (ii) re-publication, re-display, re-production, re-posting, re-import or re-export of a map the content of which has been changed after it is approved, or other commercial products attached with such a map, and (iii) publication or display of a map or a product attached with a map overseas. The operator of an approved internet map is required to file the updated contents of the map with the relevant regulatory authority semi-annually, and re-apply for a new approval of the map when the two-year term of the existing approval expires.

Regulations on Bike Sharing

According to the Guiding Opinions on Encouraging and Regulating the Development of Internet Bike Rental promulgated by the Ministry of Transport, Publicity Department of the Communist Party of China Central Committee, Office of the Central Leading Group for Cyberspace Affairs, NDRC, MIIT, Ministry of Public Security, Ministry of Housing and Urban-rural Development, PBOC, SAMR and MCT, which took effect on August 1, 2017, the internet bike sharing operators must establish the users' real name registration mechanism and enter into a service agreement with users to define their respective rights and obligations and specify the requirements on users' riding and parking. To strengthen the protection of the networks and information security, internet bike sharing operators must set up their servers within the territory of China, implement the network security hierarchical protection, data security management and personal information protection systems and establish a network and information security management system and technical support measures. Additionally, internet bike sharing operators must refine their internal control mechanism, including rigorously distinguish enterprise self-owned funds from deposits and advance from users, open special accounts for user's deposits and advance, and prevent and control user fund risks.

Regulations on Consumer Protection

The Law of the People's Republic of China on the Protection of Consumer Rights and Interests, which was promulgated by the SCNPC on October 31, 1993, was further amended on October 25, 2013, and became effective on March 15, 2014, sets out the obligations of business operators and the rights and interests of the consumers. Pursuant to the law, business operators must guarantee the quality, function, usage, term of validity, personal or property safety requirement of the goods and services and provide customers with authentic information about the goods and services. Consumer whose legitimate rights and interests are harmed in the purchase of goods or receipt of services rendered through an online trading platform may seek compensation from the seller or the service provider. Where the online trading platform provider is unable to provide the true name, address and valid contact method of the seller or the service provider, the consumer may seek compensation from the online trading platform provider; where the online trading platform provider makes an undertaking which is more favorable to the consumer, the undertaking must be performed. Upon compensation by the online trading platform provider, the online trading platform provider must have the right to recover the compensation from the seller or the service provider. Where the online trading platform provider is or should be aware that the seller or the service provider is using its platform to harm the legitimate consumer rights and interests but failed to adopt the requisite measures, the online trading platform provider will be liable jointly and severally with the seller or the service provider pursuant to the law. Furthermore, on March 15, 2024, the Implementing Rules of the Consumer Rights Protection Law of the People's Republic of China was released and came into effect on July 1, 2024. These rules further specify the obligations stipulated in the PRC Consumer Rights and Interests Protection Law, such as protecting consumers' personal and property safety, handling of defective products, prohibiting fraudulent advertising and unfair practices in standard terms, price transparency, quality guarantee, and protecting consumers' personal information. Additionally, these rules added the obligations of business operators regarding the protection of elderly and minors as consumers. Furthermore, these rules provide requirements to address situations where business operators may abuse technology, platform rules or their dominant positions to infringe on consumer rights, such as prohibiting price discrimination, fraudulent advertising and excessively collecting consumers' personal information. In addition, these rules require livestreaming marketing platform operators to establish and improve mechanisms for consumer rights protection.

Regulations on Autonomous Delivery Vehicles

The MIIT, the Ministry of Public Security and the Ministry of Transport jointly promulgated the Administrative Rules of Road Testing and Demonstration Application of Intelligent Connected Vehicles (for Trial Implementation) on July 27, 2021, which became effective on September 1, 2021. Pursuant to these rules, a qualified entity to conduct road testing of intelligently connected vehicles must meet the following conditions, including, among others: (i) it must be an independent legal person registered within the territory of Mainland China; (ii) it must have the capabilities concerning intelligently connected vehicles, such as the capabilities of manufacturing automobiles and spare parts thereof, the capabilities of research and development of technologies, or the capabilities of experiments and tests; (iii) it must be capable of paying civil compensation for potential damages caused by the road testing of intelligently connected vehicles; (iv) it must have the evaluation rules for the testing of self-driving functions of intelligently connected vehicles; (v) it must have the ability to conduct real-time remote monitoring of the vehicles on road testing; (vi) it must have the ability to record, analyze and reproduce the events related to road test vehicles; (vii) it must have the ability to guarantee the network security for tested vehicles and remote monitoring platforms; and (viii) other conditions specified in applicable laws, administrative regulations and rules. An eligible entity may apply to conduct experimental operation of intelligently connected vehicles in prescribed roads and areas. Prior to starting a road testing, a road-testing entity must submit a self-declaration on safety of the road testing, and such self-declaration should be confirmed by the competent government authority on the provincial or municipal level. The testing duration for a road testing should not exceed 18 months in principle, and should not exceed the validity period of the quality certificate of safety technical inspection and the insurance voucher of the tested vehicle. A road-testing entity or the experimental operation entity must submit a periodic report every 6 months to the competent government authority on the provincial or municipal level and provide a summary report within 1 month upon conclusion of the road testing or experimental operation. The entity responsible for the road testing or the experimental operation must report information on the traffic accidents during the road testing or experimental operation to the competent authorities on a monthly basis. In case of any traffic violation occurred during the road test or demonstration application, the traffic administrative department of the public security department must impose the penalties (including, among others, fines or warning) on the driver in accordance with the laws and regulations on road traffic safety. In the case of serious injuries or deaths of any person or serious damage of a vehicle, the entity responsible for the road testing or the experimental operation must report such accident to the competent government authority on the provincial or municipal level within 24 hours through the information system, and if such subject fails to report as required, its road testing or experimental operation activities may be suspended for 24 months. Some local governments, such as Beijing, Shanghai, Chongqing, Hunan and Tianjin, have issued local rules and regulations to regulate road testing of autonomous driving cars accordingly.

On November 17, 2023, the MIIT, the Ministry of Transport, the Ministry of Public Security and the Ministry of Housing and Urban-Rural Development jointly issued the Notice of Launching the Pilot Program of Market Access and Road Passage for Intelligent Connected Vehicles. Pursuant to such notice, intelligent connected vehicles which have obtained the permits to run on roads shall carry out pilot road traffic in specified areas. Users of the pilot programs shall purchase insurance for their vehicles, apply for vehicle registration, monitor the operation status of vehicles and strengthen the guarantee for vehicle operation safety as required. Pilot automobile manufacturers shall assume the principal responsibility for the quality and production consistency of intelligent connected vehicles, shall be strictly prohibited from any unauthorized change of autopilot function and shall strictly complete the commitment of software upgrading management and record-filing. Pilot users shall assume the principal responsibilities in respect of road traffic safety, network security and data security, and establish sound safety management systems and measures, to ensure vehicle operation safety.

On November 21, 2023, in order to encourage and regulate the application of autonomous vehicles in transport services, the Ministry of Transport issued the Guideline on Transport Safety and Service for Autonomous Vehicles (Trial Implementation). Pursuant to the guideline, transport service on roads using autonomous vehicles shall be carried out within designated areas and shall pass the road traffic safety assessment in accordance with laws. The operators using autonomous vehicles in urban public bus passenger transport business, taxi passenger transport business and general passenger and cargo transport

business shall complete the registration as the market entities pursuant to the applicable laws, and the corresponding business categories shall be registered into their business scope. The autonomous vehicles engaged in road transport shall satisfy the requirements of the national standards and technical specifications, complete motor vehicle registration in accordance with laws, obtain motor vehicle license plates and motor vehicle driving licenses. The autonomous-driving transport operators shall assume the main responsibility of safety, and shall clearly inform other traffic participants of their autonomous-driving identity with eye-catching patterns, words or colors on the vehicle body.

Regulations on Drones

On August 4, 2020, the Ministry of Transport promulgated Provisions on the Administration of Operation License for General Aviation, effective on January 1, 2021, pursuant to which, an enterprise engaging in general aviation operations shall obtain a general aviation operation license. Civil aircraft includes manned aircraft and unmanned aircraft. The company operating certain regulated activities must first obtain a general aviation operation license from the Civil Aviation Administration of China, or the CAAC, for using unmanned aerial vehicles, or the UAVs, and the applicant shall meet certain criteria including, among others, (a) the applicant shall be a corporation having a PRC national as its legal representative; (b) the applicant shall possess proper civil aircraft meeting certain requirements; (c) there are pilots who are suitable for civil aircraft, having professional training and obtaining related license; and (d) the applicant shall have purchased third party liability insurance policy on the ground.

On May 31, 2023, the Provisional Regulation for the Flight Administration of Unmanned Aerial Vehicles was promulgated by the State Council and the Central Military Commission and came into effect on January 1, 2024, which is the first administrative regulation on the management of UAVs in China. It stipulates that any entity using civil UAVs other than micro ones to conduct flight activities shall satisfy the following conditions and apply to the competent civil aviation authorities for operation certificate of civil UAVs: (i) having the management body and personnel required for safe operation and operating personnel that meet the provisions hereof; (ii) having the UAVs and relevant facilities and equipment that meet the requirements for safe operation; (iii) having the management systems and operating procedures required for safe operation and ability to continuously conduct safe operation in accordance with such systems and procedures; and (iv) an entity engaging in for-profit activities shall be a profit-making legal person. Entities engaging in operational general aviation flight activities are not required to obtain a general aviation operation license after obtaining the operation certificate of civil UAVs. In addition, entities using UAVs for commercial flight activities shall purchase liability insurance. Entities or individuals that organize flight activities of UAVs shall abide by relevant laws, regulations and rules, take accident prevention measures on their own initiative, and bear the main responsibility for flight safety.

Regulations on Unfair Competition

According to the Law of the People's Republic of China against Unfair Competition promulgated by the SCNPC on September 2, 1993 and further amended on November 4, 2017 and April 23, 2019, respectively, operators cannot undermine their competitors by engaging in improper activities, including but not limited to, taking advantage of powers or influence to affect a transaction, market confusion, commercial bribery, misleading false publicity, infringement of trade secrets, price dumping, illegitimate premium sale and commercial libel. Any operators who violate the law by engaging in the foregoing unfair competitive activities must be ordered to cease such illegal activities, eliminate the influence of such activities or compensate for the damages caused to any party. The competent supervision and inspection authorities may also confiscate the illegal gains or impose fines on such operators.

On May 11, 2024, the SAMR published the Interim Measures on Online Anti-unfair Competition, which came into effect on September 1, 2024. These Measures have improved the standards and regulatory requirements for various types of online unfair competition behaviors, including the new manifestations of traditional unfair competition behaviors such as counterfeiting, confusion and false advertising, and the new types of unfair competition behaviors conducted through technological means such as reverse bidding manipulation and illegal data acquisition. Regarding platform operators, these Measures highlight the platform operators' responsibilities and require platforms operators to strengthen the management of

competition behavior within the platform. Necessary measures should be taken to deal with unfair competition behavior within the platform, relevant records should be kept, and timely reports should be made to the market supervision authorities. In addition, these Measures prohibit platforms from abusing their competitive advantages to obstruct the normal operation of network products or services of other operators, using service agreements or transaction rules to unreasonably restrict the transactions of operators within the platform, or charging unreasonable service fees to operators within the platform. If a platform operator fails to comply with the requirements of these Measures, it may be subject to administrative penalties including rectification orders, fines and orders to suspend operations.

Regulations on Anti-Monopoly Matters Related to Internet Platform Companies

The PRC Anti-monopoly Law, which was last amended on June 24, 2022, prohibits monopolistic conduct such as entering into monopoly agreements, abusing market dominance and concentration of undertakings that may have the effect of eliminating or restricting competition. On February 7, 2021, the Anti-monopoly Commission of the State Council officially promulgated the Guidelines to Anti-Monopoly in the Field of Internet Platforms, or the Anti-Monopoly Guidelines for Internet Platforms. Pursuant to an official interpretation from the Anti-monopoly Commission of the State Council, the Anti-Monopoly Guidelines for Internet Platforms mainly cover five aspects, including general provisions, monopoly agreements, abusing market dominance, concentration of undertakings, and abusing of administrative powers eliminating or restricting competition. The Anti-Monopoly Guidelines for Internet Platforms prohibit certain monopolistic acts of internet platforms so as to protect market competition and safeguard interests of users and undertakings participating in internet platform economy, including without limitation, prohibiting platforms with dominant position from abusing their market dominance (such as discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology means to block competitors' interface, favorable positioning in search results of goods displays, using bundle services to sell services or products, compulsory collection of unnecessary user data). In addition, the Anti-Monopoly Guidelines for Internet Platforms also reinforce antitrust merger review for internet platform related-transactions to safeguard market competition.

Regulations Relating to Foreign Exchange

Regulation on Foreign Currency Exchange

Pursuant to the Foreign Exchange Administration Regulations, which were promulgated by the State Council on January 29, 1996, took effect on April 1, 1996 and were last amended on August 5, 2008, Renminbi is freely convertible into other currencies for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless prior approval is obtained from SAFE and prior registration with SAFE is made.

Pursuant to the Notice of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment promulgated by SAFE on November 19, 2012, or SAFE Notice No. 59, which became effective on December 17, 2012 and was further amended on May 4, 2015, October 10, 2018 and December 30, 2019, respectively, approval is not required for the opening of an account entry in foreign exchange accounts under direct investment. SAFE Notice No. 59 also simplified the capital verification and confirmation formalities for foreign invested entities, the foreign capital and foreign exchange registration formalities required for the foreign investors to acquire equities from Chinese party, and further improved the administration on exchange settlement of foreign exchange capital of foreign invested entities.

On March 30, 2015, SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises, or the Circular 19, which was further amended on March 23, 2023. SAFE further promulgated the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or the Circular 16, on June 9, 2016 and last amended on

December 4, 2023, which, among other things, amend certain provisions of the Circular 19. According to the Circular 19 and the Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope, direct or indirect securities investment or other investment and wealth management (except for wealth management products and structured deposits with risk rating results of not higher than Grade II), providing loans to non-affiliated enterprises unless otherwise permitted under its business scope or purchasing residential real estate not for self-use (except for enterprises engaging in real estate development and leasing operation). On October 23, 2019, the SAFE issued the Circular on Further Promoting Cross-border Trade and Investment Facilitation, or the Circular 28, which was recently amended on December 4, 2023. The Circular 28 expressly allows FIEs that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as the investments are real and in compliance with the foreign investment-related laws and regulations. Violations of these regulations could result in administrative penalties.

On January 26, 2017, the SAFE promulgated the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control, or the Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks must check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities must hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to the Circular 3, domestic entities must make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

Regulations on Dividend Distribution

Under applicable PRC laws and regulations, FIEs in China may pay dividends only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. A PRC company is required to set aside as statutory reserve funds at least 10% of its after-tax profit, until the cumulative amount of such reserve funds reaches 50% of its registered capital unless laws regarding foreign investment provide otherwise. At the discretion of the board of directors of an FIE, it may allocate a portion of its after-tax profits based on PRC accounting standards to other reserve funds. These reserve funds are not distributable as cash dividends. In addition, a PRC company cannot distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

On July 4, 2014, SAFE promulgated the Notice on Relevant Issues Relating to Domestic Residents' Investment and Financing and Round-Trip Investment through Special Purpose Vehicles, or the Circular 37, for the purpose of simplifying the approval process, and for the promotion of the cross-border investment. The Circular 37 supersedes the Notice on Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicle and Investing Back in China by Domestic Residents, and revises and regulates the relevant matters involving foreign exchange registration for round-trip investment. Under the Circular 37, (i) a resident in the PRC must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (ii) following the initial registration, PRC resident must update his or her SAFE registration when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term, increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions).

Pursuant to the SAFE Circular Further Simplification and Improvement Foreign Exchange Administration on Direct Investment, promulgated on February 13, 2015, effective on June 1, 2015, and further amended on December 30, 2019, the aforementioned registration must be directly reviewed and handled by qualified banks, and SAFE and its branches must perform indirect regulation over the foreign exchange registration via qualified banks.

Failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who control the company from time to time are required to register with the SAFE in connection with their investments in the company. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

Regulations on Stock Incentive Plans

On February 15, 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies, pursuant to which individuals participating in any stock incentive plan of any overseas publicly listed company who are Chinese citizens or foreign citizens who reside in the PRC for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE or its local branches and complete certain other procedures through a domestic qualified agent, which could be a Chinese subsidiary of such overseas listed company, and complete certain other procedures. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the agent in the PRC is required to further amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the mainland Chinese agent or the overseas entrusted institution or other material changes. The mainland Chinese agents must, on behalf of the mainland Chinese residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the mainland Chinese residents' exercise of the employee share options. The foreign exchange proceeds received by the mainland Chinese residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the mainland Chinese agents before distribution to such mainland Chinese residents. Under the Circular of the State Administration of Taxation on Issues Concerning Individual Income Tax in Relation to Equity Incentives promulgated by the SAT and effective from August 24, 2009, listed companies and their domestic organizations must, according to the individual income tax calculation methods for "wage and salary income" and stock option income, lawfully withhold and pay individual income tax on such income.

Regulation on Intellectual Property

Copyright and Software Products

On September 7, 1990, the National People's Congress promulgated PRC Copyright Law, which was further amended in November 2020 and will take effect in June 2021. The PRC Copyright Law provides that Chinese citizens, legal persons, or other organizations must, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. In addition, internet activities, products disseminated over the internet and software products also enjoy copyright. There is a voluntary registration system administered by the China Copyright Protection Center.

In order to further implement the Computer Software Protection Regulations promulgated by the State Council on December 20, 2001, which took effect on January 1, 2002, and were amended on January 30, 2013, the State Copyright Bureau issued the Computer Software Copyright Registration Procedures on February 20, 2002 and amended them on June 18, 2004. They apply to software copyright registration, license contract registration and transfer contract registration. The National Copyright Administration of

China must be the competent authority for the nationwide administration of software copyright registration and the Copyright Protection Center of China is designated as the software registration authority. The Copyright Protection Center of China must grant registration certificates to the Computer Software Copyrights applicants which conform to the provisions of both the Software Copyright Measures and the Computer Software Protection Regulations (Revised in 2013).

Provisions of the Supreme People's Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks provide that web players or web service providers who create works, performances or audio-video products, for which others have the right of dissemination through information networks or are available on any information network without authorization, will be deemed to have infringed upon the right of dissemination through information networks.

Trademarks

Trademarks are protected by the PRC Trademark Law (Revised in 2019) promulgated by the National People's Congress on August 23, 1982 and subsequently amended on February 22, 1993, October 27, 2001, August 30, 2013, and April 23, 2019, as well as the Implementation Regulation of the PRC Trademark Law promulgated by the State Council on August 3, 2002 and amended on April 29, 2014. The Trademark Office of the PRC National Intellectual Property Administration, or the Trademark Office, handles trademark registrations and grants a term of 10 years to registered trademarks and another 10 years if requested upon expiry of the first or any renewed 10-year term. A trademark registrant may license its registered trademark to another party by entering into a trademark license agreement. Trademark license agreements must be filed with the Trademark Office to be recorded. The licensor must supervise the quality of the commodities on which the trademark is used, and the licensee must guarantee the quality of such commodities. Trademark license agreements must be filed with the Trademark Office to be recorded. The PRC Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use. Trademark license agreements should be filed with the Trademark Office or its regional offices.

Domain Names

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Domain Names for the Chinese Internet, promulgated by MIIT on November 5, 2004 and effective December 20, 2004, which was superseded by the Measures on Administration of Internet Domain Names promulgated by MIIT on August 24, 2017 and effective November 1, 2017, and Implementation Rules on Registration of National Top-level Domain Names promulgated by China Internet Network Information Center and effective June 18, 2019. Domain name owners are required to register their domain names and MIIT is in charge of the administration of PRC internet domain names. The domain name services follow a "first come, first file" principle. Applicants for registration of domain names must provide their true, accurate, and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure.

Patents

According to the PRC Patent Law (Revised in 2008) promulgated by the SCNPC, which was further amended on October 17, 2020 and took effect on June 1, 2021, and its Implementation Rules (Revised in 2023) promulgated by the State Council on December 11, 2023 and effective January 20, 2024, the PRC State Intellectual Property Office is responsible for administering patents in China. The patent administration departments of provincial or autonomous regions or municipal governments are responsible

for administering patents within their respective jurisdictions. The PRC Patent Law and its implementation rules provide for three types of patents: "invention," "utility model," and "design." Invention patents are valid for 20 years, while utility model patents are valid for 10 years and design patents are valid for 15 years, from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

Regulations on Taxes

Enterprise Income Tax

Pursuant to the EIT Law and its implementing rules, enterprises are classified into resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in China should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%.

The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People's Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies promulgated by the SAT on April 22, 2009, which took effect on January 1, 2008, and was recently amended on December 29, 2017, sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of the PRC and controlled by mainland Chinese enterprises or mainland Chinese enterprise groups is located within the PRC.

On July 27, 2011, SAT issued a trial version of the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises, which came into effect on September 1, 2011 and was last amended on June 15, 2018, to clarify certain issues in the areas of resident status determination, post-determination administration and competent tax authorities' procedures.

The EIT Law and the implementation rules provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are "non-resident enterprises," and gains derived by such investors, which (a) do not have an establishment or place of business in China or (b) have an establishment or place of business in China, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within China. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and other jurisdictions. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income, or the Double Tax Avoidance Arrangement, promulgated by the SAT on August 21, 2006, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties promulgated and effective on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Based on the Announcement on Recognition of "Beneficial Owner" in Tax Treaties issued by the SAT on February 3, 2018 and effective on April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases.

Value-added Tax and Business Tax

According to the Provisional Regulations on Value-added Tax promulgated by the State Council on December 13, 1993 and amended on November 1 2008, January 8, 2011, February 6, 2016, and November 19, 2017, and the Implementing Rules of the Provisional Regulations on Value-added Tax promulgated by the Ministry of Finance on December 25, 1993 and amended on December 15, 2008 and October 28, 2011, all taxpayers selling goods, providing processing, repairing or replacement services or importing goods in China must pay value-added tax.

Pursuant to the PRC Provisional Regulations on Business Tax, which took effect on January 1, 1994 and were subsequently amended on November 10, 2008, and their implementation rules, all institutions and individuals providing taxable services, transferring intangible assets, or selling real estate in China must pay business tax. The scope of services which constitute taxable services and the rates of business tax are prescribed in the List of Items and Rates of Business Tax attached to the regulations. On November 19, 2017, the regulations in relation to business tax were abolished.

Since January 1, 2012, the Ministry of Finance and the SAT have implemented the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax, which imposes VAT in lieu of business tax for certain "modern service industries" in certain regions and eventually expanded it to nation wide application in 2013. According to the implementation circulars released by the Ministry of Finance and the SAT on the VAT Pilot Program, the "modern service industries" include research, development and technology services, information technology services, cultural innovation services, logistics support, lease of corporeal properties, attestation and consulting services. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner, or the SAT Circular 36, promulgated by the Ministry of Finance and SAT and which took effect on May 1, 2016, entities and individuals engaging in the sale of services, intangible assets or fixed assets within the territory of China are required to pay value-added tax instead of business tax. On March 20, 2019, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement on Policies for Deepening the VAT Reform to further slash value-added tax rates. The Announcement on Policies for Deepening the VAT Reform came into effect on April 1, 2019 and prevails in case of any conflict with previous provisions.

Regulations Relating to Employment and Social Welfare

The Labor Contract Law

Pursuant to the PRC Labor Law promulgated by the SCNPC on July 5, 1994, which took effect on January 1, 1995 and was recently amended on December 29, 2018, the PRC Labor Contract Law promulgated by the SCNPC on June 29, 2007, which took effect on January 1, 2008 and was amended on December 28, 2012, and the Implementing Regulations of the Employment Contracts Law promulgated by the State Council and which took effect on September 18, 2008, labor relationships between employers and employees must be executed in written form. Wages may not be lower than the local minimum wage. Employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant education to its employees. Employees are also required to work in safe and sanitary conditions.

Social Insurance and Housing Fund

Under PRC laws, rules and regulations, including the Social Insurance Law promulgated by the SCNPC on October 28, 2010 and which took effect on July 1, 2011, and was amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Security Funds promulgated by the State Council and which took effect on January 22, 1999, and were amended on March 24, 2019, and the Regulations on the Administration of Housing Accumulation Funds promulgated by the State Council and which took effect on April 3, 1999, and were amended on March 24, 2002, and amended on March 24, 2019, employers are required to contribute, on behalf of their employees, to a number of social security

funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and housing accumulation funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the deficit amount.

Regulations on Foreign Debts

NDRC registration and report in relation to foreign debts management

On September 14, 2015, the NDRC issued the Notice of the National Development and Reform Commission on Pushing Forth Administrative Reform for Filing and Registration for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (the "**NDRC Circular 2044**"), which became effective on the same day.

Effective from February 10, 2023, the NDRC Administrative Measure supersede the NDRC Circular 2044. The NDRC Administrative Measure applies to medium and long-term foreign debts with a maturity of more than one year that are borrowed from overseas by enterprises within the territory of the PRC and by overseas enterprises or branches controlled by aforementioned PRC enterprises, denominated in local or foreign currency, and of which principal is repaid with payment of interest as agreed. For the purpose of the NDRC Administrative Measure, the forms of foreign debts include but are not limited to senior bonds, perpetual bonds, capital bonds, medium-term notes, convertible bonds, exchangeable bonds, financial leasing, and commercial loans. Before borrowing any foreign debt, the Pre-issuance Certificate shall be obtained from the NDRC, and such certificate shall be valid for one year from the date of issuance and be automatically invalidated upon expiry.

Similar to the requirement under the NDRC Circular 2044, the Company will be required under the NDRC Administrative Measure to notify or cause to be notified the particulars of the issue of the Notes within ten PRC working days after the issue of the Notes. In addition, the Company will also be required, among others, to submit or cause to be submitted relevant information on the Notes within ten PRC working days upon the expiration of the pre-issuance certificate, and to complete or cause to be completed periodic filling of requisite information including use of proceeds, plan and arrangement of payment of interest and principal and the Company's financial indicators within five PRC working days prior to the end of January and July each year. In case of any material circumstance which may adversely affect the performance of the Company's debt obligations, including any potential non-repayment of debts and major asset restructuring, the Company is required to report or cause to be reported relevant information and take risk control measures to prevent spillover of onshore default risk and cross-default risk. Failure to comply with any provision of the NDRC Administrative Measure will subject the Company to regulatory interviews, public reprimands and publication of non-compliance record in public credit systems such as the website of "Credit China" and the national enterprise credit information publicity system.

Directors

Our board of directors currently consists of six directors, comprising two executive directors and four independent non-executive directors. The following table sets out the name, age, and position of our directors as of the date of this offering memorandum:

Name	Age	Position
Wang Xing	45	Founder, Executive Director, Chief Executive Officer, and Chairman of the Board
Mu Rongjun	44	Co-founder, Executive Director, and Senior Vice President
Orr Gordon Robert Halyburton	62	Independent Non-executive Director
Leng Xuesong	55	Independent Non-executive Director
Shum Heung Yeung Harry	57	Independent Non-executive Director
Yang Marjorie Mun Tak	72	Independent Non-executive Director

Executive Directors

Wang Xing (王興), aged 45, is the founder, an executive director, the chief executive officer and chairman of the Board. Wang Xing is responsible for the overall strategic planning, business direction and management of the Company. He oversees the senior management team. Wang Xing founded meituan.com in 2010 and currently holds directorship in various subsidiaries, consolidated affiliated entities and operating entities of the Company.

Wang Xing has over 16 years of managerial and operational experience in the internet industry. Prior to co-founding the Company, he co-founded xiaonei.com ("校內網"), China's first college social network website in December 2005 and worked there as chief executive officer from December 2005 to April 2007. xiaonei.com ("校內網") was sold to China InterActive Corp in October 2006 which was later renamed as Renren Inc. (NYSE Ticker: RENN). Wang Xing also co-founded fanfou.com ("飯否網"), a social media company specializing in microblogging, in May 2007 and was responsible for the management and operation of this company from May 2007 to July 2009. Wang Xing has served as a director of Li Auto Inc. (NASDAQ Ticker: LI) since July 2019 and Li Auto Inc. was listed on the SEHK since August 12, 2021 (SEHK Stock Code: 2015) of which Wang Xing was appointed as its non-executive director.

Wang Xing received his bachelor's degree in electronic engineering from Tsinghua University in July 2001 and his master's degree in electrical engineering from University of Delaware in January 2005.

Mu Rongjun (穆榮均), aged 44, is a co-founder, an executive director and a senior vice president of the Company. He is responsible for the financial services and corporate affairs of the Company.

Mu Rongjun has over 16 years of managerial and operational experience in the internet industry. Prior to co-founding the Company, he worked as senior software engineer and project manager in Baidu, Inc. (NASDAQ Ticker: BIDU), the leading Chinese language internet search provider, from July 2005 to May 2007. Mu Rongjun was also a co-founder and the engineering director of fanfou.com ("飯否網"), a social media company specializing in microblogging, from May 2007 to July 2009.

Mu Rongjun received his bachelor's degree in automation engineering from Tsinghua University in July 2002 and his master's degree in computer science and technology from Tsinghua University in July 2005.

Non-executive Directors

Independent Non-executive Directors

Orr Gordon Robert Halyburton, aged 62, is an independent non-executive director. He was appointed as director in September 2018 and is responsible for providing independent advice on financial and accounting affairs and corporate governance matters, and other matters subject to the Board guidance and approval.

Orr Gordon Robert Halyburton joined McKinsey & Company in 1986 and served as senior partner of McKinsey & Company from July 1998 until August 2015 when he retired. He was a member of McKinsey's global shareholder board from July 2003 until June 2015.

Orr Gordon Robert Halyburton acquired extensive corporate governance experience during his position as a senior partner of McKinsey & Company, as well as a director and member of board committees in Lenovo Group Limited (SEHK Stock Code: 992) and Swire Pacific Limited (SEHK Stock Code: 00019 and 00087). His corporate governance experience includes, among others, (i) reviewing, monitoring and making recommendations as to the companies' policies, practices and compliance; (ii) proposing measures to ensure effective communication between the board and shareholders; (iii) opining on proposed connected transactions; and (iv) understanding requirements of the Listing Rules and directors' duty to act in the best interest of the company and the shareholders as a whole.

Orr Gordon Robert Halyburton received his bachelor's degree in engineering science from Oxford University in June 1984 and his master's degree in business administration from Harvard University in June 1986.

Orr Gordon Robert Halyburton has been an independent non-executive director of EQT AB (Stockholm Stock Code: EQT) since September 2019. He was appointed as a non-executive director of Lenovo Group Limited (SEHK Stock Code: 992) in September 2015 and re-designated as an independent non-executive director in September 2016. He has also been an independent non-executive director of Swire Pacific Limited (SEHK Stock Code: 00019 and 00087) since August 2015 and a non-executive director of Fidelity China Special Situations PLC (LSE Stock Code: FCSS) since January 2023. He is also the vice chairman of China-Britain Business Council. He was the independent non-executive director of Sondrel (Holdings) PLC (LSE Stock Code: SND) from October 2022 to January 2024.

Leng Xuesong (冷雪松), aged 55, is an independent non-executive director. He was appointed as director in September 2018 and is responsible for providing independent advice on finance, executive compensation and corporate governance matters, and other matters subject to the Board guidance and approval.

Leng Xuesong joined Warburg Pincus, an international private equity firm, in September 1999 as an associate and served as managing director when he left in August 2007. From September 2007 to December 2014, he served as managing director at General Atlantic LLC, where he focused on investment opportunities in North Asia. In January 2015, Leng Xuesong founded Lupin Capital, a China-focused private equity fund.

Leng Xuesong acquired extensive corporate governance experience through his position as managing director of private equity funds and as non-executive director of various listed companies in Hong Kong and the United States. He has accumulated corporate governance experience in (i) reviewing, monitoring and providing recommendations as to the companies' policies and compliance; (ii) facilitating effective communication between the board and shareholders; and (iii) understanding requirements of the Listing Rules and directors' duty to act in the best interest of the company and the shareholders as a whole.

Leng Xuesong received his bachelor's degree in international industrial trade from Shanghai Jiao Tong University in July 1992 and his master's degree in business administration from the Wharton School of the University of Pennsylvania in May 1999.

Leng Xuesong served as non-executive director of China Huiyuan Juice Group Limited (SEHK Stock Code: 1886) from September 2006 to August 2007 and Zhongsheng Group Holdings Limited (SEHK Stock Code: 881) from August 2008 to June 2015. He served as non-executive director of Wuxi Pharmatech (Cayman) Inc. (NYSE Ticker: WX) from March 2008 to December 2015 and Soufun Holdings Ltd. (NYSE Ticker: SFUN) from September 2010 to December 2014. He also served as independent director of China Index Holdings Limited (NASDAQ Ticker: CIH) from July 2019 to May 2022.

Shum Heung Yeung Harry (沈向洋), aged 57, is an independent non-executive director. He was appointed as director in September 2018 and is responsible for providing independent advice on technology innovation, the global technology and internet industry trends, and other matters subject to the Board guidance and approval.

Shum Heung Yeung Harry joined Microsoft Research in November 1996 as a researcher based in Redmond, Washington. In November 1998, he moved to Beijing as one of the founding members of Microsoft Research China (later renamed Microsoft Research Asia) and spent nine years there first as a researcher, subsequently moving on to become managing director of Microsoft Research Asia and a distinguished engineer of Microsoft Corporation. From October 2007 to November 2013, Shum Heung Yeung Harry served as the corporate vice president responsible for Bing search product development. From November 2013 to February 2020, he served as the executive vice president of Microsoft Corporation. He has been an independent non-executive director of Youdao, Inc. (NYSE Ticker: DAO) since October 2019 and an independent non-executive director of China Vanke Co., Ltd. (SEHK Stock Code: 2202) since June 2023.

Shum Heung Yeung Harry has acquired corporate governance experience in his capacity as the executive vice president of Microsoft Corporation. His key corporate governance experience includes (i) making recommendations as to internal control systems and policies; (ii) regular communication with the board of directors; and (iii) implementing corporate governance measures.

Shum Heung Yeung Harry received his Ph.D. in Robotics from Carnegie Mellon University in August 1996. He was elected into the National Academy of Engineering of United States in February 2017.

Yang Marjorie Mun Tak (楊敏德), aged 72, is an independent non-executive director. She was appointed as director in June 2023 and responsible for providing independent advice on the Company's business development and corporate governance matters, and bring a broader perspective to the Board.

Yang Marjorie Mun Tak has been the chairwoman of Esquel Group since April 1995, the appointed representative of Hong Kong, China, to the APEC Business Advisory Council since December 2017 and the co-chairwoman of the advisory board of Computer Science and Artificial Intelligence Lab at the Massachusetts Institute of Technology since March 2015. She has also been the chairperson of the Steering Committee of Coolthink@JC, created and funded by The Hong Kong Jockey Club Charities Trust, since April 2016. She also serves on Harvard University's Global Advisory Council and the Tsinghua University School of Economics and Management advisory board since August 2012 and October 2003, respectively.

Yang Marjorie Mun Tak has been an Executive Board member of the International Chamber of Commerce since July 2022. She has been an independent non-executive director of Budweiser Brewing Company APAC Limited (SEHK Stock Code: 1876) since July 2019, and was an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited, a subsidiary of HSBC Holdings plc (SEHK Stock Code: 0005), from July 2003 to April 2019 and Swire Pacific Limited (SEHK Stock Codes: 0019 and 0087) from October 2002 to May 2017.

Yang Marjorie Mun Tak obtained a bachelor's degree of Science from the Massachusetts Institute of Technology in February 1974 and a Master of Business Administration Degree from the Harvard Business School in June 1976. She was awarded Justice of the Peace and the Gold Bauhinia Star by the Hong Kong Special Administrative Region Government in July 2009 and July 2013, respectively.

Senior Management (Non-Directors)

Chen Shaohui (陳少暉), aged 43, is the chief financial officer and a senior vice president of the Company. He is responsible for overseeing the Company's finance, strategic planning, investments and capital market activities.

Before joining the Company in November 2014, Chen Shaohui worked as an analyst in A.T. Kearney from June 2004 to October 2005, an investment manager in WI Harper from October 2005 to August 2008 and an investment director in Tencent (SEHK Stock Code: 700) from January 2011 to October 2014.

In July 2018, Chen Shaohui was appointed as a non-executive director of Maoyan Entertainment (SEHK Stock Code: 1896).

Chen Shaohui received his bachelor's degree in economics from Peking University in June 2004 and his master's degree in business administration from Harvard University in May 2010.

Chen Shaohui was a director of Beijing Enlight Media Co., Ltd. (SZSE Stock Code: 300251) from August 2018 to March 2023.

Wang Puzhong (王莆中), aged 40, currently serves as the chief executive officer of the Core local commerce segment of Meituan. He is responsible for Meituan platform, Meituan infrastructure platform, in-store dining, in-store other services, hotel and travel, food delivery, Meituan Delivery, Meituan Instashopping, and Meituan Medicine. He leads strategic planning of Core local commerce development and executes operational strategies for the Company.

Since joining the Company in 2015, Wang Puzhong has successfully led the Company's food delivery business and established the on-demand delivery network, which has become the top global platform, while also achieving sustainable and healthy growth. In his role as the head of the on-demand delivery business, he introduced the "Everything Now (萬物到家)" concept and actively promoted new businesses, such as Meituan Instashopping, drones, and etc.

Wang Puzhong received his bachelor's degree in engineering from North China Electric Power University in June 2006.

Zhang Chuan (張川), aged 48, is a senior vice president and is responsible for overseeing the Company's Dianping, RMS, bike and e-moped sharing, and power bank business.

Before joining the Company in January 2017, Zhang Chuan worked as development manager in the Information Centre of Ministry of Education from September 1997 to 2005, senior product manager at Yonyou Software Co., Ltd. (SHSE Stock Code: 600588) from May 2005 to August 2006, product director at Baidu, Inc. (NASDAQ Ticker: BIDU) from August 2006 to October 2011, and executive vice president at 58.com Inc. (NYSE Ticker: WUBA) from October 2011 to December 2016.

Zhang Chuan received his bachelor's degree in computer science from Beijing Normal University in July 1997 and his master's degree in business administration from Tsinghua University in June 2003.

Share Schemes

As of June 30, 2024, we have a total of three share schemes, namely the Pre-IPO ESOP, the Post-IPO Share Option Scheme, and the Post-IPO Share Award Scheme.

Pre-IPO ESOP

The Pre-IPO ESOP was approved and adopted pursuant to the written resolutions of all the then-shareholders of the Company dated October 6, 2015. The eligible participants include employees, consultants and Directors, as determined by a committee authorized by the Board. The maximum aggregate number of Shares which may be issued is 683,038,063, subject to any adjustments for other dilutive issuances. The Pre-IPO ESOP commenced on October 6, 2015 and will expire on the tenth anniversary of the commencement date. The Company would not grant further share options and RSUs pursuant to the Pre-IPO ESOP after its IPO listing.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved and adopted by the then-shareholders of the Company on August 30, 2018, and was subsequently amended on June 30, 2023 and further amended on May 17, 2024. The eligible persons include any individual or corporate entities (as the case may be), being an employee participant, a related entity participant, and a service provider, whom the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our company.

Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme was approved and adopted by the then-shareholders of the Company on August 30, 2018, and was subsequently amended on June 30, 2023 and further amended on May 17, 2024. The eligible persons include any individual or corporate entities (as the case may be), being an employee participant, a related entity participant, and a service provider, whom who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Company.

As of August 28, 2024, the total number of shares available for issue under the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme is 661,831,199.

Compensation of Directors

During the year ended December 31, 2021, we did not grant any share options and RSUs to our directors. During the year ended December 31, 2022, 38,742 RSUs were granted to three of our independent non-executive Directors. During the year ended December 31, 2023, 25,721 RSUs were granted to one of our independent non-executive Directors.

During the six months ended June 30, 2024, no share options or RSUs were granted to any of our directors.

For more information on the compensation of our director, see note 8 of the consolidated financial statements included in this offering memorandum.

As of June 30, 2024, to the best knowledge of the Directors, the following persons had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Substantial Shareholder	Capacity/Nature of interest[1]	Number and class of Shares held	Approximate percentage of interest in each class of Shares[4]
Class A Shares – Wang Xing			
Crown Holdings[2]	Beneficial interest (L)	489,600,000 Class A Shares	82.07%
Shared Patience[2]	Beneficial interest (L)	26,269,783 Class A Shares	4.40%
Songtao Limited[2]	Interest in controlled corporation (L)	489,600,000 Class A Shares	82.07%
TMF (Cayman) Ltd.	Trustee (L)	489,600,000 Class A Shares	82.07%
Wang Xing	Beneficiary and founder of a trust[2] (L)	489,600,000 Class A Shares	82.07%
	Interest in controlled corporation[2] (L)	489,600,000 Class A Shares	82.07%
		26,269,783 Class A Shares	4.40%
Class A Shares – Mu Rongjun			
Charmway Enterprises[3]	Beneficial interest (L)	80,721,157 Class A Shares	13.53%
Day One Holdings Limited[3]	Interest in controlled corporation (L)	80,721,157 Class A Shares	13.53%
TMF (Cayman) Ltd.	Trustee (L)	80,721,157 Class A Shares	13.53%
Mu Rongjun	Beneficiary and founder of a trust[3] (L)	80,721,157 Class A Shares	13.53%
Class B Shares			
BlackRock, Inc.	Interest in controlled corporation (L)	335,404,944 Class B Shares	5.96%
	Interest in controlled corporation (S)	235,300 Class B Shares	0.00%
Brown Brothers Harriman & Co.	Approved lending agent (L)	317,872,163 Class B Shares	5.65%

Notes:

(1) The letter "L" denotes the person's Long Position in such Shares, and the letter "S" denotes the person's Short Position in such Shares.

(2) Crown Holdings is wholly owned by Songtao Limited which is in turn wholly owned by TMF (Cayman) Ltd. The entire interest in Songtao Limited is held by TMF (Cayman) Ltd. as trustee for a trust established by Wang Xing (as settlor) for the benefit of Wang Xing and his family. Wang Xing is deemed to be interested in the 489,600,000 Class A Shares held by Crown Holdings under the SFO. Shared Patience is wholly owned by Wang Xing.

(3) Charmway Enterprises is wholly owned by Day One Holdings Limited which is in turn wholly owned by TMF (Cayman) Ltd. The entire interest in Day One Holdings Limited is held by TMF (Cayman) Ltd. as trustee for a trust established by Mu Rongjun (as settlor) for the benefit of Mu Rongjun and his family. Mu Rongjun is deemed to be interested in the 80,721,157 Class A Shares held by Charmway Enterprises under the SFO.

(4) As of June 30, 2024, the Company had 6,221,488,863 issued Shares in total, comprising of 596,590,940 Class A Shares and 5,624,897,923 Class B Shares (including treasury Shares). The above calculation is based on the total number of relevant class of Shares as of June 30, 2024.

Directors' Interests

As of June 30, 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) Interest of Directors and Chief Executives in the Company

Name of Director or chief executive	Nature of interest[(1)]	Relevant company	Number and class of securities	Approximate percentage of interest in each class of Shares[(4)]
Wang Xing[(2)]	Beneficiary and founder of a Trust (L)	Trust	489,600,000 Class A Shares	82.07%
	Interest in controlled corporation (L)	Songtao Limited	489,600,000 Class A Shares	82.07%
	Interest in controlled corporation (L)	Crown Holdings	489,600,000 Class A Shares	82.07%
	Interest in controlled corporation (L)	Shared Patience	26,269,783 Class A Shares	4.40%
			318 Class B Shares	0.00%
	Interest in controlled corporation (L)	WAFO Global Inc.	1,121 Class B Shares	0.00%
	Interest in controlled corporation (L)	WangXing Foundation	47,789,542 Class B Shares	0.85%
	Interest of spouse (L)		200 Class B Shares	0.00%
Mu Rongjun[(3)]	Beneficiary and founder of a Trust (L)	Trust	80,721,157 Class A Shares	13.53%
			31,928,843 Class B Shares	0.57%
	Interest in controlled corporation (L)	Day One Holdings Limited	80,721,157 Class A Shares	13.53%
			31,928,843 Class B Shares	0.57%
	Interest in controlled corporation (L)	Charmway Enterprises	80,721,157 Class A Shares	13.53%
			31,928,843 Class B Shares	0.57%
	Interest in controlled corporation (L)	Shared Vision	7,996,668 Class A Shares	0.14%
	Beneficial interest (L)	–	5,000,000 Class B Shares	0.09%
Orr Gordon Robert Halyburton	Beneficial interest (L)	–	72,914 Class B Shares	0.00%
Leng Xuesong	Beneficial interest (L)	–	3,230 Class B Shares	0.00%
Shum Heung Yeung Harry	Beneficial interest (L)	–	72,914 Class B Shares	0.00%
YANG Marjorie Mun Tak	Beneficial interest (L)	–	25,721 Class B Shares	0.00%

Notes:

(1) The letter "L" denotes the person's Long Position in such Shares.

(2) Crown Holdings is wholly owned by Songtao Limited. The entire interest in Songtao Limited is held through a trust which was established by Wang Xing (as settlor) for the benefit of Wang Xing and his family. Wang Xing is deemed to be interested in the 489,600,000 Class A Shares held by Crown Holdings under the SFO. Shared Patience and WAFO Global Inc. are wholly owned by Wang Xing. On March 24, 2023, 200 Class B ordinary shares of the Company were distributed to Guo Wanhuai (the spouse of Wang Xing) following completion of the distribution in specie by Tencent, details of which were disclosed in the announcement of Tencent dated November 16, 2022.

(3) Charmway Enterprises is wholly owned by Day One Holdings Limited. The entire interest in Day One Holdings Limited is held through a trust which was established by Mu Rongjun (as settlor) for the benefit of Mu Rongjun and his family. Mu Rongjun is deemed to be interested in the 80,721,157 Class A Shares and 31,928,843 Class B Shares held by Charmway Enterprises under the SFO. Shared Vision is wholly owned by Mu Rongjun.

(4) As of June 30, 2024, the Company had 6,221,488,863 issued Shares in total, comprising of 596,590,940 Class A Shares and 5,624,897,923 Class B Shares (including treasury Shares). The above calculation is based on the total number of relevant class of Shares as of June 30, 2024.

(B) Interests of Directors and Chief Executives in Associated Corporations of the Company

None of the Directors or chief executives of the Company had interests and short positions in shares, underlying shares or debentures in associated corporations of the Company as of June 30, 2024.

Save as disclosed above, as of June 30, 2024, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between us, our subsidiaries, Consolidated Affiliated Entities, associated companies, key management and other related parties. The related party transactions were carried out in the normal course of business and at terms negotiated. For further information on our related party transactions, see notes 37 and 38 to our audited consolidated financial statements for the years ended December 31, 2022 and 2023, respectively, and note 32 our unaudited consolidated interim financial statements for the six months ended June 30, 2024 included in this offering memorandum.

Contractual Arrangements

The PRC's laws and regulations currently prohibit or restrict foreign ownership and investment in a variety of businesses in China in which we operate, including but not limited to online culture business, radio and television program services, e-commerce platform services, cloud storage services, and other value-added telecommunications services. As a result, we operate the relevant businesses through a number of VIEs and their subsidiaries based on a series of contractual arrangements that we, through our WFOEs, entered into with the VIEs and their subsidiaries and the VIEs' shareholders. Pursuant to these contractual arrangements, we obtained effective control over and had the right to receive all economic benefits from the business and operations of the VIEs and their subsidiaries. For information on the risks relating to the contractual arrangements, see "Risk Factors – Risks Relating to Our Corporate Structure."

The contractual arrangements primarily include the following:

Exclusive Business Cooperation Agreements, pursuant to which the VIEs agreed to engage our WFOEs as their respective exclusive provider of technical support, consultation, and various other services and to provide service fee consisting of 100% of their total consolidated profits to the WFOEs in return, subject to certain customary adjustments;

Exclusive Option Agreements, pursuant to which the WFOEs have the rights to require the shareholders of the VIEs to transfer any or all their equity interests in the VIEs to the WFOEs and/or a designated third party in whole or in part at any time and from time to time, for considerations equivalent to the respectively outstanding loans owed to the VIEs' shareholders (or part of the loan amounts in proportion to the equity interests being transferred) or for a nominal price, unless otherwise required by relevant government authorities;

Equity Pledge Agreements, pursuant to which the shareholders of the VIEs agreed to pledge all their respective equity interests in the VIEs to the WFOEs as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts. The pledge in respect of the VIEs takes effect upon the completion of registration with the SAMR or its relevant local branch and will remain valid until after all the contractual obligations of the VIEs' shareholders and the VIEs under the relevant contractual arrangements have been fully performed and all the outstanding debts of them under the relevant contractual arrangements have been fully paid;

Powers of Attorney, pursuant to which the shareholders of the VIEs irrevocably appointed the WFOEs and their designated persons as their attorneys-in-fact to exercise on their behalf, and agreed and undertook not to exercise without such attorneys-in-fact's prior written consent, any and all right that they have in respect of their equity interests in the VIEs; and

Loan Agreements, pursuant to which the relevant WFOEs agreed to provide loans to certain shareholders of the VIEs to be exclusively used as investment in the relevant VIEs.

Framework Agreements with Tencent

On September 1, 2018, we entered into a framework agreement with Shenzhen Tencent Computer Systems Co., Ltd. ("**Shenzhen Tencent Computer**") (for itself and on behalf of other members of Tencent Holdings Limited (including its subsidiaries, as the case may be, "**Tencent**"), pursuant to which Tencent would provide marketing and promotion services for us (including but not limited to advertisement solicitation services on Tencent's social media network, provision of links to our platform, technical support to enable us to give virtual "red packets" to our users via our platform and mobile apps, and grant of access to Tencent's platform to provide our services to Tencent's clients). On September 30, 2020, we entered into a new framework agreement with Shenzhen Tencent Computer (for itself and on behalf of other members of Tencent), pursuant to which Tencent would provide marketing and promotional services for us on Tencent's relevant platforms (including but not limited to joint-membership services, traffic services, standard marketing and promotion services, provision of links and downloads to our products, content and services and other similar marketing services).

On September 1, 2018, we entered into a framework agreement with Shenzhen Tencent Computer (for itself and on behalf of other members of Tencent), pursuant to which Tencent agreed to provide cloud services, cloud storage and cloud services related technical support to us for service fees (the "**2018 Cloud Services and Technical Services Framework Agreement**"). On September 30, 2020, we entered into a new framework agreement with Shenzhen Tencent Computer (for itself and on behalf o f other members of Tencent), on terms substantially the same as the 2018 Cloud Services and Technical Services Framework Agreement.

On September 1, 2018, we entered into a framework agreement with Shenzhen Tencent Computer (for itself and on behalf of other members of Tencent), pursuant to which Tencent agreed to provide us with payment services in order to enable our consumers to make online payment for our product and service offerings through Tencent payment channels on both mobile devices and personal computers or directly on Tencent payment interface embedded on our mobile apps and website (the "**2018 Payment Services Framework Agreement**"). On September 30, 2020, we entered into a new framework agreement with Shenzhen Tencent Computer (for itself and on behalf of other members of Tencent), on terms substantially the same as the 2018 Payment Services Framework Agreement.

Shenzhen Tencent Computer is a subsidiary of Tencent. Tencent was a substantial shareholder of us during the period from January 1, 2021 to March 24, 2023, and therefore, a connected person of us during such period. On March 24, 2023, 958,121,562 Class B Shares were distributed by Tencent to its shareholders, after which Tencent ceased to be a substantial shareholder of the Company.

Issue of Class B Shares to Connected Grantees of Restricted Share Units

On September 23, 2022, an aggregate of 38,742 Award Shares in the form of RSUs were granted to independent non-executive Directors, namely Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong and Dr. Shum Heung Yeung Harry (collectively, "**Connected Grantees**"), under the Post-IPO Share Award Scheme subject to the terms and conditions of the Post-IPO Share Award Scheme.

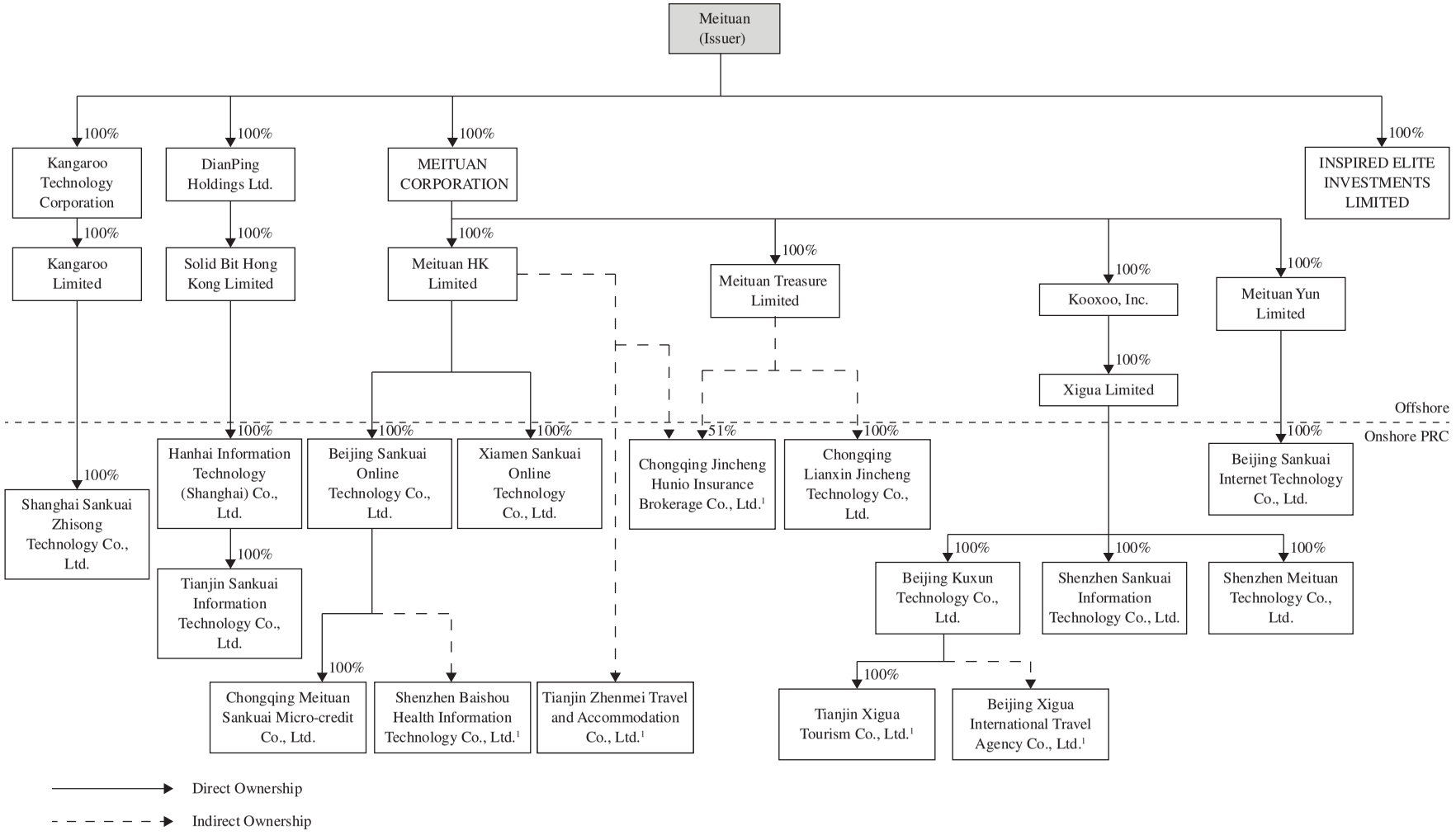
Amongst the 38,742 Award Shares in the form of RSUs granted to the Connected Grantees under the Post- IPO Share Award Scheme in September 2022, 9,684 existing Class B Shares were repurchased from the open market to satisfy 9,684 RSUs vested in favor of the Connected Grantees. On May 25, 2023, our board resolved to propose to issue an aggregate of 29,058 Class B Shares to the Connected Grantees upon vesting of the remaining RSUs.

Acquisition of the Entire Interest in Light Year

On June 29, 2023, (i) Inspired Elite Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirectly one of our whollyowned subsidiaries (the "**Offshore Buyer**") entered into a share purchase agreement (the "**Offshore Share Purchase Agreement**") with, among others, AI Age Limited, a company incorporated in the British Virgin Islands which is wholly owned by Mr. Wang Huiwen (the "**Founder Seller**"), Qimai Limited, a company with limited liability incorporated in the British Virgin Islands, the sole shareholder of which is Mr. Wang Xing, our executive Director and Chief Executive Officer (the "**Qimai**") and SCC Growth VII Holdco, Ltd., and (ii) Tianjin Sankuai Technology Co., Ltd., a member of the Group (the "**Onshore Buyer**") entered into an equity transfer agreement (the "**Onshore Equity Transfer Agreement**"), to acquire the entire interest in Light Year AI Limited, a company incorporated in the Cayman Islands and Beijing Guangnianzhiwai Technology Co., Ltd. (北京光年之外科技有限公司) (the "**Domestic Light Year**"), a limited liability company incorporated under the laws of the PRC, the sole shareholder of which is Mr. Wang Huiwen (collectively, the "**Light Year**"). In August 2023, the said acquisitions have been completed, upon which, the consideration of approximately RMB1,675 million (equivalent to approximately US$234 million) have been paid and a total of approximately RMB1,675 million identifiable net assets (arrived after taking into account the cash position of approximately US$286 million offset by the outstanding principal amount payable by Domestic Light Year to certain bondholders (the "**Assumed Liabilities**") of approximately RMB367 million) have been acquired. Following completion of the aforesaid transactions, the Company held 100% interest in Light Year.

CORPORATE STRUCTURE

The following chart illustrates our structure, including our principal subsidiaries that are material to our business, as of the date of this offering memorandum.



Note 1: Held through a Consolidated Affiliated Entity controlled by the company through contractual arrangements

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

The following summary of the general information regarding our material indebtedness does not purport to be a complete description of and may not contain all of the information that may be important to prospective investors. Investors should read the audited consolidated financial statements for the years ended December 31, 2022 and 2023 (including but not limited to notes 31 and 32 attached thereto) and the unaudited interim condensed consolidated financial statements for the six months ended June 30, 2024 (including but not limited to notes 27 and 28 attached thereto) included in this offering memorandum for additional information about our indebtedness.

	Unaudited As of June 30, 2024	
	RMB	**US$**
	(in thousands)	
Included in non-current liabilities		
RMB bank borrowings – secured[(1)(3)]	816,894	112,408
Notes payable[(2)]	25,190,723	3,466,359
Total long-term debt	**26,007,617**	**3,578,767**
Included in current liabilities		
RMB bank borrowings – unsecured[(3)]	698,790	96,157
Notes payable[(4)]	10,765,105	1,481,328
Total short-term debt	**11,463,895**	**1,577,485**
Total indebtedness[(5)]	**37,471,512**	**5,156,252**

Notes:

(1) As of June 30, 2024, our land use rights with an original book value and a net book value of RMB6,920 million (US$952 million) and RMB6,508 million (US$896 million) respectively had been charged as collateral for borrowings.

(2) As of June 30, 2024, the notes payable (non-current portion) includes (a) US$750 million 2.125% senior notes due 2025 issued on October 29, 2020, (b) US$1,250 million 3.05% senior notes due 2030 issued on October 29, 2020, and (c) US$1,500,000,000 zero coupon convertible bonds due 2028 issued on April 27, 2021.

(3) As of June 30, 2024, the balance of our borrowings was RMB1.5 billion (US$208.6 million).

(4) As of June 30, 2024, the notes payable (current portion) includes (a) US$1,483,600,000 zero coupon convertible bonds due 2027 issued on April 27, 2021, which was reclassified to current liabilities, and (b) undue interests accrued for long-term USD senior notes.

(5) Total indebtedness equals total short-term debt plus total long-term debt of the Company.

2025 Notes and 2030 Notes

On October 29, 2020, we entered into an indenture (as amended and supplemented from time to time, the "**2025 Notes Indenture**") pursuant to which we issued the US$750,000,000 2.125% senior notes due 2025 (the "**2025 Notes**") and an indenture (as amended and supplemented from time to time, the "**2030 Notes Indenture**") pursuant to which we issued the US$1,250,000,000 3.05% senior notes due 2030 (the "**2030 Notes**"). As of the date of this offering memorandum, all of the 2025 Notes remained outstanding and all of the 2030 Notes remained outstanding.

Interest

The 2025 Notes bear an interest rate of 2.125% per annum. Interest is payable semi-annually in arrears. The 2030 Notes bear an interest rate of 3.05% per annum. Interest is payable semi-annually in arrears.

Ranking

The 2025 Notes and the 2030 Notes constitute our senior unsecured obligations. The 2025 Notes and the 2030 Notes rank senior in right of payment to all of our existing and future obligations expressly subordinated in right of payment to the 2025 Notes and the 2030 Notes and rank at least equal in right of payment with all of our existing and future unsecured and unsubordinated obligations (subject to any priority rights pursuant to applicable law). However, the 2025 Notes and the 2030 Notes are effectively subordinated to all of our existing and future secured obligations, to the extent of the value of the assets serving as security therefor.

Covenants

Subject to certain conditions and exceptions, each of the 2025 Notes Indenture and the 2030 Notes Indenture contains certain covenants which limit our ability to, among other things:

- create or permit to subsist certain security interests; and
- consolidate, merge or sell its assets substantially as an entirety.

The 2025 Notes Indenture and the 2030 Notes Indenture do not otherwise restrict or limit our ability to incur additional indebtedness by ourselves or our subsidiaries or our ability to enter into transactions with, or to pay dividends or make other payments to, affiliates.

Events of Default

The 2025 Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2025 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2025 Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2025 Notes Indenture or the holders of at least 25% of the outstanding 2025 Notes may declare the principal of the 2025 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

The 2030 Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2030 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2030 Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2030 Notes Indenture or the holders of at least 25% of the outstanding 2030 Notes may declare the principal of the 2030 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Triggering Event

Upon the occurrence of a triggering event, we are obligated to make an offer to repurchase all outstanding 2025 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Upon the occurrence of a triggering event, we are obligated to make an offer to repurchase all outstanding 2030 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Optional Redemption

At any time, we may redeem the 2025 Notes prior to September 28, 2025, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2025 Notes to be redeemed and (ii) the make-whole amount, plus, in each case, accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time, we may redeem the 2025 Notes on or after September 28, 2025, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2025 Notes to be redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time, the Company may redeem the 2030 Notes prior to July 28, 2030, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2030 Notes to be redeemed and (ii) the make-whole amount, plus, in each case, accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time, the Company may redeem the 2030 Notes on or after July 28, 2030, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2030 Notes to be redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

2027 Convertible Bonds and 2028 Convertible Bonds

On April 27, 2021, we entered into a trust deed (as amended and supplemented from time to time, the "**CB Trust Deed**") pursuant to which we issued US$1,483,600,000 zero coupon convertible bonds due 2027 (the "**2027 Convertible Bonds**") and US$1,500,000,000 zero coupon convertible bonds due 2028 (the "**2028 Convertible Bonds**"). As of the date of this memorandum, all of the 2027 Convertible Bonds and the 2028 Convertible Bonds remained outstanding.

Interest

The 2027 Convertible Bonds and the 2028 Convertible Bonds are zero coupon and do not bear interest.

Ranking

The 2027 Convertible Bonds and the 2028 Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the 2027 Convertible Bonds and the 2028 Convertible Bonds shall, save for certain exceptions, at all times rank at least equally with all of their respective other present and future unsecured and unsubordinated obligations.

Covenants

Subject to certain conditions and exceptions, the CB Trust Deed contains certain covenants which limit our ability to, among other things:

- create or permit to subsist certain security interests; and
- post-issue filing with the National Development and Reform Commission of the PRC.

The CB Trust Deed does not otherwise restrict or limit our ability to incur additional indebtedness by ourselves or our subsidiaries or our ability to enter into transactions with, or to pay dividends or make other payments to, affiliates.

Events of Default

The CB Trust Deed contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2027 Convertible Bonds and the 2028 Convertible Bonds, respectively, failure of delivery of any Class B Shares upon conversion unless such failure is due to a technical or administrative error and is remedied by the Company within three calendar days, breaches of covenants, insolvency and other events of default specified in the CB Trust Deed.

Conversion Price

HK$431.24 per Share, in the case of the 2027 Convertible Bonds, and HK$431.24 per Share, in the case of the 2028 Convertible Bonds, in each case, subject to adjustment for, among other things, consolidation, subdivision or reclassification, capitalization of profits or reserves, capital distributions, rights issues of shares or options at less than 95% of the Current Market Price (as defined in the CB Trust Deed), rights issues of other securities, issues of shares or options at less than 95% of the Current Market Price, other issues at less than Current Market Price, modification of rights of conversion at less than 95% of the Current Market Price, other offers to Ordinary Shareholders and other events as described in the CB Trust Deed.

Optional Redemption

On giving not less than 30 nor more than 60 days' prior notice, we may at any time prior to the relevant maturity date redeem in whole, but not in part, the 2027 Convertible Bonds or the 2028 Convertible Bonds, as the case may be, at the Early Redemption Amount (as defined in the CB Trust Deed) of the 2027 Convertible Bonds or the Early Redemption Amount of the 2028 Convertible Bonds, as the case may be, provided that prior to the date of such notice at least 90 per cent. in principal amount of the 2027 Convertible Bonds or the 2028 Convertible Bonds, as the case may be, originally issued has already been converted, redeemed or purchased and cancelled.

DESCRIPTION OF THE 2028 NOTES

All terms defined in this "Description of the 2028 Notes" shall have the meanings assigned to them herein and are applicable to this "Description of the 2028 Notes" only unless the context otherwise requires. For the purposes of this "Description of the 2028 Notes" only, "Notes" means the 2028 Notes. The 2028 Notes are to be issued under an indenture (the "Indenture") to be dated October 2, 2024, among Meituan 美团 (the "Issuer") and Citicorp International Limited, as trustee (the "Trustee"). Copies of the 2028 Notes and the Indenture will be available for inspection during normal business hours at the corporate trust office of the Trustee. The following summary of the material terms of the 2028 Notes and the Indenture does not purport to be complete and are subject to, and are qualified in its entirety by reference to, the Indenture, including definitions of specified terms used therein. We urge you to read the Indenture because it, and not this description, defines your rights as a beneficial holder of the 2028 Notes. Holders are deemed to have notice of all the provisions of the Indenture applicable to them.

General

The Notes will initially be issued in an aggregate principal amount of US$1,200,000,000 and will mature on April 2, 2028, unless they are redeemed prior to the maturity pursuant to the Indenture and the terms thereof. The Notes will bear interest at the rate of 4.500% per annum. Interest on the Notes will accrue from October 2, 2024 and will be payable semi-annually in arrears on April 2 and October 2 of each year, beginning on April 2, 2025, to the persons in whose names the Notes are registered at the close of business on the preceding March 18 and September 17, respectively, which we refer to as the record dates. At maturity or upon early redemption, the Notes are payable at their principal amount plus premium (if any) plus accrued and unpaid interest thereon. In any case where the payment of principal of, premium (if any) or interest on the Notes is due on a date that is not a Business Day, then payment of principal of, premium (if any) or interest on the Notes, as the case may be, shall be made on the next succeeding Business Day and no interest shall accrue with respect to such payment for the period from and after such date that is not a Business Day to such next succeeding Business Day. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Notes shall be denominated in minimum principal amounts of US$200,000 and in integral multiples of US$1,000 in excess thereof. The Notes will be issued in global registered form.

Payments on the Notes; Paying Agent and Registrar

The Issuer will pay principal of, premium, if any, and interest on the Notes at the office or agency designated by the Issuer, which initially will be the office of Citibank, N.A., London Branch, located at c/o Citibank, N.A., Dublin Branch, 1 North Way Quay, Dublin 1, Ireland, except that the Issuer may, when acting as its own paying agent, at its option and expense, pay interest on the Notes by wire transfer or by mailing a check to the registered account of the holder details of which appear in the register of Notes. Payments of the principal amount of the Notes at maturity or the principal amount (or redemption price) to be prepaid upon redemption or repayment in full, together with accrued interest due at maturity, redemption or repayment, as the case may be, will be made to the registered holder thereof against presentation and surrender of the Notes at the specified office of the paying agent. Any payments of principal of, premium, if any, and interest on the Notes to be made on a date that is not a Business Day need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no additional interest shall accrue as a result of such delayed payment.

The Issuer has initially designated Citibank, N.A., London Branch to act as its paying agent (the "Paying Agent"), transfer agent (the "Transfer Agent") and registrar (the "Registrar"). The Paying Agent, Transfer Agent and Registrar are each referred to as an "Agent," and together, the "Agents." The Issuer may, however, change the Paying Agent or Registrar without prior notice to the holders.

Payment of the principal of, premium, if any, and interest on the Notes held through the DTC will be credited to the respective accounts of holders of the Notes with DTC or its participants, including Euroclear and Clearstream. See "– *Book-Entry; Delivery and Form*."

Ranking

The Notes will constitute senior unsecured obligations of the Issuer. The Notes will rank senior in right of payment to all of the Issuer's existing and future obligations expressly subordinated in right of payment to the Notes and rank at least equal in right of payment with all of the Issuer's existing and future unsecured and unsubordinated obligations (subject to any priority rights pursuant to applicable law). However, the Notes will be effectively subordinated to all of the Issuer's existing and future secured obligations, to the extent of the value of the assets serving as security therefor, and be structurally subordinated to all existing and future obligations and other liabilities of the Issuer's Controlled Entities.

Issuance of Additional Notes

The Issuer may, from time to time, without the consent of the holders of the Notes, issue additional Notes having the same terms and conditions as the previously outstanding Notes in all respects (or in all respects except for the issue date, the issue price and the first payment of interest) (the "Additional Notes"). Additional Notes issued in this manner may be consolidated with the previously outstanding Notes to constitute a single series of the Notes. We will not issue any additional Notes with the same CUSIP, ISIN, Common Code or other identifying number as the outstanding Notes unless the additional Notes are fungible with the outstanding Notes for U.S. federal income tax purposes.

Optional Redemption

The Issuer may, at the Issuer's option, at any time upon giving not less than 30 nor more than 60 days' written notice to holders of the Notes (which notice shall be irrevocable) and the Trustee, redeem the Notes at any time prior to March 2, 2028, in whole or in part, at a redemption amount equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed; and

- the make-whole amount, which means the amount determined on the fifth Business Day before the redemption date equal to the sum of (i) the present value of the principal amount of the Notes to be redeemed, assuming a scheduled repayment thereof on the stated maturity date, plus (ii) the present value of the remaining scheduled payments of interest to and including the stated maturity date, in each case discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 20 basis points,

plus, in each case, accrued and unpaid interest on the Notes to be redeemed, if any, to, but not including, the redemption date; provided that the principal amount of a Note remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

Each of the Trustee and the Agents shall not be responsible to any person for determining or verifying the make-whole amount.

The Issuer may, at the Issuer's option, at any time upon giving not less than 30 nor more than 60 days' written notice to holders of the Notes (which notice shall be irrevocable) and the Trustee, redeem the Notes at any time on or after March 2, 2028, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest on the Notes to be redeemed, if any, to (but not including) the date of redemption; provided that the principal amount of the Notes remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

The notice of redemption will be mailed at least 30 but not more than 60 days before the redemption date to the Trustee and each holder of record of the Notes to be redeemed at its registered address. The notice of redemption for the Notes will state, among other things, the amount of Notes to be redeemed, the redemption date, the manner in which the redemption price will be calculated and the place or places that payment will be made upon presentation and surrender of Notes to be redeemed. Unless we default in the payment of the redemption price, interest will cease to accrue on any Notes that have been called for redemption at the redemption date. If less than all of the Notes are to be redeemed, the Notes for redemption will be selected as follows: (i) if the Notes are listed on a securities exchange then in compliance with the rules of such securities exchange and if the Notes are held through the clearing systems then in compliance with the rules and procedures of the clearing systems, or (ii) if the Notes are not listed on a securities exchange or held through the clearing systems, then *pro rata* by lot or such other method as the Trustee shall deem to be fair and appropriate in its sole and absolute discretion or as otherwise required by applicable law.

Tax Redemption

The Issuer may, at the Issuer's option, redeem the Notes at any time, in whole but not in part, upon written notice as described below, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to, but not including, the date fixed for redemption, if (i) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (or, in the case of Additional Amounts payable by a successor Person to the Issuer, the applicable Successor Jurisdiction), or any change in the official application or official interpretation of, or the stating of an official position with respect to, such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the issue date of the Notes (or, in the case of Additional Amounts payable by a successor Person to the Issuer that is not organized or tax resident in a jurisdiction that was already a Relevant Jurisdiction prior to the date of succession, after the date on which such successor Person to the Issuer became a successor to the Issuer pursuant to the applicable provisions of the Indenture) (a "Tax Change"), the Issuer or any such successor Person to the Issuer is, or would be, obligated to pay Additional Amounts upon the next payment of principal, premium (if any) or interest in respect of such Notes and (ii) such obligation cannot be avoided by the Issuer or any such successor Person to the Issuer taking reasonable measures available to it, provided that changing the Issuer's or such successor Person's jurisdiction is not a reasonable measure for purposes of this section.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or any such successor Person to the Issuer shall deliver to the Trustee (i) a notice of such redemption election, (ii) an opinion of external legal counsel or an opinion of an independent tax consultant to the effect that the Issuer or any such successor Person to the Issuer is, or would become, obligated to pay such Additional Amounts as the result of a Tax Change and (iii) an officers' certificate from the Issuer or any such successor Person to the Issuer, stating that such amendment or change has occurred, and stating that such requirement cannot be avoided by the Issuer or any such successor Person to the Issuer taking reasonable measures available to it. The Trustee shall be entitled to rely conclusively upon such certificate and opinion as sufficient evidence of the conditions precedent described above, in which event it shall be conclusive and binding on the relevant holders.

Notice of redemption of the Notes as provided above shall be given to the holders and the Trustee not less than 30 nor more than 60 days prior to the date fixed for redemption; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or any such successor Person to the Issuer would be required to pay Additional Amounts if a payment in respect of such Notes was then due. Notice having been given, the Notes shall become due and payable on the date fixed for redemption and will be paid at the redemption price, together with accrued and unpaid interest, if any, to, but not including, the date fixed for redemption, at the place or places of payment and in the manner specified in the Notes. From and after the redemption date, if moneys for the redemption of such Notes shall have been made available as provided in the Indenture for redemption on the redemption date, the Notes shall cease to bear interest, and the only right of the holders of such Notes shall be to receive payment of the redemption price and accrued and unpaid interest, if any, to, but not including, the date fixed for redemption.

Repurchase Upon Triggering Event

If a Triggering Event occurs, unless the Issuer has exercised our right to redeem the Notes as described under the heading "*Tax Redemption*" or under the heading "*Optional Redemption*" above, the Issuer will be required to make an offer to repurchase all or, at the holder's option, any part (equal to US$200,000 or multiples of US$1,000 in excess thereof), of each holder's Notes pursuant to the offer described below (the "Triggering Event Offer") on the terms set forth in the Indenture and the Notes. In the Triggering Event Offer, the Issuer will be required to offer payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased to, but not including, the date of purchase (the "Triggering Event Payment").

Within 30 days following a Triggering Event, the Issuer will be required to mail a notice to holders of the Notes, with a copy to the Trustee and the Paying Agent, describing the transaction or transactions that constitute the Triggering Event and offering to repurchase the Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Triggering Event Payment Date"), pursuant to the procedures required by the Notes and described in such notice.

On the Triggering Event Payment Date, the Issuer will be required, to the extent lawful, to:

- accept for payment all Notes or portions of Notes properly tendered pursuant to the Triggering Event Offer;

- deposit with a tender agent one Business Day prior to the Triggering Event Payment Date an amount of cash in U.S. dollars equal to the Triggering Event Payment in respect of all Notes or portions of Notes properly tendered; and

- deliver or cause to be delivered to the Paying Agent the Notes properly accepted together with an officers' certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The tender agent will be required to promptly mail or wire, to each holder who properly tendered the Notes, the purchase price for such Notes properly tendered, and the Trustee will be required to as soon as reasonably practicable authenticate and mail (or cause to be transferred by book-entry) to each such holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each new Note will be in a principal amount of US$200,000 or a multiple of US$1,000 in excess thereof.

The Issuer will not be required to make a Triggering Event Offer upon a Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Issuer and such third party purchases all Notes properly tendered and not withdrawn under its offer. In the event that such third party terminates or defaults on its offer, the Issuer will be required to make a Triggering Event Offer treating the date of such termination or default as though it were the date of the Triggering Event.

The Issuer will comply, to the extent applicable, with the requirements of applicable securities laws and regulations thereunder in connection with the repurchase of the Notes as a result of a Triggering Event. To the extent that the provision of any such securities laws or regulations conflicts with the Triggering Event Offer provisions of the Notes, the Issuer will comply with those securities laws and regulations and will not be deemed to have breached its obligations under the Triggering Event Offer provisions of the Notes by virtue of any such conflict.

There can be no assurance that the Issuer will have sufficient funds available at the time of a Triggering Event to consummate a Triggering Event Offer for all Notes then outstanding (or all Notes properly tendered by the holders of such Notes) and pay the Triggering Event Payment. The Issuer may also be prohibited by terms of other indebtedness or agreements from repurchasing the Notes upon a Triggering Event, which would require the Issuer to repay the relevant indebtedness or terminate the relevant agreement before it can proceed with a Triggering Event Offer, and there can be no assurance that it will be able to effect such repayment or termination.

The Trustee shall not be required to take any steps to ascertain whether a Triggering Event or any event which could lead to a Triggering Event has occurred and shall not be liable to any persons for any failure to do so.

Payment of Additional Amounts

All payments of principal, premium and interest made by the Issuer in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or within the Cayman Islands, Hong Kong, the PRC or any jurisdiction where the Issuer or the paying agent are otherwise considered by a taxing authority to be a resident for tax purposes (in each case, including any political subdivision or any authority therein or thereof having power to tax) (the "Relevant Jurisdiction"), unless such withholding or deduction of such Taxes is required by law. If such withholding or deduction is so required, the Issuer will pay such additional amounts ("Additional Amounts") as will result in receipt by each holder of any Notes of such amounts as would have been received by such holder had no such withholding or deduction of such Taxes been required, except that no such Additional Amounts shall be payable:

(i) in respect of any such Taxes that would not have been imposed, deducted or withheld but for the existence of any connection (whether present or former) between the holder or beneficial owner of a Note and the Relevant Jurisdiction other than merely holding such Note or receiving principal, premium (if any) or interest in respect thereof (including such holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein);

(ii) in respect of any Note presented for payment (where presentation is required) more than 30 days after the relevant date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30-day period. For this purpose, the "relevant date" in relation to any Note means the later of (a) the due date for such payment or (b) the date such payment was made or duly provided for;

(iii) in respect of any Taxes that would not have been imposed, deducted or withheld but for a failure of the holder or beneficial owner of a Note to comply with a timely request by the Issuer addressed to the holder to provide information concerning such holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such holder;

(iv) in respect of any Taxes imposed as a result of a Note being presented for payment (where presentation is required) in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(v) in respect of any estate, inheritance, gift, sale, transfer, personal property or similar Taxes;

(vi) to any holder of a Note that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the holder thereof;

(vii) with respect to any withholding or deduction that is imposed in connection with Sections 1471-1474 of the U.S. Internal Revenue Code of 1986, as amended, and current or future U.S. Treasury regulations thereunder ("FATCA"), any agreement with the Internal Revenue Service implementing or relating to FATCA, any intergovernmental agreement between the United States and any other jurisdiction implementing or relating to FATCA or any non-U.S. law, regulation or other official guidance enacted or issued in any jurisdiction implementing FATCA or any intergovernmental agreement with respect thereto;

(viii) any such Taxes payable otherwise than by deduction or withholding from payments under or with respect to any Note; or

(ix) any combination of Taxes referred to in the preceding items (i) through (viii) above.

In the event that any withholding or deduction for or on account of any Taxes is required and Additional Amounts are payable with respect thereto, at least 10 Business Days prior to each date of payment of principal of, premium (if any) or interest on the Notes, the Issuer will furnish to the Trustee and the Paying Agent, if other than the Trustee, an officers' certificate specifying the amount required to be withheld or deducted on such payments to such holders, certifying that the Issuer shall pay such amounts required to be withheld to the appropriate governmental authority and certifying to the fact that the Additional Amounts will be payable and the amounts so payable to each holder, and that the Issuer will pay to the Trustee or the Paying Agent the Additional Amounts required to be paid; provided that no such officers' certificate will be required prior to any date of payment of principal of, premium (if any) or interest on such Notes if there has been no change with respect to the matters set forth in a prior officers' certificate. The Trustee and the Paying Agent shall be entitled to rely on the fact that any officers' certificate contemplated by this paragraph has not been furnished as evidence of the fact that no withholding or deduction for or on account of any Taxes is required. The Issuer covenants to indemnify the Trustee and the Paying Agent for and to hold them harmless against any loss, liability or incurred expense without fraudulent activity, gross negligence or willful misconduct on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any such officers' certificate furnished pursuant to this paragraph or on the fact that any officers' certificate contemplated by this paragraph has not been furnished.

Whenever there is mentioned, in any context, the payment of principal, premium or interest in respect of any Note, such mention shall be deemed to include the payment of Additional Amounts provided for in the Indenture, to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the Indenture.

The foregoing provisions shall apply in the same manner with respect to the jurisdiction in which any successor Person to the Issuer or its paying agent is organized or resident for tax purposes or any authority therein or thereof having the power to tax (a "Successor Jurisdiction"), substituting such Successor Jurisdiction for the Relevant Jurisdiction.

Our obligation to make payments of Additional Amounts under the terms and conditions described above will survive any termination, defeasance or discharge of the Indenture.

Open Market Purchases

The Issuer or any of its Controlled Entities may, in accordance with all applicable laws and regulations, at any time purchase the Notes issued under the Indenture in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the Indenture. The Notes so purchased, while held by or on behalf of the Issuer or any of its Controlled Entities, shall not be deemed to be outstanding for the purposes of determining whether the holders of the requisite principal amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder.

Modification and Waiver

The Indenture contains provisions permitting us and the Trustee, without the consent of the holders of the Notes, to execute supplemental indentures for certain enumerated purposes in the Indenture and, with the consent of the holders of not less than a majority in aggregate principal amount of the Notes then outstanding under the Indenture, to add, change, eliminate or modify in any way the provisions of the Indenture or any supplemental indentures or to change or modify in any manner the rights of the holders of such Notes. The Issuer and the Trustee may not, however, without the consent of each holder of the Notes affected thereby:

(i) change the Stated Maturity of any Note;

(ii) reduce the principal amount of, payments of interest on or stated time for payment of interest on any Note;

(iii) change any obligation of the Issuer to pay Additional Amounts with respect to any Note;

(iv) change the currency of payment of the principal of, premium (if any) or interest on any Note;

(v) impair the right to institute suit for the enforcement of any payment due on or with respect to any Note;

(vi) reduce the above stated percentage of outstanding Notes necessary to modify or amend the Indenture;

(vii) reduce the percentage of the aggregate principal amount of outstanding Notes necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(viii) modify the provisions of the Indenture with respect to modification and waiver;

(ix) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes in a manner which adversely affects the holders of such Notes;

(x) reduce the amount of the premium payable upon the redemption or repurchase of the Notes or change the time at which such Notes may be redeemed or repurchased as described above under "– *Tax Redemption*"; or

(xi) reduce the amount of the premium payable upon the redemption or repurchase of the Notes or change the time at which any such Notes may be redeemed or repurchased as described above under "– *Optional Redemption*" or "– *Repurchase Upon Triggering Event*" whether through an amendment or waiver of provisions in the covenants, definitions or otherwise (except through amendments to the definition of "Triggering Event").

The holders of not less than a majority in aggregate principal amount of the Notes then outstanding may on behalf of all holders of the Notes waive any existing or past Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default (i) in the payment of principal of, premium (if any) or interest on (or Additional Amount payable in respect of) the Notes then outstanding, in which event the consent of all holders of the Notes then outstanding affected thereby is required, or (ii) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the holder of each Note then outstanding affected thereby. Any such waivers will be conclusive and binding on all holders of the Notes, whether or not they have given consent to such waivers, and on all future holders of such Notes, whether or not notation of such waivers is made upon such Notes. Any instrument given by or on behalf of any holder of the Notes in connection with any consent to any such waiver will be irrevocable once given and will be conclusive and binding on all subsequent holders of such Notes.

Notwithstanding the foregoing, without the consent of any holder of the Note, the Issuer and the Trustee may amend the Indenture and the relevant Notes to, among other things:

(i) cure any ambiguity, omission, defect or inconsistency contained in the Indenture or in any supplemental indenture; provided, however, that such amendment does not materially and adversely affect the rights of holders;

(ii) in the case of a merger or consolidation, evidence the succession of another corporation to the Issuer, or successive successions, and the assumption by such successor of the covenants and obligations of the Issuer contained in the Notes and in the indenture or any supplemental indenture;

(iii) comply with the rules of any applicable depositary;

(iv) secure the Notes;

(v) add to the covenants and agreements of the Issuer, to be observed thereafter and during the period, if any, in such supplemental indenture or indentures expressed, and to add Events of Default, in each case for the protection or benefit of the holders of the Notes, or to surrender any right or power herein conferred upon the Issuer;

(vi) make any change in the Notes that does not adversely affect the legal rights under the Indenture of any holder of such Notes in any material respect;

(vii) evidence and provide for the acceptance of an appointment under the Indenture of a successor trustee; provided that the successor trustee is otherwise qualified and eligible to act as such under the terms thereof;

(viii) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, but not limited to, facilitating the issuance and administration of the Notes or, if incurred in compliance with the Indenture, additional Notes; provided, however, that (A) compliance with the Indenture as so amended would not result in the Notes being transferred in violation of any applicable securities law and (B) such amendment does not materially and adversely affect the rights of holders to transfer Notes;

(ix) change or eliminate any of the provisions of the Indenture; provided that any such change or elimination shall become effective only when there is no outstanding Note created prior to the execution of such supplemental indenture that is entitled to the benefit of such provision and as to which such supplemental indenture would apply;

(x) add guarantors or co-obligors with respect to the Notes;

(xi) establish the form and terms of Notes as permitted under the Indenture, or to provide for the issuance of additional Notes in accordance with the limitations set forth in the Indenture, or to add to the conditions, limitations or restrictions on the authorized amount, terms or purposes of issue, authentication or delivery of the Note, as herein set forth, or other conditions, limitations or restrictions thereafter to be observed; or

(xii) conform the text of the Indenture or the Notes to any provision of this "*Description of the 2028 Notes*" to the extent that such provision in this "*Description of the 2028 Notes*" was intended to be a verbatim recitation of a provision of the Indenture or the Notes as evidenced by an officers' certificate.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance of the proposed amendment, supplement or waiver. A consent to any amendment, supplement or waiver under the Indenture by any holder given in connection with a tender of such holder's Notes will not be rendered invalid by such tender. After an amendment, supplement or waiver under the Indenture becomes effective, the Issuer is required to give to the holders a notice briefly describing such amendment, supplement or waiver. However, the failure to give such notice to all the holders, or any defect in the notice will not impair or affect the validity of the amendment, supplement or waiver.

Limitation on Liens

So long as any Note remains outstanding, the Issuer will not create or have outstanding, and will ensure that none of its Principal Controlled Entities will create or have outstanding, any Lien upon the whole or any part of their respective present or future undertaking, assets or revenues (including any uncalled capital) securing any Relevant Indebtedness or create or have outstanding any guarantee or indemnity in respect of any Relevant Indebtedness either of the Issuer or of any of its Principal Controlled Entities, without (i) at the same time or prior thereto securing or guaranteeing the Notes equally and ratably therewith or (ii) providing such other security or guarantee for the Notes as shall be approved by an act of the holders of the Notes holding at least a majority of the principal amount of the Notes then outstanding.

The foregoing restriction will not apply to:

(i) any Lien, guarantee or indemnity arising or already arisen automatically by operation of law which is timely discharged or disputed in good faith by appropriate proceedings;

(ii) any Lien, guarantee or indemnity in respect of the obligations of any Person which becomes a Principal Controlled Entity or which merges with or into the Issuer or a Principal Controlled Entity after the date of the Indenture which is in existence at the date on which it becomes a Principal Controlled Entity of the Issuer or merges with or into the Issuer or a Principal Controlled Entity; provided that any such Lien was not incurred in anticipation of such acquisition or of such Person becoming a Principal Controlled Entity or being merged with or into the Issuer or a Principal Controlled Entity;

(iii) any Lien, guarantee or indemnity created or outstanding in favor of the Issuer;

(iv) any Lien, guarantee or indemnity in respect of Relevant Indebtedness of the Issuer or any Principal Controlled Entity with respect to which the Issuer or such Principal Controlled Entity has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Issuer or such Principal Controlled Entity in respect thereof (other than the obligation that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full); or

(v) any Lien, guarantee or indemnity arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Lien permitted by the foregoing clause (ii) or this clause (v); provided that such Relevant Indebtedness is not increased beyond the principal amount thereof (together with the costs of such refinancing, extension, renewal or refunding) and is not secured by any additional property or assets.

Consolidation, Merger, and Sale of Assets

The Issuer may not, directly or indirectly, consolidate with or merge into any other Person in a transaction or a series of transactions in which the Issuer is not the surviving entity, or convey, transfer, or lease our properties and assets substantially as an entirety to, any Person unless:

(i) the Issuer shall be the continuing Person or, if it is not the continuing Person, any Person formed by such consolidation or into which the Issuer is merged or to whom the Issuer has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the Cayman Islands or Hong Kong;

(ii) such Person expressly assumes by an indenture supplemental to the Indenture all of the Issuer's obligations under the Indenture and the Notes, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes, delivered to the Trustee and in form and substance reasonably satisfactory to the Trustee;

(iii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iv) the Issuer has delivered to the Trustee an officers' certificate and an opinion of external legal counsel, each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with the Indenture and that all conditions precedent therein relating to such transaction have been complied with.

Payments for Consent

The Issuer will not, and will not permit any of the Issuer's Controlled Entities to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or amendment.

NDRC Post-issue Filing

The Issuer will notify the Trustee if it does not file or cause to be filed with the National Development and Reform Commission of the PRC (the "NDRC") the requisite information and documents required to be filed with the NDRC within the time period prescribed by the NDRC after the closing date in accordance with the Approval and Registration Certificate of Enterprise Borrowing Foreign Debt issued by the NDRC on August 26, 2024 pursuant to the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)), and any implementation rules as issued by the NDRC as in effect at such time (the "Post-Issuance Filing"). Such notification to the Trustee will be made within 10 PRC Business Days after such failure to complete the Post-Issuance Filing.

The Trustee shall have no obligation or duty to monitor or ensure or to assist with the Post-Issuance Filing on or before the relevant deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Post-Issuance Filing and/or the relevant documents evidencing the Post-Issuance Filing or to give notice to the Holders confirming the completion of the Post-Issuance Filing, and shall not be liable to Holders or any other person for not doing so.

Events of Default

Under the terms of the Indenture, each of the following constitutes an Event of Default for the Notes:

(i) failure to pay principal or premium in respect of any Notes by the due date for such payment;

(ii) failure to pay interest on any Notes within 30 days after the due date for such payment;

(iii) the Issuer defaults in the performance of or breach its obligations under the "– *Consolidation, Merger, and Sale of Assets*" covenant;

(iv) the Issuer defaults in the performance of or breach any covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (i), (ii) or (iii) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the holders of 25% or more in aggregate principal amount of the Notes then outstanding;

(v) (1) there occurs with respect to any indebtedness of the Issuer or any of the Issuer's Principal Controlled Entities, whether such indebtedness now exists or shall hereafter be created, (A) an event of default that has resulted in the holder thereof declaring the principal of such indebtedness to be due and payable prior to its stated maturity or (B) a failure to make a payment of principal, interest or premium when due (after giving effect to the expiration of any applicable grace period therefor, a "Payment Default") and, in each case, such default continues for more than 30 days after the expiration of any grace period or extension of time for payment applicable thereto; provided that any such Event of Default shall be deemed cured and not continuing upon payment of such indebtedness, rescission of such declaration of acceleration, or waiver or with consent of the applicable lender; and (2) the outstanding principal amount of such indebtedness, together with the outstanding principal amount of any other indebtedness of the Issuer or any of the Issuer's Principal Controlled Entities under which there has been a Payment Default or the maturity of which has been so accelerated, is equal to or exceeds the greater of (x) US$100,000,000 (or the Dollar Equivalent thereof) and (y) 2.5% of the Issuer's Total Equity;

(vi) one or more final judgments or orders for the payment of money are rendered against the Issuer or any of the Issuer's Principal Controlled Entities and are not paid or discharged, and there is a period of 90 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against the Issuer or any of the Issuer's Principal Controlled Entities (net of any amounts that our insurance carriers have paid or agreed to pay with respect thereto under applicable policies) to exceed the greater of (x) US$100,000,000 (or the Dollar Equivalent thereof) and (y) 2.5% of the Issuer's Total Equity, during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(vii) the entry by a court having jurisdiction in the premises of (i) a decree or order for relief in respect of the Issuer or any of the Issuer's Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or (ii) a decree or order adjudging the Issuer or any of the Issuer's Principal Controlled Entities bankrupt or insolvent, or approving as final and nonappealable a petition seeking reorganization, arrangement, adjustment, or composition of or in respect of the Issuer or any of the Issuer's Principal Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Issuer or any of the Issuer's Principal Controlled Entities or of any substantial part of their respective property, or ordering the winding up or liquidation of their respective affairs (or any similar relief granted under any foreign laws), and in any such case the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive calendar days;

(viii) the commencement by the Issuer or any of the Issuer's Principal Controlled Entities of a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by the Issuer or any of the Issuer's Principal Controlled Entity to the entry of a decree or order for relief in respect of the Issuer or any of the Issuer's Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against the Issuer or any of the Issuer's Principal Controlled Entity, or the filing by the Issuer or any of the Issuer's Principal Controlled Entity of a petition or answer or consent seeking reorganization or relief with respect to the Issuer or any of the Issuer's Principal Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or the consent by the Issuer or any of the Issuer's Principal Controlled Entity to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Issuer or any of the Issuer's Principal Controlled Entities or of any substantial part of their respective property pursuant to any such law, or the making by the Issuer or any of the Issuer's Principal Controlled Entities of a general assignment for the benefit of creditors in respect of any indebtedness as a result of an inability to pay such indebtedness as it becomes due, or the admission by the Issuer or any of the Issuer's Principal Controlled Entities in writing of their inability to pay the debts generally as they become due, or the taking of corporate action by the Issuer or any of the Issuer's Principal Controlled Entities that resolves to commence any such action; and

(ix) the Notes or the Indenture is or becomes or is claimed by the Issuer to be unenforceable, invalid or ceases to be in full force and effect otherwise than is permitted by the Indenture.

If an Event of Default (other than an Event of Default described in clauses (vii) and (viii) above) shall occur and be continuing, either the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding by written notice to the Issuer (and to the Trustee if such notice is given by the holders) as provided in the Indenture, may, and the Trustee shall, upon instructions from holders of at least 25% in aggregate principal amount of the Notes then outstanding and subject to receipt of pre-funding, security and/or indemnity to its satisfaction, declare the unpaid principal amount of such Notes and any accrued and unpaid interest and premium (if any) thereon (and any Additional Amount payable in respect thereof) to be due and payable immediately upon receipt of such notice. If an Event of Default in clause (v) above shall occur, the declaration of acceleration of the Notes shall be automatically annulled if the default triggering such Event of Default pursuant to clause (v) shall be remedied or cured by the Issuer or any of the Issuer's Principal Controlled Entities or waived by the holders of the relevant indebtedness within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all Events of Default, other than the non-payment of principal, premium (if any) or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived. If an Event of Default in clauses (vii) or (viii) above shall occur, the unpaid principal amount of all the Notes then outstanding and any accrued and unpaid interest thereon will automatically, and without any declaration or other action by the Trustee or any holder of such Notes, become immediately due and payable. After a declaration of acceleration but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of at least a majority in aggregate principal amount of the Notes then outstanding may, under certain circumstances, waive all past defaults and rescind and annul such acceleration if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all Events of Default, other than the non-payment of principal, premium, if any, or interest on such Notes that became due solely because of the acceleration of such Notes, have been cured or waived. For information as to waiver of defaults, see "– *Modification and Waiver*."

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default shall occur and be continuing, the Trustee will be under no obligation to exercise any of the trusts or powers vested in it by the Indenture or enforce any provisions of the Indenture at the request, order or direction of any of the holders of Notes, unless the requisite number of holders shall have instructed the Trustee in writing and offered to the Trustee pre-funding, security and/or indemnity satisfactory to it against the costs, expenses, and liabilities which may be incurred therein or thereby. Subject to certain provisions, including those requiring pre-funding, security and/or indemnification of the Trustee, the holders of a majority in aggregate principal amount of the Notes then outstanding will have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. No holder of any Note will have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or a trustee, or for any other remedy thereunder, unless (i) such holder has previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, (ii) the holders of at least 25% in aggregate principal amount of the Notes then outstanding have made written request to the Trustee to institute such proceeding, (iii) such holder or holders have offered pre-funding, security and/or indemnity satisfactory to the Trustee and (iv) the Trustee has failed to institute such proceeding, and has not received from the holders of a majority in aggregate principal amount of the Notes then outstanding a written direction inconsistent with such request, within 60 days after such notice, request, and offer. However, such limitations do not apply to a suit instituted by a holder of a Note for the enforcement of the right to receive payment of the principal of, premium (if any) or interest on such Note on or after the applicable due date specified in such Note. The Trustee may refuse to follow any direction that conflicts with the law, regulation or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of holders not joining in the giving such direction received from such holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security is assured to it.

Legal Defeasance and Covenant Defeasance

The Indenture will provide that the Issuer may at its option and at any time elect to have all of its obligations discharged with respect to the outstanding Notes ("Legal Defeasance") except for:

(i) the rights of holders of the Notes that are then outstanding to receive payments in respect of the principal of, or interest or premium on such Notes when such payments are due from the trust referred to below;

(ii) the Issuer's obligations with respect to the Notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(iii) the rights, powers, trusts, duties and immunities of the Trustee for the Notes, and the Issuer's obligations in connection therewith; and

(iv) the Legal Defeasance and Covenant Defeasance (as defined below) provisions of the Indenture for the Notes.

The Indenture will provide that, the Issuer may, at its option and at any time, elect to have its obligations with respect to the outstanding Notes released with respect to certain covenants (including their obligations under the headings "*Consolidation, Merger, and Sale of Assets*" and "*Payment of Additional Amounts*") that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under the caption "– *Events of Default*" will no longer constitute an Event of Default.

The Indenture will also provide that, in order to exercise either Legal Defeasance or Covenant Defeasance:

(i) the Issuer must irrevocably deposit with the Trustee or the paying agent, in trust, for the benefit of the holders of all Notes subject to Legal Defeasance or Covenant Defeasance, cash in U.S. dollars, U.S. Government Obligation, or a combination of cash in U.S. dollars and U.S. Government Obligation, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants to pay the principal of, or interest and premium on such notes that are then outstanding on the Stated Maturity or on the applicable redemption date, as the case may be, and the Issuer must specify whether such Notes are being defeased to maturity or to a particular redemption date;

(ii) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion of external legal counsel of recognized standing with respect to U.S. federal income tax matters that is acceptable to the Trustee confirming that (1) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (2) since the date of the Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of external legal counsel will confirm that, the beneficial owners of the then outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(iii) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion of external legal counsel of recognized standing with respect to U.S. federal income tax matters that is acceptable to the Trustee confirming that the beneficial owners of the then outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(iv) no Default or Event of Default with respect to the Notes must have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(v) the Issuer must deliver to the Trustee an officers' certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding such creditors or others; and

(vi) the Issuer must deliver to the Trustee an officers' certificate and an opinion of external legal counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect with respect to Notes when:

(i) either:

(1) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Paying Agent for cancellation; or

(2) all Notes that have not been delivered to the Paying Agent for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer has irrevocably deposited or caused to be deposited with the Trustee (or its agent) as trust funds in trust solely for the benefit of the holders of the Notes, cash in U.S. dollars, U.S. Government Obligation, or a combination of cash in U.S. dollars and U.S. Government Obligation, in amounts as will be sufficient (in the case of a deposit not entirely in cash, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants), without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on such Notes not delivered to the Paying Agent for cancellation for principal, premium and accrued interest to the date of maturity or redemption;

(ii) no Default or Event of Default under the Indenture has occurred and is continuing with respect to the Notes on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer is a party or by which the Issuer is bound;

(iii) the Issuer has paid or caused to be paid all sums payable by it under the Indenture with respect to the Notes; and

(iv) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Issuer shall deliver an officers' certificate and an opinion of external legal counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

No Sinking Fund

The Notes will not be subject to, nor entitled to the benefit of, any sinking fund.

Book-Entry; Delivery and Form

The Notes will be represented by one or more global notes that will be deposited with Citibank, N.A., London Branch for The Depository Trust Company, New York, New York ("DTC") and registered in the name of Cede & Co., as nominee of DTC, for the accounts of its participants, including Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). The Issuer will not issue certificated Notes, except in the limited circumstances described below. Transfers of ownership interests in the global notes will be effected only through entries made on the books of DTC participants acting on behalf of beneficial owners. You will not receive written confirmation from DTC of your purchase. The direct or indirect participants through whom you purchased the Notes should send you written confirmations providing details of your transactions, as well as periodic statements of your holdings. The direct and indirect participants are responsible for keeping accurate account of the holdings of their customers like you. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to own, transfer or pledge beneficial interests in the global notes.

You, as the beneficial owner of Notes, will not receive certificates representing ownership interests in the global notes, except in the following limited circumstances: (1) DTC notifies the Issuer that it is unwilling or unable to continue as depositary or if DTC ceases to be eligible under the Indenture and a successor depositary is not appointed within 90 days; or (2) an event of default with respect to the Notes will have occurred and be continuing and a holder requests the Issuer to issue a certificated Note. These certificated Notes will be registered in such name or names as DTC will instruct the Trustee and the Registrar. It is expected that such instructions may be based upon directions received by DTC from participants with respect to ownership of beneficial interests in global notes.

So long as DTC or its nominee is the registered owner and holder of the global notes, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the global notes for all purposes under the Indenture relating to the Notes. Except as provided above, you, as the beneficial owner of interests in the global notes, will not be entitled to have Notes registered in your name, will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the owner or holder thereof under the Indenture. Accordingly, you, as the beneficial owner, must rely on the procedures of DTC and, if you are not a DTC participant, on the procedures of the DTC participants through which you own your interest, to exercise any rights of a holder under the Indenture.

Neither the Issuer, the Trustee, nor any other agent of the Issuer or agent of the Trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in global notes or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests. DTC's practice is to credit the accounts of DTC's direct participants with payment in amounts proportionate to their respective holdings in principal amount of beneficial interest in a security as shown on the records of DTC, unless DTC has reason to believe that it will not receive payment on the payment date. The initial purchasers will initially designate the accounts to be credited. Beneficial owners may experience delays in receiving distributions on their Notes because distributions will initially be made to DTC and they must be transferred through the chain of intermediaries to the beneficial owner's account. Payments by DTC participants to you will be the responsibility of the DTC participant and not of DTC, the Trustee, any agent or us. Accordingly, the Issuer, the Trustee and any paying agent will have no responsibility or liability for: any aspect of DTC's records relating to, or payments made on account of, beneficial ownership interests in the Notes represented by a global securities certificate; any other aspect of the relationship between DTC and its participants or the relationship between those participants and the owners of beneficial interests in a global securities certificate held through those participants; or the maintenance, supervision or review of any of DTC's records relating to those beneficial ownership interests.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The Issuer has been informed that, under DTC's existing practices, if the Issuer requests any action of holders of senior notes, or an owner of a beneficial interest in a global security such as you desires to take any action which a holder of the Notes is entitled to take under the Indenture, DTC would authorize the direct participants holding the relevant beneficial interests to take such action, and those direct participants and any indirect participants would authorize beneficial owners owning through those direct and indirect participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Clearstream and Euroclear have provided the Issuer with the following information:

Clearstream

Clearstream is incorporated under the laws of Luxembourg as a professional depositary. Clearstream holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream participants, among other things, services for safekeeping, administration, clearance, and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in several countries. As a professional depositary, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream participants include underwriters, securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations and may include the underwriters. Clearstream's U.S. participants are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers, and trust companies that clear through or maintain a custodial relationship with a Clearstream participant either directly or indirectly.

Distributions with respect to the Notes held beneficially through Clearstream will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream.

Euroclear

Euroclear was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear performs various other services, including securities lending and borrowing and interacts with domestic markets in several countries. Euroclear is operated by Euroclear Bank SA/NV under contract with Euroclear plc, a U.K. corporation. All operations are conducted by the Euroclear operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator, not Euroclear plc. Euroclear plc establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

The Euroclear operator is a Belgian bank. As such it is regulated by the Belgian Banking and Finance Commission.

Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific clearance accounts. The Euroclear operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to the Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Terms and Conditions, to the extent received by the U.S. depositary for Euroclear.

Euroclear has further advised us that investors who acquire, hold and transfer interests in the Notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities certificates.

Global Clearance and Settlement Procedures

Initial settlement for the Notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same Day Funds Settlement System. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving Notes through DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time zone differences, credits of the Notes received through Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Euroclear participants or Clearstream participants on such Business Day. Cash received in Clearstream or Euroclear as a result of sales of the Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Neither the Issuer nor the Trustee nor the paying agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective direct or indirect participants of their obligations under the rules and procedures governing their operations.

Concerning the Trustee and Agents

The Trustee under the Indenture is Citicorp International Limited. Pursuant to the Indenture, Citibank, N.A., London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability, will be designated by the Issuer as the initial paying and transfer agent and registrar for the Notes. The corporate trust office of the Trustee is currently located at 40/F, Champion Tower, Three Garden Road, Central, Hong Kong.

The Indenture provides that the Trustee, except during the continuance of an Event of Default, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture or the Notes, and no implied covenants or obligations will be read into the Indenture, the Notes, or the agent appointment letter with respect to the Agents. If an Event of Default has occurred and is continuing, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Whenever the Trustee shall have discretion or permissive power in accordance with the Indenture or the law, the Trustee may decline to exercise the same in the absence of approval by the requisite number of holders and shall have no obligation to exercise the same unless the requisite number of holders instructed the Trustee in writing and the Trustee has received pre-funding, been indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims, actions or demands to which it may render itself liable and all costs, damages, charges, expenses, and liabilities which it may incur by so doing. The Trustee and the Agents shall in no event be responsible for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit, goodwill or opportunity), whether or not foreseeable, even if the Trustee has been advised of the possibility of such loss or damage and regardless of the form of action.

Subject to the terms of the Indenture, the Trustee is permitted to engage in other transactions with the Issuer and its affiliates and can profit there from without being obliged to account for such profit; and the Trustee shall not be under any obligation to monitor any conflict of interest, if any, which may arise between itself and such other parties. The Trustee may have interest in, or may be providing, or may in the future provide financial services to other parties.

Furthermore, each holder of the Notes, by accepting the Notes will agree, for the benefit of the Trustee, that it is solely responsible for its own independent appraisal of, and investigation into, all risks arising under or in connection with the Notes and has not relied on and will not at any time rely on the Trustee in respect of such risks.

Currency Indemnity

To the fullest extent permitted by law, the Issuer's obligations to any holder of Notes under the Indenture or the Notes shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than U.S. dollars (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by such holder or the Trustee, as the case may be, of any amount in the Judgment Currency, such holder or the Trustee, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the amount originally to be paid to such holder or the Trustee, as the case may be, in the Agreement Currency, the Issuer agrees, as a separate obligation and notwithstanding such judgment, to pay the difference and if the amount of the Agreement Currency so purchased exceeds the amount originally to be paid to such holder or the Trustee, such holder or the Trustee, as the case may be, agrees to pay to or for their respective account such excess, provided that such holder shall not have any obligation to pay any such excess as long as a Default by the Issuer in its obligations under the Indenture or the Notes has occurred and is continuing, in which case such excess may be applied by such holder to such obligations.

Notices

Notices to holders of Notes will be mailed to them (or the first named of joint holders) by first class mail (or, if first class mail is unavailable, by airmail) at their respective addresses in the register.

Governing Law and Consent to Jurisdiction

The Indenture and the Notes will be governed by and will be construed in accordance with the laws of the State of New York. The Issuer has agreed that any action arising out of or based upon the Indenture may be instituted in any U.S. federal or New York State court located in the Borough of Manhattan, The City of New York, and has irrevocably submitted to the non-exclusive jurisdiction of any such court in any such action. The Issuer has appointed Cogency Global Inc., located at 122 E. 42nd St., 18th Fl., New York, NY 10168, as its agent upon which process may be served in any such action.

The Issuer has agreed that, to the extent that the Issuer is or becomes entitled to any sovereign or other immunity, it will waive such immunity in respect of its obligations under the Indenture.

Certain Definitions

Set forth below are definitions of certain of the terms used herein. Additional terms are defined elsewhere above or in the Indenture.

"Business Day" means a day other than a Saturday, Sunday or a day on which banking institutions or trust companies in the City of New York, London, Hong Kong or Beijing (or in the city where the relevant paying agent is located) are authorized or obligated by law, regulation or executive order to remain closed.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations, or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Shares and limited liability or partnership interests (whether general or limited), but excluding any debt securities convertible or exchangeable into such equity.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if we obtain fewer than three such Reference Treasury Dealer Quotations, the average of all quotations obtained.

"Consolidated Affiliated Entity" of any Person means any corporation, association or other entity which is or is required to be consolidated with such Person under IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IFRS 12: *Disclosure of Interests in Other Entities* issued by the International Accounting Standards Board (including any changes, amendments or supplements thereto) or, if such Person prepares its financial statements in accordance with accounting principles other than IFRS, the equivalent of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IFRS 12: *Disclosure of Interests in Other Entities* issued by the International Accounting Standards Board under such accounting principles. Unless otherwise specified herein, each reference to a Consolidated Affiliated Entity will refer to a Consolidated Affiliated Entity of the Issuer.

"Controlled Entity" of any Person means a Subsidiary or a Consolidated Affiliated Entity of such Person.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"Exchange Act" means the Securities Exchange Act of 1934.

"Group" means the Issuer and its Controlled Entities.

"holder" in relation to a Note, means the Person in whose name a Note is registered in the security register for the registration and the registration of transfer or of exchange of the applicable series of securities.

"IFRS" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us.

"Lien" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest.

"Non-listed Controlled Entities" means the Controlled Entities other than (i) any Controlled Entities with shares of common stock or other common equity interests listed on an internationally recognized stock exchange; and (ii) any Subsidiaries or Consolidated Affiliated Entities of any Controlled Entity referred to in clause (i) of this definition.

"Non-recourse Obligation" means indebtedness or other obligations substantially related to (i) the acquisition of assets (including any person that becomes a Controlled Entity) not previously owned by the Issuer or any of the Issuer's Controlled Entities or (ii) the financing of a project involving the purchase, development, improvement or expansion of properties of the Issuer or any of the Issuer's Controlled Entities, as to which the obligee with respect to such indebtedness or obligation has no recourse to the Issuer or any of the Issuer's Controlled Entities or to the Issuer or any such Controlled Entity's assets other than the assets which were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and the proceeds thereof).

"Person" means any individual, corporation, firm, limited liability company, partnership, joint venture, undertaking, association, joint stock company, trust, unincorporated organization, trust, state, government or any agency or political subdivision thereof or any other entity (in each case whether or not being a separate legal entity).

"PRC" means the People's Republic of China, excluding, for purposes of this definition, the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan.

"PRC Business Day" means a day other than a Saturday, Sunday or a day on which banking institutions in the PRC are authorized or obligated by law, regulation or executive order to remain closed.

"Preferred Shares" as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends upon liquidation, dissolution or winding up.

"Principal Controlled Entities" at any time shall mean one of the Issuer's Non-Listed Controlled Entities

(i) as to which one or more of the following conditions is/are satisfied:

(a) its total revenue or (in the case of one of the Non-Listed Controlled Entities which has one or more Non-Listed Controlled Entities) consolidated total revenue attributable to the Issuer is at least 10% of our consolidated total revenue;

(b) its net profit or (in the case of one of the Non-Listed Controlled Entities which has one or more Non-Listed Controlled Entities) consolidated net profit attributable to the Issuer (in each case before taxation and exceptional items) is at least 10% of our consolidated net profit (before taxation and exceptional items); or

(c) its net assets or (in the case of one of the Non-Listed Controlled Entities which has one or more Non-Listed Controlled Entities) consolidated net assets attributable to the Issuer (in each case after deducting minority interests in Subsidiaries) are at least 10% of our consolidated net assets (after deducting minority interests in Subsidiaries);

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Non-Listed Controlled Entity and the Issuer's then latest audited consolidated financial statements;

provided that, in relation to paragraphs (a), (b) and (c) above:

(1) in the case of a corporation or other business entity becoming a Non-Listed Controlled Entity after the end of the financial period to which the Issuer's latest consolidated audited accounts relate, the reference to the Issuer's then latest consolidated audited accounts and the Issuer's Non-Listed Controlled Entities for the purposes of the calculation above shall, until the Issuer's consolidated audited accounts for the financial period in which the relevant corporation or other business entity becomes a Non-Listed Controlled Entity are issued, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer and its Non-Listed Controlled Entities adjusted to consolidate the latest audited accounts (consolidated in the case of a Non-Listed Controlled Entity which itself has Non-Listed Controlled Entities) of such Non-Listed Controlled Entity in such accounts;

(2) if at any relevant time in relation to the Issuer or any Non-Listed Controlled Entity which itself has Non-Listed Controlled Entities, no consolidated accounts are prepared and audited, total revenue, net profit or net assets of the Issuer and/or any such Non-Listed Controlled Entity shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by or on behalf of the Issuer;

(3) if at any relevant time in relation to any Non-Listed Controlled Entity, no accounts are audited, its net assets (consolidated, if appropriate) shall be determined on the basis of *pro forma* accounts (consolidated, if appropriate) of the relevant Non-Listed Controlled Entity prepared for this purpose by or on behalf of the Issuer; and

(4) if the accounts of any Non-Listed Controlled Entity (not being a Non-Listed Controlled Entity referred to in proviso (1) above) are not consolidated with our accounts, then the determination of whether or not such Non-Listed Controlled Entity is a Principal Controlled Entity shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the Issuer's consolidated accounts (determined on the basis of the foregoing); or

(ii) to which is transferred all or substantially all of the assets of a Controlled Entity which immediately prior to the transfer was a Principal Controlled Entity; provided that, with effect from such transfer, the Controlled Entity which so transfers its assets and undertakings shall cease to be a Principal Controlled Entity (but without prejudice to paragraph (i) above) and the Controlled Entity to which the assets are so transferred shall become a Principal Controlled Entity.

An officers' certificate of the Issuer delivered to the Trustee certifying in good faith as to whether or not a Non-Listed Controlled Entity is a Principal Controlled Entity shall be conclusive in the absence of manifest error and the Trustee shall be entitled to rely conclusively upon such officers' certificate (without further investigation or enquiry) and shall not be liable to any person for so accepting and relying on such officers' certificate.

"Relevant Indebtedness" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are commonly, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, except (i) any indebtedness in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities initially offered, marketed or issued primarily to Persons resident in the PRC and dominated in Renminbi, and (ii) any Non-recourse Obligations. For the avoidance of doubt, "Relevant Indebtedness" does not include, among others, indebtedness under any bilateral loan, syndicated loan, club loan, credit facility, or transferable loan facility or agreement (including any draw-down of any credit line or facility).

"Reference Treasury Dealer" means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by us in good faith.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the fifth Business Day before such redemption date.

"Securities Act" means the Securities act of 1933, as amended.

"Stated Maturity" means, when used with respect to any Note or any installment of interest thereon, the date specified in such Note as the fixed date on which the principal (or any portion thereof) of or premium, if any, on such Note or such installment of interest is due and payable.

"Subsidiary" of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or Persons performing similar functions) or (b) any partnership, joint venture limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), voting at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Issuer.

"Total Equity" as of any date, means the total equity attributable to shareholders of the Issuer on a consolidated basis determined in accordance with IFRS, as shown on the Issuer's consolidated balance sheet for the most recent fiscal quarter.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the fifth Business Day before such redemption date) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Triggering Event" means (A) any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application thereof ("Change in Law") that results in (x) the Group (as in existence immediately subsequent to such Change in Law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group (as in existence immediately prior to such Change in Law) as of the last date of the period described in the Issuer's consolidated financial statements for the most recent fiscal quarter and (y) the Issuer being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law) in the same manner as reflected in its consolidated financial statements for the most recent fiscal quarter and (B) the Issuer has not furnished to the Trustee, prior to the date that is twelve months after the date of the Change in Law, an opinion from an independent financial advisor or external legal counsel stating either (1) the Issuer is able to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law), taken as a whole, as reflected in its consolidated financial statements for the most recent fiscal quarter (including after giving effect to any corporate restructuring or reorganization plan of the Issuer) or (2) such Change in Law would not materially adversely affect the Issuer's ability to make principal, premium (if any) and interest payments on the Notes when due.

The definition of Triggering Event includes a phrase relating to operating "substantially all" or deriving "substantially all" of the economic benefits from, the business operations conducted by the Group. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the applicability of the requirement that the Issuer offers to repurchase the Notes as a result of a Triggering Event may be uncertain.

"U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, and shall also include a depositary receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depositary receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depositary receipt.

DESCRIPTION OF THE 2029 NOTES

All terms defined in this "Description of the 2029 Notes" shall have the meanings assigned to them herein and are applicable to this "Description of the 2029 Notes" only unless the context otherwise requires. For the purposes of this "Description of the 2029 Notes" only, "Notes" means the 2029 Notes. The 2029 Notes are to be issued under an indenture (the "Indenture") to be dated October 2, 2024, among Meituan 美团 (the "Issuer") and Citicorp International Limited, as trustee (the "Trustee"). Copies of the 2029 Notes and the Indenture will be available for inspection during normal business hours at the corporate trust office of the Trustee. The following summary of the material terms of the 2029 Notes and the Indenture does not purport to be complete and are subject to, and are qualified in its entirety by reference to, the Indenture, including definitions of specified terms used therein. We urge you to read the Indenture because it, and not this description, defines your rights as a beneficial holder of the 2029 Notes. Holders are deemed to have notice of all the provisions of the Indenture applicable to them.

General

The Notes will initially be issued in an aggregate principal amount of US$1,300,000,000 and will mature on October 2, 2029, unless they are redeemed prior to the maturity pursuant to the Indenture and the terms thereof. The Notes will bear interest at the rate of 4.625% per annum. Interest on the Notes will accrue from October 2, 2024 and will be payable semi-annually in arrears on April 2 and October 2 of each year, beginning on April 2, 2025, to the persons in whose names the Notes are registered at the close of business on the preceding March 18 and September 17, respectively, which we refer to as the record dates. At maturity or upon early redemption, the Notes are payable at their principal amount plus premium (if any) plus accrued and unpaid interest thereon. In any case where the payment of principal of, premium (if any) or interest on the Notes is due on a date that is not a Business Day, then payment of principal of, premium (if any) or interest on the Notes, as the case may be, shall be made on the next succeeding Business Day and no interest shall accrue with respect to such payment for the period from and after such date that is not a Business Day to such next succeeding Business Day. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Notes shall be denominated in minimum principal amounts of US$200,000 and in integral multiples of US$1,000 in excess thereof. The Notes will be issued in global registered form.

Payments on the Notes; Paying Agent and Registrar

The Issuer will pay principal of, premium, if any, and interest on the Notes at the office or agency designated by the Issuer, which initially will be the office of Citibank, N.A., London Branch, located at c/o Citibank, N.A., Dublin Branch, 1 North Way Quay, Dublin 1, Ireland, except that the Issuer may, when acting as its own paying agent, at its option and expense, pay interest on the Notes by wire transfer or by mailing a check to the registered account of the holder details of which appear in the register of Notes. Payments of the principal amount of the Notes at maturity or the principal amount (or redemption price) to be prepaid upon redemption or repayment in full, together with accrued interest due at maturity, redemption or repayment, as the case may be, will be made to the registered holder thereof against presentation and surrender of the Notes at the specified office of the paying agent. Any payments of principal of, premium, if any, and interest on the Notes to be made on a date that is not a Business Day need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no additional interest shall accrue as a result of such delayed payment.

The Issuer has initially designated Citibank, N.A., London Branch to act as its paying agent (the "Paying Agent"), transfer agent (the "Transfer Agent") and registrar (the "Registrar"). The Paying Agent, Transfer Agent and Registrar are each referred to as an "Agent," and together, the "Agents." The Issuer may, however, change the Paying Agent or Registrar without prior notice to the holders.

Payment of the principal of, premium, if any, and interest on the Notes held through the DTC will be credited to the respective accounts of holders of the Notes with DTC or its participants, including Euroclear and Clearstream. See "– *Book-Entry; Delivery and Form*."

Ranking

The Notes will constitute senior unsecured obligations of the Issuer. The Notes will rank senior in right of payment to all of the Issuer's existing and future obligations expressly subordinated in right of payment to the Notes and rank at least equal in right of payment with all of the Issuer's existing and future unsecured and unsubordinated obligations (subject to any priority rights pursuant to applicable law). However, the Notes will be effectively subordinated to all of the Issuer's existing and future secured obligations, to the extent of the value of the assets serving as security therefor, and be structurally subordinated to all existing and future obligations and other liabilities of the Issuer's Controlled Entities.

Issuance of Additional Notes

The Issuer may, from time to time, without the consent of the holders of the Notes, issue additional Notes having the same terms and conditions as the previously outstanding Notes in all respects (or in all respects except for the issue date, the issue price and the first payment of interest) (the "Additional Notes"). Additional Notes issued in this manner may be consolidated with the previously outstanding Notes to constitute a single series of the Notes. We will not issue any additional Notes with the same CUSIP, ISIN, Common Code or other identifying number as the outstanding Notes unless the additional Notes are fungible with the outstanding Notes for U.S. federal income tax purposes.

Optional Redemption

The Issuer may, at the Issuer's option, at any time upon giving not less than 30 nor more than 60 days' written notice to holders of the Notes (which notice shall be irrevocable) and the Trustee, redeem the Notes at any time prior to September 2, 2029, in whole or in part, at a redemption amount equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed; and

- the make-whole amount, which means the amount determined on the fifth Business Day before the redemption date equal to the sum of (i) the present value of the principal amount of the Notes to be redeemed, assuming a scheduled repayment thereof on the stated maturity date, plus (ii) the present value of the remaining scheduled payments of interest to and including the stated maturity date, in each case discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus 20 basis points,

plus, in each case, accrued and unpaid interest on the Notes to be redeemed, if any, to, but not including, the redemption date; provided that the principal amount of a Note remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

Each of the Trustee and the Agents shall not be responsible to any person for determining or verifying the make-whole amount.

The Issuer may, at the Issuer's option, at any time upon giving not less than 30 nor more than 60 days' written notice to holders of the Notes (which notice shall be irrevocable) and the Trustee, redeem the Notes at any time on or after September 2, 2029, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest on the Notes to be redeemed, if any, to (but not including) the date of redemption; provided that the principal amount of the Notes remaining outstanding after redemption in part shall be US$200,000 or an integral multiple of US$1,000 in excess thereof.

The notice of redemption will be mailed at least 30 but not more than 60 days before the redemption date to the Trustee and each holder of record of the Notes to be redeemed at its registered address. The notice of redemption for the Notes will state, among other things, the amount of Notes to be redeemed, the redemption date, the manner in which the redemption price will be calculated and the place or places that payment will be made upon presentation and surrender of Notes to be redeemed. Unless we default in the payment of the redemption price, interest will cease to accrue on any Notes that have been called for redemption at the redemption date. If less than all of the Notes are to be redeemed, the Notes for redemption will be selected as follows: (i) if the Notes are listed on a securities exchange then in compliance with the rules of such securities exchange and if the Notes are held through the clearing systems then in compliance with the rules and procedures of the clearing systems, or (ii) if the Notes are not listed on a securities exchange or held through the clearing systems, then *pro rata* by lot or such other method as the Trustee shall deem to be fair and appropriate in its sole and absolute discretion or as otherwise required by applicable law.

Tax Redemption

The Issuer may, at the Issuer's option, redeem the Notes at any time, in whole but not in part, upon written notice as described below, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to, but not including, the date fixed for redemption, if (i) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (or, in the case of Additional Amounts payable by a successor Person to the Issuer, the applicable Successor Jurisdiction), or any change in the official application or official interpretation of, or the stating of an official position with respect to, such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the issue date of the Notes (or, in the case of Additional Amounts payable by a successor Person to the Issuer that is not organized or tax resident in a jurisdiction that was already a Relevant Jurisdiction prior to the date of succession, after the date on which such successor Person to the Issuer became a successor to the Issuer pursuant to the applicable provisions of the Indenture) (a "Tax Change"), the Issuer or any such successor Person to the Issuer is, or would be, obligated to pay Additional Amounts upon the next payment of principal, premium (if any) or interest in respect of such Notes and (ii) such obligation cannot be avoided by the Issuer or any such successor Person to the Issuer taking reasonable measures available to it, provided that changing the Issuer's or such successor Person's jurisdiction is not a reasonable measure for purposes of this section.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or any such successor Person to the Issuer shall deliver to the Trustee (i) a notice of such redemption election, (ii) an opinion of external legal counsel or an opinion of an independent tax consultant to the effect that the Issuer or any such successor Person to the Issuer is, or would become, obligated to pay such Additional Amounts as the result of a Tax Change and (iii) an officers' certificate from the Issuer or any such successor Person to the Issuer, stating that such amendment or change has occurred, and stating that such requirement cannot be avoided by the Issuer or any such successor Person to the Issuer taking reasonable measures available to it. The Trustee shall be entitled to rely conclusively upon such certificate and opinion as sufficient evidence of the conditions precedent described above, in which event it shall be conclusive and binding on the relevant holders.

Notice of redemption of the Notes as provided above shall be given to the holders and the Trustee not less than 30 nor more than 60 days prior to the date fixed for redemption; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or any such successor Person to the Issuer would be required to pay Additional Amounts if a payment in respect of such Notes was then due. Notice having been given, the Notes shall become due and payable on the date fixed for redemption and will be paid at the redemption price, together with accrued and unpaid interest, if any, to, but not including, the date fixed for redemption, at the place or places of payment and in the manner specified in the Notes. From and after the redemption date, if moneys for the redemption of such Notes shall have been made available as provided in the Indenture for redemption on the redemption date, the Notes shall cease to bear interest, and the only right of the holders of such Notes shall be to receive payment of the redemption price and accrued and unpaid interest, if any, to, but not including, the date fixed for redemption.

Repurchase Upon Triggering Event

If a Triggering Event occurs, unless the Issuer has exercised our right to redeem the Notes as described under the heading "*Tax Redemption*" or under the heading "*Optional Redemption*" above, the Issuer will be required to make an offer to repurchase all or, at the holder's option, any part (equal to US$200,000 or multiples of US$1,000 in excess thereof), of each holder's Notes pursuant to the offer described below (the "Triggering Event Offer") on the terms set forth in the Indenture and the Notes. In the Triggering Event Offer, the Issuer will be required to offer payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased to, but not including, the date of purchase (the "Triggering Event Payment").

Within 30 days following a Triggering Event, the Issuer will be required to mail a notice to holders of the Notes, with a copy to the Trustee and the Paying Agent, describing the transaction or transactions that constitute the Triggering Event and offering to repurchase the Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Triggering Event Payment Date"), pursuant to the procedures required by the Notes and described in such notice.

On the Triggering Event Payment Date, the Issuer will be required, to the extent lawful, to:

- accept for payment all Notes or portions of Notes properly tendered pursuant to the Triggering Event Offer;

- deposit with a tender agent one Business Day prior to the Triggering Event Payment Date an amount of cash in U.S. dollars equal to the Triggering Event Payment in respect of all Notes or portions of Notes properly tendered; and

- deliver or cause to be delivered to the Paying Agent the Notes properly accepted together with an officers' certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The tender agent will be required to promptly mail or wire, to each holder who properly tendered the Notes, the purchase price for such Notes properly tendered, and the Trustee will be required to as soon as reasonably practicable authenticate and mail (or cause to be transferred by book-entry) to each such holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each new Note will be in a principal amount of US$200,000 or a multiple of US$1,000 in excess thereof.

The Issuer will not be required to make a Triggering Event Offer upon a Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Issuer and such third party purchases all Notes properly tendered and not withdrawn under its offer. In the event that such third party terminates or defaults on its offer, the Issuer will be required to make a Triggering Event Offer treating the date of such termination or default as though it were the date of the Triggering Event.

The Issuer will comply, to the extent applicable, with the requirements of applicable securities laws and regulations thereunder in connection with the repurchase of the Notes as a result of a Triggering Event. To the extent that the provision of any such securities laws or regulations conflicts with the Triggering Event Offer provisions of the Notes, the Issuer will comply with those securities laws and regulations and will not be deemed to have breached its obligations under the Triggering Event Offer provisions of the Notes by virtue of any such conflict.

There can be no assurance that the Issuer will have sufficient funds available at the time of a Triggering Event to consummate a Triggering Event Offer for all Notes then outstanding (or all Notes properly tendered by the holders of such Notes) and pay the Triggering Event Payment. The Issuer may also be prohibited by terms of other indebtedness or agreements from repurchasing the Notes upon a Triggering Event, which would require the Issuer to repay the relevant indebtedness or terminate the relevant agreement before it can proceed with a Triggering Event Offer, and there can be no assurance that it will be able to effect such repayment or termination.

The Trustee shall not be required to take any steps to ascertain whether a Triggering Event or any event which could lead to a Triggering Event has occurred and shall not be liable to any persons for any failure to do so.

Payment of Additional Amounts

All payments of principal, premium and interest made by the Issuer in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or within the Cayman Islands, Hong Kong, the PRC or any jurisdiction where the Issuer or the paying agent are otherwise considered by a taxing authority to be a resident for tax purposes (in each case, including any political subdivision or any authority therein or thereof having power to tax) (the "Relevant Jurisdiction"), unless such withholding or deduction of such Taxes is required by law. If such withholding or deduction is so required, the Issuer will pay such additional amounts ("Additional Amounts") as will result in receipt by each holder of any Notes of such amounts as would have been received by such holder had no such withholding or deduction of such Taxes been required, except that no such Additional Amounts shall be payable:

(i) in respect of any such Taxes that would not have been imposed, deducted or withheld but for the existence of any connection (whether present or former) between the holder or beneficial owner of a Note and the Relevant Jurisdiction other than merely holding such Note or receiving principal, premium (if any) or interest in respect thereof (including such holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein);

(ii) in respect of any Note presented for payment (where presentation is required) more than 30 days after the relevant date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30-day period. For this purpose, the "relevant date" in relation to any Note means the later of (a) the due date for such payment or (b) the date such payment was made or duly provided for;

(iii) in respect of any Taxes that would not have been imposed, deducted or withheld but for a failure of the holder or beneficial owner of a Note to comply with a timely request by the Issuer addressed to the holder to provide information concerning such holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such holder;

(iv) in respect of any Taxes imposed as a result of a Note being presented for payment (where presentation is required) in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(v) in respect of any estate, inheritance, gift, sale, transfer, personal property or similar Taxes;

(vi) to any holder of a Note that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the holder thereof;

(vii) with respect to any withholding or deduction that is imposed in connection with Sections 1471-1474 of the U.S. Internal Revenue Code of 1986, as amended, and current or future U.S. Treasury regulations thereunder ("FATCA"), any agreement with the Internal Revenue Service implementing or relating to FATCA, any intergovernmental agreement between the United States and any other jurisdiction implementing or relating to FATCA or any non-U.S. law, regulation or other official guidance enacted or issued in any jurisdiction implementing FATCA or any intergovernmental agreement with respect thereto;

(viii) any such Taxes payable otherwise than by deduction or withholding from payments under or with respect to any Note; or

(ix) any combination of Taxes referred to in the preceding items (i) through (viii) above.

In the event that any withholding or deduction for or on account of any Taxes is required and Additional Amounts are payable with respect thereto, at least 10 Business Days prior to each date of payment of principal of, premium (if any) or interest on the Notes, the Issuer will furnish to the Trustee and the Paying Agent, if other than the Trustee, an officers' certificate specifying the amount required to be withheld or deducted on such payments to such holders, certifying that the Issuer shall pay such amounts required to be withheld to the appropriate governmental authority and certifying to the fact that the Additional Amounts will be payable and the amounts so payable to each holder, and that the Issuer will pay to the Trustee or the Paying Agent the Additional Amounts required to be paid; provided that no such officers' certificate will be required prior to any date of payment of principal of, premium (if any) or interest on such Notes if there has been no change with respect to the matters set forth in a prior officers' certificate. The Trustee and the Paying Agent shall be entitled to rely on the fact that any officers' certificate contemplated by this paragraph has not been furnished as evidence of the fact that no withholding or deduction for or on account of any Taxes is required. The Issuer covenants to indemnify the Trustee and the Paying Agent for and to hold them harmless against any loss, liability or incurred expense without fraudulent activity, gross negligence or willful misconduct on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any such officers' certificate furnished pursuant to this paragraph or on the fact that any officers' certificate contemplated by this paragraph has not been furnished.

Whenever there is mentioned, in any context, the payment of principal, premium or interest in respect of any Note, such mention shall be deemed to include the payment of Additional Amounts provided for in the Indenture, to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the Indenture.

The foregoing provisions shall apply in the same manner with respect to the jurisdiction in which any successor Person to the Issuer or its paying agent is organized or resident for tax purposes or any authority therein or thereof having the power to tax (a "Successor Jurisdiction"), substituting such Successor Jurisdiction for the Relevant Jurisdiction.

Our obligation to make payments of Additional Amounts under the terms and conditions described above will survive any termination, defeasance or discharge of the Indenture.

Open Market Purchases

The Issuer or any of its Controlled Entities may, in accordance with all applicable laws and regulations, at any time purchase the Notes issued under the Indenture in the open market or otherwise at any price, so long as such purchase does not otherwise violate the terms of the Indenture. The Notes so purchased, while held by or on behalf of the Issuer or any of its Controlled Entities, shall not be deemed to be outstanding for the purposes of determining whether the holders of the requisite principal amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder.

Modification and Waiver

The Indenture contains provisions permitting us and the Trustee, without the consent of the holders of the Notes, to execute supplemental indentures for certain enumerated purposes in the Indenture and, with the consent of the holders of not less than a majority in aggregate principal amount of the Notes then outstanding under the Indenture, to add, change, eliminate or modify in any way the provisions of the Indenture or any supplemental indentures or to change or modify in any manner the rights of the holders of such Notes. The Issuer and the Trustee may not, however, without the consent of each holder of the Notes affected thereby:

(i) change the Stated Maturity of any Note;

(ii) reduce the principal amount of, payments of interest on or stated time for payment of interest on any Note;

(iii) change any obligation of the Issuer to pay Additional Amounts with respect to any Note;

(iv) change the currency of payment of the principal of, premium (if any) or interest on any Note;

(v) impair the right to institute suit for the enforcement of any payment due on or with respect to any Note;

(vi) reduce the above stated percentage of outstanding Notes necessary to modify or amend the Indenture;

(vii) reduce the percentage of the aggregate principal amount of outstanding Notes necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(viii) modify the provisions of the Indenture with respect to modification and waiver;

(ix) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes in a manner which adversely affects the holders of such Notes;

(x) reduce the amount of the premium payable upon the redemption or repurchase of the Notes or change the time at which such Notes may be redeemed or repurchased as described above under "– *Tax Redemption*"; or

(xi) reduce the amount of the premium payable upon the redemption or repurchase of the Notes or change the time at which any such Notes may be redeemed or repurchased as described above under "– *Optional Redemption*" or "– *Repurchase Upon Triggering Event*" whether through an amendment or waiver of provisions in the covenants, definitions or otherwise (except through amendments to the definition of "Triggering Event").

The holders of not less than a majority in aggregate principal amount of the Notes then outstanding may on behalf of all holders of the Notes waive any existing or past Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default (i) in the payment of principal of, premium (if any) or interest on (or Additional Amount payable in respect of) the Notes then outstanding, in which event the consent of all holders of the Notes then outstanding affected thereby is required, or (ii) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the holder of each Note then outstanding affected thereby. Any such waivers will be conclusive and binding on all holders of the Notes, whether or not they have given consent to such waivers, and on all future holders of such Notes, whether or not notation of such waivers is made upon such Notes. Any instrument given by or on behalf of any holder of the Notes in connection with any consent to any such waiver will be irrevocable once given and will be conclusive and binding on all subsequent holders of such Notes.

Notwithstanding the foregoing, without the consent of any holder of the Note, the Issuer and the Trustee may amend the Indenture and the relevant Notes to, among other things:

(i) cure any ambiguity, omission, defect or inconsistency contained in the Indenture or in any supplemental indenture; provided, however, that such amendment does not materially and adversely affect the rights of holders;

(ii) in the case of a merger or consolidation, evidence the succession of another corporation to the Issuer, or successive successions, and the assumption by such successor of the covenants and obligations of the Issuer contained in the Notes and in the indenture or any supplemental indenture;

(iii) comply with the rules of any applicable depositary;

(iv) secure the Notes;

(v) add to the covenants and agreements of the Issuer, to be observed thereafter and during the period, if any, in such supplemental indenture or indentures expressed, and to add Events of Default, in each case for the protection or benefit of the holders of the Notes, or to surrender any right or power herein conferred upon the Issuer;

(vi) make any change in the Notes that does not adversely affect the legal rights under the Indenture of any holder of such Notes in any material respect;

(vii) evidence and provide for the acceptance of an appointment under the Indenture of a successor trustee; provided that the successor trustee is otherwise qualified and eligible to act as such under the terms thereof;

(viii) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, but not limited to, facilitating the issuance and administration of the Notes or, if incurred in compliance with the Indenture, additional Notes; provided, however, that (A) compliance with the Indenture as so amended would not result in the Notes being transferred in violation of any applicable securities law and (B) such amendment does not materially and adversely affect the rights of holders to transfer Notes;

(ix) change or eliminate any of the provisions of the Indenture; provided that any such change or elimination shall become effective only when there is no outstanding Note created prior to the execution of such supplemental indenture that is entitled to the benefit of such provision and as to which such supplemental indenture would apply;

(x) add guarantors or co-obligors with respect to the Notes;

(xi) establish the form and terms of Notes as permitted under the Indenture, or to provide for the issuance of additional Notes in accordance with the limitations set forth in the Indenture, or to add to the conditions, limitations or restrictions on the authorized amount, terms or purposes of issue, authentication or delivery of the Note, as herein set forth, or other conditions, limitations or restrictions thereafter to be observed; or

(xii) conform the text of the Indenture or the Notes to any provision of this "*Description of the 2029 Notes*" to the extent that such provision in this "*Description of the 2029 Notes*" was intended to be a verbatim recitation of a provision of the Indenture or the Notes as evidenced by an officers' certificate.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance of the proposed amendment, supplement or waiver. A consent to any amendment, supplement or waiver under the Indenture by any holder given in connection with a tender of such holder's Notes will not be rendered invalid by such tender. After an amendment, supplement or waiver under the Indenture becomes effective, the Issuer is required to give to the holders a notice briefly describing such amendment, supplement or waiver. However, the failure to give such notice to all the holders, or any defect in the notice will not impair or affect the validity of the amendment, supplement or waiver.

Limitation on Liens

So long as any Note remains outstanding, the Issuer will not create or have outstanding, and will ensure that none of its Principal Controlled Entities will create or have outstanding, any Lien upon the whole or any part of their respective present or future undertaking, assets or revenues (including any uncalled capital) securing any Relevant Indebtedness or create or have outstanding any guarantee or indemnity in respect of any Relevant Indebtedness either of the Issuer or of any of its Principal Controlled Entities, without (i) at the same time or prior thereto securing or guaranteeing the Notes equally and ratably therewith or (ii) providing such other security or guarantee for the Notes as shall be approved by an act of the holders of the Notes holding at least a majority of the principal amount of the Notes then outstanding.

The foregoing restriction will not apply to:

(i) any Lien, guarantee or indemnity arising or already arisen automatically by operation of law which is timely discharged or disputed in good faith by appropriate proceedings;

(ii) any Lien, guarantee or indemnity in respect of the obligations of any Person which becomes a Principal Controlled Entity or which merges with or into the Issuer or a Principal Controlled Entity after the date of the Indenture which is in existence at the date on which it becomes a Principal Controlled Entity of the Issuer or merges with or into the Issuer or a Principal Controlled Entity; provided that any such Lien was not incurred in anticipation of such acquisition or of such Person becoming a Principal Controlled Entity or being merged with or into the Issuer or a Principal Controlled Entity;

(iii) any Lien, guarantee or indemnity created or outstanding in favor of the Issuer;

(iv) any Lien, guarantee or indemnity in respect of Relevant Indebtedness of the Issuer or any Principal Controlled Entity with respect to which the Issuer or such Principal Controlled Entity has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Issuer or such Principal Controlled Entity in respect thereof (other than the obligation that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full); or

(v) any Lien, guarantee or indemnity arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Lien permitted by the foregoing clause (ii) or this clause (v); provided that such Relevant Indebtedness is not increased beyond the principal amount thereof (together with the costs of such refinancing, extension, renewal or refunding) and is not secured by any additional property or assets.

Consolidation, Merger, and Sale of Assets

The Issuer may not, directly or indirectly, consolidate with or merge into any other Person in a transaction or a series of transactions in which the Issuer is not the surviving entity, or convey, transfer, or lease our properties and assets substantially as an entirety to, any Person unless:

(i) the Issuer shall be the continuing Person or, if it is not the continuing Person, any Person formed by such consolidation or into which the Issuer is merged or to whom the Issuer has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the Cayman Islands or Hong Kong;

(ii) such Person expressly assumes by an indenture supplemental to the Indenture all of the Issuer's obligations under the Indenture and the Notes, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes, delivered to the Trustee and in form and substance reasonably satisfactory to the Trustee;

(iii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iv) the Issuer has delivered to the Trustee an officers' certificate and an opinion of external legal counsel, each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with the Indenture and that all conditions precedent therein relating to such transaction have been complied with.

Payments for Consent

The Issuer will not, and will not permit any of the Issuer's Controlled Entities to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or amendment.

NDRC Post-issue Filing

The Issuer will notify the Trustee if it does not file or cause to be filed with the National Development and Reform Commission of the PRC (the "NDRC") the requisite information and documents required to be filed with the NDRC within the time period prescribed by the NDRC after the closing date in accordance with the Approval and Registration Certificate of Enterprise Borrowing Foreign Debt issued by the NDRC on August 26, 2024 pursuant to the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)), and any implementation rules as issued by the NDRC as in effect at such time (the "Post-Issuance Filing"). Such notification to the Trustee will be made within 10 PRC Business Days after such failure to complete the Post-Issuance Filing.

The Trustee shall have no obligation or duty to monitor or ensure or to assist with the Post-Issuance Filing on or before the relevant deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Post-Issuance Filing and/or the relevant documents evidencing the Post-Issuance Filing or to give notice to the Holders confirming the completion of the Post-Issuance Filing, and shall not be liable to Holders or any other person for not doing so.

Events of Default

Under the terms of the Indenture, each of the following constitutes an Event of Default for the Notes:

(i) failure to pay principal or premium in respect of any Notes by the due date for such payment;

(ii) failure to pay interest on any Notes within 30 days after the due date for such payment;

(iii) the Issuer defaults in the performance of or breach its obligations under the "– *Consolidation, Merger, and Sale of Assets*" covenant;

(iv) the Issuer defaults in the performance of or breach any covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (i), (ii) or (iii) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the holders of 25% or more in aggregate principal amount of the Notes then outstanding;

(v) (1) there occurs with respect to any indebtedness of the Issuer or any of the Issuer's Principal Controlled Entities, whether such indebtedness now exists or shall hereafter be created, (A) an event of default that has resulted in the holder thereof declaring the principal of such indebtedness to be due and payable prior to its stated maturity or (B) a failure to make a payment of principal, interest or premium when due (after giving effect to the expiration of any applicable grace period therefor, a "Payment Default") and, in each case, such default continues for more than 30 days after the expiration of any grace period or extension of time for payment applicable thereto; provided that any such Event of Default shall be deemed cured and not continuing upon payment of such indebtedness, rescission of such declaration of acceleration, or waiver or with consent of the applicable lender; and (2) the outstanding principal amount of such indebtedness, together with the outstanding principal amount of any other indebtedness of the Issuer or any of the Issuer's Principal Controlled Entities under which there has been a Payment Default or the maturity of which has been so accelerated, is equal to or exceeds the greater of (x) US$100,000,000 (or the Dollar Equivalent thereof) and (y) 2.5% of the Issuer's Total Equity;

(vi) one or more final judgments or orders for the payment of money are rendered against the Issuer or any of the Issuer's Principal Controlled Entities and are not paid or discharged, and there is a period of 90 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against the Issuer or any of the Issuer's Principal Controlled Entities (net of any amounts that our insurance carriers have paid or agreed to pay with respect thereto under applicable policies) to exceed the greater of (x) US$100,000,000 (or the Dollar Equivalent thereof) and (y) 2.5% of the Issuer's Total Equity, during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(vii) the entry by a court having jurisdiction in the premises of (i) a decree or order for relief in respect of the Issuer or any of the Issuer's Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or (ii) a decree or order adjudging the Issuer or any of the Issuer's Principal Controlled Entities bankrupt or insolvent, or approving as final and nonappealable a petition seeking reorganization, arrangement, adjustment, or composition of or in respect of the Issuer or any of the Issuer's Principal Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Issuer or any of the Issuer's Principal Controlled Entities or of any substantial part of their respective property, or ordering the winding up or liquidation of their respective affairs (or any similar relief granted under any foreign laws), and in any such case the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive calendar days;

(viii) the commencement by the Issuer or any of the Issuer's Principal Controlled Entities of a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by the Issuer or any of the Issuer's Principal Controlled Entity to the entry of a decree or order for relief in respect of the Issuer or any of the Issuer's Principal Controlled Entities in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law or the commencement of any bankruptcy or insolvency case or proceeding against the Issuer or any of the Issuer's Principal Controlled Entity, or the filing by the Issuer or any of the Issuer's Principal Controlled Entity of a petition or answer or consent seeking reorganization or relief with respect to the Issuer or any of the Issuer's Principal Controlled Entities under any applicable bankruptcy, insolvency or other similar law, or the consent by the Issuer or any of the Issuer's Principal Controlled Entity to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Issuer or any of the Issuer's Principal Controlled Entities or of any substantial part of their respective property pursuant to any such law, or the making by the Issuer or any of the Issuer's Principal Controlled Entities of a general assignment for the benefit of creditors in respect of any indebtedness as a result of an inability to pay such indebtedness as it becomes due, or the admission by the Issuer or any of the Issuer's Principal Controlled Entities in writing of their inability to pay the debts generally as they become due, or the taking of corporate action by the Issuer or any of the Issuer's Principal Controlled Entities that resolves to commence any such action; and

(ix) the Notes or the Indenture is or becomes or is claimed by the Issuer to be unenforceable, invalid or ceases to be in full force and effect otherwise than is permitted by the Indenture.

If an Event of Default (other than an Event of Default described in clauses (vii) and (viii) above) shall occur and be continuing, either the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding by written notice to the Issuer (and to the Trustee if such notice is given by the holders) as provided in the Indenture, may, and the Trustee shall, upon instructions from holders of at least 25% in aggregate principal amount of the Notes then outstanding and subject to receipt of pre-funding, security and/or indemnity to its satisfaction, declare the unpaid principal amount of such Notes and any accrued and unpaid interest and premium (if any) thereon (and any Additional Amount payable in respect thereof) to be due and payable immediately upon receipt of such notice. If an Event of Default in clause (v) above shall occur, the declaration of acceleration of the Notes shall be automatically annulled if the default triggering such Event of Default pursuant to clause (v) shall be remedied or cured by the Issuer or any of the Issuer's Principal Controlled Entities or waived by the holders of the relevant indebtedness within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all Events of Default, other than the non-payment of principal, premium (if any) or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived. If an Event of Default in clauses (vii) or (viii) above shall occur, the unpaid principal amount of all the Notes then outstanding and any accrued and unpaid interest thereon will automatically,

and without any declaration or other action by the Trustee or any holder of such Notes, become immediately due and payable. After a declaration of acceleration but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of at least a majority in aggregate principal amount of the Notes then outstanding may, under certain circumstances, waive all past defaults and rescind and annul such acceleration if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all Events of Default, other than the non-payment of principal, premium, if any, or interest on such Notes that became due solely because of the acceleration of such Notes, have been cured or waived. For information as to waiver of defaults, see "– *Modification and Waiver*."

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default shall occur and be continuing, the Trustee will be under no obligation to exercise any of the trusts or powers vested in it by the Indenture or enforce any provisions of the Indenture at the request, order or direction of any of the holders of Notes, unless the requisite number of holders shall have instructed the Trustee in writing and offered to the Trustee pre-funding, security and/or indemnity satisfactory to it against the costs, expenses, and liabilities which may be incurred therein or thereby. Subject to certain provisions, including those requiring pre-funding, security and/or indemnification of the Trustee, the holders of a majority in aggregate principal amount of the Notes then outstanding will have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. No holder of any Note will have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or a trustee, or for any other remedy thereunder, unless (i) such holder has previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, (ii) the holders of at least 25% in aggregate principal amount of the Notes then outstanding have made written request to the Trustee to institute such proceeding, (iii) such holder or holders have offered pre-funding, security and/or indemnity satisfactory to the Trustee and (iv) the Trustee has failed to institute such proceeding, and has not received from the holders of a majority in aggregate principal amount of the Notes then outstanding a written direction inconsistent with such request, within 60 days after such notice, request, and offer. However, such limitations do not apply to a suit instituted by a holder of a Note for the enforcement of the right to receive payment of the principal of, premium (if any) or interest on such Note on or after the applicable due date specified in such Note. The Trustee may refuse to follow any direction that conflicts with the law, regulation or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of holders not joining in the giving such direction received from such holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security is assured to it.

Legal Defeasance and Covenant Defeasance

The Indenture will provide that the Issuer may at its option and at any time elect to have all of its obligations discharged with respect to the outstanding Notes ("Legal Defeasance") except for:

(i) the rights of holders of the Notes that are then outstanding to receive payments in respect of the principal of, or interest or premium on such Notes when such payments are due from the trust referred to below;

(ii) the Issuer's obligations with respect to the Notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(iii) the rights, powers, trusts, duties and immunities of the Trustee for the Notes, and the Issuer's obligations in connection therewith; and

(iv) the Legal Defeasance and Covenant Defeasance (as defined below) provisions of the Indenture for the Notes.

The Indenture will provide that, the Issuer may, at its option and at any time, elect to have its obligations with respect to the outstanding Notes released with respect to certain covenants (including their obligations under the headings "*Consolidation, Merger, and Sale of Assets*" and "*Payment of Additional Amounts*") that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under the caption "– *Events of Default*" will no longer constitute an Event of Default.

The Indenture will also provide that, in order to exercise either Legal Defeasance or Covenant Defeasance:

(i) the Issuer must irrevocably deposit with the Trustee or the paying agent, in trust, for the benefit of the holders of all Notes subject to Legal Defeasance or Covenant Defeasance, cash in U.S. dollars, U.S. Government Obligation, or a combination of cash in U.S. dollars and U.S. Government Obligation, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants to pay the principal of, or interest and premium on such notes that are then outstanding on the Stated Maturity or on the applicable redemption date, as the case may be, and the Issuer must specify whether such Notes are being defeased to maturity or to a particular redemption date;

(ii) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion of external legal counsel of recognized standing with respect to U.S. federal income tax matters that is acceptable to the Trustee confirming that (1) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (2) since the date of the Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of external legal counsel will confirm that, the beneficial owners of the then outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(iii) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion of external legal counsel of recognized standing with respect to U.S. federal income tax matters that is acceptable to the Trustee confirming that the beneficial owners of the then outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(iv) no Default or Event of Default with respect to the Notes must have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(v) the Issuer must deliver to the Trustee an officers' certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding such creditors or others; and

(vi) the Issuer must deliver to the Trustee an officers' certificate and an opinion of external legal counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect with respect to Notes when:

(i) either:

(1) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Paying Agent for cancellation; or

(2) all Notes that have not been delivered to the Paying Agent for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer has irrevocably deposited or caused to be deposited with the Trustee (or its agent) as trust funds in trust solely for the benefit of the holders of the Notes, cash in U.S. dollars, U.S. Government Obligation, or a combination of cash in U.S. dollars and U.S. Government Obligation, in amounts as will be sufficient (in the case of a deposit not entirely in cash, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants), without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on such Notes not delivered to the Paying Agent for cancellation for principal, premium and accrued interest to the date of maturity or redemption;

(ii) no Default or Event of Default under the Indenture has occurred and is continuing with respect to the Notes on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer is a party or by which the Issuer is bound;

(iii) the Issuer has paid or caused to be paid all sums payable by it under the Indenture with respect to the Notes; and

(iv) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Issuer shall deliver an officers' certificate and an opinion of external legal counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

No Sinking Fund

The Notes will not be subject to, nor entitled to the benefit of, any sinking fund.

Book-Entry; Delivery and Form

The Notes will be represented by one or more global notes that will be deposited with Citibank, N.A., London Branch for The Depository Trust Company, New York, New York ("DTC") and registered in the name of Cede & Co., as nominee of DTC, for the accounts of its participants, including Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). The Issuer will not issue certificated Notes, except in the limited circumstances described below. Transfers of ownership interests in the global notes will be effected only through entries made on the books of DTC participants acting on behalf of beneficial owners. You will not receive written confirmation from DTC of your purchase. The direct or indirect participants through whom you purchased the Notes should send you written confirmations providing details of your transactions, as well as periodic statements of your holdings. The direct and indirect participants are responsible for keeping accurate account of the holdings of their customers like you. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to own, transfer or pledge beneficial interests in the global notes.

You, as the beneficial owner of Notes, will not receive certificates representing ownership interests in the global notes, except in the following limited circumstances: (1) DTC notifies the Issuer that it is unwilling or unable to continue as depositary or if DTC ceases to be eligible under the Indenture and a successor depositary is not appointed within 90 days; or (2) an event of default with respect to the Notes will have occurred and be continuing and a holder requests the Issuer to issue a certificated Note. These certificated Notes will be registered in such name or names as DTC will instruct the Trustee and the Registrar. It is expected that such instructions may be based upon directions received by DTC from participants with respect to ownership of beneficial interests in global notes.

So long as DTC or its nominee is the registered owner and holder of the global notes, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the global notes for all purposes under the Indenture relating to the Notes. Except as provided above, you, as the beneficial owner of interests in the global notes, will not be entitled to have Notes registered in your name, will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the owner or holder thereof under the Indenture. Accordingly, you, as the beneficial owner, must rely on the procedures of DTC and, if you are not a DTC participant, on the procedures of the DTC participants through which you own your interest, to exercise any rights of a holder under the Indenture.

Neither the Issuer, the Trustee, nor any other agent of the Issuer or agent of the Trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in global notes or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests. DTC's practice is to credit the accounts of DTC's direct participants with payment in amounts proportionate to their respective holdings in principal amount of beneficial interest in a security as shown on the records of DTC, unless DTC has reason to believe that it will not receive payment on the payment date. The initial purchasers will initially designate the accounts to be credited. Beneficial owners may experience delays in receiving distributions on their Notes because distributions will initially be made to DTC and they must be transferred through the chain of intermediaries to the beneficial owner's account. Payments by DTC participants to you will be the responsibility of the DTC participant and not of DTC, the Trustee, any agent or us. Accordingly, the Issuer, the Trustee and any paying agent will have no responsibility or liability for: any aspect of DTC's records relating to, or payments made on account of, beneficial ownership interests in the Notes represented by a global securities certificate; any other aspect of the relationship between DTC and its participants or the relationship between those participants and the owners of beneficial interests in a global securities certificate held through those participants; or the maintenance, supervision or review of any of DTC's records relating to those beneficial ownership interests.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The Issuer has been informed that, under DTC's existing practices, if the Issuer requests any action of holders of senior notes, or an owner of a beneficial interest in a global security such as you desires to take any action which a holder of the Notes is entitled to take under the Indenture, DTC would authorize the direct participants holding the relevant beneficial interests to take such action, and those direct participants and any indirect participants would authorize beneficial owners owning through those direct and indirect participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Clearstream and Euroclear have provided the Issuer with the following information:

Clearstream

Clearstream is incorporated under the laws of Luxembourg as a professional depositary. Clearstream holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream participants, among other things, services for safekeeping, administration, clearance, and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in several countries. As a professional depositary, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream participants include underwriters, securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations and may include the underwriters. Clearstream's U.S. participants are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers, and trust companies that clear through or maintain a custodial relationship with a Clearstream participant either directly or indirectly.

Distributions with respect to the Notes held beneficially through Clearstream will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream.

Euroclear

Euroclear was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear performs various other services, including securities lending and borrowing and interacts with domestic markets in several countries. Euroclear is operated by Euroclear Bank SA/NV under contract with Euroclear plc, a U.K. corporation. All operations are conducted by the Euroclear operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator, not Euroclear plc. Euroclear plc establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

The Euroclear operator is a Belgian bank. As such it is regulated by the Belgian Banking and Finance Commission.

Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific clearance accounts. The Euroclear operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to the Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Terms and Conditions, to the extent received by the U.S. depositary for Euroclear.

Euroclear has further advised us that investors who acquire, hold and transfer interests in the Notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities certificates.

Global Clearance and Settlement Procedures

Initial settlement for the Notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same Day Funds Settlement System. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving Notes through DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time zone differences, credits of the Notes received through Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Euroclear participants or Clearstream participants on such Business Day. Cash received in Clearstream or Euroclear as a result of sales of the Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Neither the Issuer nor the Trustee nor the paying agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective direct or indirect participants of their obligations under the rules and procedures governing their operations.

Concerning the Trustee and Agents

The Trustee under the Indenture is Citicorp International Limited. Pursuant to the Indenture, Citibank, N.A., London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability, will be designated by the Issuer as the initial paying and transfer agent and registrar for the Notes. The corporate trust office of the Trustee is currently located at 40/F, Champion Tower, Three Garden Road, Central, Hong Kong.

The Indenture provides that the Trustee, except during the continuance of an Event of Default, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture or the Notes, and no implied covenants or obligations will be read into the Indenture, the Notes, or the agent appointment letter with respect to the Agents. If an Event of Default has occurred and is continuing, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Whenever the Trustee shall have discretion or permissive power in accordance with the Indenture or the law, the Trustee may decline to exercise the same in the absence of approval by the requisite number of holders and shall have no obligation to exercise the same unless the requisite number of holders instructed the Trustee in writing and the Trustee has received pre-funding, been indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims, actions or demands to which it may render itself liable and all costs, damages, charges, expenses, and liabilities which it may incur by so doing. The Trustee and the Agents shall in no event be responsible for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit, goodwill or opportunity), whether or not foreseeable, even if the Trustee has been advised of the possibility of such loss or damage and regardless of the form of action.

Subject to the terms of the Indenture, the Trustee is permitted to engage in other transactions with the Issuer and its affiliates and can profit there from without being obliged to account for such profit; and the Trustee shall not be under any obligation to monitor any conflict of interest, if any, which may arise between itself and such other parties. The Trustee may have interest in, or may be providing, or may in the future provide financial services to other parties.

Furthermore, each holder of the Notes, by accepting the Notes will agree, for the benefit of the Trustee, that it is solely responsible for its own independent appraisal of, and investigation into, all risks arising under or in connection with the Notes and has not relied on and will not at any time rely on the Trustee in respect of such risks.

Currency Indemnity

To the fullest extent permitted by law, the Issuer's obligations to any holder of Notes under the Indenture or the Notes shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than U.S. dollars (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by such holder or the Trustee, as the case may be, of any amount in the Judgment Currency, such holder or the Trustee, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the amount originally to be paid to such holder or the Trustee, as the case may be, in the Agreement Currency, the Issuer agrees, as a separate obligation and notwithstanding such judgment, to pay the difference and if the amount of the Agreement Currency so purchased exceeds the amount originally to be paid to such holder or the Trustee, such holder or the Trustee, as the case may be, agrees to pay to or for their respective account such excess, provided that such holder shall not have any obligation to pay any such excess as long as a Default by the Issuer in its obligations under the Indenture or the Notes has occurred and is continuing, in which case such excess may be applied by such holder to such obligations.

Notices

Notices to holders of Notes will be mailed to them (or the first named of joint holders) by first class mail (or, if first class mail is unavailable, by airmail) at their respective addresses in the register.

Governing Law and Consent to Jurisdiction

The Indenture and the Notes will be governed by and will be construed in accordance with the laws of the State of New York. The Issuer has agreed that any action arising out of or based upon the Indenture may be instituted in any U.S. federal or New York State court located in the Borough of Manhattan, The City of New York, and has irrevocably submitted to the non-exclusive jurisdiction of any such court in any such action. The Issuer has appointed Cogency Global Inc. , located at 122 E. 42nd St., 18th Fl., New York, NY 10168, as its agent upon which process may be served in any such action.

The Issuer has agreed that, to the extent that the Issuer is or becomes entitled to any sovereign or other immunity, it will waive such immunity in respect of its obligations under the Indenture.

Certain Definitions

Set forth below are definitions of certain of the terms used herein. Additional terms are defined elsewhere above or in the Indenture.

"Business Day" means a day other than a Saturday, Sunday or a day on which banking institutions or trust companies in the City of New York, London, Hong Kong or Beijing (or in the city where the relevant paying agent is located) are authorized or obligated by law, regulation or executive order to remain closed.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations, or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Shares and limited liability or partnership interests (whether general or limited), but excluding any debt securities convertible or exchangeable into such equity.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if we obtain fewer than three such Reference Treasury Dealer Quotations, the average of all quotations obtained.

"Consolidated Affiliated Entity" of any Person means any corporation, association or other entity which is or is required to be consolidated with such Person under IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IFRS 12: *Disclosure of Interests in Other Entities* issued by the International Accounting Standards Board (including any changes, amendments or supplements thereto) or, if such Person prepares its financial statements in accordance with accounting principles other than IFRS, the equivalent of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IFRS 12: *Disclosure of Interests in Other Entities* issued by the International Accounting Standards Board under such accounting principles. Unless otherwise specified herein, each reference to a Consolidated Affiliated Entity will refer to a Consolidated Affiliated Entity of the Issuer.

"Controlled Entity" of any Person means a Subsidiary or a Consolidated Affiliated Entity of such Person.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"Exchange Act" means the Securities Exchange Act of 1934.

"Group" means the Issuer and its Controlled Entities.

"holder" in relation to a Note, means the Person in whose name a Note is registered in the security register for the registration and the registration of transfer or of exchange of the applicable series of securities.

"IFRS" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us.

"Lien" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest.

"Non-listed Controlled Entities" means the Controlled Entities other than (i) any Controlled Entities with shares of common stock or other common equity interests listed on an internationally recognized stock exchange; and (ii) any Subsidiaries or Consolidated Affiliated Entities of any Controlled Entity referred to in clause (i) of this definition.

"Non-recourse Obligation" means indebtedness or other obligations substantially related to (i) the acquisition of assets (including any person that becomes a Controlled Entity) not previously owned by the Issuer or any of the Issuer's Controlled Entities or (ii) the financing of a project involving the purchase, development, improvement or expansion of properties of the Issuer or any of the Issuer's Controlled Entities, as to which the obligee with respect to such indebtedness or obligation has no recourse to the Issuer or any of the Issuer's Controlled Entities or to the Issuer or any such Controlled Entity's assets other than the assets which were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and the proceeds thereof).

"Person" means any individual, corporation, firm, limited liability company, partnership, joint venture, undertaking, association, joint stock company, trust, unincorporated organization, trust, state, government or any agency or political subdivision thereof or any other entity (in each case whether or not being a separate legal entity).

"PRC" means the People's Republic of China, excluding, for purposes of this definition, the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan.

"PRC Business Day" means a day other than a Saturday, Sunday or a day on which banking institutions in the PRC are authorized or obligated by law, regulation or executive order to remain closed.

"Preferred Shares" as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends upon liquidation, dissolution or winding up.

"Principal Controlled Entities" at any time shall mean one of the Issuer's Non-Listed Controlled Entities

(i) as to which one or more of the following conditions is/are satisfied:

(a) its total revenue or (in the case of one of the Non-Listed Controlled Entities which has one or more Non-Listed Controlled Entities) consolidated total revenue attributable to the Issuer is at least 10% of our consolidated total revenue;

(b) its net profit or (in the case of one of the Non-Listed Controlled Entities which has one or more Non-Listed Controlled Entities) consolidated net profit attributable to the Issuer (in each case before taxation and exceptional items) is at least 10% of our consolidated net profit (before taxation and exceptional items); or

(c) its net assets or (in the case of one of the Non-Listed Controlled Entities which has one or more Non-Listed Controlled Entities) consolidated net assets attributable to the Issuer (in each case after deducting minority interests in Subsidiaries) are at least 10% of our consolidated net assets (after deducting minority interests in Subsidiaries);

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Non-Listed Controlled Entity and the Issuer's then latest audited consolidated financial statements;

provided that, in relation to paragraphs (a), (b) and (c) above:

(1) in the case of a corporation or other business entity becoming a Non-Listed Controlled Entity after the end of the financial period to which the Issuer's latest consolidated audited accounts relate, the reference to the Issuer's then latest consolidated audited accounts and the Issuer's Non-Listed Controlled Entities for the purposes of the calculation above shall, until the Issuer's consolidated audited accounts for the financial period in which the relevant corporation or other business entity becomes a Non-Listed Controlled Entity are issued, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer and its Non-Listed Controlled Entities adjusted to consolidate the latest audited accounts (consolidated in the case of a Non-Listed Controlled Entity which itself has Non-Listed Controlled Entities) of such Non-Listed Controlled Entity in such accounts;

(2) if at any relevant time in relation to the Issuer or any Non-Listed Controlled Entity which itself has Non-Listed Controlled Entities, no consolidated accounts are prepared and audited, total revenue, net profit or net assets of the Issuer and/or any such Non-Listed Controlled Entity shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by or on behalf of the Issuer;

(3) if at any relevant time in relation to any Non-Listed Controlled Entity, no accounts are audited, its net assets (consolidated, if appropriate) shall be determined on the basis of *pro forma* accounts (consolidated, if appropriate) of the relevant Non-Listed Controlled Entity prepared for this purpose by or on behalf of the Issuer; and

(4) if the accounts of any Non-Listed Controlled Entity (not being a Non-Listed Controlled Entity referred to in proviso (1) above) are not consolidated with our accounts, then the determination of whether or not such Non-Listed Controlled Entity is a Principal Controlled Entity shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the Issuer's consolidated accounts (determined on the basis of the foregoing); or

(ii) to which is transferred all or substantially all of the assets of a Controlled Entity which immediately prior to the transfer was a Principal Controlled Entity; provided that, with effect from such transfer, the Controlled Entity which so transfers its assets and undertakings shall cease to be a Principal Controlled Entity (but without prejudice to paragraph (i) above) and the Controlled Entity to which the assets are so transferred shall become a Principal Controlled Entity.

An officers' certificate of the Issuer delivered to the Trustee certifying in good faith as to whether or not a Non-Listed Controlled Entity is a Principal Controlled Entity shall be conclusive in the absence of manifest error and the Trustee shall be entitled to rely conclusively upon such officers' certificate (without further investigation or enquiry) and shall not be liable to any person for so accepting and relying on such officers' certificate.

"Relevant Indebtedness" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are commonly, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, except (i) any indebtedness in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities initially offered, marketed or issued primarily to Persons resident in the PRC and dominated in Renminbi, and (ii) any Non-recourse Obligations. For the avoidance of doubt, "Relevant Indebtedness" does not include, among others, indebtedness under any bilateral loan, syndicated loan, club loan, credit facility, or transferable loan facility or agreement (including any draw-down of any credit line or facility).

"Reference Treasury Dealer" means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by us in good faith.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the fifth Business Day before such redemption date.

"Securities Act" means the Securities act of 1933, as amended.

"Stated Maturity" means, when used with respect to any Note or any installment of interest thereon, the date specified in such Note as the fixed date on which the principal (or any portion thereof) of or premium, if any, on such Note or such installment of interest is due and payable.

"Subsidiary" of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or Persons performing similar functions) or (b) any partnership, joint venture limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), voting at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Issuer.

"Total Equity" as of any date, means the total equity attributable to shareholders of the Issuer on a consolidated basis determined in accordance with IFRS, as shown on the Issuer's consolidated balance sheet for the most recent fiscal quarter.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the fifth Business Day before such redemption date) of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Triggering Event" means (A) any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application thereof ("Change in Law") that results in (x) the Group (as in existence immediately subsequent to such Change in Law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group (as in existence immediately prior to such Change in Law) as of the last date of the period described in the Issuer's consolidated financial statements for the most recent fiscal quarter and (y) the Issuer being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law) in the same manner as reflected in its consolidated financial statements for the most recent fiscal quarter and (B) the Issuer has not furnished to the Trustee, prior to the date that is twelve months after the date of the Change in Law, an opinion from

an independent financial advisor or external legal counsel stating either (1) the Issuer is able to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such Change in Law), taken as a whole, as reflected in its consolidated financial statements for the most recent fiscal quarter (including after giving effect to any corporate restructuring or reorganization plan of the Issuer) or (2) such Change in Law would not materially adversely affect the Issuer's ability to make principal, premium (if any) and interest payments on the Notes when due.

The definition of Triggering Event includes a phrase relating to operating "substantially all" or deriving "substantially all" of the economic benefits from, the business operations conducted by the Group. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the applicability of the requirement that the Issuer offers to repurchase the Notes as a result of a Triggering Event may be uncertain.

"U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, and shall also include a depositary receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depositary receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depositary receipt.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes (or beneficial interests therein).

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only (1) in the United States to Qualified Institutional Buyers as defined in Rule 144A under the Securities Act in compliance with Rule 144A and (2) non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S.

By its purchase of the Notes, each purchaser of the Notes will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(1) represent and agree that it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is: (i) a Qualified Institutional Buyer, and is aware that the sale to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A thereunder; or (ii) is not a U.S. person (as defined in Regulation S) and is outside the United States purchasing the Notes in an offshore transaction in accordance with Regulation S;

(2) understand and acknowledge that the Notes are being offered only in a transaction not involving any public offering in the United States, within the meaning of the Securities Act, and the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the United States except as set forth below;

(3) agree that if it is a purchaser other than a purchaser outside the United States and if it should resell or otherwise transfer the Notes within the time period referred to in Rule 144(d) under the Securities Act with respect to such transfer, it will do so only (a) if such purchaser is an initial purchaser, (i) to the Issuer or any subsidiary thereof; (ii) inside the United States to a Qualified Institutional Buyer in compliance with Rule 144A; (iii) outside the United States in an offshore transaction in compliance with Rule 903 or 904 of Regulation S under the Securities Act; (iv) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available); or (b) if such purchaser is a subsequent purchaser of an interest in the Restricted Global Note, as set forth in (a) above and, in addition, pursuant to any available exemption from the registration requirements under the Securities Act (provided that as a condition to the registration of transfer of any Notes otherwise than as described in (a)(i), (a)(ii) or (a)(iii) above or (c) below, the Issuer or the transfer agent may, in circumstances that any of them deems appropriate, require evidence as to compliance with any such exemption); or (c) pursuant to an effective registration statement under the Securities Act, and in each of such cases, in accordance with any applicable securities laws of any state of the United States and any other jurisdiction. It understands that no representation has been made as to the availability of Rule 144A or any other exemption under the Securities Act or any state securities laws for the offer, sale, resale, pledge or transfer of the Notes;

(4) agree that it will inform each person to whom it transfers the Notes of any restrictions on transfer of such Notes;

(5) understand that if it is a purchaser outside the United States, the Notes will be represented by the Regulation S Global Note and that transfers thereto are restricted as described under "Description of the 2028 Notes – Book-Entry; Delivery and Form" and "Description of the 2029 Notes – Book-Entry; Delivery and Form." If it is a Qualified Institutional Buyer, it understands that the Notes offered in reliance on Rule 144A will be represented by the Restricted Global Note. Before any interest in the Restricted Global Note may be offered, sold, charged or otherwise transferred to a person who is not a Qualified Institutional Buyer, the transferee will be required to provide the transfer agent with a written certification as to compliance with the transfer restriction referred to above;

(6) understand that each Note sold within the United States will bear a legend substantially to the following effect unless otherwise agreed by us and the holder thereof in compliance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ACCORDINGLY, THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT WITHIN THE TIME PERIOD REFERRED TO IN RULE 144(D) UNDER THE SECURITIES ACT AS IN EFFECT WITH RESPECT TO SUCH TRANSFER, RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) IF SUCH PURCHASER IS AN INITIAL PURCHASER, (I) TO THE ISSUER OR ANY SUBSIDIARY THEREOF; (II) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT; (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT; (IV) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE); (B) IF SUCH PURCHASER IS A SUBSEQUENT INVESTOR OF AN INTEREST IN THE RESTRICTED GLOBAL NOTE, AS SET FORTH IN (2)(A) ABOVE AND, IN ADDITION, PURSUANT TO ANY AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT (PROVIDED THAT AS A CONDITION TO THE REGISTRATION OF TRANSFER OF ANY NOTES OTHERWISE THAN AS DESCRIBED IN (2)(A)(I), (2)(A)(II) OR (2)(A)(III) ABOVE OR (2)(C) BELOW, THE ISSUER, THE TRANSFER AGENT AND REGISTRAR MAY, IN CIRCUMSTANCES THAT ANY OF THEM DEEMS APPROPRIATE, REQUIRE EVIDENCE AS TO COMPLIANCE WITH ANY SUCH EXEMPTION); OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS NOTE WITHIN THE TIME PERIOD REFERRED TO ABOVE, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRANSFER AGENT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE REGISTRAR AND THE TRANSFER AGENT TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS;

(7) understand that if in the future it decides to resell, pledge or otherwise transfer any Notes represented by Regulation S Global Note or any beneficial interest in any notes represented by Regulation S Global Notes, such Notes may be resold, pledged or transferred only in accordance with the requirements of the legends set forth in paragraph 8 below;

(8) understand that each Note sold outside the United States will bear a legend substantially to the following effect unless otherwise agreed by us and the holder thereof in compliance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION, AND, ACCORDINGLY, MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE DATE OF ISSUANCE OF THE NOTES (THE "RESTRICTED PERIOD"), EXCEPT (A) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (B) WITHIN THE UNITED STATES TO A PERSON THAT THE TRANSFEROR, AND ANY PERSON ACTING ON ITS BEHALF, REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, PROVIDED, HOWEVER, THAT IN CONNECTION WITH ANY TRANSFER UNDER (B) ABOVE, THE TRANSFER AGENT SHALL HAVE RECEIVED A WRITTEN CERTIFICATION (IN THE FORM(S) PROVIDED IN THE INDENTURE) (1) FROM THE TRANSFEREE TO THE EFFECT THAT SUCH TRANSFEREE (X) IS A QUALIFIED INSTITUTIONAL BUYER PURCHASING FOR ITS OWN ACCOUNT (OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OVER WHICH ACCOUNT IT EXERCISES SOLE INVESTMENT DISCRETION) AND (Y) AGREES TO COMPLY WITH THE RESTRICTIONS ON TRANSFER SET FORTH UNDER "TRANSFER RESTRICTIONS" IN THE OFFERING MEMORANDUM DATED SEPTEMBER 24, 2024, AND (2) FROM THE TRANSFEROR TO THE EFFECT THAT THE TRANSFER WAS MADE IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION.

UPON THE EXPIRATION OF THE RESTRICTED PERIOD, THE NOTES REPRESENTED BY THE REGULATION S CERTIFICATES SHALL NO LONGER BE SUBJECT TO THE RESTRICTIONS ON TRANSFER PROVIDED IN THIS LEGEND, PROVIDED THAT AT THE TIME OF SUCH EXPIRATION, THE OFFER OR SALE OF THE NOTES REPRESENTED BY THE REGULATION S CERTIFICATES BY THE HOLDER HEREOF IN THE UNITED STATES WOULD NOT BE RESTRICTED UNDER THE SECURITIES LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES.

(9) acknowledge that, prior to any proposed transfer of Notes in certificated form or of beneficial interests in Notes represented by a global certificate (in each case other than pursuant to an effective registration statement), the holder of Notes or the holder of beneficial interests in Notes represented by a global certificate, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indentures; and

(10) acknowledge that the Issuer, the transfer agent, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agree that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer, the transfer agent and the initial purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

For further discussion of the requirements (including the presentation of transfer certificates) under the Indentures to effect exchanges of transfer of interests in the global notes and of the Notes in certificated form, see "Description of the 2028 Notes – Book-Entry; Delivery and Form" and "Description of the 2029 Notes – Book-entry; Delivery and Form."

TAXATION

The following summary of certain tax considerations of the ownership and disposition of the Notes is based upon applicable laws, rules and regulations in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to own or dispose of the Notes and does not purport to deal with considerations applicable to all categories of investors, some of which may be subject to special rules. Persons considering the ownership of the Notes should consult their own tax advisors concerning the tax considerations of the ownership and disposition of the Notes, including any possible considerations under the laws of their country of citizenship, residence or domicile.

Cayman Islands

The Cayman Islands currently has no income, corporation, or capital gains tax and no estate duty, inheritance tax, or gift tax. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double-tax treaties which are applicable to any payments made by or to our Company.

Payments of interest and principal on our Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of our Notes, nor will gains derived from the disposal of our Notes be subject to Cayman Islands income or corporate tax.

No stamp duty is payable in respect of the issue of our Notes. Our Notes themselves will be stampable if they are executed in or brought into the Cayman Islands.

People's Republic of China

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under the laws of foreign countries and regions whose "de facto management bodies" are within the territory of the PRC are treated as the PRC tax resident enterprises for the purpose of the EIT Law and must pay enterprise income tax at the rate of 25% in respect of their income sourced from both within and outside China. If the relevant the PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the territory of the PRC, the Issuer may be treated as a the PRC tax resident enterprise for the purpose of the EIT Law and be subject to enterprise income tax at the rate of 25% on its income from sources both within and outside the PRC. The Issuer cannot assure you that it will not be considered a "resident enterprise" by the PRC tax authorities. If the Issuer is determined to be a PRC resident enterprise, such interest payments and any gains from the sale of the Notes may be subject to PRC tax as discussed below.

Income Taxation on Interest

The EIT Law and its implementation regulations impose withholding tax at the rate of 10% on PRC-sourced interest income paid to a "non-resident enterprise" that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant income is not effectively connected therewith. Pursuant to these provisions of the EIT Law and other applicable PRC tax laws and regulations, in the event the Issuer is considered to be a PRC resident enterprise by the PRC tax authorities, interest paid to non-resident enterprise holders of the Notes may be treated as income derived from sources within the PRC and be subject to a 10% PRC withholding tax, which the Issuer would be obligated to withhold from payments to non-resident enterprise holders of the Notes. Further, in accordance with the Individual Income Tax Law of the PRC which was last amended on August 31, 2018 and took effect on January 1, 2019 and its implementation regulations which were last amended on December 18, 2018 and took effect on January 1, 2019, if the Issuer is considered to be a PRC tax resident enterprise, interest payable to non-resident individual holders of the Notes may be treated as income derived from sources within China and be subject to a 20% individual income tax which the Issuer would be obliged to withhold from payments to non-resident individual holders of the Notes.

To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation of income with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified holders of the Notes. However, it is unclear whether in practice non-resident holders of the Notes would be able to obtain the benefits of tax treaties between China and their countries. If the Issuer is required to withhold PRC taxes, it will withhold at the PRC statutory rates.

Taxation on Capital Gains

The EIT Law and its implementation regulations impose a tax at the rate of 10%, or a lower rate if tax treaty benefits are available, on income derived from sources within the PRC realized by a "non-resident enterprise" that does not have an establishment or place of business in China or that has an establishment or place of business in China but the relevant gain is not effectively connected therewith. The Individual Income Tax Law and its implementation regulations impose a tax at the rate of 20% on income derived from sources within the PRC realized by non-resident individuals. If the Issuer is considered to be a PRC resident enterprise by Mainland China tax authorities, and if the capital gains from the transfer of the Notes realized by holders of the Notes are treated as income derived from sources within China, such gains will be subject to the PRC tax described above. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified non-resident holders of the Notes, if the Issuer is treated as a PRC resident under the relevant treaty and the investors qualify for that treaty's benefits. However, it is unclear whether in practice non-resident holders of the Notes would be able to obtain the benefits of tax treaties between China and their countries.

Value-added Tax

The PRC's value-added tax may be withheld from the interest paid by the Issuer at a rate of 6% if the PRC tax authority views such interest as interest income derived from the territory of the PRC. On March 23, 2016, the Ministry of Finance and the SAT issued the SAT Circular 36, which confirms that business tax will be completely replaced by VAT from May 1, 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT. According to the SAT Circular 36, the entities and individuals providing services within China are subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under the SAT Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of "loans" under the SAT Circular 36, the issuance of Notes may be treated as the holders of the Notes providing loans to the Company, which would be regarded as financial services subject to VAT.

Stamp Duty

No PRC stamp tax will be chargeable upon the issue or transfer of a Note to the extent that the register of holders of the Notes is maintained outside the PRC. The Issuer intends to maintain the register of holders of the Notes outside the PRC.

Hong Kong

Withholding Tax

No Hong Kong withholding tax is payable on payments of principal (including any premium payable on redemption of the Securities) or interest in respect of the Notes.

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums derived from the sale, disposal or redemption of Securities (other than capital gains) will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Securities are acquired and disposed of, including where such activities were undertaken.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Securities will be subject to profits tax.

Sums received by or accrued to a corporation (other than a financial institution) by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance) from the sale, disposal and redemption of Securities will be subject to profits tax.

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 of Hong Kong (the "**Amendment Ordinance**") came into effect on January 1, 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Securities accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The Amendment Ordinance also provides for relief against double-taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions may be available to certain qualifying investors. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual positions.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Security (for so long as the register of holders of the Securities is maintained outside Hong Kong).

U.S. Federal Income Tax Considerations

The following summary describes certain U.S. federal income tax considerations relevant to U.S. Holders (as defined below) regarding the ownership and disposition of Notes. This summary applies only to U.S. Holders that hold their Notes as capital assets for U.S. federal income tax purposes (generally, Notes held for investment) and that purchase the Notes in this offering at their "issue price," which for each series of Notes is the first price at which a substantial amount of the Notes of that series is sold to the public (not including bond houses, brokers or similar persons acting in the capacity of underwriters, placement agents or wholesalers). This discussion is for general information only and does not address all U.S. federal income tax matters that may be relevant to a particular U.S. Holder in light of its particular circumstances, including any special tax accounting rules set forth in Section 451 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), alternative minimum tax consequences and Medicare contribution tax consequences, as well as differing tax consequences applicable to U.S. Holders that are subject to special rules under U.S. federal income tax law, including, but not limited to:

- dealers or traders in securities that use a mark-to-market method of accounting;
- tax-exempt organizations, "individual retirement accounts" or "Roth IRAs";
- banks, financial institutions, insurance companies or mutual funds;
- regulated investment companies or real estate investment trusts;
- partnerships or other entities treated as a partnership for U.S. federal income tax purposes or partners therein;
- persons whose "functional currency" is not the U.S. dollar;
- persons holding their Notes as part of a "straddle" or integrated transaction; or
- persons holding Notes in connection with a trade or business conducted outside the United States.

For purposes of this summary, a U.S. Holder is, for U.S. federal income tax purposes, a beneficial owner of Notes and:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding Notes and their partners should consult with their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

This summary is based on the Code, administrative pronouncements, judicial decisions, final, temporary and proposed U.S. Treasury regulations, and the income tax treaty between the United States and the PRC (the "**Treaty**"), all as of the date hereof, changes to any of which subsequent to the date of this offering memorandum may affect the tax consequences described herein, possibly on a retroactive basis. The following summary is not binding on the U.S. Internal Revenue Service (the "**IRS**") or the courts. It does not address any state, local or non-U.S. tax consequences, U.S. federal estate of gift tax consequences or any consequences other than U.S. federal income taxes.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any prospective investor, and no representation with respect to the tax consequences to any particular investor is made. Each U.S. Holder should consult its tax advisor with respect to the U.S. federal income tax considerations relevant to such holder in its particular circumstances.

Payments of Interest

It is expected, and this discussion assumes, that the Notes will be issued without original issue discount for U.S. federal income tax purposes. Interest payable on the Notes will generally be taxable to a U.S. Holder as ordinary income at the time it is received or accrued in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Interest income on the Notes generally will constitute income from sources outside the United States for purposes of the foreign tax credit rules. As described above in "– People's Republic of China," if we are deemed to be a PRC resident enterprise, interest paid by us may be subject to PRC withholding tax. For U.S. federal income tax purposes, the amount of the interest income will include any amounts withheld in respect of PRC taxes. Subject to applicable limitations, which vary depending upon the U.S. Holder's circumstances, PRC income taxes withheld from interest payments (at a rate not exceeding any applicable Treaty rate) generally will be creditable against a U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex. For example, Treasury regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for foreign income taxes to be creditable the relevant foreign income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the PRC income tax system meets these requirements. The IRS released notices that provide relief from certain of the provisions of the Treasury regulations described above for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). In lieu of claiming a credit, a U.S. Holder may elect to deduct such PRC taxes in computing its taxable income, subject to applicable limitations. An election to deduct foreign income taxes instead of claiming foreign tax credits applies to all otherwise creditable foreign taxes paid or accrued in the relevant taxable year. U.S. Holders should consult their tax advisers regarding the creditability or deductibility of foreign taxes in their particular circumstances.

Sale, Exchange, Redemption or Other Disposition of Notes

Upon the sale, exchange, redemption or other taxable disposition of a Note, a U.S. Holder will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, redemption or other disposition (not including any amount attributable to accrued but unpaid interest, which will be taxable as ordinary interest income as described above under "– *Payments of Interest*" to the extent not previously included in income) and the U.S. Holder's adjusted tax basis in such Note. A U.S. Holder's tax basis in a Note generally will be the amount such U.S. Holder paid for such Note. Gain or loss recognized by a U.S. Holder on the sale, exchange, redemption or other disposition of a Note generally will be treated as U.S. source gain or loss. Such gain or loss will be capital gain or loss and generally will be long-term capital gain or loss if the Note has been held for more than one year at the time of sale, exchange, redemption or other disposition. Net long-term capital gains of non-corporate taxpayers are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

As described above in "– People's Republic of China," if we are deemed to be a PRC resident enterprise, gains on the sale of a Note may be subject to PRC taxes. Under the Code, capital gains of U.S. persons are generally treated as U.S.-source income. However, a U.S. Holder that is eligible for Treaty benefits may be able to elect to treat gains on the disposition of a Note as foreign-source income under the Treaty and claim a foreign tax credit in respect of any PRC taxes on such disposition gains. Under certain Treasury regulations, a U.S. Holder will generally be precluded from claiming a foreign tax credit with respect to PRC income taxes on gains from the dispositions of Notes, unless the U.S. Holder is eligible for Treaty benefits and elects to apply them. The IRS released notices that provide relief from

certain of these regulations' provisions (including the limitation described in the preceding sentence) for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). However, even if these Treasury regulations do not prohibit U.S. Holders from claiming a foreign tax credit with respect to PRC taxes on disposition gains, other limitations under the foreign tax credit rules may preclude them from claiming a foreign tax credit with respect to such taxes. If a U.S. Holder is precluded from claiming a foreign tax credit, it is possible that any PRC taxes on disposition gains may either be deductible or reduce the amount realized on the disposition. The rules governing foreign tax credits and the deductibility of non-U.S. taxes are complex. U.S. Holders should consult their tax advisers regarding their eligibility for benefits under the Treaty and the consequences of the imposition of any PRC tax on disposition gains, including the Treaty's resourcing rule, any reporting requirements with respect to a Treaty-based return position and the creditability or deductibility of any PRC tax on disposition gains in their particular circumstances (including any applicable limitations).

Information Reporting and Backup Withholding

Payments of interest and proceeds from the sale of a Note that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is an exempt recipient (and demonstrates that status if required to do so) or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that such U.S. Holder is not subject to backup withholding. The amount of any backup withholding from a payment will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors concerning the application of information reporting and backup withholding rules.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement relating to the Notes among the Issuer and the initial purchasers, the Issuer has agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from the Issuer, the principal amount of the Notes set forth opposite its name below.

Initial Purchasers	Principal Amount of the 2028 Notes	Principal Amount of the 2029 Notes
Goldman Sachs (Asia) L.L.C.	US$276,000,000	US$299,000,000
Merrill Lynch (Asia Pacific) Limited	US$276,000,000	US$299,000,000
Morgan Stanley & Co. International plc	US$240,000,000	US$260,000,000
The Hongkong and Shanghai Banking Corporation Limited	US$240,000,000	US$260,000,000
UBS AG Hong Kong Branch	US$ 60,000,000	US$ 65,000,000
Barclays Bank PLC	US$ 60,000,000	US$ 65,000,000
CLSA Limited	US$ 48,000,000	US$ 52,000,000

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the purchase agreement. The purchase agreement also provides that the obligations of the initial purchasers to purchase the Notes are subject to, among other things, the receipt by the initial purchasers of documentation related to the issuance and sale of the Notes, officers' certificates and legal opinions and to other conditions.

The purchase agreement provides that the Issuer will pay the initial purchasers a customary commission.

The initial purchasers propose initially to offer the Notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed.

The Issuer has agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make because of any of those liabilities.

Notes Are Not Being Registered

The Notes have not been registered under the Securities Act or any state securities laws. The initial purchasers propose to offer the Notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales in reliance on the exemption provided by Rule 144A and Regulation S under the Securities Act. The initial purchasers will not offer or sell the Notes within the United States except to persons they reasonably believe to be Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act). Each of the initial purchasers has acknowledged and agreed that, except as permitted by the preceding sentence, it will not offer or sell Notes (i) as part of its distribution at any time, and (ii) otherwise until 40 days after the later of the date upon which the offering of the notes commences and the issuance of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and, at or prior to confirmation of a sale of notes (other than a sale of the notes pursuant to Rule 144A under the Securities Act), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases notes from it or through it prior to the expiration of such 40-day period a confirmation or notice setting forth the restrictions on offers and sales of notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions."

New Issue of the Notes

The Notes are a new issue of securities with no established trading market. An application will be made to the SEHK for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. We cannot assure you that the Notes will be or remain listed. The Issuer has been advised by the initial purchasers that they presently intend to make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. The Issuer cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the price that you receive when you sell your Notes will be favorable. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, the Company's operating performance and financial condition, general economic conditions and other factors.

Settlement

The Issuer expects that delivery of the Notes will be made to investors on or about the closing date specified on the cover page of this offering memorandum, which will be the fifth business day following the date of this offering memorandum (such settlement being referred to as "T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in one business day, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes between the date of pricing and the date that is one business day prior to the relevant issue date will be required, by virtue of the fact that the Notes initially will settle on or about T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

The Issuer has agreed that it will not, for a period of 30 days after the date of this offering memorandum, without first obtaining the prior written consent of the initial purchasers, offer, sell, contract to sell, pledge or otherwise dispose of, or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Issuer, any affiliate of the Issuer, or any person in privity with the Issuer or any affiliate of the Issuer, directly or indirectly, or announce the offering, of any non-Renminbi denominated debt securities, issued or guaranteed by the Issuer having a tenor of more than one year. The initial purchasers in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

Short Positions and Stabilizing Transactions

In connection with the offering, any initial purchaser as the Stabilizing Manager, may purchase and sell the Notes in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing purchases. Short sales involve the sale by the Stabilizing Managers of a greater principal amount of the Notes than they are required to purchase in the offering. The Stabilizing Managers must close out any short position by purchasing the Notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions involve bids to purchase the Notes so long as the stabilizing bids do not exceed a specified maximum.

Similar to other purchase transactions, the Stabilizing Managers' purchases to cover the syndicate short sales and stabilizing purchasers may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

None of the Issuer or any of the initial purchasers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, none of the Issuer or any of the initial purchasers makes any representation that the initial purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice at any time. No assurance can be given as to the liquidity of, or the trading market for, the Notes.

Prohibition of Sales to EEA Retail Investors

Each of the initial purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors; Other UK regulatory restrictions

Each of the initial purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA.

Each of the initial purchasers has further represented, warranted and undertaken that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in the United States

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes are being offered and sold outside of the United States in reliance on Regulation S. The purchase agreement provides that the initial purchasers may arrange for the offer and resale of the Notes within the United States only to Qualified Institutional Buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

To the extent the initial purchasers intend to make any offers or sales of the Notes in the United States, or to nationals or residents of the United States, they will do so only through one or more registered broker dealers in compliance with applicable securities laws and regulations, as well as with applicable laws of various states.

Notice to Prospective Investors in Hong Kong

Each of the initial purchasers has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**")) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Notice to Prospective Investors in Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and, accordingly, each of the initial purchasers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Notice to Prospective Investors in the PRC

Each of the initial purchasers has represented and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC, except as permitted by applicable laws of the PRC.

Notice to Prospective Investors in Singapore

Each of the initial purchasers has acknowledged that this offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the initial purchasers has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document (including as defined in the Corporations Act 2001 (Cth) ("Corporations Act")) has been or will be lodged with the Australian Securities and Investments Commission ("ASIC") or any other governmental agency, in relation to the offering. This offering memorandum does not constitute a prospectus, product disclosure statement or other disclosure document for the purposes of Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act. No action has been taken which would permit an offering of the Notes in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act.

The Notes may not be offered for sale, nor may application for the sale or purchase or any Notes be invited in Australia (including an offer or invitation which is received by a person in Australia) and neither this offering memorandum nor any other offering material or advertisement relating to the Notes may be distributed or published in Australia unless, in each case:

(a) the aggregate consideration payable on acceptance of the offer or invitation by each offeree or invitee is at least A$500,000 (or its equivalent in another currency, in either case, disregarding moneys lent by the person offering the Notes or making the invitation or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act;

(b) the offer, invitation or distribution complied with the conditions of the Australian financial services license of the person making the offer, invitation or distribution or an applicable exemption from the requirement to hold such license;

(c) the offer, invitation or distribution complies with all applicable Australian laws, regulations and directives (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act);

(d) the offer or invitation does not constitute an offer or invitation to a person in Australia who is a "retail client" as defined for the purposes of Section 761 G of the Corporations Act; and

(e) such action does not require any document to be lodged with ASIC or the ASX.

Notice to Prospective Investors in Switzerland

Neither the offering memorandum nor any other document relating to the sale of the Notes constitutes a prospectus within the meaning of article 652a or 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland. Neither the offering memorandum nor any other document relating to the Notes may be publicly distributed or otherwise made publicly available in or from Switzerland. The offering memorandum is not intended as an offer or solicitation with respect to the purchase or sale of the Notes by the public and may be distributed only on a private placement basis, without any public distribution, offering or marketing in, or from, Switzerland; *provided* that any such distribution does not occur as a result of, or in connection with, public solicitation or marketing with respect to the purchase or sale of the Notes.

Notice to Prospective Investors in Taiwan

The Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Notes in Taiwan.

Notice to Prospective Investors in Canada

The Notes may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation; *provided* that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to Section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the initial purchasers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this offering memorandum.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those initial purchasers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated initial purchaser(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: gs-hk-dcm-omnibus@gs.com, bofa_dcm_syndicate_pb_orders@bofa.com, omnibus_debt@morganstanley.com and hk_syndicate_omnibus@hsbc.com.hk.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The initial purchasers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant initial purchaser with such evidence within the timeline requested.

Other Relationships

The initial purchasers and their affiliates have in the past engaged, and may in the future engage, in transactions with and perform services, including commercial banking and financial advisory and investment banking services, for the Issuer and its affiliates in the ordinary course of business, for which they received or will receive customary fees and expenses. The Issuer and its affiliates may enter into hedging or other derivative transactions as part of their risk management strategy with one or more of the initial purchasers, which may include transactions relating to its obligations under the Notes. The Issuer's obligations under these transactions may be secured by cash or other collateral.

In connection with the offering of the Notes, each initial purchaser and/or its affiliate(s) may act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the initial purchasers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Company or its affiliates. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views with respect to such securities or financial instruments and may hold, or recommend to clients that they acquire long and/or short positions in such securities and instruments.

The initial purchasers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchaser or any affiliate of the initial purchaser is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that initial purchaser or its affiliate on behalf of the Issuer in such jurisdiction.

RATINGS

The Notes are expected to be assigned a rating of "BBB+" by S&P, "BBB" by Fitch, and "Baa2" by Moody's. The ratings reflect the rating agencies' assessment of the likelihood of timely payment of the principal of and interest on the Notes. Ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of a rating may be obtained from the relevant rating agency. Ratings are not recommendations to buy, sell or hold securities, and there can be no assurance that ratings will remain in effect for any given period of time or that ratings will not be lowered, suspended or withdrawn entirely by the rating agency, if, in each rating agency's judgment, circumstances so warrant. Each rating should be evaluated independently of any other rating on the Notes, on any other of our securities, or on us. See "Risk Factors – Risks Relating to the Notes – The ratings of the Notes and our corporate ratings may be lowered, suspended, or withdrawn; changes in such credit ratings may adversely affect the value of the Notes."

LEGAL MATTERS

Certain legal matters in connection with this offering as to Hong Kong law and United States federal and New York law will be passed upon for the Issuer by Davis Polk & Wardwell and for the initial purchasers as to United States federal and New York law by Clifford Chance. Certain legal matters in connection with this offering as to the laws of the PRC will be passed upon for the Issuer by Han Kun Law Offices and for the initial purchasers by JunHe LLP. Certain legal matters in connection with this offering as to Cayman Islands law will be passed upon for the Issuer by Maples and Calder (Hong Kong) LLP. Davis Polk & Wardwell may rely upon Maples and Calder (Hong Kong) LLP with respect to matters governed by Cayman Islands law and Han Kun Law Offices with respect to matters governed by PRC law. Clifford Chance may rely upon JunHe LLP with respect to matters governed by PRC law.

INDEPENDENT AUDITOR

Our consolidated financial statements as of and for the years ended December 31, 2021, 2022 and 2023, which are derived from the audited consolidated financial statements as of and for the years ended December 31, 2022 and 2023 included in this offering memorandum, have been audited by PricewaterhouseCoopers, the Company's independent auditor, as stated in its reports appearing herein. Our interim condensed consolidated financial information as of and for the six months ended June 30, 2024, which derived from the unaudited interim condensed financial statements as of and for the six months ended June 30, 2024 are included in this offering memorandum, has been reviewed by PricewaterhouseCoopers in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the IAASB, as stated in its report appearing herein.

GENERAL INFORMATION

Authorizations

The Issuer has obtained all necessary consents, approvals, and authorizations in connection with the issue and performance of the Notes and the indenture. The issue of the Notes was authorized by resolutions of the Board of directors of the Issuer passed on August 28, 2024.

Clearing Systems and Settlement

The Legal Entity Identifier (LEI) Code of the Issuer is 21380033K525E5JLIA77. The Notes have been accepted for clearance through the facilities of Euroclear, Clearstream, and DTC. Certain trading information with respect to the Notes is set forth below:

2028 Notes sold under	**Rule 144A**	**Regulation S**
CUSIP	58533E AE3	G59669 AE4
ISIN	US58533EAE32	USG59669AE46

2029 Notes sold under	**Rule 144A**	**Regulation S**
CUSIP	58533E AF0	G59669 AF1
ISIN	US58533EAF07	USG59669AF11

Only Notes evidenced by a global note have been accepted for clearance through Euroclear, Clearstream, or DTC, as the case may be.

Listing of Notes:

Application will be made to the SEHK for the listing of the Notes by way of debt issues to Professional Investors only. Notes to be listed on the SEHK are required to be traded with a board lot size of at least HK$500,000 (or equivalent in other currencies).

Documents Available

For so long as any of the Notes are outstanding, copies of the indenture governing the Notes may be inspected free of charge during normal business hours on any weekday (except public holidays) at the corporate trust office of the trustee.

For so long as any of the Notes are outstanding, copies of our audited consolidated financial statements for the last two financial years, if any, may be obtained during normal business hours on any weekday (except public holidays) at the principal offices of the Issuer.

No Material Adverse Change

There has been no material adverse change, or any development reasonably likely to involve an adverse change, in the financial or trading position, prospects or results of operations of the Group since June 30, 2024.

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1 The audited consolidated financial statements and unaudited consolidated interim financial information set forth herein have been reproduced from the Company's annual reports for the years ended December 31, 2022 and 2023 and the Company's interim report for the six months ended June 30, 2024. The page references are references to pages set forth in such annual report or interim report. They have not been specifically prepared for inclusion in this Offering Memorandum.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Meituan
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Meituan (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 192 to 312, comprise:

- the consolidated statement of financial position as at December 31, 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition
- Impairment assessments of goodwill

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition	
Refer to Notes 2.27, 4.5, 4.6 and 6 to the consolidated financial statements. The Group provides an e-commerce platform that offers diversified daily goods and services in the broader retail by leveraging technology, including on-demand delivery, in-store, hotel and travel booking and other services and sales. The Group mainly generates revenue in the way of delivery services, commission, online marketing services and other services and sales. Revenue of RMB220.0 billion was recognised for the current year. We focused on this area as significant efforts were spent on auditing the accuracy of revenue recognition due to the magnitude of revenue amount and the huge volume of revenue transactions recorded in the operating systems and then interfaced with the financial system.	Our procedures in relation to the revenue recognition included: We understood and tested management's process and controls in respect of revenue recognition and calculation derived from different services. We discussed with management and evaluated their judgements made in determining the method and timing of revenue recognition and calculation. We tested the general control environment and automated controls of the information technology systems used in the transaction processes. We tested the interface between the operating and financial systems. We tested, on a sample basis, transactions by checking the cash receipt, reviewing the underlying contracts, identifying the key terms and attributes from the contracts and checking them against the underlying data from the system used in the transaction processes, and then recalculating the revenue amount. Based on the procedures performed, we found that the Group's revenue recognition was supported by the evidence obtained.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessments of goodwill	
Refer to Notes 2.9, 4.4 and 16 to the consolidated financial statements. As at December 31, 2022, the net carrying amount of goodwill amounted to RMB27.8 billion. Under International Accounting Standards ("**IAS**") 36 Impairment of Assets, the Group is required to perform goodwill impairment assessment both annually and whenever there is an indication that a cash-generating unit ("**CGU**") to which goodwill has been allocated may be impaired. The Group engaged an independent external valuer to assist the preparation of the goodwill impairment testing. The recoverable amounts of CGUs were determined based on the value-in-use calculations using cash flow projections. The key assumptions used include annual revenue growth rate for the 5-year period, gross profit, terminal revenue growth rate and pre-tax discount rate. We focused on this area due to (a) the magnitude of the carrying amount of goodwill; and (b) the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of goodwill is considered significant due to the complexity of the models, subjectivity of significant assumptions used, and significant judgements involved in selecting data.	Our procedures in relation to the impairment assessments of goodwill included: We obtained an understanding of the management's internal control and assessment process of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. We evaluated the outcome of prior period assessment of the goodwill to assess the effectiveness of the management's estimation process. We evaluated and tested the key controls over the impairment of goodwill. We tested management's assessment including periodic impairment indications evaluation as to whether indicators of impairment exist by corroborating with management and market information. We evaluated the independent valuer's objectivity, competence and capabilities. We assessed the reasonableness of the basis that management used to identify separate group of CGUs for the allocation of goodwill. We assessed the appropriateness of the valuation models and significant assumptions with the involvement of our internal valuation experts. We assessed the key assumptions adopted including annual revenue growth rate for the 5-year period and gross profit rate by examining the approved financial/ business forecast models, and comparing actual results for the year against the previous period taking into consideration of market trends and our industry knowledge. We assessed terminal revenue growth rate and pre-tax discount rate with the involvement of our internal valuation experts.

Key Audit Matter	How our audit addressed the Key Audit Matter
	We independently tested, on a sample basis, the accuracy of mathematical calculation applied in the valuation models and the calculation of impairment charges. We evaluated the reasonableness of management's forecast performance and assessed management's sensitivity analysis around the key assumptions, to ascertain the extent to which adverse changes, would result in the goodwill being impaired. We assessed the adequacy of the disclosures related to goodwill impairment in the context of the applicable financial reporting framework. We considered whether the judgements made in selecting the models, significant assumptions and data would give rise to indicators of possible management bias. Based on the procedures performed, we considered that the risk assessment of goodwill impairment remained appropriate and the key assumptions adopted by management in the assessment of goodwill impairment are supported by the evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jack Li.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, March 24, 2023

CONSOLIDATED INCOME STATEMENT

	Note	Year ended December 31, 2022 RMB'000	2021 RMB'000
Revenues	5,6	**219,954,948**	179,127,997
Including: Interest revenue		**1,133,670**	1,000,004
Cost of revenues	7	**(158,201,969)**	(136,653,869)
Gross profit		**61,752,979**	42,474,128
Selling and marketing expenses	7	**(39,745,112)**	(40,683,166)
Research and development expenses	7	**(20,739,865)**	(16,675,595)
General and administrative expenses	7	**(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	19	**(1,013,057)**	815,747
Other gains/(losses), net	9	**4,165,037**	(185,734)
Operating loss	5	**(5,820,448)**	(23,127,199)
Finance income	10	**657,908**	546,037
Finance costs	10	**(1,628,825)**	(1,130,935)
Share of profits of investments accounted for using the equity method	12	**35,848**	145,620
Loss before income tax		**(6,755,517)**	(23,566,477)
Income tax credits	13	**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)
Loss per share for loss for the year attributable to the equity holders of the Company	14		
Basic loss per share (RMB)		**(1.09)**	(3.90)
Diluted loss per share (RMB)		**(1.09)**	(3.90)

The notes on pages 200 to 312 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31, 2022 RMB'000	2021 RMB'000
Loss for the year		**(6,685,323)**	(23,536,198)
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified to profit or loss			
Share of other comprehensive (loss)/income of investments accounted for using the equity method	12,27	**(4,516)**	1,836
Fair value changes of debt instruments at fair value through other comprehensive income	27	**(288,211)**	4,795
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	27	**51,041**	163,604
Items that will not be reclassified to profit or loss			
Currency translation differences	27	**1,194,270**	(1,540,203)
Share of other comprehensive income/(loss) of investments accounted for using the equity method	12,27	**85,260**	(43,633)
Fair value changes of other financial investments at fair value through other comprehensive income	20,27	**(481,883)**	(86,821)
Other comprehensive income/(loss) for the year		**555,961**	(1,500,422)
Total comprehensive loss for the year		**(6,129,362)**	(25,036,620)
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
		(6,129,362)	(25,036,620)

The notes on pages 200 to 312 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As of December 31, 2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**22,201,259**	22,814,246
Intangible assets	16	**30,642,975**	31,048,814
Deferred tax assets	18(a)	**1,497,106**	1,378,468
Long-term treasury investments	21	**8,114,058**	4,010,442
Other financial investments at fair value through profit or loss	19	**15,073,013**	14,299,857
Investments accounted for using the equity method	12	**16,582,381**	13,868,788
Other financial investments at fair value through other comprehensive income	20	**2,321,865**	2,022,705
Prepayments, deposits and other assets	22	**4,903,068**	3,381,272
		101,335,725	92,824,592
Current assets			
Inventories	23	**1,162,765**	681,693
Trade receivables	24	**2,052,731**	1,793,035
Prepayments, deposits and other assets	22	**13,292,494**	15,281,586
Short-term treasury investments	21	**91,873,270**	84,282,016
Restricted cash	25(b)	**14,605,601**	13,276,919
Cash and cash equivalents	25(a)	**20,158,606**	32,513,428
		143,145,467	147,828,677
Total assets		**244,481,192**	240,653,269
EQUITY			
Share capital	26	**415**	411
Share premium	26	**316,743,344**	311,221,237
Shares held for shares award scheme	26	**–**	–
Other reserves	27	**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		**128,705,717**	125,556,762

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As of December 31, 2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	18(b)	**846,103**	895,691
Financial liabilities at fair value through profit or loss		**100,000**	–
Borrowings	31	**1,548,967**	12,219,667
Notes payable	32	**33,607,372**	30,383,378
Lease liabilities		**3,203,163**	2,994,226
Other non-current liabilities		**39,773**	10,588
		39,345,378	46,503,550
Current liabilities			
Trade payables	29	**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	30	**16,655,307**	18,400,738
Borrowings	31	**17,562,145**	11,565,200
Deferred revenues	28	**5,053,375**	5,478,480
Lease liabilities		**2,165,978**	1,756,559
Income tax liabilities		**100,470**	104,387
		76,430,097	68,592,957
Total liabilities		**115,775,475**	115,096,507
Total equity and liabilities		**244,481,192**	240,653,269

The notes on pages 200 to 312 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 192 to 312 were approved by the Board of Directors on March 24, 2023 and were signed on its behalf:

Wang Xing
Director

Mu Rongjun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for shares award scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Equity attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
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	12,27	–	–	–	80,744	–	80,744	–	80,744
Fair value changes of other financial investments at fair value through other comprehensive income	20,27	–	–	–	(481,883)	–	(481,883)	–	(481,883)
Fair value changes of debt instruments at fair value through other comprehensive income	27	–	–	–	(288,211)	–	(288,211)	–	(288,211)
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	27	–	–	–	51,041	–	51,041	–	51,041
Currency translation differences	27	–	–	–	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	12,27	–	–	–	251,916	–	251,916	–	251,916
Transaction with owners in their capacity as owners									
Equity-settled share-based payments	27,33	–	–	–	8,742,962	–	8,742,962	–	8,742,962
Shares held for shares award scheme	26	3	–	(3)	–	–	–	–	–
Exercise of share options and RSUs vesting	26,27	1	5,522,107	3	(5,256,130)	–	265,981	–	265,981
Tax benefit from share-based payments	27	–	–	–	17,458	–	17,458	–	17,458
Appropriations to general reserves	27	–	–	–	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

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for shares award scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Equity attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
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	12,27	–	–	–	(41,797)	–	(41,797)	–	(41,797)
Fair value changes of other financial investments at fair value through other comprehensive income	20,27	–	–	–	(86,821)	–	(86,821)	–	(86,821)
Fair value changes of debt instruments at fair value through other comprehensive income	27	–	–	–	4,795	–	4,795	–	4,795
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	27	–	–	–	163,604	–	163,604	–	163,604
Currency translation differences	27	–	–	–	(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	12,27	–	–	–	158,922	–	158,922	–	158,922
Transaction with owners in their capacity as owners									
Equity-settled share-based payments	27,33	–	–	–	5,193,445	–	5,193,445	–	5,193,445
Shares held for shares award scheme	26	1	–	(1)	–	–	–	–	–
Exercise of share options and RSUs vesting	26,27	2	2,780,149	1	(2,508,430)	–	271,722	–	271,722
Issuance of shares upon placement and subscription	26	13	45,285,887	–	–	–	45,285,900	–	45,285,900
Issuance of convertible bonds (equity component)	27,32	–	–	–	1,513,938	–	1,513,938	–	1,513,938
Tax benefit from share-based payments	27	–	–	–	535,289	–	535,289	–	535,289
Appropriations to general reserves	27	–	–	–	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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31, 2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	36(a)	**11,658,706**	(3,756,727)
Income tax paid		**(247,258)**	(254,730)
Net cash flows generated from/(used in) operating activities		**11,411,448**	(4,011,457)
Cash flows from investing activities			
Purchases and prepayments of property, plant and equipment and intangible assets		**(5,731,304)**	(9,010,455)
Proceeds from disposals of property, plant and equipment and intangible assets		**407,603**	106,219
Payments for acquisitions of businesses, net of cash acquired		**(89,237)**	(13,786)
Purchases of treasury investments		**(187,401,376)**	(409,062,234)
Sales or maturities of treasury investments		**179,619,759**	364,318,074
Purchases of investments accounted for using the equity method		**(40,000)**	–
Proceeds from disposals of investments in associates and others		**1,630**	70,806
Purchases of other financial investments at fair value		**(3,240,760)**	(5,040,733)
Net cash inflow/(outflow) arising from disposals or deemed disposals of subsidiaries		**72,748**	(867,327)
Gains received from treasury investments and other financial instruments		**1,438,076**	996,319
Dividends received		**69,782**	24,325
Loans payments to investees and others		**(736,914)**	(1,205,221)
Loans repayments from investees and others		**874,424**	1,234,179
Collection of/(payment for) investments prepayments		**42,000**	(42,000)
Net cash flows used in investing activities		**(14,713,569)**	(58,491,834)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31, 2022 RMB'000	2021 RMB'000
Cash flows from financing activities	36(c)		
Proceeds from borrowings		**25,844,975**	25,346,479
Repayments of borrowings		**(32,704,167)**	(9,578,283)
Net proceeds from issuance of notes payable		**–**	19,288,691
Finance costs paid		**(1,162,162)**	(620,127)
Proceeds from exercise of share options		**170,341**	275,371
Net proceeds from issuance of ordinary shares		**–**	45,286,099
Payments of lease liabilities		**(2,619,636)**	(2,191,299)
Increase in other financial liabilities		**480,448**	791,400
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	25(a)	**20,158,606**	32,513,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Meituan (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, Ugland 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, including structured entities (collectively, the "**Group**"), offers diversified daily goods and services in the broader retail by leveraging technology.

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and changes in accounting policies and disclosures

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**") and disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have 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.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 New amendments adopted by the Group

The Group 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation and changes in accounting policies and disclosures *(Continued)*

2.1.2 New standards and amendments not yet adopted by the Group

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

		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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation and changes in accounting policies and disclosures *(Continued)*

2.1.2 New standards and amendments not yet adopted by the Group (Continued)

The Group is in the process of assessing potential impact of the above new standards and amendments that is relevant to the Group upon initial application. According to the preliminary assessment made by the directors of the Company ("**Directors**"), management does not anticipate any significant impact on the Group'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 Group plans to adopt these new standards and amendments when they become effective.

2.2 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity (including structured entities) and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Business combinations

The Group applies the acquisition method to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interests in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share of the acquired entity's identifiable net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previous equity interests in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Contingent consideration is classified either as equity or financial liability. Amounts classified as financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. Amounts classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interests in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.2 Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interests results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to equity holders of the Company.

2.2.3 Changes in ownership interests in subsidiaries with change of control

When the Group ceases to consolidate a subsidiary because of a loss of control, any retained interests in the entity are remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interests as an associate, a joint venture or a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

2.3 Associates

Associates are entities over which the Group has significant influence but not control or joint control. The Group's investments in associates in the form of convertible redeemable preferred instruments or ordinary shares with preferential rights are financial assets designated at fair value through profit or loss (Note 2.13). All investments in the form of ordinary shares with significant influence are accounted for using the equity method of accounting.

The investments accounted for using the equity method are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition movements in equity of the investee in profit or loss or other reserves. Dividends received or receivable from associates accounted for using the equity method are recognised as a reduction in the carrying amount of the investment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Associates *(Continued)*

Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill which is included in the carrying amount of the investment.

When the Group's share of losses in an investment accounted for using the equity method equals or exceeds its interest in the investee, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these investees. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting period end whether there is any objective evidence that investments accounted for using the equity method are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in "Other gains/(losses), net" in the consolidated income statement.

If the ownership interest in an associate accounted for using the equity method is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.4 Joint arrangements

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has both joint operations and joint ventures.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings. Interests in joint ventures are accounted for using the equity method of accounting as mentioned in Note 2.3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, mainly refers to the executive Directors. Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principle of IFRS 8. The segments have similar economic characteristics, and the segments are similar in the nature of the products and services, the nature of the production processes, the type or class of customer for their products and services, the methods used to distribute their products or provide their services; and if applicable, the nature of the regulatory environment.

2.7 Foreign currency exchange and translation

2.7.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**"). The Company's functional currency is USD as its key activities and transactions are denominated in USD. The Company's primary subsidiaries were incorporated in the People's Republic of China ("**PRC**") and these subsidiaries considered RMB as their functional currency. The Group's presentation currency is RMB.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Foreign currency exchange and translation *(Continued)*

2.7.2 Transactions and balances

Foreign currency transactions are exchanged into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the exchange of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in consolidated income statement on a net basis within "Other gains/(losses), net".

Non-monetary items that are measured at fair value and denominated in a foreign currency are exchanged using the exchange rates at the date when the fair value was determined. Exchange differences on assets and liabilities carried at fair value are reported as part of the fair value changes.

2.7.3 Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate of the date of that statement of financial position
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting translation differences are recognised in other comprehensive income.

On consolidation, foreign exchange gains or losses arising from the exchange of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investment, are recognised in the consolidated statement of comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the related foreign exchange gains or losses are reclassified into the consolidated income statement, as part of "Other gains/(losses), net".

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Property, plant and equipment

All property, plant and equipment ("**PP&E**") are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, where appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

• Computer equipment	3 years
• Bikes and electric mopeds	2-3 years
• Others	2-5 years

Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are determined by comparing proceeds with carrying amount, and are recognised in "Other gains/(losses), net" in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Intangible assets

2.9.1 Goodwill

Goodwill arising from the acquisition of subsidiaries represents the excess of the aggregate purchase consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree over the fair value of the identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less impairment losses. Gains or losses on the disposals of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

Goodwill is allocated to cash-generating units ("**CGU**") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The CGUs or groups of CGUs are identified at the lowest level at which goodwill is monitored for internal management purposes at the operating segments.

2.9.2 Other intangible assets

Other intangible assets mainly include those arising from business combinations other than goodwill and software and others. They are initially recognised and measured at cost or fair value where appropriate. Other intangible assets are amortised over their estimated useful lives using the straight-line method as follows, reflecting the pattern in which the intangible asset's future economic benefits are expected to be consumed.

- Other intangible assets arising from business combinations 2 – 25 years
- Software and others 1 – 10 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Intangible assets *(Continued)*

2.9.3 Research and development

Research expenditures are recognised as expenses as incurred. Costs incurred on development projects are capitalised as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred. There were no development costs meeting these criteria and capitalised as intangible assets for the years ended December 31, 2022 and 2021.

2.10 Shares held for shares award scheme

The nominal value of the shares transferred by the Company to the Share Scheme Trust, is presented as "Shares held for shares award scheme".

When the Share Scheme Trust transfers the Company's shares to the awardees upon vesting, the related nominal value of the awarded shares vested are credited to "Shares held for shares award scheme" and related equity-settled share-based payments were transferred from "Other reserves" to "Share premium".

2.11 Impairment of non-financial assets

Other than goodwill mentioned in Note 2.9.1, other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Land use rights

Land use rights are up-front payments to acquire long-term interest in land. They are stated at historical cost less accumulated depreciation and impairment in "Property, plant and equipment", and are depreciated over the remaining period of the lease on a straight-line basis.

The land use rights mainly represented prepaid operating lease payments in respect of land in the Mainland of China with lease periods of 40 to 50 years.

2.13 Financial assets

2.13.1 Classification

The Group classifies its financial assets in the following measurement categories:

- financial assets measured at amortised cost;
- financial assets measured at fair value through other comprehensive income ("FVOCI"); or
- financial assets measured at fair value through profit or loss ("FVPL").

The classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Business model

The Group's business model reflects how the Group manages its financial assets in order to generate cash flows. The business model determines whether the cash flow will result from collecting contractual cash flows, selling of financial assets or both.

The contractual cash flow characteristics

The characteristics of the contractual cash flow of financial assets refer to the cash flow attributes agreed in the contract of financial instruments that reflect the economic characteristics of the relevant financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Financial assets *(Continued)*

2.13.1 Classification (Continued)

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if both of the following conditions are met and is not designated as at FVPL: (i) the asset is managed within a business model whose objective is to hold assets in order to collect contractual cash flows; (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income

Financial assets measured at FVOCI include debt instruments measured at FVOCI and equity instruments designated as at FVOCI.

A debt instrument which is measured at FVOCI if both of the following conditions are met: (i) the asset is managed within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group may make an irrevocable election at initial recognition to designate an equity instrument as at FVOCI if it is not held for trading purpose.

Financial assets measured at fair value through profit or loss

Financial assets measured at FVPL include the debt instruments that do not meet the criteria for amortised cost or FVOCI, and the equity investments which are not designated as measured at FVOCI.

The Group reclassifies debt instruments when and only when its business model for managing financial assets changes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Financial assets *(Continued)*

2.13.2 Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

2.13.3 Derecognition

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows of the financial asset expire; (ii) the contractual rights to receive the cash flows and substantially all the risks and rewards of ownership of the financial asset have been transferred; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of derecognition of transfer of cash flows ("pass through" requirements) and substantially all the risks and rewards of ownership of the financial asset have been transferred.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss or retained earnings:

- the carrying amount of the financial asset transferred; and
- the sum of the consideration received from the transfer and any cumulative gains or losses that has been recognised directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

As part of its operations, the Group securitises financial assets, generally through the sale of these assets to special purpose vehicles which issue securities to investors. When the securitisation of financial assets is qualified for derecognition, the relevant financial assets are derecognised in their entirety and a new financial asset or liability is recognised regarding the interest in the unconsolidated securitisation vehicles that the Group acquired. When the securitisation of financial assets is not qualified for derecognition, the relevant financial assets are not derecognised, and the consideration paid by third parties are recorded as a financial liability. When the securitisation of financial assets is partially qualified for derecognition, the book value of the transferred assets should be recognised between the derecognised portion and the retained portion based on their respective fair values, and the difference between the book value of the derecognised portion and the total consideration paid for the derecognised portion shall be recorded in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Financial assets *(Continued)*

2.13.4 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset, in case that a financial asset is not FVPL. Transaction costs of financial assets at FVPL are expensed in profit or loss.

For assets measured at fair value, gains or losses will either be recorded in profit or loss or other comprehensive income. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

- Amortised cost: Interest income from these financial assets is included in finance income using the effective interest rate method. Any gains or losses arising from derecognition is recognised directly in profit or loss and presented in "Other gains/(losses), net" together with foreign exchange gains or losses. Impairment losses are presented as a separate line item in the consolidated income statement.

- FVOCI: Movements in the carrying amount are taken through other comprehensive income, except for the provisions or reversals of impairment losses, interest income and foreign exchange gains or losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified to profit or loss and presented in "Other gains/(losses), net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains or losses are presented in "Other gains/(losses), net" and impairment losses are presented as a separate line item in the consolidated income statement.

- FVPL: Gains or losses on debt instruments that is subsequently measured at FVPL are recognised in profit or loss and presented within "Other gains/(losses), net" or "Fair value changes of other financial investments at fair value through profit or loss".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Financial assets *(Continued)*

2.13.4 Measurement (Continued)

(b) Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Group's management has elected to present fair value changes of equity instruments in other comprehensive income, there is no subsequent reclassification of such fair value changes to profit or loss following the derecognition of the financial assets. Dividends from such equity instruments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "Fair value changes of other financial investments at fair value through profit or loss" as applicable. Provisions or reversals of impairment losses on equity investments at FVOCI are not reported separately from other changes in fair value.

2.13.5 Impairment

The Group assesses on a forward-looking basis the expected credit losses ("**ECL**") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk ("**SICR**").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.15 Deposits from transacting users

Deposits from transacting users are the deposits received from transacting users of bike sharing services, which are placed in the custody of certain bank accounts and redeemable at any time upon the requests from transacting users.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is primarily determined using the weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Trade and other receivables

Trade receivables are amounts due from customers for goods and services provided in the ordinary course of business.

Trade and other receivables are generally due for settlement within 1 year and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. Other receivables are recognised initially at fair value. Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Cash and cash equivalents and restricted cash

Cash and cash equivalents includes cash on hand and cash in bank, deposits held at call with banks within three months and certain amounts of cash held in accounts managed by other financial institutions in connection with the provision of services and sales of goods.

Cash that restricted from withdrawal, use or pledged as security is reported separately in the consolidated statements of financial position, and is not included in the consolidated statements of cash flows.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds.

2.20 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the end of the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

2.21 Borrowings, notes payable and borrowing costs

Borrowings and notes payable issued by the Group are initially recognised at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over their contractual terms using the effective interest rate method.

The fair value of the liability portion of convertible bonds is determined using a market interest rate for equivalent non-convertible bonds. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the convertible bonds. The remainder of the proceeds is allocated to the conversion option, which is recognised in other reserves, net of income tax effects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Borrowings, notes payable and borrowing costs *(Continued)*

Borrowings and notes payable are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Borrowings and notes payable are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

2.22 Financial liabilities at fair value through profit or loss

The Group irrevocably designate a financial liability at fair value through profit or loss when doing so results in more relevant information at initial recognition, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "**an accounting mismatch**") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or

(b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel.

2.23 Current and deferred income tax

The income tax expenses or credits for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Current and deferred income tax *(Continued)*

2.23.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.23.2 Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that future taxable profit, against which the temporary differences and tax losses can be utilised, will be probably available.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liabilities in relation to taxable temporary differences arising from the subsidiaries and associates' undistributed profits is not recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Current and deferred income tax *(Continued)*

2.23.2 Deferred income tax (Continued)

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entities or different taxable entities where there is an intention to settle the balances on a net basis.

2.24 Employee benefits

2.24.1 Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leave are not recognised until the time of leave.

2.24.2 Pension obligations and other social welfare benefits

The Group contributes on a monthly basis to various defined contribution plans organised by the relevant governmental authorities. The Group's liability in respect of these plans is limited to the contributions payable in each period. The Group's contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separated from those of the Group. During the reporting period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

2.24.3 Bonus plan

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonuses as a result of services rendered by employees and a reliable estimate of the obligation being made. Liabilities for bonuses are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 Share-based payments

The Group has operated share incentive awards including share option schemes and share award schemes. The pre-IPO employee stock incentive scheme adopted by the Company dated October 6, 2015 ("**Pre-IPO ESOP**") was administered until the initial public offering, after which it was replaced by the post-IPO share option scheme ("**Post-IPO Share Option Scheme**") and the post-IPO share award scheme ("**Post-IPO Share Award Scheme**") adopted by the Company on August 30, 2018. The Group receives services from employees and other qualified participants as consideration for equity instruments (including share options and restricted share units, "**RSUs**") of the Group under the above schemes. The fair value of the services received in exchange for the grant of the equity instruments is recognised as an expense in the consolidated income statement. The total expenses are recognised over the vesting period, over which all of the specified vesting conditions are to be satisfied.

2.25.1 Share options

For grant of share options, the total amount to be expensed is determined by reference to the fair value of the share options granted using Black-Scholes models:

- including the impact of any market performance conditions
- excluding the impact of any service and non-market performance conditions, and
- including the impact of any non-vesting conditions

At the end of each period, the Group revises its estimates of the number of share options that are expected to become vested based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 Share-based payments *(Continued)*

2.25.2 RSUs

For grant of RSUs, the total amount to be expensed is determined by reference to the fair value of the Company's shares at the grant date.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purpose of recognising the expenses during the period between service commencement date and grant date.

2.25.3 Modifications and Cancellations

The Group may modify the terms and conditions of share incentive awards granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognised for the services received over the remainder of the vesting period.

A grant of share incentive awards, that is cancelled or settled during the vesting period, is treated as an acceleration of vesting. The Group immediately recognises the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

2.26 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating loss.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 Revenue recognition

Revenues are principally comprised of delivery services, commission, online marketing services and other services and sales. The Group recognises revenues when or as the control of the promised goods or services is transferred to the customers, netting of value-added taxes ("**VAT**"). Depending on the terms of the contracts and the laws that apply to the contracts, if control of the promised goods or services is transferred over time, revenues are recognised over the period of the contracts by reference to the progress towards complete satisfaction of those performance obligations. Otherwise, revenues are recognised at a point in time when the customers obtain control of the promised goods or services.

In arrangements with multiple distinct performance obligations, total consideration is allocated to each performance obligation based on its relative standalone selling price ("**SSP**"). The Group generally determines the SSP based on the prices charged to customers. Relevant information will be taken into consideration when more than one SSP for individual performance obligation exists. If the SSP is not directly observable, it is estimated based on adjusted market assessment approach or cost plus a margin, depending on the availability of observable information.

The Group evaluates whether it acts as a principal or an agent to determine whether it is appropriate to record the gross amount of revenues and related costs, or the net amount earned as commission. The Group is a principal if it controls the specified goods or services before being transferred to the customers. Generally, a principal is the primary obligor, has latitude in establishing the selling price, or is subject to inventory risks. Otherwise, the Group is an agent to arrange for goods or services to be provided by other parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 Revenue recognition *(Continued)*

2.27.1 The accounting policy for the Group's principal revenue types

(a) Delivery services

The Group provides on-demand delivery services to certain merchants and transacting users (collectively as the "**Delivery services Customers**") as a principal. Delivery services revenue is recognised at the time when the on-demand delivery services are provided and is determined based on the fees charged to the Delivery services Customers, netting of any possible transacting users incentives which are not in exchange for a distinct good or service to the Group. The relevant costs are recorded under "Delivery related costs" in cost of revenues.

(b) Commission

The Group uses technology to arrange for the provision of the specified goods or services by merchants or third-party agent partners (collectively as the "**Commission Customers**") in the Group's online marketplaces as an agent. Technical service fees charged to the Commission Customers, primarily determined as a percentage of respectively relevant transaction amount, are recognised as commission revenue upon the completion of the underlying goods or services provided by the Commission Customers to the transacting users.

The advance payments from the transacting users are initially recorded in "Advances from transacting users", which can be withdrawn at any time. Once the commission revenue is recognised, the amounts to be remitted to the Commission Customers are recorded in "Payables to merchants".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 Revenue recognition *(Continued)*

2.27.1 The accounting policy for the Group's principal revenue types (Continued)

(c) Online marketing services

The Group provides various online marketing services primarily to merchants in the Group's online marketplaces or through the third-party marketing affiliate programme, including but not limited to pay for performance marketing services on which the merchants are charged through market-based mechanism based on effective clicks on certain information, display marketing services that allow merchants to place promotion information online, and other value-added marketing services under an annual plan.

Revenue from performance-based marketing services is recognised when relevant specified performance measures are fulfilled. Revenues from display-based and other value-added marketing services are recognised ratably over the contractual service period. The online marketing services revenue is recorded on a gross basis when the Group is the principal to the merchants in the respective arrangements.

In general, the merchants need to make advance payments for all the online marketing services which is primarily recorded in "Deferred revenues".

(d) Other services and sales

The Group recognises the other services and sales revenue on a gross basis as a principal when the control of the goods is transferred to the customers, or when the respective services are rendered, netting of any possible transacting users incentives which are not in exchange for a distinct good or service to the Group. Other services and sales revenue primarily comprises (i) sales of goods, mainly generated from Meituan Grocery and B2B food distribution services, (ii) various services rendered by various businesses such as Meituan Select, bike sharing and e-moped sharing, ride-sharing, power banks and micro-credit.

Revenues generated from micro-credit primarily consist of revenues generated from loan facilitation services and post-origination services, and interest revenue. Loan facilitation services and post-origination services are identified as two distinct performance obligations, to which the total consideration is allocated based on relative SSP appropriately. Loan facilitation services revenue is recognised at point of time when the loan contract is established between borrowers and lenders and post-origination services revenue is recognised over the loan contract period.

Interest revenue is derived from the loan principal, funded entirely or partially by the Group, by applying the effective interest rate to the gross carrying amount of loan receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 Revenue recognition *(Continued)*

2.27.2 Contract Balances

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration, if only the passage of time is required before payment of that consideration is due. The Group's contract assets are mainly trade receivables due from loan facilitation services.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made, or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group's contract liabilities are mainly resulted from the online marketing services, which are recorded as deferred revenues.

Contract costs include incremental costs of obtaining a contract and costs to fulfil a contract with the customers. The contract costs are amortised using a method which is consistent with the pattern of recognition of the respective revenues.

2.27.3 Incentives to transacting users

When incentives provided to transacting users that are considered as customers from an accounting perspective, the incentives are recorded as a reduction of revenue if there is no exchange of distinct good or service to the Group or the fair value of the good or service received cannot be reasonably estimated. Otherwise, despite the absence of any explicit contractual obligations to incentivise the transacting users on behalf of customers, which in most circumstances are merchants, the Group further evaluates the varying features of different incentive programmes to determine that whether the incentives represent implicit obligations to transacting users on behalf of customers. If so, it will be recorded as a reduction of revenues, otherwise the "Selling and marketing expenses" (Note 7).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 Revenue recognition *(Continued)*

2.27.4 Practical Expedients and Exemptions

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all the Group's contracts with customers have a duration of 1 year or less.

2.28 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets. Financial assets have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost.

Interest income earned from financial assets that are held for cash management purposes is presented as finance income. Interest revenue earns from financial assets that are held for micro-credit business (Note 2.27.1). Any other gains from treasury investments is included in "Other gains/(losses), net".

2.29 Dividend income

Dividend income is recognised when it is received or when the right to collection is unconditionally established.

2.30 Leases other than land use rights

The Group leases land use rights (Note 2.12), various offices and others. The lease contracts other than land use rights are typically for fixed periods of 1 month to 10 years and may have extension options. They do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

Right-of-use assets and lease liabilities arising from a lease other than land use rights are initially measured on a present value basis at the date when the leased assets are available for use by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.30 Leases other than land use rights *(Continued)*

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The lease payments are allocated between the lease liabilities and the finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease payments for each period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.30 Leases other than land use rights *(Continued)*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the right-of-use assets' useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying assets' useful life.

Right-of-use assets are presented in "Property, plant and equipment" in the Group's consolidated statement of financial position.

The payments associated with leases of the low-value assets are recognised on a straight-line basis as expenses in profit or loss. The low-value assets comprise small items of facilities. Variable lease payments not based on an index or a rate are recognised in profit or loss when the triggering condition of those payments occurs.

The Group considers the lease as a single transaction in which the assets and liabilities are integrally linked. There is no net temporary difference at inception. Subsequently, when the differences on settlement of the lease liabilities and the amortisation of the leased assets arise, there will be a net temporary difference on which deferred income tax is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.31 Dividends distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividend is approved by the Company's shareholders or Directors where appropriate.

2.32 Government subsidies

Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions. Under these circumstances, the subsidies are recognised as income or matched with the associated costs which the subsidies are intended to compensate.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk, and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

3.1 Financial risk factors

3.1.1 Market risk

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimise these exposures through natural hedges, wherever possible and may enter into forward foreign exchange contracts, when necessary.

The Group operates mainly in the PRC with most of the transactions settled in RMB, and the functional currency of the Company is USD whereas functional currency of the subsidiaries operating in the PRC is RMB. The management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Market risk (Continued)

(b) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents, restricted cash, loan receivables and treasury investments at amortised cost, and details of which have been disclosed in Note 25, Note 22(a) and Note 21.

The Group's exposure to changes in interest rates is also attributable to its borrowings and notes payable, details of which have been disclosed in Note 31 and Note 32. Borrowings and notes payable carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

As of December 31, 2022, the Group's notes payable were carried at fixed rates, and the Group's borrowings were partially carried at floating rates.

(c) Price risk

The Group is exposed to price risk in respect of financial assets measured at fair value held by the Group. The Group is not exposed to commodity price risk. To manage its price risk arising from the financial assets, the Group diversifies its portfolio. Each investment is managed by senior management on a case by case basis. The sensitivity analysis is performed by management (Note 3.3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk

The Group is exposed to credit risk in relation to certain financial and contract assets, of which the carrying amounts represent the Group's maximum exposure to the credit risk. The ECL arising from the credit risk are presented as "Net provisions/(reversals) for impairment losses on financial and contract assets" in the consolidated income statement.

(a) Cash and cash equivalents, restricted cash and treasury investments

To manage credit risk arising from cash and cash equivalents, restricted cash and treasury investments, the Group only transacts with state-owned or reputable financial institutions. Primarily these instruments are considered to have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flows obligations in the near term. The identified credit losses are immaterial.

(b) Trade receivables and contract assets

To manage credit risk arising from trade receivables and contract assets, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 180 days considering their financial position, past experience and other factors.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The Group applies the IFRS 9 simplified approach to measure ECL which uses lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months or enough credit cycle for those new lines of business and the corresponding historical credit losses experienced within this period. The Group identifies the per capita disposable income of urban residents and the total retail sales of consumer goods of the countries to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the financial assets.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

***(b) Trade receivables and contract assets** (Continued)*

Trade receivables are written off when there is no reasonable expectation of recovery with indicators including, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments after exhausting all practical recovery efforts. Subsequent recoveries of amounts previously written off are credited against the same line item.

(c) Loan receivables

To manage credit risk arising from loan receivables, standardised credit management procedures are performed. For pre-approval investigation, the Group optimises the review process using big data technology through its platform and system, including credit analysis, assessment of collectability of borrowers, monitoring the cash flows status of the merchants, possibility of misconduct and fraudulent activities. In terms of credit examining management, specific policies and procedures are established to assess loans offering. For subsequent monitoring, the Group monitors the cash flows and operation status of each borrowers. Once the loan is issued, all borrowers will be assessed by fraud examination model to prevent fraudulent behaviours. In post-loan supervision, the Group establishes risk monitoring alert system through periodical monitoring. The estimation of credit exposure for risk management purposes is complex and requires use of models as the exposure varies with changes in market conditions, expected cash flows and passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default corrections between counterparties. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"). This is consistent with the general approach used for the purpose of measuring ECL under IFRS 9.

(i) ECL model for loan receivables:

The impairment of loan receivables was provided based on the "three-stages" model by referring to the changes in credit quality since initial recognition.

- The loan receivables that are not credit-impaired on initial recognition are classified in "Stage 1" and have its credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

*(c) **Loan receivables** (Continued)*

(i) ECL model for loan receivables: (Continued)

- If an SICR (as defined below) since initial recognition is identified, the loan receivables are moved to "Stage 2" but are not yet deemed to be credit-impaired. The ECL is measured on lifetime basis.

- If the loan receivables are credit-impaired (as defined below), then they are moved to "Stage 3". The ECL is measured on lifetime basis.

- In Stages 1 and 2, interest revenue is calculated on the gross carrying amount (without deducting the loss allowance). If in Stage 3, the Group is required to calculate the interest revenue by applying the effective interest rate method in subsequent reporting periods to the amortised cost of the loan receivables (the gross carrying amount net of loss allowance) other than the gross carrying amount.

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

- Significant increase in credit risk (SICR)

  The Group considers loan receivables to have experienced an SICR if the borrower is past due more than 1 day on its contractual payments.

- Definition of default and credit-impaired assets

  The Group defines a financial instrument as in default and credit-impaired, when the borrower is more than 90 days past due on its contractual payments. This has been applied to all loan receivables held by the Group.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

*(c) **Loan receivables** (Continued)*

(i) ECL model for loan receivables: (Continued)

- Measuring ECL – Explanation of inputs, assumptions and estimation techniques

  The ECL is measured on either a 12-month or lifetime basis depending on whether an SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL are the discounted product of the PD, EAD, and LGD.

  The ECL is determined by projecting the PD, EAD and LGD for each future month and for each portfolio and these three components are multiplied together. This effectively calculates an ECL for each future month, which is then discounted back to the reporting period end and summarised. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

- Forward-looking information incorporated in the ECL models

  The calculation of ECL incorporates forward-looking information. The Group has performed historical analysis and identified the per capita disposable income of urban residents as the key economic variables impacting credit risk and ECL.

  As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

- Grouping of instruments for losses measured on a collective basis

  For ECL provisions modeled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

*(c) **Loan receivables** (Continued)*

(ii) Loss allowance

The loss allowance recognised in the reporting period is impacted by a variety of factors, as described below:

- Transfers between Stage 1, Stage 2 or Stage 3 due to loan receivables experiencing significant increases (or decreases) of credit risk in the reporting period, and the subsequent "step up" (or "step down") between 12-month and lifetime ECL;
- Increases of loss allowance for new financial instruments recognised, as well as decreases due to loan receivables derecognition in the reporting period;
- Loan receivables derecognised and write-offs of loss allowance related to assets that were written off during the reporting period, and the subsequent recovery; and
- Changes in the inputs, assumptions and estimation techniques of ECL calculation during the reporting period.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(c) Loan receivables (Continued)

(ii) Loss allowance (Continued)

The gross carrying amount of the loan receivables explains their significance to the changes in the loss allowance as discussed above:

	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
Gross carrying amount as of January 1, 2022	5,849,931	78,443	37,389	5,965,763
Transfers:				
Transfer from Stage 1 to Stage 2	(73,821)	73,821	–	–
Transfer from Stage 1 to Stage 3	(243,135)	–	243,135	–
Transfer from Stage 2 to Stage 1	185	(185)	–	–
Transfer from Stage 2 to Stage 3	–	(90,177)	90,177	–
Net increases/(decreases)	2,914,975	(13,709)	(60,061)	2,841,205
Write-offs	–	–	(330,149)	(330,149)
Recovered after written off	–	–	42,238	42,238
Gross carrying amount as of December 31, 2022	8,448,135	48,193	22,729	8,519,057

For the year ended December 31, 2022, the net decreases of stage 2 and stage 3 include fair value changes of loan receivables measured at FVOCI (Note 22(a)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(c) Loan receivables (Continued)

(ii) Loss allowance (Continued)

The following table explains the changes in the loss allowance for loan receivables between the beginning and the end of the reporting period due to these factors:

	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
Loss allowance as of January 1, 2022	(145,328)	(91,439)	(46,806)	(283,573)
Transfers:				
Transfer from Stage 1 to Stage 2	1,873	(53,781)	–	(51,908)
Transfer from Stage 1 to Stage 3	6,170	–	(208,570)	(202,400)
Transfer from Stage 2 to Stage 1	(5)	135	–	130
Transfer from Stage 2 to Stage 3	–	65,697	(77,357)	(11,660)
Net (increases)/decreases	(73,979)	21,125	43,726	(9,128)
Write-offs	–	–	330,149	330,149
Recovered after written off	–	–	(42,238)	(42,238)
Changes in ECL measurement	(7,664)	4,363	(35,526)	(38,827)
Loss allowance as of December 31, 2022	(218,933)	(53,900)	(36,622)	(309,455)

(iii) Write-off policy

The Group writes off loan receivables, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity.

The Group may write off loan receivables that are still subject to enforcement activity.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

***(c) Loan receivables** (Continued)*

(iv) Modification

The Group rarely modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. The Group considers the impact from such modification is not significant.

3.1.3 Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents or to adjust financing arrangements to meet the Group's liquidity requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Liquidity risk (Continued)

The Group analyses its non-derivative financial liabilities into relevant maturity grouping based on the remaining year at each reporting period end to the contractual maturity date. The amount disclosed in the table is the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As of December 31, 2022					
Trade payables	17,379,302	–	–	–	17,379,302
Payables to merchants	12,432,342	–	–	–	12,432,342
Advances from transacting users	5,081,178	–	–	–	5,081,178
Other payables and accruals	8,670,816	–	–	–	8,670,816
Borrowings	17,606,781	48,646	1,429,772	203,699	19,288,898
Notes payable	376,524	376,524	27,081,556	9,502,326	37,336,930
Lease liabilities	2,401,405	1,603,042	1,817,984	59,477	5,881,908
	63,948,348	2,028,212	30,329,312	9,765,502	106,071,374

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As of December 31, 2021					
Trade payables	15,165,619	–	–	–	15,165,619
Payables to merchants	10,950,920	–	–	–	10,950,920
Advances from transacting users	5,171,054	–	–	–	5,171,054
Other payables and accruals	8,787,640	–	–	–	8,787,640
Borrowings	11,778,170	2,559,043	9,861,009	–	24,198,222
Notes payable	344,686	344,686	24,894,171	8,941,919	34,525,462
Lease liabilities	1,973,300	1,522,958	1,650,762	86,701	5,233,721
	54,171,389	4,426,687	36,405,942	9,028,620	104,032,638

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

The Group's objectives when managing capital are to:

- Safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital (including share capital, share premium and shares held for shares award scheme) by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. In the opinion of the Directors of the Company, the Group's capital risk is low.

3.3 Fair value estimation

3.3.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining the fair values, the Group has classified its financial instruments into three levels prescribed under the accounting standards.

The Group analyses its financial instruments carried at fair values by level of the inputs to valuation techniques used to measure the fair values. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.1 Fair value hierarchy (Continued)

The following tables present the Group's assets and liabilities that are measured at fair value as of December 31, 2022 and 2021.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of December 31, 2022				
Financial assets				
Treasury investments at fair value through profit or loss (Note 21)	–	–	77,845,116	77,845,116
Treasury investments at fair value through other comprehensive income (Note 21)	–	4,819,558	6,307,707	11,127,265
Loan receivables at fair value through other comprehensive income (Note 22(a))	–	–	7,124,305	7,124,305
Other financial investments at fair value through profit or loss (Note 19)	–	–	15,073,013	15,073,013
Other financial investments at fair value through other comprehensive income (Note 20)	908,865*	–	1,413,000	2,321,865
	908,865	4,819,558	107,763,141	113,491,564
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	100,000	100,000

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.1 Fair value hierarchy (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of December 31, 2021				
Financial assets				
Treasury investments at fair value through profit or loss (Note 21)	–	–	59,712,781	59,712,781
Treasury investments at fair value through other comprehensive income (Note 21)	–	4,128,024	5,414,982	9,543,006
Loan receivables at fair value through other comprehensive income (Note 22(a))	–	–	4,210,835	4,210,835
Other financial investments at fair value through profit or loss (Note 19)	2,261,812*	–	12,038,045	14,299,857
Other financial investments at fair value through other comprehensive income (Note 20)	532,455*	–	1,490,250	2,022,705
	2,794,267	4,128,024	82,866,893	89,789,184

* This presents investments in listed entities with observable quoted price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.2 Valuation techniques used to determine fair values

Specific valuation techniques used to measure financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The discounted cash flows model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- The latest round financing, i.e. the prior transaction price or the third-party pricing information; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There was no change to valuation techniques in use during the year ended December 31, 2022.

All of the resulting fair value estimates are included in level 3, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

3.3.3 Fair value measurements using significant unobservable inputs (level 3)

The following tables present the movement of level 3 items which use significant unobservable inputs in determining their fair values for the years ended December 31, 2022 and 2021. The Group determines transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.3 Fair value measurements using significant unobservable inputs (level 3) (Continued)

	Treasury investments at fair value through profit or loss RMB'000	Treasury investments at fair value through other comprehensive income RMB'000	Loan receivables at fair value through other comprehensive income RMB'000	Other financial investments at fair value through profit or loss RMB'000	Other financial investments at fair value through other comprehensive income RMB'000	Financial liabilities at fair value through profit or loss RMB'000
As of January 1, 2022	59,712,781	5,414,982	4,210,835	12,038,045	1,490,250	–
Additions	170,008,154	2,190,961	101,415,941	3,149,995	706,500	480,448
Deductions	(154,810,006)	(1,528,525)	(98,508,669)	(848,881)	–	(393,304)
Transfers, net	–	–	–	498,631	(783,750)	–
Changes in fair values	905,336	167,846	6,198	(194,580)	–	–
Currency translation differences	2,028,851	62,443	–	429,803	–	12,856
As of December 31, 2022	77,845,116	6,307,707	7,124,305	15,073,013	1,413,000	100,000
Net unrealised gains/(losses) for the year	316,697	105,721	6,198	(182,223)	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.3 Fair value measurements using significant unobservable inputs (level 3) (Continued)

	Treasury investments at fair value through profit or loss RMB'000	Treasury investments at fair value through other comprehensive income RMB'000	Loan receivables at fair value through other comprehensive income RMB'000	Other financial investments at fair value through profit or loss RMB'000	Other financial investments at fair value through other comprehensive income RMB'000	Financial liabilities at fair value through profit or loss RMB'000
As of January 1, 2021	32,696,946	900,111	–	8,132,267	–	114,600
Additions	377,692,780	4,769,314	23,118,704	5,160,883	450,000	791,400
Deductions	(350,759,213)	(325,609)	(18,850,641)	(773,798)	–	(906,000)
Transfers, net	–	–	–	(1,068,094)	783,750	–
Changes in fair values	1,152,287	78,237	(57,228)	678,454	256,500	–
Currency translation differences	(1,070,019)	(7,071)	–	(91,667)	–	–
As of December 31, 2021	59,712,781	5,414,982	4,210,835	12,038,045	1,490,250	–
Net unrealised gains/(losses) for the year	404,096	77,412	(57,228)	358,423	–	–

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.4 Valuation process, inputs and relationships to fair value

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair values of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The Group's level 3 instruments are listed in the table in Note 3.3.3. As these instruments are not traded in active markets, their fair values have been determined using various applicable valuation techniques, including discounted cash flows and market approach.

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

	Fair values as of December 31,			Range of inputs as of December 31,		
Description	2022 RMB'000	2021 RMB'000	Unobservable inputs	2022	2021	Relationships of unobservable inputs to fair value
Other financial investments at fair value	16,486,013	13,528,295	Expected volatility	40%-65%	40%-78%	Note (i)
			Discount for lack of marketability ("DLOM")	20%-30%	15%-29%	The higher the DLOM, the lower the fair value
Treasury investments at fair value through profit or loss	77,845,116	59,712,781	Expected rate of return	-2.14%~6.30%	0.00%-5.12%	The higher the expected rate of return, the higher the fair value
Treasury investments at fair value through other comprehensive income	6,307,707	5,414,982	Expected rate of return	-3.75%~3.85%	1.45%-2.80%	The higher the expected rate of return, the higher the fair value
Loan receivables at fair value through other comprehensive income	7,124,305	4,210,835	Note (ii)	Note (ii)	Note (ii)	The higher the risk-adjusted discount rate, the lower the fair value
Financial liabilities at fair value through profit or loss	100,000	-	Note (iii)	Note (iii)	NA	Note (iii)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.4 Valuation process, inputs and relationships to fair value (Continued)

Note (i): Other financial investments at fair value

The unobservable inputs of expected volatility is used in the valuation of other financial investments at fair value. The relationship between them is uncertain.

Note (ii): Loan receivables at fair value through other comprehensive income

For loan receivables at fair value through other comprehensive income, the fair values are determined based on discounted cash flows model using unobservable discount rates that reflect credit risk.

Note (iii): Financial liabilities at fair value through profit or loss

In December 2022, the Group established and consolidated a limited partnership investment fund ("**the Fund**") with limited life. The Fund invested in private companies in the form of ordinary shares or preferred shares that are measured at fair value through profit or loss. The Group designates the returns to other limited partners as financial liabilities at fair value through profit or loss. These returns are calculated based on the fair value of underlying investments and the predetermined distribution mechanism of returns set out in the agreement of the Fund.

If the respective unobservable inputs of financial assets at fair value through profit or loss held by the Group had been 10% higher or lower, the aggregate profit before income tax for the year ended December 31, 2022 would have been approximately RMB112 million lower or RMB116 million higher (for the year ended December 31, 2021: RMB118 million lower or higher).

If the respective unobservable inputs of financial assets at fair value through other comprehensive income held by the Group had been 10% higher or lower, the aggregate other comprehensive income for the year ended December 31, 2022 would have been approximately RMB8 million higher or RMB6 million lower (for the year ended December 31, 2021: RMB16 million lower or RMB18 million higher).

The carrying amounts of the Group's financial assets and financial liabilities measured at amortised cost are approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgements in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experiences and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

4.1 Recognition of share-based compensation expenses

As mentioned in Note 2.25, the Group set up the Pre-IPO ESOP, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme and granted RSUs and share options to employees and other qualified participants. The fair value of the share options is determined by the Black-Scholes option-pricing model at the grant date, and is expected to be expensed over the respective vesting period. Significant estimates on assumptions, such as risk-free interest rate, expected volatility, dividend yield, and terms, are made by the Directors and third-party valuers. The fair value of the RSUs is determined by reference to the grant-date market price of the ordinary shares.

Forfeitures are estimated based on historical experience and are periodically reviewed. Where the actual forfeitures differ from the initial estimate, such difference will impact the share-based compensation expenses in subsequent periods.

4.2 Estimation of the fair values of financial assets and financial liabilities

The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Group uses its judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair values of these financial assets and financial liabilities (Note 3.3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.3 Loss allowance for financial and contract assets arising from credit risk

The loss allowance for financial and contract assets arising from credit risk is based on assumptions about risk of defaults and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the loss allowance calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1.2.

4.4 Recoverability of goodwill

The Group tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9.1. Management judgement is required in the area of non-financial asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) the selection of the most appropriate valuation technique, e.g. the market approach, the income approach, as well as a combination of approaches, including the adjusted net asset method; and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the revenue growth rate and gross margin, terminal growth rates and pre-tax discount rates assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statement. Management determined the recoverable amounts of these CGU or group of CGUs based on the higher of (i) their value in use ("**VIU**") and (ii) their fair value less costs of disposal, of which VIU is calculated based on discounted cash flows expected to be derived from the respective CGU or group of CGUs. The calculations use cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using the estimated growth rates stated in Note 16.

Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in Note 16.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.5 Incentives

As disclosed in Note 2.27, all incentives provided to customers from an accounting perspective are recorded as a reduction of revenue to the extent of the revenue earned from that customer on a transaction by transaction basis. For certain other incentives, management judgement is required to determine whether the incentives are in substance payments on behalf of customers and should therefore be recorded as a reduction of revenue or selling and marketing expenses. Some of the factors considered in management's evaluation if such incentives are in substance payments on behalf of customers include whether the incentives are provided at the Group's discretion and the objectives, business strategy and design of the incentive programmes.

4.6 Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent in the provision of certain services to its customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or an agent, the Group considers, individually or in combination, whether the Group controls the specified good or service before it (i) is transferred to the customer, (ii) is primarily responsible for fulfilling the contract, (iii) is subject to inventory risk, and (iv) has discretion in establishing prices.

4.7 Current and deferred income tax

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences or tax losses are recognised when management considers that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different from management's estimation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.8 Presentation and measurement of investments in associates

The Group made certain investments in the form of convertible redeemable preferred shares or ordinary shares with preferential rights of investee companies. As the Group has significant influence on these investee companies, judgement is required in determining whether these investments are in substance existing ownership interests. If not, they should be measured at fair value through profit or loss. Different conclusions around these judgements may affect how these investments presented and measured in the consolidated statement of financial position of the Group.

5 SEGMENT REPORTING

5.1 Description of segments and principal activities

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, mainly includes the executive Directors of the Company that make strategic decisions. The Group evaluated its operating segments separately or aggregately, and determined that it has reportable segments as follows.

The CODM assesses the performance of the operating segments mainly based on revenues and operating profit or loss of each operating segment. Thus, segment result would present revenues, cost of revenues and operating expenses, and operating profit or loss for each segment, which is in line with CODM's performance review. There were no material inter-segment sales during the years ended December 31, 2022 and 2021.

The revenues from customers reported to CODM are measured as revenues in each segment. The operating profit or loss in each segment reported to CODM are measured as cost of revenues and operating expenses deducted from its revenues. Certain unallocated items are not allocated to each segment as they are not directly relevant to the operating results upon performance measurement and resource allocation by the CODM.

5 SEGMENT REPORTING *(Continued)*

5.1 Description of segments and principal activities *(Continued)*

Prior to April 1, 2022, the Group's reportable segments comprised Food delivery, In-store, hotel & travel, and New initiatives and others. From April 1, 2022, the CODM started to review information under a new reporting structure, and segment reporting is updated to conform to this change. The Group's management is of the view that this change of segment disclosure better reflects the Group's updated business strategies, the development phases of various businesses and the financial performance, and better aligns with the Group's resource allocation.

The updated reportable segments comprise (i) Core local commerce, which is aggregated by the former Food delivery and In-store, hotel & travel segments, as well as Meituan Instashopping, alternative accommodations and transportation ticketing. The businesses in Core local commerce have proven economics or similar business models; and (ii) New initiatives, which mainly includes Meituan Select, Meituan Grocery, B2B food distribution, ride sharing, bike sharing, e-moped sharing, power banks, restaurant management system ("**RMS**") and other new initiatives. All the businesses in New initiatives require iterations on business models and more resources. The Group's management periodically reviews their developments, and dynamically adjust resource allocation and strategies.

The comparative figures were reclassified to conform to this presentation.

Core local commerce

The Core local commerce segment includes food delivery, Meituan Instashopping, in-store services, hotel and alternative accommodation, attraction ticketing and transportation ticketing. The food delivery and Meituan Instashopping businesses primarily help consumers place orders of food and grocery prepared by merchants through the Group's online tools, mainly various of mobile apps, and offers on-demand delivery services. The in-store, hotel & travel related businesses primarily help consumers purchase local consumer services provided by merchants in numerous in-store categories or make reservations for hotels, attraction ticketing and transportation ticketing. Revenues from the Core local commerce segment primarily consist of (a) delivery services from both merchants and consumers; (b) commission from technology service fees charged to merchants and third-party agent partners; and (c) online marketing services in various formats provided to merchants. The cost of revenues and operating expenses for the Core local commerce segment primarily consist of (a) delivery related costs; (b) promotion, advertising and user incentives; and (c) employee benefits expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT REPORTING *(Continued)*

5.1 Description of segments and principal activities *(Continued)*

New initiatives

The Group continually develops various New initiatives, including Meituan Select, Meituan Grocery, B2B food distribution, to satisfy consumers' diverse needs in different consumption scenarios. Revenues from the New initiatives segment primarily consist of (a) Sales of goods primarily from B2B food distribution and Meituan Grocery; and (b) various services rendered by various businesses such as Meituan Select, ride sharing, bike sharing, e-moped sharing, power banks and micro-credit. The cost of revenues and operating expenses for the New initiatives segment primarily consist of (a) transaction costs; (b) employee benefits expenses; (c) other outsourcing costs; and (d) promotion, advertising and user incentives.

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use such information to allocate resources to or to evaluate the performance of the operating segments.

The Group's revenues are mainly generated in the PRC.

5 SEGMENT REPORTING *(Continued)*

5.1 Description of segments and principal activities *(Continued)*

The segment information provided to the Group's CODM for the reportable segments for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022			
	Core local commerce RMB'000	New initiatives RMB'000	Unallocated items* RMB'000	Total RMB'000
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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT REPORTING *(Continued)*

5.1 Description of segments and principal activities *(Continued)*

	Year ended December 31, 2021			
	Core local commerce RMB'000	New initiatives RMB'000	Unallocated items* RMB'000	Total RMB'000
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)

* 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.

There is no concentration risk as no revenue from a single external customer was more than 10% of the Group's total revenues for the years ended December 31, 2022 and 2021.

The reconciliation from operating loss to loss before income tax for the years ended December 31, 2022 and 2021 is shown in the consolidated income statement.

5 SEGMENT REPORTING *(Continued)*

5.2 Segment assets

As of December 31, 2022 and 2021, substantially all of the non-current assets of the Group were located in the PRC.

6 REVENUES BY TYPE

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Delivery services	**70,063,908**	57,102,328
Commission	**56,509,699**	49,645,559
Online marketing services	**30,768,590**	29,085,170
Other services and sales (including interest revenue)	**62,612,751**	43,294,940
	219,954,948	179,127,997

Further analysis of revenue disaggregation is included in Note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 EXPENSES BY NATURE

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Delivery related costs	**80,189,722**	72,064,077
Employee benefits expenses (Note 8)	**41,619,666**	34,767,852
Transaction costs (Note (i))	**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 (Note 15)	**9,194,580**	8,110,975
Amortisation of intangible assets (Note 16)	**535,734**	817,044
Auditor's remuneration		
– Audit and audit-related services	**41,402**	47,879
– Non-audit services	**11,264**	8,053

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

8 EMPLOYEE BENEFITS EXPENSES

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Wages, salaries and bonuses	**25,512,956**	23,802,907
Share-based compensation expenses (Note 33)	**8,742,962**	5,193,860
Other employee benefits	**4,635,100**	3,600,279
Pension costs – defined contribution plans (Note (i))	**2,728,648**	2,170,806
	41,619,666	34,767,852

Note (i): Pension costs – defined contribution plans

Employees of the Group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the governmental authorities. The Group contributes funds which are calculated on certain percentages of the employees' salary subject to certain ceilings imposed by governmental authorities to each scheme locally.

8 EMPLOYEE BENEFITS EXPENSES *(Continued)*

(a) Share-based compensation expenses have been charged to the consolidated income statement as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Cost of revenues	**258,405**	125,111
Selling and marketing expenses	**1,294,780**	692,262
Research and development expenses	**4,637,634**	2,617,015
General and administrative expenses	**2,552,143**	1,759,472
	8,742,962	5,193,860

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group do not include any Director for the year ended December 31, 2022 (2021: Nil). All of these individuals have not received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office during the years ended December 31, 2022 and 2021. The emoluments to the highest paid individuals for the years ended December 31, 2022 and 2021 are as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Basic salaries	**18,400**	17,760
Bonuses	**–**	864
Pension costs and other employee benefits	**574**	652
Share-based compensation expenses	**512,967**	523,211
	531,941	542,487

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EMPLOYEE BENEFITS EXPENSES *(Continued)*

(b) Five highest paid individuals *(Continued)*

The emoluments fell within the following bands:

	Number of individuals Year ended December 31,	
	2022	2021
Emolument bands (in HK dollar)		
HK$53,000,001 – HK$53,500,000	**–**	1
HK$57,500,001 – HK$58,000,000	**1**	–
HK$111,000,001 – HK$111,500,000	**1**	–
HK$120,000,001 – HK$120,500,000	**1**	–
HK$132,000,001 – HK$132,500,000	**–**	1
HK$132,500,001 – HK$133,000,000	**–**	1
HK$140,500,001 – HK$141,000,000	**1**	–
HK$161,500,001 – HK$162,000,000	**–**	1
HK$165,500,001 – HK$166,000,000	**1**	–
HK$183,000,001 – HK$183,500,000	**–**	1
	5	5

8 EMPLOYEE BENEFITS EXPENSES *(Continued)*

(c) Directors' and chief executive's emoluments

The emoluments of Directors and the chief executive is set out below:

For the year ended December 31, 2022:

Name	Fees RMB'000	Basic salaries RMB'000	Bonuses RMB'000	Pension costs and other employee benefits RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Wang Xing	–	5,040	–	157	–	5,197
Mu Rongjun	–	4,080	–	157	7,379	11,616
Wang Huiwen	–	1,508	–	157	–	1,665
Lau Chi Ping Martin	–	–	–	–	–	–
Neil Nanpeng Shen	–	–	–	–	–	–
Orr Gordon Robert Halyburton	500	–	–	–	776	1,276
Shum Heung Yeung Harry	500	–	–	–	776	1,276
Leng Xuesong	500	–	–	–	776	1,276
	1,500	10,628	–	471	9,707	22,306

For the year ended December 31, 2021:

Name	Fees RMB'000	Basic salaries RMB'000	Bonuses RMB'000	Pension costs and other employee benefits RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Wang Xing	–	5,040	–	152	–	5,192
Mu Rongjun	–	4,080	–	152	11,957	16,189
Wang Huiwen	–	1,494	–	153	–	1,647
Lau Chi Ping Martin	–	–	–	–	–	–
Neil Nanpeng Shen	–	–	–	–	–	–
Orr Gordon Robert Halyburton	500	–	–	–	275	775
Shum Heung Yeung Harry	500	–	–	–	275	775
Leng Xuesong	500	–	–	–	275	775
	1,500	10,614	–	457	12,782	25,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EMPLOYEE BENEFITS EXPENSES *(Continued)*

(c) Directors' and chief executive's emoluments *(Continued)*

(i) Directors' termination benefits

No Directors' termination benefits subsisted at the end of the years or at any time during the years ended December 31, 2022 and 2021.

(ii) Consideration provided to or receivable by third parties for making available Directors' services

No consideration provided to or receivable by third parties for making available Directors' services subsisted at the end of the years or at any time during the years ended December 31, 2022 and 2021.

(iii) Information about loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors

There were no loans, quasi-loans and other dealings in favour of Directors, their controlled bodies corporate and connected entities subsisted at the end of the years or at any time during the years ended December 31, 2022 and 2021.

(iv) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended December 31, 2022 and 2021.

(v) Waiver of Directors' emoluments

The non-executive Directors have not received any emoluments for the years ended December 31, 2022 and 2021. None of the other Directors waived or have agreed to waive any emoluments during the years ended December 31, 2022 and 2021.

(vi) Mr. Lau Chi Ping Martin, who has served as a member of the board of directors of the Company since October 2017, has resigned as a non-executive director with effect from November 16, 2022.

9 OTHER GAINS/(LOSSES), NET

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Subsidies and tax preference (Note (i))	**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 (Note 12)	**214,521**	716,427
Fine imposed pursuant to China's Anti-Monopoly Law	**–**	(3,442,440)
Others	**121,356**	(247,329)
	4,165,037	(185,734)

Note (i): Since April 1, 2019, taxpayers in the manufacturing and consumer services industry are allowed to enjoy additional 10% of input VAT amount deductible from tax payable. Since October 1, 2019, taxpayers in consumer services industry are allowed to enjoy additional 15% of input VAT amount deductible from tax payable. Such additional VAT deduction was recorded as "Other gains/(losses), net". For the years ended December 31, 2022 and 2021, the Group recognised a gain of RMB1,603.6 million and RMB1,250.5 million, respectively.

10 FINANCE INCOME/(COSTS)

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	**657,908**	546,037
Finance costs		
Interest expenses on bank borrowings and notes payable	**(1,317,132)**	(887,278)
Interest in respect of lease liabilities	**(266,053)**	(193,420)
Others	**(45,640)**	(50,237)
Total	**(1,628,825)**	(1,130,935)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 SUBSIDIARIES

The Company's major subsidiaries (including directly held and indirectly held, collectively controlled, and structured entities) for the years ended December 31, 2022 and 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name	Place of incorporation/ establishment and kind of legal entity	Particulars of issued capital	Effective interests held (Note (i)) As of December 31, 2022	2021	Principal activities and place of operation
Directly held:					
Inspired Elite Investments Limited	The British Virgin Islands, limited liability company	USD50,000	100%	100%	Investment holding in The British Virgin Islands
Indirectly held:					
Beijing Sankuai Online Technology Co., Ltd.	Beijing, the PRC, limited liability company	USD5,045,770,000	100%	100%	E-commerce service platform in the PRC
Hanhai Information Technology (Shanghai) Co., Ltd.	Shanghai, the PRC, limited liability company	USD495,000,000	100%	100%	Multimedia information technology services in the PRC
Xiamen Sankuai Online Technology Co., Ltd.	Xiamen, the PRC, limited liability company	USD549,049,120	100%	100%	E-commerce service platform in the PRC
Shanghai Sankuai Zhisong Technology Co., Ltd.	Shanghai, the PRC, limited liability company	USD320,000,000	100%	100%	Delivery services in the PRC
Chongqing Meituan Sankuai Micro-credit Co., Ltd.	Chongqing, the PRC, limited liability company	RMB7,500,000,000	100%	100%	Micro-credit business in the PRC

11 SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ establishment and kind of legal entity	Particulars of issued capital	Effective interests held (Note (i)) As of December 31, 2022	2021	Principal activities and place of operation
Structured entities (Note (ii)):					
Beijing Sankuai Technology Co., Ltd.	Beijing, the PRC, limited liability company	RMB5,480,000,000	100%	100%	E-commerce service platform in the PRC
Shanghai Sankuai Technology Co., Ltd.	Shanghai, the PRC, limited liability company	RMB5,000,000	100%	100%	Online retail platform in the PRC
Beijing Sankuai Cloud Computing Co., Ltd.	Beijing, the PRC, limited liability company	RMB870,000,000	100%	100%	Cloud computing in the PRC
Shanghai Hantao Information Consultancy Co., Ltd.	Shanghai, the PRC, limited liability company	RMB10,000,000	100%	100%	Merchant information advisory services in the PRC

Note (i): The Effective interests held by the Group have no changes since January 1, 2023 until the reporting date.

Note (ii): The Company does not have directly or indirectly legal ownership in equity of structured entities or their subsidiaries. Nevertheless, under certain contractual arrangements entered into with these structured entities and their registered owners, the Company and its legally owned subsidiaries have rights to exercise power over these structured entities, to receive variable returns from their involvement in these structured entities, and have the ability to affect those returns through their power over these structured entities. As a result, the Company is able to control these structured entities or their subsidiaries and therefore consolidated these entities.

Due to the implementation of the shares award scheme of the Group mentioned in Note 2.10, certain structured entity ("**Share Scheme Trust**") has been set up. The principal activities of Share Scheme Trust is administering and holding the Company's shares issued for Post-IPO Share Award Scheme. As the Company has the power to govern the financial and operating policies of the Share Scheme Trust and can derive benefits from the contributions of the eligible persons who are awarded with the shares by the schemes, the Directors of the Company consider that it is appropriate to consolidate the Share Scheme Trust.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Associates (a)	**16,568,451**	13,856,036
Joint ventures	**13,930**	12,752
	16,582,381	13,868,788

Out of total amount as of December 31, 2022, investments in associates with aggregated balance of RMB13.2 billion were denominated in USD (as of December 31, 2021: RMB11.5 billion), and other balances were denominated in RMB.

(a) Investments in associates accounted for using the equity method

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Investments in associates		
– listed entities	**14,651,457**	11,573,568
– unlisted entities	**1,916,994**	2,282,468
	16,568,451	13,856,036

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(a) Investments in associates accounted for using the equity method *(Continued)*

The quoted fair value of the investments in listed entities was RMB20,719 million and RMB27,228 million as of December 31, 2022 and 2021, respectively.

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	**13,856,036**	13,167,893
Additions	**100,000**	–
Transfers, net (Note (i))	**1,009,246**	–
Dilution gains (Note (ii))	**214,521**	716,427
Dividends from associates	**(47,029)**	(15,137)
Disposals	**–**	(8,888)
Share of profits of investments accounted for using the equity method	**35,848**	145,620
Share of other changes in equity	**334,060**	117,125
Currency translation differences	**1,065,769**	(267,004)
At the end of the year	**16,568,451**	13,856,036

Note (i): During the year ended December 31, 2022, the Group's transfers represented the net results of transferring from/to other financial investments at fair value mainly due to obtaining significant influence over the investment.

Note (ii): Dilution gains mainly comprised gains on dilution of the Group's equity interests in Li Auto Inc. due to the issuance of additional shares in 2022 and 2021.

There were no material contingent liabilities relating to the Group's interests in the associates.

There were no individually material associates that are accounted for using the equity method as of December 31, 2022 and 2021. Aggregated amount of the Group's share of profits/(losses) of individually immaterial associates accounted for using the equity method is as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
– Profit from operations	**35,848**	145,620
– Other comprehensive income/(loss)	**81,961**	(41,797)
	117,809	103,823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 TAXATION

(a) Value Added Tax

The Group is mainly subject to VAT rate of 6% for services revenues or 13% for revenues of inventories sales, and relevant surcharges on VAT payments according to PRC tax law.

(b) Income tax

Cayman Islands

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on their income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in the British Virgin Islands are not subject to tax on their income or capital gains. Additionally, the British Virgin Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the years ended December 31, 2022 and 2021.

*PRC corporate income tax ("**CIT**")*

CIT provision was made on the estimated assessable profit of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the years ended December 31, 2022 and 2021.

Certain subsidiaries of the Group in the PRC are subject to "high and new technology enterprises", whose preferential income tax rate was 15% for the years ended December 31, 2022 and 2021. Moreover, a subsidiary is entitled to the preferential policy of "2-year exemption and 3-year half rate concession". Certain PRC subsidiaries located in western region and engaged in certain encouraged industries were eligible for a preferential income tax rate of 15%. In addition, certain PRC subsidiaries of the Group are subject to "small and thin-profit enterprises" under the CIT Law, whose preferential income tax rate was 20% for the years ended December 31, 2022 and 2021.

13 TAXATION *(Continued)*

(b) Income tax *(Continued)*

Withholding tax on undistributed dividends

Pursuant to the CIT Law, a 10% withholding tax is levied on dividends declared by companies established in mainland China to foreign investors effective from January 1, 2008. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between mainland China and the jurisdiction of the foreign investors. However, the 5% withholding tax rate does not automatically apply and certain requirements must be satisfied.

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Current income tax expenses	**(377,248)**	(417,262)
Deferred income tax credits (Note 18)	**447,442**	447,541
Total income tax credits	**70,194**	30,279

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended December 31, 2022 and 2021, being the tax rate of the major subsidiaries of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 TAXATION *(Continued)*

(b) Income tax *(Continued)*

The difference is analysed as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Loss before income tax	**(6,755,517)**	(23,566,477)
Tax calculated at statutory income tax rate of 25% in mainland China	**1,688,879**	5,891,619
Tax effects of:		
– Different tax rates available to different jurisdictions	**20,958**	(615,429)
– Preferential income tax rates applicable to subsidiaries	**(1,459,002)**	(2,316,035)
– Expenses not deductible for income tax purposes	**(229,507)**	(132,578)
– Super deduction for research and development expenses	**1,531,731**	1,190,896
– Tax losses for which no deferred income tax assets was recognised, net	**(924,393)**	(3,993,860)
– Other temporary differences (for which no deferred income tax assets was recognised)/utilised from previous periods, net	**(559,946)**	62,252
– Withholding tax (Note (i))	**81,357**	(40,982)
– Change of income tax rate	**(63,314)**	–
– Others	**(16,569)**	(15,604)
Total income tax credits	**70,194**	30,279

Note (i): The Group's subsidiaries outside of PRC recognised withholding tax for their investments in the PRC entities.

14 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 Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment RMB'000	Bikes and electric mopeds RMB'000	Assets under construction RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2022						
Cost	8,975,712	12,385,280	943,000	13,568,495	2,036,595	37,909,082
Accumulated depreciation and impairment	(5,082,724)	(6,952,738)	(524)	(2,168,516)	(890,334)	(15,094,836)
Net book amount	3,892,988	5,432,542	942,476	11,399,979	1,146,261	22,814,246
For the year ended December 31, 2022						
Opening net book amount	3,892,988	5,432,542	942,476	11,399,979	1,146,261	22,814,246
Additions	3,364,983	–	2,742,454	3,151,048	381,877	9,640,362
Transfers	5,386	1,141,483	(2,235,833)	–	1,088,964	–
Disposals	(21,269)	(304,029)	(199,086)	(185,258)	(128,658)	(838,300)
Depreciation charges	(2,290,456)	(3,562,338)	–	(2,721,496)	(737,416)	(9,311,706)
Impairment charges	(165)	–	(86,316)	–	(16,847)	(103,328)
Currency translation differences	–	–	–	(15)	–	(15)
Ending net book amount	4,951,467	2,707,658	1,163,695	11,644,258	1,734,181	22,201,259
As of December 31, 2022						
Cost	12,166,263	9,391,090	1,250,535	15,227,521	3,204,135	41,239,544
Accumulated depreciation and impairment	(7,214,796)	(6,683,432)	(86,840)	(3,583,263)	(1,469,954)	(19,038,285)
Net book amount	4,951,467	2,707,658	1,163,695	11,644,258	1,734,181	22,201,259

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Computer equipment RMB'000	Bikes and electric mopeds RMB'000	Assets under construction RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2021						
Cost	5,644,530	11,837,828	241,703	3,756,829	1,218,979	22,699,869
Accumulated depreciation and impairment	(3,520,901)	(3,784,637)	(546)	(1,031,912)	(444,708)	(8,782,704)
Net book amount	2,123,629	8,053,191	241,157	2,724,917	774,271	13,917,165
For the year ended December 31, 2021						
Opening net book amount	2,123,629	8,053,191	241,157	2,724,917	774,271	13,917,165
Additions	3,430,860	117,425	2,688,446	10,957,243	346,055	17,540,029
Transfers	–	1,216,240	(1,920,913)	–	704,673	–
Disposals	(19,111)	(136,405)	(66,008)	(180,590)	(78,184)	(480,298)
Depreciation charges	(1,642,390)	(3,817,909)	–	(2,101,565)	(549,111)	(8,110,975)
Impairment charges	–	–	(206)	–	(51,443)	(51,649)
Currency translation differences	–	–	–	(26)	–	(26)
Ending net book amount	3,892,988	5,432,542	942,476	11,399,979	1,146,261	22,814,246
As of December 31, 2021						
Cost	8,975,712	12,385,280	943,000	13,568,495	2,036,595	37,909,082
Accumulated depreciation and impairment	(5,082,724)	(6,952,738)	(524)	(2,168,516)	(890,334)	(15,094,836)
Net book amount	3,892,988	5,432,542	942,476	11,399,979	1,146,261	22,814,246

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation charges were expensed or capitalised in the following categories in the consolidated income statement or the consolidated statement of financial position respectively:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Cost of revenues	**6,916,879**	6,389,656
Selling and marketing expenses	**1,166,851**	846,153
Research and development expenses	**604,034**	417,136
General and administrative expenses	**506,816**	458,030
Assets under construction	**117,126**	–
	9,311,706	8,110,975

(a) Leases

The carrying amounts of right-of-use assets by category are as follows:

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Land use rights	**6,538,425**	6,678,976
Offices	**3,149,108**	2,937,030
Others	**1,956,725**	1,783,973
Total	**11,644,258**	11,399,979

The consolidated financial statements shows the following amounts relating to leases:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Depreciation charge of right-of-use assets	**2,721,496**	2,101,565
Interest expenses (included in finance costs)	**266,053**	193,420

16 INTANGIBLE ASSETS

	Goodwill RMB'000	Other intangible assets arising from business combinations RMB'000	Software and others RMB'000	Total RMB'000
As of January 1, 2022				
Cost	27,932,090	7,714,630	1,956,232	37,602,952
Accumulated amortisation and impairment	(201,587)	(4,488,698)	(1,863,853)	(6,554,138)
Net book amount	27,730,503	3,225,932	92,379	31,048,814
For the year ended December 31, 2022				
Opening net book amount	27,730,503	3,225,932	92,379	31,048,814
Additions	43,048	15,630	71,217	129,895
Amortisation charges	–	(471,372)	(64,362)	(535,734)
Ending net book amount	27,773,551	2,770,190	99,234	30,642,975
As of December 31, 2022				
Cost	27,975,138	7,730,260	2,016,238	37,721,636
Accumulated amortisation and impairment	(201,587)	(4,960,070)	(1,917,004)	(7,078,661)
Net book amount	27,773,551	2,770,190	99,234	30,642,975

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTANGIBLE ASSETS *(Continued)*

	Goodwill RMB'000	Other intangible assets arising from business combinations RMB'000	Software and others RMB'000	Total RMB'000
As of January 1, 2021				
Cost	27,849,022	7,671,830	1,892,709	37,413,561
Accumulated amortisation and impairment	(201,587)	(3,992,745)	(1,542,848)	(5,737,180)
Net book amount	27,647,435	3,679,085	349,861	31,676,381
For the year ended December 31, 2021				
Opening net book amount	27,647,435	3,679,085	349,861	31,676,381
Additions	83,068	42,800	63,689	189,557
Disposals	–	–	(80)	(80)
Amortisation charges	–	(495,953)	(321,091)	(817,044)
Ending net book amount	27,730,503	3,225,932	92,379	31,048,814
As of December 31, 2021				
Cost	27,932,090	7,714,630	1,956,232	37,602,952
Accumulated amortisation and impairment	(201,587)	(4,488,698)	(1,863,853)	(6,554,138)
Net book amount	27,730,503	3,225,932	92,379	31,048,814

16 INTANGIBLE ASSETS *(Continued)*

Amortisation expenses have been charged to the consolidated income statement as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
General and administrative expenses	**177,387**	177,565
Selling and marketing expenses	**170,591**	443,794
Cost of revenues	**159,683**	176,000
Research and development expenses	**28,073**	19,685
	535,734	817,044

Impairment of goodwill

Management reviews the business performance based on type of business and monitors the goodwill at the CGU level. The following is a summary of goodwill allocation for CGUs:

Year ended December 31, 2022	**Opening RMB'000**	**Additions RMB'000**	**Ending RMB'000**
Food delivery	**4,845,229**	**–**	**4,845,229**
In-store, hotel & travel	**18,950,647**	**–**	**18,950,647**
Bike sharing and e-moped sharing services	**3,707,427**	**–**	**3,707,427**
Other CGUs	**227,200**	**43,048**	**270,248**
	27,730,503	**43,048**	**27,773,551**

Year ended December 31, 2021	Opening RMB'000	Additions RMB'000	Ending RMB'000
Food delivery	4,845,229	–	4,845,229
In-store, hotel & travel	18,950,647	–	18,950,647
Bike sharing and e-moped sharing services	3,707,427	–	3,707,427
Other CGUs	144,132	83,068	227,200
	27,647,435	83,068	27,730,503

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTANGIBLE ASSETS *(Continued)*

Impairment of goodwill *(Continued)*

The goodwill balance mainly arose from the strategic transaction of Meituan and Dianping and business combination of Mobike. Goodwill is attributable to the acquired transacting volume and economies of scale expected to be derived from combining with the operations of the Group.

The Group carries out its annual impairment test on goodwill by comparing the recoverable amounts of CGU to the carrying amounts. The recoverable amount of a CGU was determined based on value-in-use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period with a terminal value related to the future cash flows extrapolated using the estimated growth rates stated below beyond the 5-year period. The Group believes that it is appropriate to cover a 5-year period in its cash flow projections, because it captures the development stage of the Group's businesses during which the Group expects to experience a high growth rate. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. The management leveraged their extensive experiences in the industries and provided forecast based on past performance and their expectation of future business plans and market developments.

Impairment review on the goodwill of the Group has been conducted by the management as of December 31, 2022 and 2021, according to IAS 36 "Impairment of assets".

The key assumptions used in the value-in-use calculations for significant group of CGUs allocated with goodwill are as follows:

As of December 31, 2022

	Food delivery	In-store, hotel & travel	Bike sharing and e-moped sharing services
Annual revenue growth rate for 5-year period	3%-16%	3%-28%	11%-12%
Gross margin	25%	85%	24%-42%
Terminal revenue growth rate	3%	3%	3%
Pre-tax discount rate	26%	26%	28%

16 INTANGIBLE ASSETS *(Continued)*

Impairment of goodwill *(Continued)*

As of December 31, 2021

	Food delivery	In-store, hotel & travel	Bike sharing and e-moped sharing services
Annual revenue growth rate for 5-year period	3%-31%	3%-33%	11%-45%
Gross margin	19%-20%	89%-91%	15%-38%
Terminal revenue growth rate	3%	3%	3%
Pre-tax discount rate	26%	26%	27%

The budgeted gross margin used in the goodwill impairment testing are determined by the management based on past performance and its expectation for market development. The expected revenue growth rates are following the business plan approved by the Group. Pre-tax discount rates reflect market assessments of the time value and the specific risks relating to the industry.

Other CGUs cover the business of RMS, micro-credit business and Meituan Instashopping. As of December 31, 2022 and 2021, the pre-tax discount rates used in the impairment testing for other CGUs were from 20% to 29% and 22% to 30%, while the terminal revenue growth rate were 3% and 3%.

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

		As of December 31,	
	Note	2022 RMB'000	2021 RMB'000
Assets as per consolidated statement of financial position			
Financial assets at fair value through profit or loss:			
– Treasury investments at fair value through profit or loss	21	77,845,116	59,712,781
– Other financial investments at fair value through profit or loss	19	15,073,013	14,299,857
		92,918,129	74,012,638

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

	Note	As of December 31, 2022 RMB'000	2021 RMB'000
Financial assets at fair value through other comprehensive income:			
– Treasury investments at fair value through other comprehensive income	21	**11,127,265**	9,543,006
– Loan receivables at fair value through other comprehensive income	22(a)	**7,124,305**	4,210,835
– Other financial investments at fair value through other comprehensive income	20	**2,321,865**	2,022,705
		20,573,435	15,776,546
Financial assets at amortised cost:			
– Trade receivables	24	**2,052,731**	1,793,035
– Prepayments, deposits and other assets	22	**6,287,829**	8,100,619
– Treasury investments at amortised cost	21	**11,014,947**	19,036,671
– Restricted cash	25(b)	**14,605,601**	13,276,919
– Cash and cash equivalents	25(a)	**20,158,606**	32,513,428
		54,119,714	74,720,672
Liabilities as per consolidated statement of financial position			
Financial liabilities at fair value through profit or loss		**100,000**	–
Financial liabilities at amortised cost:			
– Trade payables	29	**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	30	**8,736,708**	8,865,695
– Borrowings	31	**19,111,112**	23,784,867
– Notes payable	32	**33,607,372**	30,383,378
– Lease liabilities		**5,369,141**	4,750,785
		101,717,155	99,072,318

18 DEFERRED INCOME TAXES

The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

(a) Deferred tax assets

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
– Tax losses	**1,836,236**	1,695,764
– Others	**407,408**	511,208
Total gross deferred tax assets	**2,243,644**	2,206,972
Set-off of deferred tax assets pursuant to set-off provisions	**(746,538)**	(828,504)
Net deferred tax assets	**1,497,106**	1,378,468

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Deferred tax assets:		
– to be recovered after 12 months	**518,141**	653,820
– to be recovered within 12 months	**978,965**	724,648
	1,497,106	1,378,468

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 DEFERRED INCOME TAXES *(Continued)*

(a) Deferred tax assets *(Continued)*

The movement on the gross deferred tax assets is as follows:

	Tax losses RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2022	**1,695,764**	**511,208**	**2,206,972**
Credited/(charged) to consolidated income statement	**265,619**	**(76,285)**	**189,334**
Charged to other reserves	**(125,147)**	**(27,515)**	**(152,662)**
As of December 31, 2022	**1,836,236**	**407,408**	**2,243,644**
As of January 1, 2021	1,009,919	314,032	1,323,951
Credited to consolidated income statement	349,255	197,176	546,431
Credited to other reserves	336,590	–	336,590
As of December 31, 2021	1,695,764	511,208	2,206,972

The Group only recognises deferred tax assets for cumulative tax losses if it is probable that future taxable income will be available to utilise those tax losses. Management will continue to assess the recognition of deferred tax assets in future reporting periods. As of December 31, 2022 and 2021, the Group did not recognise deferred tax assets of RMB15.4 billion and RMB13.7 billion in respect of cumulative tax losses amounting to RMB91.9 billion and RMB74.9 billion including the tax losses arising from the excess deduction of share-based payments. These tax losses will expire from 2023 to 2027 (2021:2022 to 2026), and certain subsidiaries of the Group may extend to 2032 (2021: 2031).

18 DEFERRED INCOME TAXES *(Continued)*

(b) Deferred tax liabilities

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
– Other intangible assets arising from business combinations	(410,827)	(489,022)
– Investments accounted for using the equity method or at fair value	(999,646)	(1,051,129)
– Others	(182,168)	(184,044)
Total gross deferred tax liabilities	(1,592,641)	(1,724,195)
Set-off of deferred tax liabilities pursuant to set-off provisions	746,538	828,504
Net deferred tax liabilities	(846,103)	(895,691)

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Deferred tax liabilities:		
– to be recovered after 12 months	(824,564)	(893,459)
– to be recovered within 12 months	(21,539)	(2,232)
	(846,103)	(895,691)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 DEFERRED INCOME TAXES *(Continued)*

(b) Deferred tax liabilities *(Continued)*

The movement on the gross deferred tax liabilities is as follows:

	Other intangible assets arising from business combinations RMB'000	Investments accounted for using the equity method or at fair value RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2022	**(489,022)**	**(1,051,129)**	**(184,044)**	**(1,724,195)**
Credited to consolidated income statement	80,540	154,673	22,895	258,108
Charged to other reserves	–	(103,190)	(21,019)	(124,209)
Business combination	(2,345)	–	–	(2,345)
As of December 31, 2022	**(410,827)**	**(999,646)**	**(182,168)**	**(1,592,641)**
As of January 1, 2021	(620,647)	(804,356)	(205,972)	(1,630,975)
(Charged)/credited to consolidated income statement	142,325	(263,143)	21,928	(98,890)
Credited to other reserves	–	16,370	–	16,370
Business combination	(10,700)	–	–	(10,700)
As of December 31, 2021	(489,022)	(1,051,129)	(184,044)	(1,724,195)

The Group has undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Company is able to control the timing of distributions from subsidiaries and is not expected to distribute these profits in the foreseeable future.

19 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Associates (a)	**7,901,487**	4,453,450
Other investees (b)	**7,171,526**	9,846,407
	15,073,013	14,299,857

RMB5.5 billion of other financial investments at fair value through profit or loss was denominated in USD (2021: RMB5.9 billion), and other balances were denominated in RMB.

(a) Associates

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	**4,453,450**	2,690,100
Additions	**2,241,531**	2,393,024
Changes in fair values	**155,665**	219,221
Disposals	**(246,092)**	(60,000)
Transfer, net (Note (i))	**1,217,839**	(783,750)
Currency translation differences	**79,094**	(5,145)
At the end of the year	**7,901,487**	4,453,450

Note (i): During the year ended December 31, 2022, the Group's transfer represented one investment with the carrying amount of approximately RMB1,218 million transferred from investments accounted for using the equity method, as a result of change in the characteristics of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

(b) Other investees

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	**9,846,407**	7,566,686
Additions	**908,464**	2,767,859
Changes in fair values	**(1,168,722)**	596,526
Disposals	**(602,789)**	(713,798)
Transfers, net (Note (i))	**(2,162,543)**	(284,344)
Currency translation differences	**350,709**	(86,522)
At the end of the year	**7,171,526**	9,846,407

The Group also has interests in certain investee companies in the form of preferred and ordinary shares without significant influence, which are managed and whose performance are evaluated on a fair value basis. The Group designated these instruments as other financial investments at fair value through profit or loss.

Note (i): During the year ended December 31, 2022, the Group's transfers comprised a transfer to investments accounted for using the equity method after the Group changed the intention to hold the investment for strategic purpose, and another transfer to other financial investments at fair value through other comprehensive income as a result of conversion of the preferred shares into ordinary shares upon the investee's Initial Public Offering.

20 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Other financial investments at fair value through other comprehensive income comprise the following:

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Equity investments in listed entities	**908,865**	532,455
Equity investments in unlisted entities	**1,413,000**	1,490,250
	2,321,865	2,022,705

Movement of other financial investments at fair value through other comprehensive income is analysed as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	**2,022,705**	605,918
Additions	**706,500**	450,000
Changes in fair values (Note 27)	**(442,897)**	(86,821)
Transfers, net	**(64,542)**	1,068,094
Currency translation differences	**100,099**	(14,486)
At the end of the year	**2,321,865**	2,022,705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 TREASURY INVESTMENTS

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Long-term treasury investments at		
– Amortised cost	**748,880**	715,158
– Fair value through profit or loss	**7,365,178**	3,295,284
	8,114,058	4,010,442
Short-term treasury investments at		
– Amortised cost	**10,266,067**	18,321,513
– Fair value through profit or loss	**70,479,938**	56,417,497
– Fair value through other comprehensive income	**11,127,265**	9,543,006
	91,873,270	84,282,016

Treasury investments at amortised cost were primarily fixed rate certificates of deposit and term deposits. Treasury investments at fair value through profit or loss were wealth management products on which the principal and returns were not guaranteed. Treasury investments at fair value through other comprehensive income were large-denomination negotiable certificates of term deposits and other financial products.

Treasury investments were denominated in the following currencies:

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
USD	**27,615,645**	54,654,850
RMB	**72,371,683**	33,637,608
	99,987,328	88,292,458

22 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Non-current		
Loan receivables (a)	**3,240,645**	1,021,951
Prepayments for PP&E and other assets	**739,251**	1,242,518
Rental deposits	**414,836**	409,322
Deductible value-added tax	**16,916**	247,226
Others	**491,420**	460,255
	4,903,068	3,381,272
Current		
Loan receivables (a)	**5,203,420**	4,819,078
Deductible value-added tax	**1,582,525**	3,056,071
Contract assets	**1,475,951**	930,984
Receivables upon share-based payments vesting or exercise	**1,468,075**	2,258,425
Prepayments for purchased goods or services	**639,763**	469,608
Prepayments on behalf of third parties	**591,157**	402,626
Deposits in third-party payment processors	**357,408**	882,395
Prepayments to merchants	**420,159**	568,026
Amounts due from related parties (Note 37)	**107,519**	516,492
Others	**1,446,517**	1,377,881
	13,292,494	15,281,586

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 PREPAYMENTS, DEPOSITS AND OTHER ASSETS *(Continued)*

(a) Loan receivables

Loan receivables are derived from micro-credit business and are initially measured at fair value. Depending on the business models in which the loan receivables are held, the subsequent measurement could be at amortised cost or at fair value through other comprehensive income. Breakdown for loan receivables including both current and non-current portion is as follows:

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Loan receivables at amortised cost	**1,394,752**	1,754,928
Less: allowance for impairment (Note 3.1.2)	**(74,992)**	(124,734)
	1,319,760	1,630,194
Loan receivables at fair value through other comprehensive income	**7,175,335**	4,268,063
Less: fair value changes of loan receivables	**(51,030)**	(57,228)
	7,124,305	4,210,835
Allowances for impairment losses on loan receivables at fair value through other comprehensive income (Note 3.1.2)	**(234,463)**	(158,839)

23 INVENTORIES

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Finished goods	**1,084,379**	598,542
Raw materials	**102,989**	139,873
	1,187,368	738,415
Less: provisions for impairment	**(24,603)**	(56,722)
	1,162,765	681,693

24 TRADE RECEIVABLES

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Trade receivables	**2,367,957**	2,019,029
Less: allowance for impairment	**(315,226)**	(225,994)
	2,052,731	1,793,035

Movements on the Group's allowance for impairment of trade receivables are as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	**(225,994)**	(166,570)
Credit loss allowance recognised, net	**(91,260)**	(93,379)
Write-offs	**2,028**	33,955
At the end of the year	**(315,226)**	(225,994)

The Group considered that the carrying amount of the trade receivables approximated their fair values as of December 31, 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 TRADE RECEIVABLES *(Continued)*

The Group allows a credit period of 30 to 180 days to its 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
	RMB'000	RMB'000
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

The majority of the Group's trade receivables was denominated in RMB.

The maximum exposure to credit risk as of December 31, 2022 and 2021 was the carrying value of the trade receivables. The Group did not hold any collateral as security.

25 CASH AND BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

(a) Cash and cash equivalents

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Cash on hand and cash in bank	**13,347,292**	20,084,162
Term deposits with initial terms within three months	**6,033,425**	11,871,616
Cash held in other financial institutions (Note (i))	**777,889**	557,650
	20,158,606	32,513,428

Note (i): Cash and cash equivalents of the Group primarily represents bank deposits and fixed deposits with maturities less than three months. As of December 31, 2022 and 2021, the Group had certain amounts of cash held in accounts managed by other financial institutions in connection with the ordinary course of business, which have been classified as cash and cash equivalents on the consolidated statement of financial position.

25 CASH AND BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS *(Continued)*

(a) Cash and cash equivalents *(Continued)*

Cash and cash equivalents are denominated in the following currencies:

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
RMB	**18,748,198**	15,934,705
USD	**1,199,030**	16,507,095
Others	**211,378**	71,628
	20,158,606	32,513,428

(b) Restricted cash

Restricted cash are denominated in the following currencies:

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
RMB	**14,538,896**	13,243,107
USD	**33,286**	22,166
Others	**33,419**	11,646
	14,605,601	13,276,919

As of December 31, 2022, there were no restricted deposits held by banks as letter of guarantee (2021: RMB79 million). Other restricted cash balances were those held in bank accounts subject to certain restriction according to agreement with certain parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR SHARES AWARD SCHEME

As of December 31, 2022 and 2021, the authorised share capital of the Company comprised 10,000,000,000 ordinary shares with par value of USD0.00001 per share. The number of authorised share capital of Class A and Class B Share is 735,568,783 and 9,264,431,217, respectively. Each Class A Share will entitle the holder to exercise 10 votes, and each Class B Share will entitle the holder to exercise one vote, respectively, on any resolution tabled at the Company's general meetings, except for resolutions with respect to a limited number of reserved matters, in relation to which each Share is entitled to one vote. Class A Shares may be converted into Class B Shares on a one to one ratio. The weighted voting rights attached to the Company's Class A Shares will cease when none of the holders of the Class A Shares have beneficial ownership of any of our Class A Shares.

Issued and fully paid:

	Number of ordinary shares '000	Share capital RMB'000	Share premium RMB'000	Shares held for shares award scheme RMB'000
As of January 1, 2022	**6,136,145**	**411**	**311,221,237**	**–**
Exercise of share options and RSUs vesting	**13,880**	**1**	**5,522,107**	**3**
Shares held for shares award scheme	**43,126**	**3**	**–**	**(3)**
As of December 31, 2022	**6,193,151**	**415**	**316,743,344**	**–**
As of January 1, 2021	5,885,649	395	263,155,201	–
Exercise of share options and RSUs vesting	42,334	2	2,780,149	1
Shares held for shares award scheme	9,809	1	–	(1)
Issuance of shares upon placement and subscription	198,353	13	45,285,887	–
As of December 31, 2021	6,136,145	411	311,221,237	–

As of December 31, 2022, there were 640,919,783 Class A Shares amongst the total issued Shares and the remainders were Class B Shares.

27 OTHER RESERVES

	Capital reserve RMB'000	Share-based payments RMB'000	Currency translation differences RMB'000	Conversion option of convertible bonds RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2022	20	6,835,306	(11,899,519)	1,513,938	683,580	(2,866,675)
Equity-settled share-based payments	–	8,742,962	–	–	–	8,742,962
Exercise of share options and RSUs vesting	–	(5,256,130)	–	–	–	(5,256,130)
Share of changes in net assets of associates	–	–	–	–	332,660	332,660
Currency translation differences	–	–	1,194,270	–	–	1,194,270
Fair value changes of and net provisions for impairment losses on financial assets	–	–	–	–	(719,053)	(719,053)
Tax benefit from share-based payments	–	–	–	–	17,458	17,458
Appropriations to general reserves	–	–	–	–	38,695	38,695
As of December 31, 2022	20	10,322,138	(10,705,249)	1,513,938	353,340	1,484,187

	Capital reserve RMB'000	Share-based payments RMB'000	Currency translation differences RMB'000	Conversion option of convertible bonds RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2021	20	4,150,291	(10,359,316)	–	(53,061)	(6,262,066)
Equity-settled share-based payments	–	5,193,445	–	–	–	5,193,445
Exercise of share options and RSUs vesting	–	(2,508,430)	–	–	–	(2,508,430)
Share of changes in net assets of associates	–	–	–	–	117,125	117,125
Currency translation differences	–	–	(1,540,203)	–	–	(1,540,203)
Fair value changes of and net provisions for impairment losses on financial assets	–	–	–	–	81,578	81,578
Issuance of convertible bonds (equity component) (Note 32)	–	–	–	1,513,938	–	1,513,938
Tax benefit from share-based payments	–	–	–	–	535,289	535,289
Appropriations to general reserves	–	–	–	–	2,649	2,649
As of December 31, 2021	20	6,835,306	(11,899,519)	1,513,938	683,580	(2,866,675)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 DEFERRED REVENUES

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Online marketing services and others	**5,010,489**	5,263,620
Business cooperation agreement with Maoyan	**–**	157,264
Various packages for bike sharing and e-moped sharing services	**42,886**	57,596
	5,053,375	5,478,480

The following table shows the amount of the revenues recognised in the current reporting period relating to carried-forward deferred revenues:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Revenues recognised that was included in the deferred revenues balance at the beginning of the year		
Online marketing services and others	**4,558,722**	4,092,837
Business cooperation agreement with Maoyan (Note 37)	**157,264**	209,685
Various packages for bike sharing and e-moped sharing services	**57,596**	65,873
	4,773,582	4,368,395

29 TRADE PAYABLES

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
	RMB'000	RMB'000
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

The Group's trade payables was primarily denominated in RMB.

30 OTHER PAYABLES AND ACCRUALS

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Employee payroll and benefits payables	**6,548,048**	5,862,949
Deposits from merchants and transacting users	**5,634,670**	5,188,900
Amounts collected on behalf of third parties	**1,206,368**	1,835,104
Accrued expenses	**676,758**	671,597
Taxes and surcharges payables	**673,769**	631,276
Customer advances	**626,134**	682,029
Amounts due to related parties (Note 37)	**304,501**	280,620
Undue interests accrued for senior notes (Note 32)	**65,892**	60,320
Unpaid fine imposed pursuant to China's Anti-Monopoly Law	**–**	2,422,440
Others	**919,167**	765,503
	16,655,307	18,400,738

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 BORROWINGS

	As of December 31, 2022		As of December 31, 2021	
	Original amount '000	**Amount RMB'000**	Original amount '000**	Amount RMB'000**
Included in non-current liabilities:				
RMB bank borrowings – unsecured	**RMB1,396,000**	**1,396,000**	–	–
RMB bank borrowings – secured (Note (i))	**RMB152,967**	**152,967**	–	–
USD bank borrowings – unsecured	**–**	**–**	USD1,916,600	12,219,667
		1,548,967		12,219,667
Included in current liabilities:				
RMB bank borrowings – unsecured	**RMB17,562,145**	**17,562,145**	RMB2,140,000	2,140,000
USD bank borrowings – unsecured	**–**	**–**	USD1,478,300	9,425,200
		17,562,145		11,565,200

As of December 31, 2022, the effective interest rates for bank borrowings were 1.77%-3.65% (2021: 0.94%-3.75%). For the year ended December 31, 2022, the weighted average effective interest rate was 2.39% per annum (2021: 1.70% per annum).

The amount of borrowing costs capitalised during the year ended December 31, 2022 was immaterial (2021: Nil).

Note (i): As of December 31, 2022, the Group's land use rights with an original book value of RMB6,738 million (2021: Nil) had been charged as collateral for borrowings.

32 NOTES PAYABLE

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Included in non-current liabilities:		
Non-current portion of long-term USD senior notes	13,865,055	12,682,188
Non-current portion of long-term USD convertible bonds (a)	19,742,317	17,701,190
	33,607,372	30,383,378
Included in current liabilities:		
Undue interests accrued for senior notes (Note 30)	65,892	60,320
	33,673,264	30,443,698

The notes payable and undue interests were repayable as follows:

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Within 1 year (Note 30)	65,892	60,320
Between 2 and 5 years	24,946,785	22,459,694
More than 5 years	8,660,587	7,923,684
	33,673,264	30,443,698

All of these notes payable issued by the Group were unsecured.

As of December 31, 2022, the fair value of the senior notes was RMB11,493 million (2021: RMB12,023 million). The respective fair values were assessed based on the quoted market price of these senior notes at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 NOTES PAYABLE *(Continued)*

(a) On April 27, 2021, the Company completed the issuance of US$1,483,600,000 zero coupon convertible bonds ("**Series 1 Bonds**") due on April 27, 2027 and US$1,500,000,000 zero coupon convertible bonds ("**Series 2 Bonds**") due on April 27, 2028 (together, the "**Bonds**") to third party professional investors.

The Bonds will, at the option of the Bondholders, be convertible on or after June 7, 2021 up to the 10 days prior to the Maturity date (both days inclusive) into Class B ordinary shares of the Company at a conversion price of HK$431.24 per Class B share, subject to adjustments. The Company will, at the option of the Bondholders, redeem all or some only of such Bondholder's Series 1 Bonds on April 27, 2025 at 100.37% of the principal amount of the Series 1 Bonds, and redeem all or some only of such Bondholder's Series 2 Bonds on April 27, 2026 at 101.28% of the principal amount of the Series 2 Bonds.

The Company may at any time redeem in whole, but not in part, the Bonds at the early redemption amount, if, immediately prior to the date the notice of redemption is given, 90% or more in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled. The early redemption amount is determined by the principal amount with a gross yield of negative 0.182% and positive 0.255% per annum calculated on a semi-annual basis for the Series 1 Bonds and the Series 2 Bonds, respectively. The Company will redeem each bond at 100.00% of its principal amount in respect of the Series 1 Bonds and 101.80% of its principal amount in respect of the Series 2 Bonds, on April 27, 2027 and April 27, 2028, respectively, if not previously redeemed, converted or purchased and cancelled.

32 NOTES PAYABLE *(Continued)*

The liability and equity components of the Bonds are presented as follows:

	RMB'000
The face value of the Bonds when initially issued	19,370,725
Issuance premium	105,953
Gross proceeds	19,476,678
Less: issuance costs	(184,635)
Net proceeds	19,292,043
Less: equity component for the conversion right (Note 27)	(1,513,938)
Liability component on initial recognition	17,778,105
Interest expenses	250,659
Currency translation differences	(327,574)
Liability component as of December 31, 2021	17,701,190
Liability component as of January 1, 2022	17,701,190
Interest expenses	392,057
Currency translation differences	1,649,070
Liability component as of December 31, 2022	19,742,317

Subsequent to the initial recognition, the liability component of the Bonds was carried at amortised cost using the effective interest rate method. The effective interest rates of the liability component of the Series 1 Bonds and the Series 2 Bonds were 1.94% per annum and 2.26% per annum, respectively.

As of December 31, 2022, the total fair value of the Bonds was RMB17,794 million (2021: RMB17,969 million). Such fair values were assessed based on the quoted market price of these Bonds at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 SHARE-BASED PAYMENTS

As of December 31, 2022, there was a total of 559,213,688 ordinary shares remaining available for grant under the Post-IPO Share Option Scheme and Post-IPO Share Award Scheme for awards of share options and RSUs of the Company.

Share options

Share options granted typically expire in 10 years from the respective grant dates, and vest in tranches from the grant date over the vesting period, on condition that employees remain in service without any performance requirements.

The share options may be exercised at any time after they have vested subject to the terms of the award agreement and are exercisable for a maximum period of 10 years after the date of grant.

Movements in the number of share options and their related weighted average exercise prices are as follows:

	Number of share options	Weighted average exercise price per share option (HKD)
Outstanding as of January 1, 2022	**37,988,298**	**36.51**
Forfeited during the year	**(452,234)**	**144.17**
Exercised during the year	**(10,468,483)**	**27.21**
Outstanding as of December 31, 2022	**27,067,581**	**38.31**
Vested and exercisable as of December 31, 2022	**17,276,823**	**30.94**
Outstanding as of January 1, 2021	50,893,174	33.95
Forfeited during the year	(811,629)	31.28
Exercised during the year	(12,093,247)	26.11
Outstanding as of December 31, 2021	37,988,298	36.51
Vested and exercisable as of December 31, 2021	21,788,214	25.34

The weighted average remaining contractual life of outstanding share options was 4.7 years as of December 31, 2022 (2021: 5.4 years). The weighted average price of the shares at the time these share options were exercised was HKD177.25 per share (equivalent to approximately RMB152.51 per share) during the year ended December 31, 2022 (2021: HKD280.10 per share (equivalent to approximately RMB232.80 per share)).

33 SHARE-BASED PAYMENTS *(Continued)*

Fair value of share options

There was no share option granted during the years ended December 31, 2022 and 2021.

RSUs

The Company also grants RSUs to employees, consultants, and Directors under the Post-IPO Share Award Scheme. The RSUs awarded vest in tranches from the grant date over a certain service period. Once the vesting conditions of RSUs are met, ordinary shares are considered duly and validly issued to the holder, and free of restrictions on transfer.

Movements in the number of RSUs and the respective weighted average grant date fair value are as follows:

	Number of RSUs	Weighted average grant date fair value per RSU (HKD)
Outstanding as of January 1, 2022	**125,367,125**	**173.66**
Granted during the year	**62,511,074**	**185.06**
Vested during the year	**(43,295,263)**	**136.55**
Forfeited during the year	**(12,380,617)**	**201.46**
Outstanding as of December 31, 2022	**132,202,319**	**188.60**
Outstanding as of January 1, 2021	126,541,129	90.18
Granted during the year	51,236,349	289.67
Vested during the year	(42,912,697)	66.03
Forfeited during the year	(9,497,656)	173.61
Outstanding as of December 31, 2021	125,367,125	173.66

The fair value of each RSU at the grant dates is determined by reference to the fair value of the underlying ordinary shares on the date of grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 SHARE-BASED PAYMENTS *(Continued)*

The total share-based compensation expenses recognised in the consolidated income statement were RMB8.7 billion and RMB5.2 billion for the years ended December 31, 2022 and 2021, respectively. The following table sets forth a breakdown of the share-based compensation expenses by awards types:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Share options	**50,559**	107,105
RSUs	**8,692,403**	5,086,340
Others	**–**	415
	8,742,962	5,193,860

34 DIVIDENDS

No dividends have been paid or declared by the Company during each of the years ended December 31, 2022 and 2021.

35 CAPITAL COMMITMENTS

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Within 1 year	**2,782,808**	4,064,519
1 – 2 years	**1,573,132**	235,352
2 – 5 years	**969,314**	–
More than 5 years	**47,239**	–
	5,372,493	4,299,871

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Purchase of property, plant and equipment	**3,856,421**	3,062,527
Investments	**1,516,072**	1,237,344
	5,372,493	4,299,871

36 NOTE TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Cash generated from/(used in) operations

	Note	Year ended December 31, 2022 RMB'000	2021 RMB'000
Loss before income tax		**(6,755,517)**	(23,566,477)
Adjusted for:			
Depreciation and amortisation	15,16	**9,730,314**	8,928,019
Net provisions for impairment losses on financial and contract assets		**468,620**	259,953
Share-based compensation expenses	33	**8,742,962**	5,193,860
Net gains arising from disposals or deemed disposals of subsidiaries and investees		**(224,358)**	(702,808)
Net provisions for impairment of non-financial assets	15,16	**103,328**	51,649
Share of profits of investments accounted for using the equity method	12	**(35,848)**	(145,620)
Fair value changes of other financial investments at fair value through profit or loss	19	**1,013,057**	(815,747)
Fair value changes and interest income related to treasury investments and others		**(1,740,091)**	(1,332,183)
Finance costs	10	**1,583,185**	1,080,698
Foreign exchange (gains)/losses, net	9	**(354,271)**	34,977
Net (gains)/losses on sales of non-current assets		**(59,191)**	48,250
Changes of working capital:			
Increase in restricted cash		**(1,327,089)**	(501,723)
Increase in trade receivables		**(377,239)**	(746,561)
Increase in prepayments, deposits and other assets		**(150,117)**	(3,163,467)
Increase in inventories		**(481,072)**	(40,579)
Increase in trade payables		**2,357,980**	3,345,963
Increase in payables to merchants		**1,483,065**	1,534,661
(Decrease)/increase in advances from transacting users		**(87,112)**	862,902
(Decrease)/increase in deferred revenues		**(425,105)**	258,899
(Decrease)/increase in other payables and accruals		**(1,784,268)**	5,708,088
Decrease in other non-current liabilities		**(22,527)**	(49,481)
Cash generated from/(used in) operations		**11,658,706**	(3,756,727)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 NOTE TO CONSOLIDATED STATEMENTS OF CASH FLOWS *(Continued)*

(b) Major non-cash transactions

Other than the acquisition of right-of-use assets described in Note 15, the share-based payments described in Note 33, there were no other material non-cash transactions during the year ended December 31, 2022 and 2021.

(c) Reconciliation of liabilities related to cash flows generated from financing activities

	Borrowings RMB'000	Notes payable and undue interests RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Lease liabilities RMB'000
Liabilities as of January 1, 2022	23,784,867	30,443,698	–	4,750,785
Cash flows	(7,654,899)	(366,455)	480,448	(2,619,636)
Additions	–	–	–	3,151,048
Deductions	–	–	(393,304)	(179,089)
Finance costs	550,668	766,464	–	266,053
Currency translation differences	2,430,476	2,829,557	12,856	(20)
Liabilities as of December 31, 2022	19,111,112	33,673,264	100,000	5,369,141

36 NOTE TO CONSOLIDATED STATEMENTS OF CASH FLOWS *(Continued)*

(c) Reconciliation of liabilities related to cash flows generated from financing activities *(Continued)*

	Borrowings RMB'000	Notes payable and undue interests RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Lease liabilities RMB'000
Liabilities as of January 1, 2021	8,352,472	13,028,073	114,600	2,737,855
Cash flows	15,768,196	19,288,691	791,400	(2,191,299)
Additions	–	–	–	4,219,704
Deductions	–	–	(906,000)	(208,867)
Equity component of convertible bonds	–	(1,513,938)	–	–
Derecognition of issuance costs	–	3,352	–	–
Finance costs	–	261,749	–	193,420
Currency translation differences	(335,801)	(624,229)	–	(28)
Liabilities as of December 31, 2021	23,784,867	30,443,698	–	4,750,785

37 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subjected to common control. Members of key management and their close family members are also considered as related parties of the Group.

The following significant transactions were carried out between the Group and its related parties during the years presented. In the opinion of the Directors of the Company, the related party transactions were carried out in the ordinary course of business and at terms negotiated between the Group and the respective related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Names of and the Group's relationship with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the years and/or as of years then ended.

Name of related parties	Relationship
Tencent Group	One of the Company's shareholders (Prior to November 16, 2022, Note (i))
AsiaSea Co., Ltd.	Associate of the Group
Dalian Tongda Enterprise Management Co., Ltd.	Associate of the Group
Fujian Piaofutong Information Technology Co., Ltd.	Associate of the Group
Guangxi Dossen Hotel Management Group Co., Ltd.	Associate of the Group
Jilin Yillion Bank Co., Ltd.	Associate of the Group
Tianjin Maoyan and its subsidiaries	Associate of the Group

Note (i): The Group had transactions and balances with affiliates of Tencent Holdings Limited ("**Tencent Group**"), which is considered as a related party of the Group. On November 16, 2022, the Board of Tencent Group has resolved to declare a special interim dividend in the form of a distribution in specie of approximately 958,121,562 Class B ordinary shares of Meituan. Following the declaration of the distribution and the resignation of Tencent's board representative with immediate effect, Tencent Group lost significant influence and was not considered as the Group's related party.

(b) Significant transactions with related parties

		Year ended December 31,	
		2022	2021
		RMB'000	RMB'000
(i)	Sales of services		
	Associates of the Group	**521,001**	944,715
	One of the Company's shareholders	**20,481**	1,497
		541,482	946,212
(ii)	Purchases of goods and services		
	One of the Company's shareholders	**2,847,498**	2,928,280
	Associates of the Group	**1,256,223**	1,246,871
		4,103,721	4,175,151

37 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties

		As of December 31,	
		2022	2021
		RMB'000	RMB'000
(i)	Due from related parties		
	Associates of the Group	**107,519**	274,950
	One of the Company's shareholders	**–**	241,542
		107,519	516,492
(ii)	Due to related parties		
	Associates of the Group	**304,501**	232,626
	One of the Company's shareholders	**–**	47,994
		304,501	280,620

(d) Key management compensation

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Fees	**1,500**	1,500
Basic salaries and bonuses	**74,142**	22,854
Pension costs and other employee benefits	**967**	864
Share-based compensation expenses	**329,760**	349,173
	406,369	374,391

38 CONTINGENCIES

The Group did not have any material contingent liabilities as of December 31, 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 FINANCIAL POSITION AND OTHER RESERVES MOVEMENT OF THE COMPANY

(a) Financial position of the Company

	Note	As of December 31, 2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**82,365,622**	73,669,047
Intangible assets		**307**	281
Long-term treasury investments		**4,358,598**	2,579,982
Prepayments, deposits and other assets		**117,257,527**	88,004,538
		203,982,054	164,253,848
Current assets			
Short-term treasury investments		**23,313,996**	52,074,868
Prepayments, deposits and other assets		**612,755**	963,662
Cash and cash equivalents		**1,189,591**	15,699,578
		25,116,342	68,738,108
Total assets		**229,098,396**	232,991,956
EQUITY			
Share capital	26	**415**	411
Share premium	26	**316,743,344**	311,221,237
Shares held for shares award scheme	26	**–**	–
Other reserves	39(b)	**8,025,737**	(4,425,554)
Accumulated losses		**(135,613,683)**	(128,993,290)
Total equity		**189,155,813**	177,802,804
LIABILITIES			
Non-current liabilities			
Borrowings		**–**	10,148,520
Notes payable	32	**33,607,372**	30,383,378
		33,607,372	40,531,898
Current liabilities			
Borrowings		**–**	6,348,284
Other payables and accruals		**6,335,211**	8,308,970
		6,335,211	14,657,254
Total liabilities		**39,942,583**	55,189,152
Total equity and liabilities		**229,098,396**	232,991,956

The statement of financial position of the Company was approved by the Board of Directors on March 24, 2023 and was signed on its behalf.

Wang Xing
Director

Mu Rongjun
Director

39 FINANCIAL POSITION AND OTHER RESERVES MOVEMENT OF THE COMPANY *(Continued)*

(b) Other reserves movement of the Company

	Capital reserve RMB'000	Share-based payments RMB'000	Currency translation differences RMB'000	Conversion option of convertible bonds RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2022	20	6,835,306	(12,781,857)	1,513,938	7,039	(4,425,554)
Other comprehensive income, net of tax						
Currency translation differences	–	–	9,298,645	–	–	9,298,645
Fair value changes of and net provisions for impairment losses on financial assets	–	–	–	–	(334,186)	(334,186)
Total other comprehensive income	–	–	9,298,645	–	(334,186)	8,964,459
Transaction with owners in their capacity as owners						
Equity-settled share-based payments	–	8,742,962	–	–	–	8,742,962
Exercise of share options and RSUs vesting	–	(5,256,130)	–	–	–	(5,256,130)
Total transaction with owners in their capacity as owners	–	3,486,832	–	–	–	3,486,832
As of December 31, 2022	20	10,322,138	(3,483,212)	1,513,938	(327,147)	8,025,737
As of January 1, 2021	20	4,150,291	(10,555,695)	–	(171)	(6,405,555)
Other comprehensive loss, net of tax						
Currency translation differences	–	–	(2,226,162)	–	–	(2,226,162)
Fair value changes of and net provisions for impairment losses on financial assets	–	–	–	–	7,210	7,210
Total other comprehensive loss	–	–	(2,226,162)	–	7,210	(2,218,952)
Transaction with owners in their capacity as owners						
Equity-settled share-based payments	–	5,193,445	–	–	–	5,193,445
Exercise of share options and RSUs vesting	–	(2,508,430)	–	–	–	(2,508,430)
Issuance of convertible bonds (equity component)	–	–	–	1,513,938	–	1,513,938
Total transaction with owners in their capacity as owners	–	2,685,015	–	1,513,938	–	4,198,953
As of December 31, 2021	20	6,835,306	(12,781,857)	1,513,938	7,039	(4,425,554)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 SUBSEQUENT EVENTS

There were no material subsequent events during the period from January 1, 2023 to the approval date of these consolidated financial statements by the Board on March 24, 2023.

41 RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Meituan
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Meituan (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 206 to 335, comprise:

- the consolidated statement of financial position as at December 31, 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition
- Impairment assessments of goodwill

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition	
Refer to Notes 2.1.16, 4.2, 4.3 and 6 to the consolidated financial statements. The Group provides an e-commerce platform that offers diversified daily goods and services in the broader retail by leveraging technology, including on-demand delivery, in-store, hotel and travel booking and other services and sales. The Group mainly generates revenue in the way of delivery services, commission, online marketing services and other services and sales. Revenue of RMB276,745 million was recognised for the current year. We focused on this area as significant efforts were spent on auditing the accuracy of revenue recognition due to the magnitude of revenue amount and the huge volume of revenue transactions recorded in the operating systems and then interfaced with the financial system.	Our procedures in relation to the revenue recognition included: We understood and tested management's process and controls in respect of revenue recognition and calculation derived from different services. We discussed with management and evaluated their judgements made in determining the method and timing of revenue recognition and calculation. We tested the general control environment and automated controls of the information technology systems used in the transaction processes. We tested the interface between the operating and financial systems. We tested, on a sample basis, transactions by checking the cash receipt, reviewing the underlying contracts, identifying the key terms and attributes from the contracts and checking them against the underlying data from the system used in the transaction processes, and then recalculating the revenue amount. Based on the procedures performed, we found that the Group's revenue recognition was supported by the evidence obtained.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessments of goodwill Refer to Notes 2.1.9, 4.1 and 16 to the consolidated financial statements. As at December 31, 2023, the net carrying amount of goodwill amounted to RMB27,774 million. Under International Accounting Standards ("**IAS**") 36 Impairment of Assets, the Group is required to perform goodwill impairment assessment both annually and whenever there is an indication that a cash-generating unit ("**CGU**") to which goodwill has been allocated may be impaired. The Group engaged an independent external valuer to assist the preparation of the goodwill impairment testing. The recoverable amounts of CGUs were determined based on the value-in-use calculations using cash flow projections. The key assumptions used include annual revenue growth rate for the 5-year period, gross margin, terminal revenue growth rate and pre-tax discount rate. We focused on this area due to (a) the magnitude of the carrying amount of goodwill; and (b) the estimation of recoverable amount is subject to high degree of estimation uncertainty.	Our procedures in relation to the impairment assessments of goodwill included: We obtained an understanding of the management's internal control and assessment process of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. We evaluated the outcome of prior period impairment assessment of the goodwill to assess the effectiveness of the management's estimation process. We evaluated and tested the key controls over the impairment assessment of goodwill. We tested management's assessment including periodic impairment indications evaluation as to whether indicators of impairment exist by corroborating with management and market information. We evaluated the independent valuer's objectivity, competence and capabilities. We assessed the appropriateness of the valuation models and significant assumptions with the involvement of our internal valuation experts. We assessed the key assumptions adopted including annual revenue growth rate for the 5-year period and gross profit rate by examining the approved financial/ business forecast models, and comparing actual results for the year against the previous period taking into consideration of market trends and our industry knowledge. We assessed terminal revenue growth rate and pre-tax discount rate with the involvement of our internal valuation experts.

Key Audit Matter	How our audit addressed the Key Audit Matter
	We independently tested, on a sample basis, the accuracy of mathematical calculation applied in the valuation models and the calculation of impairment charges. We evaluated the reasonableness of management's forecast performance and assessed management's sensitivity analysis around the key assumptions, to ascertain the extent to which adverse changes, would result in the goodwill being impaired. We assessed the adequacy of the disclosures related to goodwill impairment in the context of the applicable financial reporting framework. We considered whether the judgements made in selecting the models, significant assumptions and data would give rise to indicators of possible management bias. Based on the procedures performed, we considered that the risk assessment of goodwill impairment remained appropriate and the key assumptions adopted by management in the assessment of goodwill impairment are supported by the evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jack Li.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, March 22, 2024

CONSOLIDATED INCOME STATEMENT

	Note	Year ended December 31, 2023 RMB'000	2022 RMB'000
Revenues	5,6	**276,744,954**	219,954,948
Including: Interest revenue		**1,449,743**	1,133,670
Cost of revenues	7	**(179,553,793)**	(158,201,969)
Gross profit		**97,191,161**	61,752,979
Selling and marketing expenses	7	**(58,616,997)**	(39,745,112)
Research and development expenses	7	**(21,201,005)**	(20,739,865)
General and administrative expenses	7	**(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	19	**234,227**	(1,013,057)
Other gains, net	9	**6,315,473**	4,165,037
Operating profit/(loss)	5	**13,415,387**	(5,820,448)
Finance income	10	**818,986**	657,908
Finance costs	10	**(1,425,157)**	(1,628,825)
Share of profits of investments accounted for using the equity method	12	**1,212,652**	35,848
Profit/(loss) before income tax		**14,021,868**	(6,755,517)
Income tax (expenses)/credits	13	**(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)
Earnings/(loss) per share for profit/(loss) for the year attributable to the equity holders of the Company	14		
Basic earnings/(loss) per share (RMB)		**2.23**	(1.09)
Diluted earnings/(loss) per share (RMB)		**2.11**	(1.09)

The notes on pages 214 to 335 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31, 2023 RMB'000	2022 RMB'000
Profit/(loss) for the year		**13,857,331**	(6,685,323)
Other comprehensive income, net of tax:			
Items that may be reclassified to profit or loss			
Share of other comprehensive income/(loss) of investments accounted for using the equity method	12,27	**5,192**	(4,516)
Fair value changes of debt instruments at fair value through other comprehensive income	27	**334,551**	(288,211)
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	27	**142,190**	51,041
Items that will not be reclassified to profit or loss			
Currency translation differences	27	**275,055**	1,194,270
Share of other comprehensive income of investments accounted for using the equity method	12,27	**36,880**	85,260
Fair value changes of other financial investments at fair value through other comprehensive income	20,27	**(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)

The notes on pages 214 to 335 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As of December 31, 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**25,977,845**	22,201,259
Intangible assets	16	**30,397,947**	30,642,975
Deferred tax assets	18(a)	**1,914,449**	1,497,106
Long-term treasury investments	21	**8,527,142**	8,114,058
Other financial investments at fair value through profit or loss	19	**18,481,104**	15,073,013
Investments accounted for using the equity method	12	**18,289,183**	16,582,381
Other financial investments at fair value through other comprehensive income	20	**2,314,536**	2,321,865
Prepayments, deposits and other assets	22	**4,011,247**	4,903,068
		109,913,453	101,335,725
Current assets			
Inventories	23	**1,304,595**	1,162,765
Trade receivables	24	**2,742,999**	2,052,731
Prepayments, deposits and other assets	22	**14,534,923**	13,292,494
Short-term treasury investments	21	**111,820,679**	91,873,270
Restricted cash	25(b)	**19,373,229**	14,605,601
Cash and cash equivalents	25(a)	**33,339,754**	20,158,606
		183,116,179	143,145,467
Total assets		**293,029,632**	244,481,192
EQUITY			
Share capital	26	**418**	415
Share premium	26	**325,578,612**	316,743,344
Shares held for shares award scheme	26	**–**	–
Other reserves	27	**2,051,062**	1,484,187
Accumulated losses		**(175,616,885)**	(189,466,336)
Equity attributable to equity holders of the Company		**152,013,207**	128,761,610
Non-controlling interests		**(56,840)**	(55,893)
Total equity		**151,956,367**	128,705,717

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As of December 31, 2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	18(b)	**968,230**	846,103
Financial liabilities at fair value through profit or loss		**378,720**	100,000
Borrowings	31	**610,103**	1,548,967
Notes payable	32	**34,610,966**	33,607,372
Lease liabilities		**3,598,252**	3,203,163
Other non-current liabilities		**32,899**	39,773
		40,199,170	39,345,378
Current liabilities			
Trade payables	29	**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	30	**17,942,215**	16,655,307
Borrowings	31	**19,321,793**	17,562,145
Deferred revenues	28	**5,598,132**	5,053,375
Lease liabilities		**2,479,785**	2,165,978
Income tax liabilities		**206,025**	100,470
		100,874,095	76,430,097
Total liabilities		**141,073,265**	115,775,475
Total equity and liabilities		**293,029,632**	244,481,192

The notes on pages 214 to 335 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 206 to 335 were approved by the Board of Directors on March 22, 2024 and were signed on its behalf:

Wang Xing
Director

Mu Rongjun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for shares award scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Equity attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
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	12,27	–	–	–	42,072	–	42,072	–	42,072
Fair value changes of other financial investments at fair value through other comprehensive income	20,27	–	–	–	(426,513)	–	(426,513)	–	(426,513)
Fair value changes of debt instruments at fair value through other comprehensive income	27	–	–	–	334,551	–	334,551	–	334,551
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	27	–	–	–	142,190	–	142,190	–	142,190
Currency translation differences	27	–	–	–	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	12,27	–	–	–	322,150	–	322,150	–	322,150
Transaction with owners in their capacity as owners									
Equity-settled share-based payments	27,33	–	–	–	8,394,315	–	8,394,315	–	8,394,315
Shares held for shares award scheme	26	2	–	(2)	–	–	–	–	–
Exercise of share options and RSUs vesting	26,27	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	27	–	–	–	216,667	–	216,667	–	216,667
Appropriations to general reserves	27	–	–	–	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

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for shares award scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Equity attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
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	12,27	–	–	–	80,744	–	80,744	–	80,744
Fair value changes of other financial investments at fair value through other comprehensive income	20,27	–	–	–	(481,883)	–	(481,883)	–	(481,883)
Fair value changes of debt instruments at fair value through other comprehensive income	27	–	–	–	(288,211)	–	(288,211)	–	(288,211)
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	27	–	–	–	51,041	–	51,041	–	51,041
Currency translation differences	27	–	–	–	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	12,27	–	–	–	251,916	–	251,916	–	251,916
Transaction with owners in their capacity as owners									
Equity-settled share-based payments	27,33	–	–	–	8,742,962	–	8,742,962	–	8,742,962
Shares held for shares award scheme	26	3	–	(3)	–	–	–	–	–
Exercise of share options and RSUs vesting	26,27	1	5,522,107	3	(5,256,130)	–	265,981	–	265,981
Tax benefit from share-based payments	27	–	–	–	17,458	–	17,458	–	17,458
Appropriations to general reserves	27	–	–	–	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 CASH FLOWS

	Note	Year ended December 31, 2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash generated from operations	37(a)	**40,744,699**	11,658,706
Income tax paid		**(222,849)**	(247,258)
Net cash flows generated from operating activities		**40,521,850**	11,411,448
Cash flows from investing activities			
Purchases and prepayments of property, plant and equipment and intangible assets		**(6,879,551)**	(5,731,304)
Proceeds from disposals of property, plant and equipment and intangible assets		**301,073**	407,603
Acquisitions of businesses, net of cash acquired	36	**365,114**	(89,237)
Purchases of treasury investments and others		**(132,980,842)**	(187,401,376)
Sales or maturities of treasury investments and others		**114,679,410**	179,619,759
Purchases of investments accounted for using the equity method		**(60,000)**	(40,000)
Proceeds from disposals of investments in associates and others		**90,052**	1,630
Purchases and prepayments of other financial investments at fair value		**(3,588,016)**	(3,240,760)
Net cash inflow arising from disposals or deemed disposals of subsidiaries		**–**	72,748
Gains received from treasury investments and other financial instruments		**2,465,591**	1,438,076
Dividends received		**34,101**	69,782
Loans payments to investees and others		**(202,500)**	(736,914)
Loans repayments from investees and others		**1,111,724**	874,424
Collection of investments prepayments		**–**	42,000
Net cash flows used in investing activities		**(24,663,844)**	(14,713,569)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31, 2023 RMB'000	2022 RMB'000
Cash flows from financing activities	37(c)		
Proceeds from borrowings and notes payable		**42,809,865**	25,844,975
Repayments of borrowings and notes payable		**(42,146,859)**	(32,704,167)
Finance costs paid		**(578,058)**	(1,162,162)
Proceeds from exercise of share options		**193,492**	170,341
Payments of lease liabilities		**(2,969,089)**	(2,619,636)
Increase in other financial liabilities		**278,720**	480,448
Dividends paid to non-controlling interests		**(2,450)**	–
Repayments of Assumed Liabilities	36	**(366,924)**	–
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	25(a)	**33,339,754**	20,158,606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

1 GENERAL INFORMATION

Meituan (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, Ugland 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, including structured entities (collectively, the "**Group**"), offers diversified daily goods and services in the broader retail by leveraging technology.

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Summary of material accounting policies

2.1.1 Basis of preparation and changes in accounting policies and disclosures

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards as issued by the IASB ("**IFRS Accounting Standards**") and disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have 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.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.1 Basis of preparation and changes in accounting policies and disclosures (Continued)

(a) New standard and amendments adopted by the Group

The Group 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 (Note 13(b))	International Tax Reform-Pillar Two Model Rules

Note (i): The Group applied Amendments to IAS 12 from the effective date on January 1, 2023. In accordance with the amendments, the Group 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.

Details of the effect of the amendments on the note of the consolidated financial statements were disclosed in Note 18.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.1 Basis of preparation and changes in accounting policies and disclosures (Continued)

(b) New amendments not yet adopted by the Group

The following new amendments have been issued, but are not effective for the Group's financial year beginning on January 1, 2023 and have not been early adopted by the Group.

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

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.2 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity (including structured entities) and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(a) Business combinations

The Group applies the acquisition method to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interests in the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.2 Subsidiaries (Continued)

***(a) Business combinations** (Continued)*

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share of the acquired entity's identifiable net assets.

Acquisition-related costs are expensed as incurred.

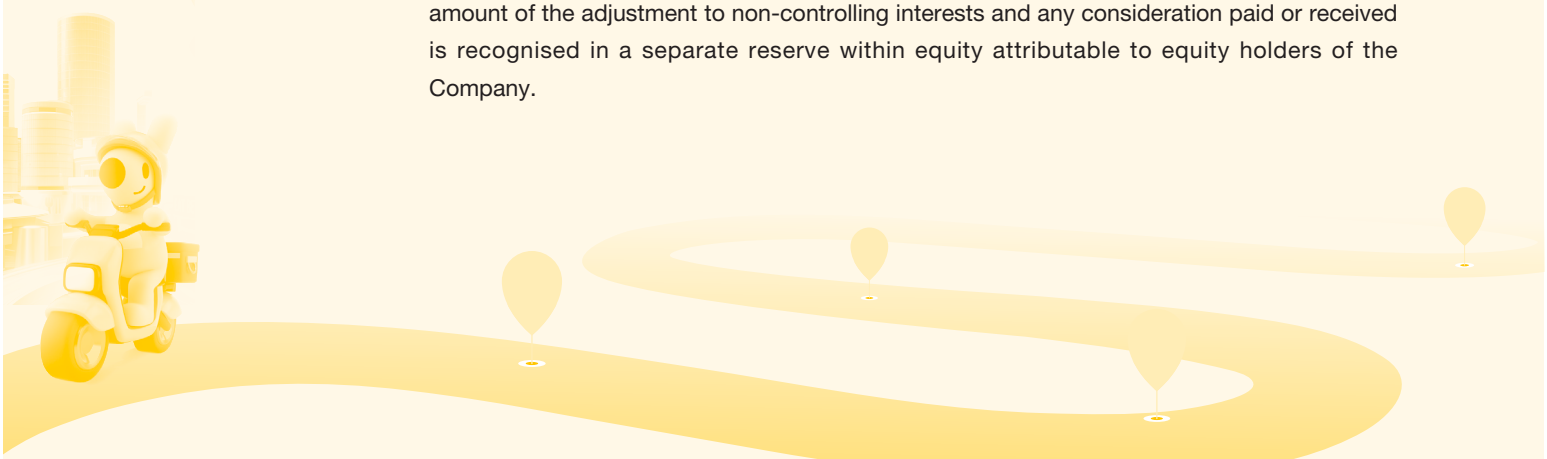
The excess of the consideration transferred, amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previous equity interests in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Contingent consideration is classified either as equity or financial liability. Amounts classified as financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. Amounts classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interests in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(b) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interests results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to equity holders of the Company.



2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.2 Subsidiaries (Continued)

(c) Changes in ownership interests in subsidiaries with change of control

When the Group ceases to consolidate a subsidiary because of a loss of control, any retained interests in the entity are remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interests as an associate, a joint venture or a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.

2.1.3 Associates

Associates are entities over which the Group has significant influence but not control or joint control. The Group's investments in associates in the form of convertible redeemable preferred instruments or ordinary shares with preferential rights are financial assets measured at fair value through profit or loss (Note 2.1.11). All investments in the form of ordinary shares with significant influence are accounted for using the equity method of accounting.

The investments accounted for using the equity method are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition movements in equity of the investee in profit or loss or other reserves. Dividends received or receivable from associates accounted for using the equity method are recognised as a reduction in the carrying amount of the investment.

Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill which is included in the carrying amount of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.3 Associates (Continued)

When the Group's share of losses in an investment accounted for using the equity method equals or exceeds its interest in the investee, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these investees. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting period end whether there is any objective evidence that investments accounted for using the equity method are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in "Other gains/(losses), net" in the consolidated income statement.

If the ownership interest in an associate accounted for using the equity method is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.1.4 Joint arrangements

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has only joint ventures. Interests in joint ventures are accounted for using the equity method of accounting as mentioned in Note 2.1.3.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.1.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, mainly refers to the executive Directors. Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principle of IFRS 8. The segments have similar economic characteristics, and the segments are similar in the nature of the products and services, the nature of the production processes, the type or class of customer for their products and services, the methods used to distribute their products or provide their services; and if applicable, the nature of the regulatory environment.

2.1.7 Foreign currency exchange and translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**"). The Company's functional currency is USD as its key activities and transactions are denominated in USD. The Company's primary subsidiaries were incorporated in the People's Republic of China ("**PRC**") and these subsidiaries considered RMB as their functional currency. The Group's presentation currency is RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.7 Foreign currency exchange and translation (Continued)

(b) Transactions and balances

Foreign currency transactions are exchanged into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the exchange of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in consolidated income statement on a net basis within "Other gains/(losses), net".

Non-monetary items that are measured at fair value and denominated in a foreign currency are exchanged using the exchange rates at the date when the fair value was determined. Exchange differences on assets and liabilities carried at fair value are reported as part of the fair value changes.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate of the date of that statement of financial position
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions, and
- all resulting translation differences are recognised in other comprehensive income.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.7 Foreign currency exchange and translation (Continued)

*(c) **Group companies** (Continued)*

The Group has monetary items that are receivables from or payables to foreign operations. The items for which settlements are neither planned nor likely to occur in the foreseeable future are, in substance, part of the Group's net investment in foreign operations. Such monetary items include long-term receivables or loans. They do not include trade receivables or trade payables. On consolidation, foreign exchange gains or losses arising from the exchange of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investment, are recognised in the consolidated statement of comprehensive income. When a foreign operation is disposed, the related foreign exchange gains or losses are reclassified into the consolidated income statement, as part of "Other gains/(losses), net". The accumulative translation adjustments related to subsidiaries with same functional currency as the Company is presented as part of items of other comprehensive income that will not be reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate.

2.1.8 Property, plant and equipment

All property, plant and equipment ("**PP&E**") are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, where appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.8 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

• Computer equipment	3-5 years
• Bikes and electric mopeds	2-3 years
• Others	2-5 years

Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Management reviewed the useful lives of equipments and changed the estimated useful lives of certain equipments in "Computer equipment" category from 3 years to 5 years to better reflect the pattern in which future economic benefits associated with the assets would flow to the Group. This change in accounting estimate was effective beginning January 1, 2023. Based on the carrying amount as of December 31, 2022, the net effect of this change was a decrease in depreciation expenses of RMB1,005 million for the year ended December 31, 2023.

Gains or losses on disposals are determined by comparing proceeds with carrying amount, and are recognised in "Other gains/(losses), net" in the consolidated income statement.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.9 Intangible assets

(a) Goodwill

Goodwill arising from the acquisition of subsidiaries represents the excess of the aggregate purchase consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree over the fair value of the identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less impairment losses. Gains or losses on the disposals of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

Goodwill is allocated to cash-generating units ("**CGU**") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The CGUs or groups of CGUs are identified at the lowest level at which goodwill is monitored for internal management purposes below the operating segments.

(b) Other intangible assets

Other intangible assets mainly include those arising from business combinations other than goodwill and software and others. They are initially recognised and measured at cost or fair value where appropriate. Other intangible assets are amortised over their estimated useful lives using the straight-line method as follows, reflecting the pattern in which the intangible asset's future economic benefits are expected to be consumed.

- Other intangible assets arising from business combinations 2 – 25 years
- Software and others 1 – 10 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.9 Intangible assets (Continued)

(c) Research and development

Research expenditures are recognised as expenses as incurred. Costs incurred on development projects are capitalised as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred. There were no development costs meeting these criteria and capitalised as intangible assets for the years ended December 31, 2023 and 2022.

2.1.10 Land use rights

Land use rights are up-front payments to acquire long-term interest in land. They are stated at historical cost less accumulated depreciation and impairment in "Property, plant and equipment", and are depreciated over the remaining period of the lease on a straight-line basis.

The land use rights mainly represented prepaid lease payments in respect of land in the Mainland of China with lease periods of 40 to 50 years.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.11 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- financial assets measured at amortised cost;
- financial assets measured at fair value through other comprehensive income ("**FVOCI**"); or
- financial assets measured at fair value through profit or loss ("**FVPL**").

The classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Business model

The Group's business model reflects how the Group manages its financial assets in order to generate cash flows. The business model determines whether the cash flow will result from collecting contractual cash flows, selling of financial assets or both.

The contractual cash flow characteristics

The characteristics of the contractual cash flow of financial assets refer to the cash flow attributes agreed in the contract of financial instruments that reflect the economic characteristics of the relevant financial assets.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if both of the following conditions are met and is not designated as at FVPL: (i) the asset is managed within a business model whose objective is to hold assets in order to collect contractual cash flows; (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.11 Financial assets (Continued)

***(a) Classification** (Continued)*

Financial assets measured at fair value through other comprehensive income

Financial assets measured at FVOCI include debt instruments measured at FVOCI and equity instruments designated as at FVOCI.

A debt instrument which is measured at FVOCI if both of the following conditions are met: (i) the asset is managed within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group may make an irrevocable election at initial recognition to designate an equity instrument as at FVOCI if it is not held for trading purpose.

Financial assets measured at fair value through profit or loss

Financial assets measured at FVPL include the debt instruments that do not meet the criteria for amortised cost or FVOCI, and the equity investments which are not designated as measured at FVOCI.

The Group reclassifies debt instruments when and only when its business model for managing financial assets changes.

(b) Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.11 Financial assets (Continued)

(c) Derecognition

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows of the financial asset expire; (ii) the contractual rights to receive the cash flows and substantially all the risks and rewards of ownership of the financial asset have been transferred; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of derecognition of transfer of cash flows ("pass through" requirements) and substantially all the risks and rewards of ownership of the financial asset have been transferred.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss or retained earnings:

- the carrying amount of the financial asset transferred; and
- the sum of the consideration received from the transfer and any cumulative gains or losses that has been recognised directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

As part of its operations, the Group securitises financial assets, generally through the sale of these assets to special purpose vehicles which issue securities to investors. When the securitisation of financial assets is qualified for derecognition, the relevant financial assets are derecognised in their entirety and a new financial asset or liability is recognised regarding the interest in the unconsolidated securitisation vehicles that the Group acquired. When the securitisation of financial assets is not qualified for derecognition, the relevant financial assets are not derecognised, and the consideration paid by third parties are recorded as a financial liability. When the securitisation of financial assets is partially qualified for derecognition, the book value of the transferred assets should be recognised between the derecognised portion and the retained portion based on their respective fair values, and the difference between the book value of the derecognised portion and the total consideration paid for the derecognised portion shall be recorded in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.11 Financial assets (Continued)

(d) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset, in case that a financial asset is not FVPL. Transaction costs of financial assets at FVPL are expensed in profit or loss.

For assets measured at fair value, gains or losses will either be recorded in profit or loss or other comprehensive income. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) Debt instruments

- Amortised cost: Interest income from these financial assets is included in finance income using the effective interest rate method. Any gains or losses arising from derecognition is recognised directly in profit or loss and presented in "Other gains/(losses), net" together with foreign exchange gains or losses. Impairment losses are presented as a separate line item in the consolidated income statement.

- FVOCI: Movements in the carrying amount are taken through other comprehensive income, except for the provisions or reversals of impairment losses, interest income and foreign exchange gains or losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified to profit or loss and presented in "Other gains/(losses), net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains or losses are presented in "Other gains/(losses), net" and impairment losses are presented as a separate line item in the consolidated income statement.

- FVPL: Gains or losses on debt instruments that is subsequently measured at FVPL are recognised in profit or loss and presented within "Other gains/(losses), net" or "Fair value changes of other financial investments at fair value through profit or loss".

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.11 Financial assets (Continued)

***(d) Measurement** (Continued)*

(ii) Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Group's management has elected to present fair value changes of equity instruments in other comprehensive income, there is no subsequent reclassification of such fair value changes to profit or loss following the derecognition of the financial assets. Dividends from such equity instruments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "Fair value changes of other financial investments at fair value through profit or loss" as applicable. Provisions or reversals of impairment losses on equity investments at FVOCI are not reported separately from other changes in fair value.

(e) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("**ECL**") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk ("**SICR**").

2.1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is primarily determined using the weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventories recognised in profit or loss during the year ended December 31, 2023 amounted to RMB30,422 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.13 Borrowings, notes payable and borrowing costs

Borrowings and notes payable issued by the Group are initially recognised at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over their contractual terms using the effective interest rate method.

The fair value of the liability portion of convertible bonds is determined using a market interest rate for equivalent non-convertible bonds. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the convertible bonds. The remainder of the proceeds is allocated to the conversion option, which is recognised in other reserves, net of income tax effects.

Borrowings and notes payable are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Borrowings and notes payable are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.14 Current and deferred income tax

The income tax expenses or credits for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that future taxable profit, against which the temporary differences and tax losses can be utilised, will be probably available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.14 Current and deferred income tax (Continued)

***(b) Deferred income tax** (Continued)*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liabilities in relation to taxable temporary differences arising from the subsidiaries and associates' undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entities or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.15 Share-based payments

The Group has operated share incentive awards including share option schemes and share award schemes. The pre-IPO employee stock incentive scheme adopted by the Company dated October 6, 2015 ("**Pre-IPO ESOP**") was administered until the initial public offering, after which it was replaced by the post-IPO share option scheme ("**Post-IPO Share Option Scheme**") and the post-IPO share award scheme ("**Post-IPO Share Award Scheme**") adopted by the Company on August 30, 2018. The Group receives services from employees and other qualified participants as consideration for equity instruments (including share options and restricted share units, "**RSUs**") of the Group under the above schemes. The fair value of the services received in exchange for the grant of the equity instruments is recognised as an expense in the consolidated income statement. The total expenses are recognised over the vesting period, over which all of the specified vesting conditions are to be satisfied.

(a) Share options

For grant of share options, the total amount to be expensed is determined by reference to the fair value of the share options granted using Black-Scholes models:

- including the impact of any market performance conditions
- excluding the impact of any service and non-market performance conditions, and
- including the impact of any non-vesting conditions

At the end of each period, the Group revises its estimates of the number of share options that are expected to become vested based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.15 Share-based payments (Continued)

(b) RSUs

For grant of RSUs, the total amount to be expensed is determined by reference to the fair value of the Company's shares at the grant date.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purpose of recognising the expenses during the period between service commencement date and grant date.

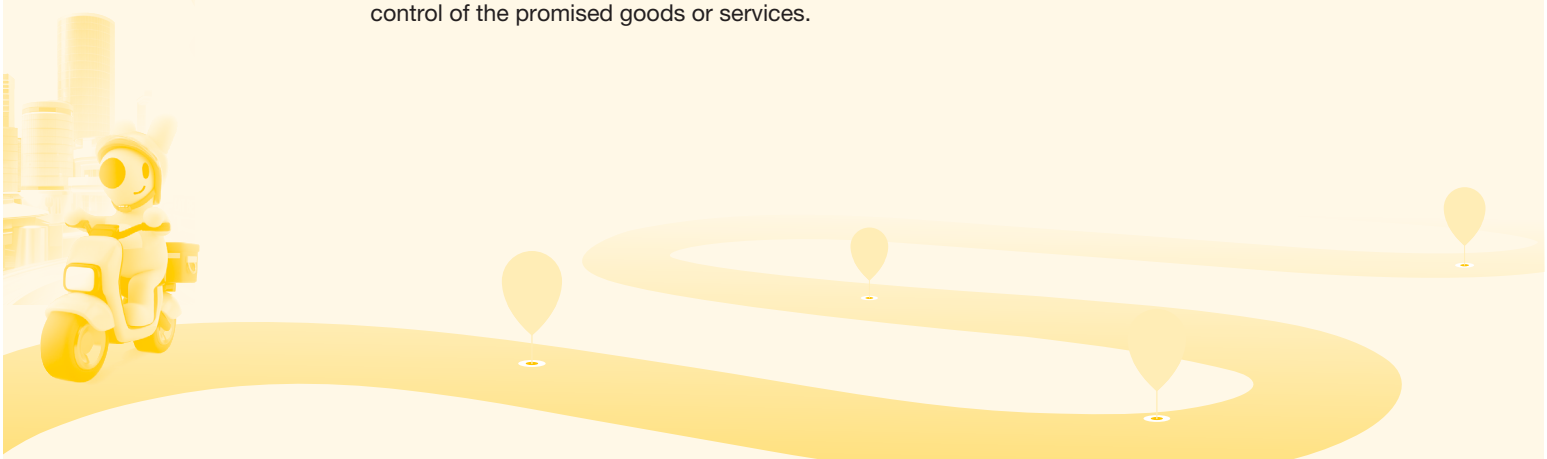
(c) Modifications and Cancellations

The Group may modify the terms and conditions of share incentive awards granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognised for the services received over the remainder of the vesting period.

A grant of share incentive awards, that is cancelled or settled during the vesting period, is treated as an acceleration of vesting. The Group immediately recognises the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

2.1.16 Revenue recognition

Revenues are principally comprised of delivery services, commission, online marketing services and other services and sales. The Group recognises revenues when or as the control of the promised goods or services is transferred to the customers, netting of value-added taxes ("**VAT**"). Depending on the terms of the contracts and the laws that apply to the contracts, if control of the promised goods or services is transferred over time, revenues are recognised over the period of the contracts by reference to the progress towards complete satisfaction of those performance obligations. Otherwise, revenues are recognised at a point in time when the customers obtain control of the promised goods or services.



2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.16 Revenue recognition (Continued)

In arrangements with multiple distinct performance obligations, total consideration is allocated to each performance obligation based on its relative standalone selling price ("**SSP**"). The Group generally determines the SSP based on the prices charged to customers. Relevant information will be taken into consideration when more than one SSP for individual performance obligation exists. If the SSP is not directly observable, it is estimated based on adjusted market assessment approach or cost plus a margin, depending on the availability of observable information.

The Group evaluates whether it acts as a principal or an agent to determine whether it is appropriate to record the gross amount of revenues and related costs, or the net amount earned as commission. The Group is a principal if it controls the specified goods or services before being transferred to the customers. Generally, a principal is the primary obligor, has latitude in establishing the selling price, or is subject to inventory risks. Otherwise, the Group is an agent to arrange for goods or services to be provided by other parties.

(a) The accounting policy for the Group's principal revenue types

(i) Delivery services

The Group provides on-demand delivery services to certain merchants and transacting users (collectively as the "**Delivery services Customers**") as a principal. Delivery services revenue is recognised at the time when the on-demand delivery services are provided and is determined based on the fees charged to the Delivery services Customers, netting of any possible transacting users incentives which are not in exchange for a distinct good or service to the Group. The relevant costs are recorded under "Delivery related costs" in cost of revenues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.16 Revenue recognition (Continued)

***(a) The accounting policy for the Group's principal revenue types** (Continued)*

(ii) Commission

The Group uses technology to arrange for the provision of the specified goods or services by merchants or third-party agent partners (collectively as the "**Commission Customers**") in the Group's online marketplaces as an agent. Technical service fees charged to the Commission Customers, primarily determined as a percentage of respectively relevant transaction amount, are recognised as commission revenue upon the completion of the underlying goods or services provided by the Commission Customers to the transacting users.

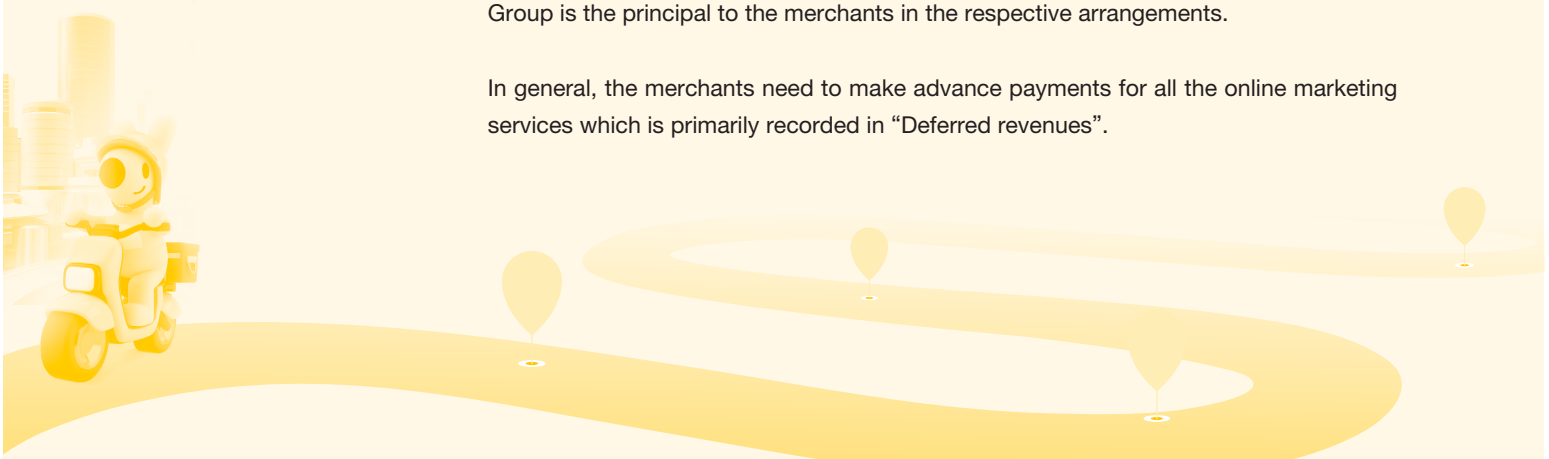
The advance payments from the transacting users are initially recorded in "Advances from transacting users", which can be withdrawn at any time. Once the commission revenue is recognised, the amounts to be remitted to the Commission Customers are recorded in "Payables to merchants".

(iii) Online marketing services

The Group provides various online marketing services primarily to merchants in the Group's online marketplaces or through the third-party marketing affiliate programme, including but not limited to pay for performance marketing services on which the merchants are charged through market-based mechanism based on effective clicks on certain information, display marketing services that allow merchants to place promotion information online, and other value-added marketing services under an annual plan.

Revenue from performance-based marketing services is recognised when relevant specified performance measures are fulfilled. Revenues from display-based and other value-added marketing services are recognised ratably over the contractual service period. The online marketing services revenue is recorded on a gross basis when the Group is the principal to the merchants in the respective arrangements.

In general, the merchants need to make advance payments for all the online marketing services which is primarily recorded in "Deferred revenues".



2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.16 Revenue recognition (Continued)

***(a) The accounting policy for the Group's principal revenue types** (Continued)*

(iv) Other services and sales

The Group recognises the other services and sales revenue on a gross basis as a principal when the control of the goods is transferred to the customers, or when the respective services are rendered, netting of any possible transacting users incentives which are not in exchange for a distinct good or service to the Group. Other services and sales revenue primarily comprises (i) sales of goods, mainly generated from Xiaoxiang Supermarket (formerly "**Meituan Grocery**") and B2B food distribution services, (ii) various services rendered by various businesses such as Meituan Select, bike sharing and e-moped sharing, power banks and micro-credit.

Revenues generated from micro-credit primarily consist of revenues generated from loan facilitation services and post-origination services, and interest revenue. Loan facilitation services and post-origination services are identified as two distinct performance obligations, to which the total consideration is allocated based on relative SSP appropriately. Loan facilitation services revenue is recognised at point of time when the loan contract is established between borrowers and lenders and post-origination services revenue is recognised over the loan contract period.

Interest revenue is derived from the loan principal, funded entirely or partially by the Group, by applying the effective interest rate to the gross carrying amount of loan receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.16 Revenue recognition (Continued)

(b) Contract Balances

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration, if only the passage of time is required before payment of that consideration is due. The Group's contract assets are mainly generated from loan facilitation services.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made, or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group's contract liabilities are mainly resulted from the online marketing services, which are recorded as deferred revenues.

Contract costs include incremental costs of obtaining a contract and costs to fulfil a contract with the customers. The contract costs are amortised using a method which is consistent with the pattern of recognition of the respective revenues.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.16 Revenue recognition (Continued)

(c) Incentives to transacting users

When incentives provided to transacting users that are considered as customers from an accounting perspective, the incentives are recorded as a reduction of revenue if there is no exchange of a distinct good or service to the Group or the fair value of the good or service received cannot be reasonably estimated. Otherwise, despite the absence of any explicit contractual obligations to incentivise the transacting users on behalf of customers, which in most circumstances are merchants, the Group further evaluates the varying features of different incentive programmes to determine that whether the incentives represent implicit obligations to transacting users on behalf of customers. If so, it will be recorded as a reduction of revenues, otherwise the "Selling and marketing expenses" (Note 7).

(d) Practical Expedients and Exemptions

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all the Group's contracts with customers have a duration of 1 year or less.

2.1.17 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after the deduction of the loss allowance).

Interest income earned from financial assets that are held for cash management purposes is presented as finance income. Interest revenue earns from loan receivables that are held for micro-credit business (Note 2.1.16(a)(iv)). Any other gains from treasury investments is included in "Other gains/(losses), net".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.18 Leases other than land use rights

The Group leases land use rights (Note 2.1.10), various offices and others. The lease contracts other than land use rights are typically for fixed periods of 1 month to 10 years and may have extension options. They do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets other than land use rights may not be used as security for borrowing purposes.

Leases other than land use rights are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Summary of material accounting policies *(Continued)*

2.1.18 Leases other than land use rights (Continued)

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The lease payments are allocated between the lease liabilities and the finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease payments for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the right-of-use assets' useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying assets' useful life.

Right-of-use assets are presented in "Property, plant and equipment" in the Group's consolidated statement of financial position.

The payments associated with leases of the low-value assets are recognised on a straight-line basis as expenses in profit or loss. The low-value assets comprise small items of facilities. Variable lease payments not based on an index or a rate are recognised in profit or loss when the triggering condition of those payments occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of other accounting policies

2.2.1 Shares held for shares award scheme

The nominal value of the shares transferred by the Company to the Share Scheme Trust, is presented as "Shares held for shares award scheme".

When the Share Scheme Trust transfers the Company's shares to the awardees upon vesting, the related nominal value of the awarded shares vested are credited to "Shares held for shares award scheme" and related equity-settled share-based payments were transferred from "Other reserves" to "Share premium".

2.2.2 Impairment of non-financial assets

Other than goodwill mentioned in Note 2.1.9(a), other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.2.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of other accounting policies *(Continued)*

2.2.4 Trade and other receivables

Trade receivables are amounts due from customers for goods and services provided in the ordinary course of business.

Trade and other receivables are generally due for settlement within 1 year and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. Other receivables are recognised initially at fair value. Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment.

2.2.5 Cash and cash equivalents and restricted cash

Cash and cash equivalents includes cash on hand and cash in bank, deposits held at call with banks within three months and certain amounts of cash held in accounts managed by other financial institutions in connection with the provision of services and sales of goods.

Cash that restricted from withdrawal, use or pledged as security is reported separately in the consolidated statements of financial position, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

2.2.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of other accounting policies *(Continued)*

2.2.7 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the end of the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

2.2.8 Financial liabilities at fair value through profit or loss

The Group irrevocably designate a financial liability at fair value through profit or loss when doing so results in more relevant information at initial recognition, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "**an accounting mismatch**") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or

(b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel.

2.2.9 Employee benefits

(a) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leave are not recognised until the time of leave.

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of other accounting policies *(Continued)*

2.2.9 Employee benefits (Continued)

(b) Pension obligations and other social welfare benefits

The Group contributes on a monthly basis to various defined contribution plans organised by the relevant governmental authorities. The Group's liability in respect of these plans is limited to the contributions payable in each period. The Group's contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separated from those of the Group. During the reporting period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

(c) Bonus plan

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonuses as a result of services rendered by employees and a reliable estimate of the obligation being made. Liabilities for bonuses are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

2.2.10 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating loss.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of other accounting policies *(Continued)*

2.2.11 Dividend income

Dividend income is recognised when it is received or when the right to collection is unconditionally established.

2.2.12 Dividends distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividend is approved by the Company's shareholders or Directors where appropriate.

2.2.13 Government subsidies

Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions. Under these circumstances, the subsidies are recognised as income or matched with the associated costs which the subsidies are intended to compensate.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk, and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

3.1 Financial risk factors

3.1.1 Market risk

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimise these exposures through natural hedges, wherever possible and may enter into forward foreign exchange contracts, when necessary.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Market risk (Continued)

*(a) **Foreign exchange risk** (Continued)*

The Group operates mainly in the PRC with most of the transactions settled in RMB, and the functional currency of the Company is USD whereas functional currency of the subsidiaries operating in the PRC is RMB. The management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

*(b) **Cash flow and fair value interest rate risk***

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents, restricted cash, loan receivables and treasury investments at amortised cost, and details of which have been disclosed in Note 25, Note 22(a) and Note 21.

The Group's exposure to changes in interest rates is also attributable to its borrowings and notes payable, details of which have been disclosed in Note 31 and Note 32. Borrowings and notes payable carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

As of December 31, 2023, the Group's notes payable were carried at fixed rates, and the Group's borrowings were partially carried at floating rates.

*(c) **Price risk***

The Group is exposed to price risk in respect of financial assets measured at fair value held by the Group. The Group is not exposed to commodity price risk. To manage its price risk arising from the financial assets, the Group diversifies its portfolio. Each investment is managed by senior management on a case by case basis. The sensitivity analysis is performed by management (Note 3.3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk

The Group is exposed to credit risk in relation to certain financial and contract assets, of which the carrying amounts represent the Group's maximum exposure to the credit risk. The ECL arising from the credit risk are presented as "Net (provisions for)/reversals of impairment losses on financial and contract assets" in the consolidated income statement.

(a) Cash and cash equivalents, restricted cash and treasury investments

To manage credit risk arising from cash and cash equivalents, restricted cash and treasury investments, the Group only transacts with state-owned or reputable financial institutions. Primarily these instruments are considered to have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flows obligations in the near term. The identified credit losses are immaterial.

(b) Trade receivables and contract assets

To manage credit risk arising from trade receivables and contract assets, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 180 days considering their financial position, past experience and other factors.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The Group applies the IFRS 9 simplified approach to measure ECL which uses lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months or enough credit cycle for those new lines of business and the corresponding historical credit losses experienced within this period. The Group identifies the per capita disposable income of urban residents and the total retail sales of consumer goods of the countries to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the financial assets.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

***(b) Trade receivables and contract assets** (Continued)*

Trade receivables are written off when there is no reasonable expectation of recovery with indicators including, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments after exhausting all practical recovery efforts. Subsequent recoveries of amounts previously written off are credited against the same line item.

(c) Loan receivables

To manage credit risk arising from loan receivables, standardised credit management procedures are performed. For pre-approval investigation, the Group optimises the review process using big data technology through its platform and system, including credit analysis, assessment of collectability of borrowers, monitoring the cash flows status of the merchants, possibility of misconduct and fraudulent activities. In terms of credit examining management, specific policies and procedures are established to assess loans offering. For subsequent monitoring, the Group monitors the cash flows and operation status of each borrowers. Once the loan is issued, all borrowers will be assessed by fraud examination model to prevent fraudulent behaviours. In post-loan supervision, the Group establishes risk monitoring alert system through periodical monitoring. The estimation of credit exposure for risk management purposes is complex and requires use of models as the exposure varies with changes in market conditions, expected cash flows and passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default corrections between counterparties. The Group measures credit risk using Probability of Default ("**PD**"), Exposure at Default ("**EAD**") and Loss Given Default ("**LGD**"). This is consistent with the general approach used for the purpose of measuring ECL under IFRS 9.

(i) ECL model for loan receivables:

The impairment of loan receivables was provided based on the "three-stages" model by referring to the changes in credit quality since initial recognition.

- The loan receivables that are not credit-impaired on initial recognition are classified in "Stage 1" and have its credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(c) Loan receivables (Continued)

(i) ECL model for loan receivables: (Continued)

- If an SICR (as defined below) since initial recognition is identified, the loan receivables are moved to "Stage 2" but are not yet deemed to be credit-impaired. The ECL is measured on lifetime basis.

- If the loan receivables are credit-impaired (as defined below), then they are moved to "Stage 3". The ECL is measured on lifetime basis.

- In Stages 1 and 2, interest revenue is calculated on the gross carrying amount (without deducting the loss allowance). If in Stage 3, the Group is required to calculate the interest revenue by applying the effective interest rate method in subsequent reporting periods to the amortised cost of the loan receivables (the gross carrying amount net of loss allowance) other than the gross carrying amount.

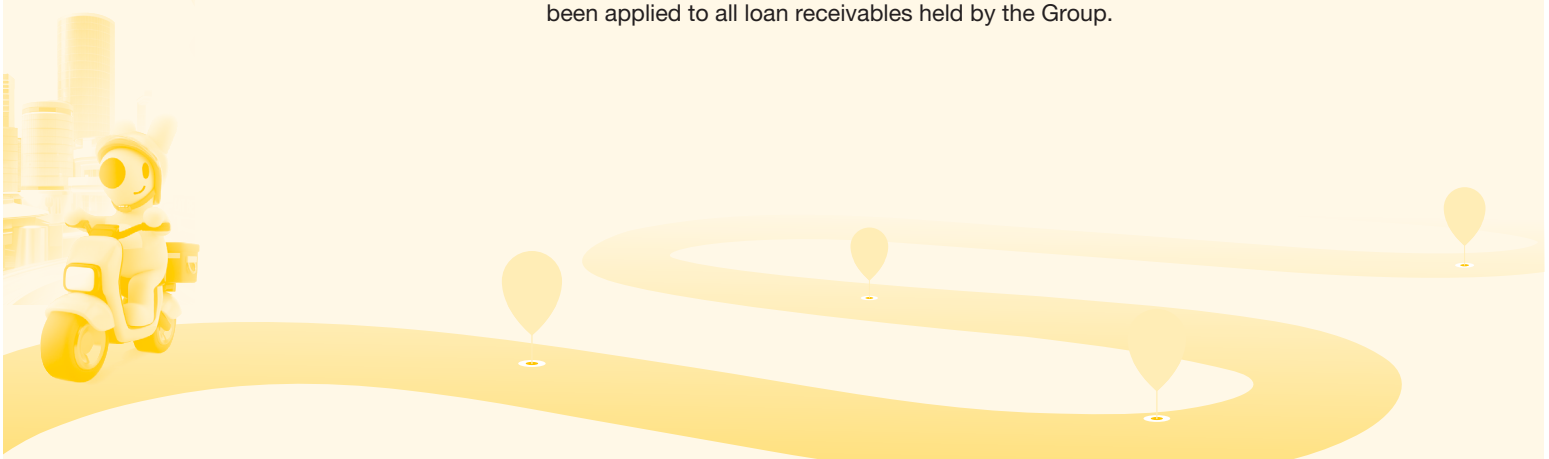
The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

- Significant increase in credit risk (SICR)

  The Group considers loan receivables to have experienced an SICR if the borrower is past due more than 1 day on its contractual payments.

- Definition of default and credit-impaired assets

  The Group defines a financial instrument as in default and credit-impaired, when the borrower is more than 90 days past due on its contractual payments. This has been applied to all loan receivables held by the Group.



3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(c) Loan receivables (Continued)

(i) ECL model for loan receivables: (Continued)

- Measuring ECL – Explanation of inputs, assumptions and estimation techniques

  The ECL is measured on either a 12-month or lifetime basis depending on whether an SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL are the discounted product of the PD, EAD, and LGD.

  The ECL is determined by projecting the PD, EAD and LGD for each future month and for each portfolio and these three components are multiplied together. This effectively calculates an ECL for each future month, which is then discounted back to the reporting period end and summarised. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

- Forward-looking information incorporated in the ECL models

  The calculation of ECL incorporates forward-looking information. The Group has performed historical analysis and identified the per capita disposable income of urban residents as the key economic variables impacting credit risk and ECL.

  As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

- Grouping of instruments for losses measured on a collective basis

  For ECL provisions modeled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(c) Loan receivables (Continued)

(ii) Loss allowance

The loss allowance recognised in the reporting period is impacted by a variety of factors, as described below:

- Transfers between Stage 1, Stage 2 or Stage 3 due to loan receivables experiencing significant increases (or decreases) of credit risk in the reporting period, and the subsequent "step up" (or "step down") between 12-month and lifetime ECL;
- Increases of loss allowance for new financial instruments recognised, as well as decreases due to loan receivables derecognition in the reporting period;
- Loan receivables derecognised and write-offs of loss allowance related to assets that were written off during the reporting period, and the subsequent recovery; and
- Changes in the inputs, assumptions and estimation techniques of ECL calculation during the reporting period.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(c) Loan receivables (Continued)

(ii) Loss allowance (Continued)

The gross carrying amount of the loan receivables explains their significance to the changes in the loss allowance as discussed above:

	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
Gross carrying amount as of January 1, 2023	8,448,135	48,193	22,729	8,519,057
Transfers:				
Transfer from Stage 1 to Stage 2	(136,982)	136,982	–	–
Transfer from Stage 1 to Stage 3	(258,938)	–	258,938	–
Transfer from Stage 2 to Stage 1	72	(72)	–	–
Transfer from Stage 2 to Stage 3	–	(61,483)	61,483	–
Net increases/(decreases)	320,280	(74,511)	(64,350)	181,419
Write-offs	–	–	(306,796)	(306,796)
Recovered after written off	–	–	45,694	45,694
Gross carrying amount as of December 31, 2023	8,372,567	49,109	17,698	8,439,374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(c) Loan receivables (Continued)

(ii) Loss allowance (Continued)

	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
Gross carrying amount as of January 1, 2022	5,849,931	78,443	37,389	5,965,763
Transfers:				
Transfer from Stage 1 to Stage 2	(73,821)	73,821	–	–
Transfer from Stage 1 to Stage 3	(243,135)	–	243,135	–
Transfer from Stage 2 to Stage 1	185	(185)	–	–
Transfer from Stage 2 to Stage 3	–	(90,177)	90,177	–
Net increases/(decreases)	2,914,975	(13,709)	(60,061)	2,841,205
Write-offs	–	–	(330,149)	(330,149)
Recovered after written off	–	–	42,238	42,238
Gross carrying amount as of December 31, 2022	8,448,135	48,193	22,729	8,519,057

For the years ended December 31, 2023 and 2022, the net decreases of stage 2 and stage 3 include fair value changes of loan receivables measured at FVOCI (Note 22(a)).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(c) Loan receivables (Continued)

(ii) Loss allowance (Continued)

The following table explains the changes in the loss allowance for loan receivables between the beginning and the end of the reporting period due to these factors:

	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
Loss allowance as of January 1, 2023	(218,933)	(53,900)	(36,622)	(309,455)
Transfers:				
Transfer from Stage 1 to Stage 2	4,026	(98,022)	–	(93,996)
Transfer from Stage 1 to Stage 3	7,610	–	(210,451)	(202,841)
Transfer from Stage 2 to Stage 1	(2)	51	–	49
Transfer from Stage 2 to Stage 3	–	43,997	(49,970)	(5,973)
Net decreases/(increases)	(9,412)	6,814	31,958	29,360
Write-offs	–	–	306,796	306,796
Recovered after written off	–	–	(45,694)	(45,694)
Changes in ECL measurement	(58,432)	(1,983)	(50,083)	(110,498)
Loss allowance as of December 31, 2023	(275,143)	(103,043)	(54,066)	(432,252)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(c) Loan receivables (Continued)

(ii) Loss allowance (Continued)

	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
Loss allowance as of January 1, 2022	(145,328)	(91,439)	(46,806)	(283,573)
Transfers:				
Transfer from Stage 1 to Stage 2	1,873	(53,781)	–	(51,908)
Transfer from Stage 1 to Stage 3	6,170	–	(208,570)	(202,400)
Transfer from Stage 2 to Stage 1	(5)	135	–	130
Transfer from Stage 2 to Stage 3	–	65,697	(77,357)	(11,660)
Net (increases)/decreases	(73,979)	21,125	43,726	(9,128)
Write-offs	–	–	330,149	330,149
Recovered after written off	–	–	(42,238)	(42,238)
Changes in ECL measurement	(7,664)	4,363	(35,526)	(38,827)
Loss allowance as of December 31, 2022	(218,933)	(53,900)	(36,622)	(309,455)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(c) Loan receivables (Continued)

(iii) Write-off policy

The Group writes off loan receivables, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity.

The Group may write off loan receivables that are still subject to enforcement activity.

(iv) Modification

The Group rarely modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. The Group considers the impact from such modification is not significant.

3.1.3 Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents or to adjust financing arrangements to meet the Group's liquidity requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Liquidity risk (Continued)

The Group analyses its non-derivative financial liabilities into relevant maturity grouping based on the remaining year at each reporting period end to the contractual maturity date. The amount disclosed in the table is the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As of December 31, 2023					
Trade payables	22,980,506	–	–	–	22,980,506
Payables to merchants	23,798,004	–	–	–	23,798,004
Advances from transacting users	8,547,635	–	–	–	8,547,635
Other payables and accruals (excluding non-financial liabilities items)	9,994,009	–	–	–	9,994,009
Borrowings	19,425,020	21,032	142,804	607,487	20,196,343
Notes payable	382,908	16,241,706	11,570,122	9,393,431	37,588,167
Lease liabilities	2,674,679	1,616,926	2,137,652	57,082	6,486,339
	87,802,761	17,879,664	13,850,578	10,058,000	129,591,003

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As of December 31, 2022					
Trade payables	17,379,302	–	–	–	17,379,302
Payables to merchants	12,432,342	–	–	–	12,432,342
Advances from transacting users	5,081,178	–	–	–	5,081,178
Other payables and accruals (excluding non-financial liabilities items)	8,670,816	–	–	–	8,670,816
Borrowings	17,606,781	48,646	1,429,772	203,699	19,288,898
Notes payable	376,524	376,524	27,081,556	9,502,326	37,336,930
Lease liabilities	2,401,405	1,603,042	1,817,984	59,477	5,881,908
	63,948,348	2,028,212	30,329,312	9,765,502	106,071,374

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

The Group's objectives when managing capital are to:

- Safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital (including share capital, share premium and shares held for shares award scheme) by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. In the opinion of the Directors of the Company, the Group's capital risk is low.

3.3 Fair value estimation

3.3.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining the fair values, the Group has classified its financial instruments into three levels prescribed under the accounting standards.

The Group analyses its financial instruments carried at fair values by level of the inputs to valuation techniques used to measure the fair values. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.1 Fair value hierarchy (Continued)

The following tables present the Group's assets and liabilities that are measured at fair value as of December 31, 2023 and 2022.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of December 31, 2023				
Financial assets				
Treasury investments at fair value through profit or loss (Note 21)	–	–	91,193,316	91,193,316
Treasury investments at fair value through other comprehensive income (Note 21)	–	7,963,958	12,630,261	20,594,219
Loan receivables at fair value through other comprehensive income (Note 22(a))	–	–	7,798,413	7,798,413
Other financial investments at fair value through profit or loss (Note 19)	–	–	18,481,104	18,481,104
Other financial investments at fair value through other comprehensive income (Note 20)	901,536*	–	1,413,000	2,314,536
	901,536	7,963,958	131,516,094	140,381,588
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	378,720	378,720

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.1 Fair value hierarchy (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of December 31, 2022				
Financial assets				
Treasury investments at fair value through profit or loss (Note 21)	–	–	77,845,116	77,845,116
Treasury investments at fair value through other comprehensive income (Note 21)	–	4,819,558	6,307,707	11,127,265
Loan receivables at fair value through other comprehensive income (Note 22(a))	–	–	7,124,305	7,124,305
Other financial investments at fair value through profit or loss (Note 19)	–	–	15,073,013	15,073,013
Other financial investments at fair value through other comprehensive income (Note 20)	908,865*	–	1,413,000	2,321,865
	908,865	4,819,558	107,763,141	113,491,564
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	100,000	100,000

* This presents investments in listed entities with observable quoted price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.2 Valuation techniques used to determine fair values

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to measure financial instruments of level 2 and level 3 include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The discounted cash flows model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- The latest round financing, i.e. the prior transaction price or the third-party pricing information; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There was no change to valuation techniques in use during the year ended December 31, 2023.

3.3.3 Fair value measurements using significant unobservable inputs (level 3)

The following tables present the movement of level 3 items which use significant unobservable inputs in determining their fair values for the years ended December 31, 2023 and 2022. The Group determines transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.3 Fair value measurements using significant unobservable inputs (level 3) (Continued)

	Treasury investments at fair value through profit or loss RMB'000	Treasury investments at fair value through other comprehensive income RMB'000	Loan receivables at fair value through other comprehensive income RMB'000	Other financial investments at fair value through profit or loss RMB'000	Other financial investments at fair value through other comprehensive income RMB'000	Financial liabilities at fair value through profit or loss RMB'000
As of January 1, 2023	77,845,116	6,307,707	7,124,305	15,073,013	1,413,000	100,000
Additions	109,851,696	10,887,755	126,392,046	3,568,111	–	278,720
Deductions	(100,219,456)	(5,001,192)	(125,627,921)	(85,065)	–	–
Transfers, net	–	–	–	(400,261)	–	–
Changes in fair values	3,384,290	383,190	(90,017)	234,227	–	–
Currency translation differences	331,670	52,801	–	91,079	–	–
As of December 31, 2023	91,193,316	12,630,261	7,798,413	18,481,104	1,413,000	378,720
Net unrealised gains/(losses) for the year	1,780,851	312,858	(90,017)	224,175	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.3 Fair value measurements using significant unobservable inputs (level 3) (Continued)

	Treasury investments at fair value through profit or loss RMB'000	Treasury investments at fair value through other comprehensive income RMB'000	Loan receivables at fair value through other comprehensive income RMB'000	Other financial investments at fair value through profit or loss RMB'000	Other financial investments at fair value through other comprehensive income RMB'000	Financial liabilities at fair value through profit or loss RMB'000
As of January 1, 2022	59,712,781	5,414,982	4,210,835	12,038,045	1,490,250	–
Additions	170,008,154	2,190,961	101,415,941	3,149,995	706,500	480,448
Deductions	(154,810,006)	(1,528,525)	(98,508,669)	(848,881)	–	(393,304)
Transfers, net	–	–	–	498,631	(783,750)	–
Changes in fair values	905,336	167,846	6,198	(194,580)	–	–
Currency translation differences	2,028,851	62,443	–	429,803	–	12,856
As of December 31, 2022	77,845,116	6,307,707	7,124,305	15,073,013	1,413,000	100,000
Net unrealised gains/(losses) for the year	316,697	105,721	6,198	(182,223)	–	–

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.4 Valuation process, inputs and relationships to fair value

The Group has a team that manages the valuation of financial instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair values of the Group's level 2 and level 3 instruments. External valuation experts will be involved when necessary.

The Group's level 3 instruments are listed in the table in Note 3.3.3. As these instruments are not traded in active markets, their fair values have been determined using various applicable valuation techniques, including discounted cash flows, market approach, etc.

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

	Fair values as of December 31,			Range of inputs as of December 31,		
Description	2023 RMB'000	2022 RMB'000	Unobservable inputs	2023	2022	Relationships of unobservable inputs to fair value
Other financial investments at fair value	19,894,104	16,486,013	Expected volatility	31%-65%	40%-65%	Note (i)
			Discount for lack of marketability ("DLOM")	15%-30%	20%-30%	The higher the DLOM, the lower the fair value
Treasury investments at fair value through profit or loss	91,193,316	77,845,116	Expected rate of return	0.00%-9.34%	-2.14%-6.30%	The higher the expected rate of return, the higher the fair value
Treasury investments at fair value through other comprehensive income	12,630,261	6,307,707	Expected rate of return	0.94%-4.17%	-3.75%-3.85%	The higher the expected rate of return, the higher the fair value
Loan receivables at fair value through other comprehensive income	7,798,413	7,124,305	Note (ii)	Note (ii)	Note (ii)	The higher the risk-adjusted discount rate, the lower the fair value
Financial liabilities at fair value through profit or loss	378,720	100,000	Note (iii)	Note (iii)	Note (iii)	Note (iii)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.4 Valuation process, inputs and relationships to fair value (Continued)

Note (i): Other financial investments at fair value

The unobservable inputs of expected volatility is used in the valuation of other financial investments at fair value. The relationship between them is uncertain.

Note (ii): Loan receivables at fair value through other comprehensive income

For loan receivables at fair value through other comprehensive income, the fair values are determined based on discounted cash flows model using unobservable discount rates that reflect credit risk and market risk.

Note (iii): Financial liabilities at fair value through profit or loss

In December 2022, the Group established and consolidated a limited partnership investment fund ("**the Fund**") with limited life. The Fund invested in private companies in the form of ordinary shares or preferred shares that are measured at fair value through profit or loss. The Group designates the returns to other limited partners as financial liabilities at fair value through profit or loss. These returns are calculated based on the fair value of underlying investments and the predetermined distribution mechanism of returns set out in the agreement of the Fund.

If the respective unobservable inputs of financial assets at fair value through profit or loss held by the Group had been 10% higher or lower, the aggregate profit before income tax for the year ended December 31, 2023 would have been approximately RMB59 million lower or RMB59 million higher (for the year ended December 31, 2022: RMB112 million lower or RMB116 million higher).

If the respective unobservable inputs of financial assets at fair value through other comprehensive income held by the Group had been 10% higher or lower, the aggregate other comprehensive income for the year ended December 31, 2023 would have been approximately RMB22 million higher or RMB17 million lower (for the year ended December 31, 2022: RMB8 million higher or RMB6 million lower).

The carrying amounts of the Group's financial assets and financial liabilities measured at amortised cost are approximate their fair values except for notes payable (Note 32).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgements in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experiences and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

4.1 Recoverability of goodwill

The Group tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.1.9(a). Management judgement is required in the area of non-financial asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) the selection of the most appropriate valuation technique, e.g. the market approach, the income approach, as well as a combination of approaches, including the adjusted net asset method; and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the revenue growth rate and gross margin, terminal growth rates and pre-tax discount rates assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statement. Management determined the recoverable amounts of these CGU or group of CGUs based on the higher of (i) their value in use ("**VIU**") and (ii) their fair value less costs of disposal, of which VIU is calculated based on discounted cash flows expected to be derived from the respective CGU or group of CGUs. The calculations use cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using the estimated growth rates stated in Note 16.

Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in Note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.2 Incentives

As disclosed in Note 2.1.16(c), all incentives provided to customers from an accounting perspective are recorded as a reduction of revenue if there is no exchange of a distinct good or service to the Group or the fair value of the good and service received cannot be reasonably estimated, to the extent of the revenue earned from that customer on a transaction by transaction basis. For certain other incentives, management judgement is required to determine whether the incentives are in substance payments on behalf of customers and should therefore be recorded as a reduction of revenue or selling and marketing expenses. Some of the factors considered in management's evaluation if such incentives are in substance payments on behalf of customers include whether the incentives are provided at the Group's discretion and the objectives, business strategy and design of the incentive programmes.

4.3 Principal versus agent considerations

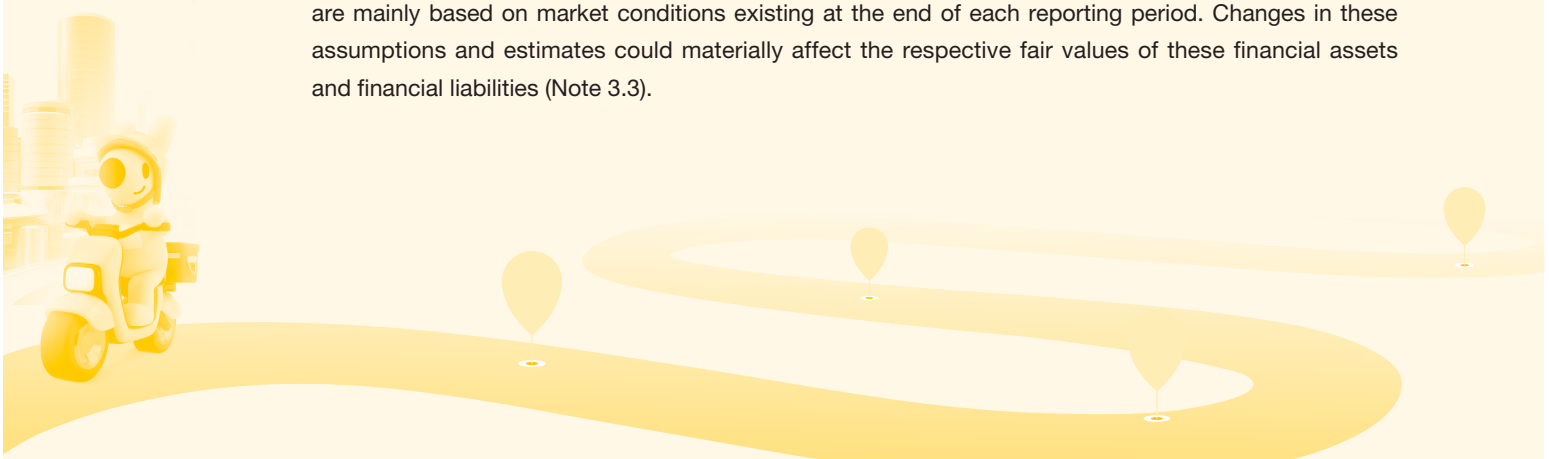
Determining whether the Group is acting as a principal or as an agent in the provision of certain goods or services to its customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or an agent, the Group considers, individually or in combination, whether the Group controls the specified good or service before it (i) is transferred to the customer, (ii) is primarily responsible for fulfilling the contract, (iii) is subject to inventory risk, and (iv) has discretion in establishing prices.

4.4 Recognition of share-based compensation expenses

As mentioned in Note 2.1.15, the Group set up the Pre-IPO ESOP, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme and granted RSUs and share options to employees and other qualified participants. The fair value of the RSUs is determined by reference to the grant-date market price of the ordinary shares. Forfeitures are estimated based on historical experience and are periodically reviewed. Where the actual forfeitures differ from the initial estimate, such difference will impact the share-based compensation expenses in subsequent periods.

4.5 Estimation of the fair values of financial assets and financial liabilities

The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Group uses its judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair values of these financial assets and financial liabilities (Note 3.3).



4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.6 Loss allowance for financial and contract assets arising from credit risk

The loss allowance for financial and contract assets arising from credit risk is based on assumptions about risk of defaults and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the loss allowance calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1.2.

4.7 Current and deferred income tax

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences or tax losses are recognised when management considers that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different from management's estimation.

4.8 Presentation and measurement of investments in associates

The Group made certain investments in the form of convertible redeemable preferred shares or ordinary shares with preferential rights of investee companies. As the Group has significant influence on these investee companies, judgement is required in determining whether these investments are in substance existing ownership interests. If not, they should be measured at fair value through profit or loss. Different conclusions around these judgements may affect how these investments presented and measured in the consolidated statement of financial position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.9 Scope of consolidation

Consolidation is required only if control exists. The Group controls an investee when it has all the following: (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. Power results from rights that can be straightforward through voting rights or complicated in contractual arrangements. Variable returns are returns that are not fixed and have the potential to vary as a result of the performance of an investee. These three factors cannot be considered in isolation by the Group in its assessment of control over an investee. Where the factors of control are not apparent, significant judgement is applied in the assessment, which is based on an overall analysis of all of the relevant facts and circumstances.

The Group is required to reassess whether it controls the investee if facts and circumstances indicate a change to one or more of the three factors of control.

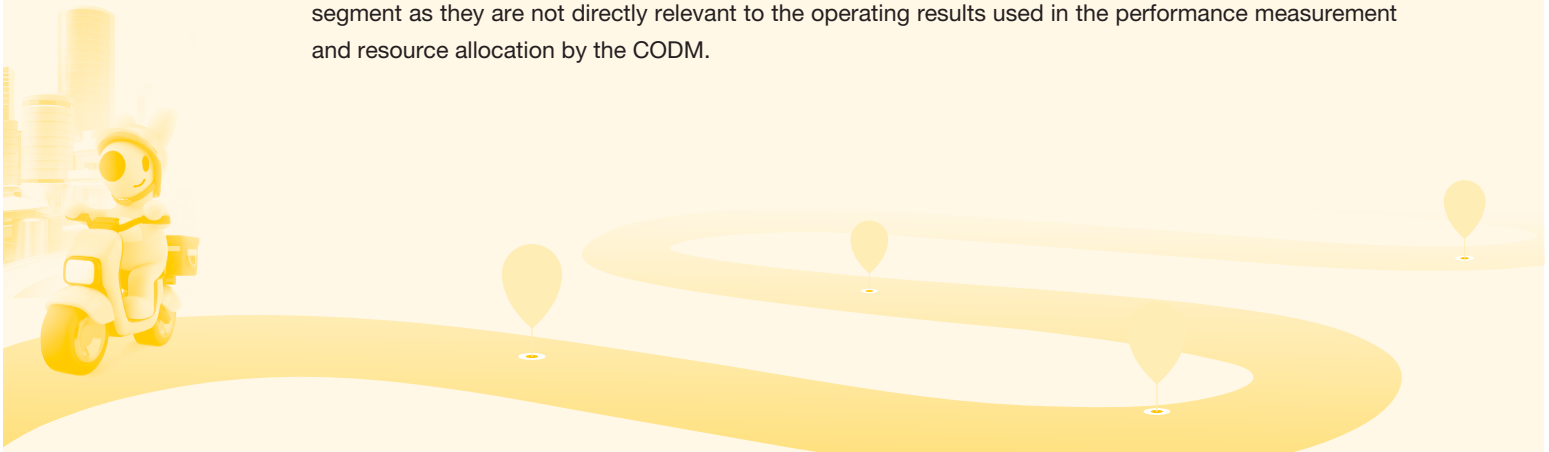
5 SEGMENT REPORTING

5.1 Description of segments and principal activities

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, mainly includes the executive Directors of the Company that make strategic decisions. The Group evaluated its operating segments separately or aggregately, and determined that it has reportable segments as follows.

The CODM assesses the performance of the operating segments mainly based on revenues and operating profit or loss of each operating segment. Thus, segment result would present revenues, cost of revenues and operating expenses, and operating profit or loss for each segment, which is in line with CODM's performance review. There were no material inter-segment sales during the years ended December 31, 2023 and 2022.

The revenues from customers reported to CODM are measured as revenues in each segment. The operating profit or loss in each segment reported to CODM are measured as cost of revenues and operating expenses deducted from its revenues. Certain unallocated items are not allocated to each segment as they are not directly relevant to the operating results used in the performance measurement and resource allocation by the CODM.



5 SEGMENT REPORTING *(Continued)*

5.1 Description of segments and principal activities *(Continued)*

Core local commerce

The Core local commerce segment includes food delivery, Meituan Instashopping, in-store services, and hotel & travel related businesses. The food delivery and Meituan Instashopping businesses primarily help consumers place orders of food and grocery prepared by merchants through the Group's online tools, mainly various of mobile apps, and offers On-demand Delivery services. The in-store, hotel & travel related businesses primarily help consumers purchase local consumer services provided by merchants in numerous in-store categories or make reservations for hotels, attraction ticketing and transportation ticketing. Revenues from the Core local commerce segment primarily consist of (a) delivery services from both merchants and consumers; (b) commission from technology service charged to merchants and third-party agent partners; and (c) online marketing services in various formats provided to merchants. The cost of revenues and operating expenses for the Core local commerce segment primarily consist of (a) delivery related costs; (b) promotion, advertising and user incentives; and (c) employee benefits expenses.

New initiatives

The Group continually develops various New initiatives, including Meituan Select, Xiaoxiang Supermarket, B2B food distribution etc., to satisfy consumers' diverse needs in different consumption scenarios. Revenues from the New initiatives segment primarily consist of (a) sales of goods primarily from B2B food distribution and Xiaoxiang Supermarket; and (b) various services rendered by various businesses such as Meituan Select, bike sharing, e-moped sharing, power banks and micro-credit. The cost of revenues and operating expenses for the New initiatives segment primarily consist of (a) transaction costs; (b) other outsourcing costs; (c) employee benefits expenses; and (d) promotion, advertising and user incentives.

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use such information to allocate resources to or to evaluate the performance of the operating segments.

The Group's revenues are mainly generated in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

5 SEGMENT REPORTING *(Continued)*

5.1 Description of segments and principal activities *(Continued)*

The segment information provided to the Group's CODM for the reportable segments for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023			
	Core local commerce RMB'000	New initiatives RMB'000	Unallocated items* RMB'000	Total RMB'000
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

5 SEGMENT REPORTING *(Continued)*

5.1 Description of segments and principal activities *(Continued)*

	Year ended December 31, 2022			
	Core local commerce RMB'000	New initiatives RMB'000	Unallocated items* RMB'000	Total RMB'000
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)

* 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.

There is no concentration risk as no revenue from a single external customer was more than 10% of the Group's total revenues for the years ended December 31, 2023 and 2022.

The reconciliation from operating profit/(loss) to profit/(loss) before income tax for the years ended December 31, 2023 and 2022 is shown in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

5 SEGMENT REPORTING *(Continued)*

5.2 Segment assets

As of December 31, 2023 and 2022, substantially all of the non-current assets of the Group were located in the PRC.

6 REVENUES BY TYPE

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Delivery services	**82,190,980**	70,063,908
Commission	**76,688,543**	56,509,699
Online marketing services	**40,513,216**	30,768,590
Other services and sales (including interest revenue)	**77,352,215**	62,612,751
	276,744,954	219,954,948

Further analysis of revenue disaggregation is included in Note 5.

7 EXPENSES BY NATURE

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Delivery related costs	**90,744,081**	80,189,722
Employee benefits expenses (Note 8)	**43,094,011**	41,619,666
Transaction costs (Note (i))	**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 (Note 15)	**7,687,823**	9,194,580
Amortisation of intangible assets (Note 16)	**308,934**	535,734
Auditor's remuneration		
– Audit and audit-related services	**32,197**	41,402
– Non-audit services	**2,434**	11,264

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

8 EMPLOYEE BENEFITS EXPENSES

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Wages, salaries and bonuses	**27,164,687**	25,512,956
Share-based compensation expenses (Note 33)	**8,383,353**	8,742,962
Other employee benefits	**4,645,325**	4,635,100
Pension costs – defined contribution plans (Note (i))	**2,900,646**	2,728,648
	43,094,011	41,619,666

Note (i): Pension costs – defined contribution plans

Employees of the Group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the governmental authorities. The Group contributes funds which are calculated on certain percentages of the employees' salary subject to certain ceilings imposed by governmental authorities to each scheme locally.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

8 EMPLOYEE BENEFITS EXPENSES *(Continued)*

(a) Share-based compensation expenses have been charged to the consolidated income statement as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Cost of revenues	**305,253**	258,405
Selling and marketing expenses	**1,229,818**	1,294,780
Research and development expenses	**4,753,890**	4,637,634
General and administrative expenses	**2,094,392**	2,552,143
	8,383,353	8,742,962

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group do not include any Director for the year ended December 31, 2023 (2022: None). All of these individuals have not received any emolument from the Group as an inducement to join or upon joining the Group or compensation for loss of office during the years ended December 31, 2023 and 2022. The emoluments to the five highest paid individuals for the years ended December 31, 2023 and 2022 are as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Basic salaries	**17,307**	18,400
Bonuses	**1,360**	–
Pension costs and other employee benefits	**561**	574
Share-based compensation expenses	**502,347**	512,967
	521,575	531,941

8 EMPLOYEE BENEFITS EXPENSES *(Continued)*

(b) Five highest paid individuals *(Continued)*

The emoluments fell within the following bands:

	Number of individuals Year ended December 31,	
	2023	2022
Emolument bands (in HK dollar)		
HK$57,500,001 – HK$58,000,000	**–**	1
HK$71,000,001 – HK$71,500,000	**1**	–
HK$83,500,001 – HK$84,000,000	**1**	–
HK$106,000,001 – HK$106,500,000	**1**	–
HK$111,000,001 – HK$111,500,000	**–**	1
HK$120,000,001 – HK$120,500,000	**–**	1
HK$140,500,001 – HK$141,000,000	**–**	1
HK$142,000,001 – HK$142,500,000	**1**	–
HK$165,500,001 – HK$166,000,000	**–**	1
HK$172,000,001 – HK$172,500,000	**1**	–
	5	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

8 EMPLOYEE BENEFITS EXPENSES *(Continued)*

(c) Directors' and chief executive's emoluments

The emoluments of Directors and the chief executive is set out below:

For the year ended December 31, 2023:

Name	Fees RMB'000	Basic salaries RMB'000	Bonuses RMB'000	Pension costs and other employee benefits RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Wang Xing	–	5,040	–	170	–	5,210
Mu Rongjun	–	4,080	–	170	3,635	7,885
Wang Huiwen	374	375	–	46	–	795
Neil Nanpeng Shen	–	–	–	–	–	–
Orr Gordon Robert Halyburton	500	–	–	–	1,030	1,530
Shum Heung Yeung Harry	500	–	–	–	1,030	1,530
Leng Xuesong	500	–	–	–	1,030	1,530
Yang Marjorie Mun Tak	127	–	–	–	1,277	1,404
	2,001	9,495	–	386	8,002	19,884

For the year ended December 31, 2022:

Name	Fees RMB'000	Basic salaries RMB'000	Bonuses RMB'000	Pension costs and other employee benefits RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Wang Xing	–	5,040	–	157	–	5,197
Mu Rongjun	–	4,080	–	157	7,379	11,616
Wang Huiwen	–	1,508	–	157	–	1,665
Lau Chi Ping Martin	–	–	–	–	–	–
Neil Nanpeng Shen	–	–	–	–	–	–
Orr Gordon Robert Halyburton	500	–	–	–	776	1,276
Shum Heung Yeung Harry	500	–	–	–	776	1,276
Leng Xuesong	500	–	–	–	776	1,276
	1,500	10,628	–	471	9,707	22,306

8 EMPLOYEE BENEFITS EXPENSES *(Continued)*

(c) Directors' and chief executive's emoluments *(Continued)*

(i) Directors' termination benefits

No Directors' termination benefits subsisted at the end of the years or at any time during the years ended December 31, 2023 and 2022.

(ii) Consideration provided to or receivable by third parties for making available Directors' services

No consideration provided to or receivable by third parties for making available Directors' services subsisted at the end of the years or at any time during the years ended December 31, 2023 and 2022.

(iii) Information about loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors

There were no loans, quasi-loans and other dealings in favour of Directors, their controlled bodies corporate and connected entities subsisted at the end of the years or at any time during the years ended December 31, 2023 and 2022.

(iv) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended December 31, 2023 and 2022.

(v) Waiver of Directors' emoluments

None of the Directors waived or have agreed to waive any emoluments during the years ended December 31, 2023 and 2022.

(vi) Mr. Lau Chi Ping Martin, who has served as a member of the board of directors of the Company since October 2017, has resigned as a non-executive director with effect from November 16, 2022.

(vii) Mr. Wang Huiwen has redesignated from an executive Director to a non-executive Director with effect from March 25, 2023, and has resigned as a non-executive Director with effect from June 26, 2023.

(viii) Ms. Yang Marjorie Mun Tak was appointed as an independent non-executive Director on June 30, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

9 OTHER GAINS, NET

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Fair value changes and gains of treasury investments	**4,108,802**	1,442,083
Subsidies and tax preference (Note (i))	**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

Note (i): Taxpayers in industries of postal services, telecommunication services and modern services are allowed to enjoy an additional 5% and taxpayers in industries of consumer services are allowed to enjoy an additional 10% input VAT super-credit against their VAT payable for the year ended December 31, 2023 (2022: 10% and 15%, respectively). Such input VAT super-credit treatment was recorded as "Other gains, net". For the years ended December 31, 2023 and 2022, the Group recognised a gain of RMB1,392 million and RMB1,604 million, respectively.

10 FINANCE INCOME/(COSTS)

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	**818,986**	657,908
Finance costs		
Interest expenses on bank borrowings and notes payable	**(1,163,175)**	(1,317,132)
Interest in respect of lease liabilities	**(260,678)**	(266,053)
Others	**(1,304)**	(45,640)
Total	**(1,425,157)**	(1,628,825)

11 SUBSIDIARIES

The Company's major subsidiaries (including directly held and indirectly held, collectively controlled, and structured entities) for the years ended December 31, 2023 and 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name	Place of incorporation/ establishment and kind of legal entity	Particulars of issued capital	Effective interests held (Note (i)) As of December 31, 2023	2022	Principal activities and place of operation
Directly held:					
Inspired Elite Investments Limited	The British Virgin Islands, limited liability company	USD50,000	100%	100%	Investment holding in The British Virgin Islands
Indirectly held:					
Beijing Sankuai Online Technology Co., Ltd.	Beijing, the PRC, limited liability company	USD5,045,770,000	100%	100%	E-commerce service platform in the PRC
Hanhai Information Technology (Shanghai) Co., Ltd.	Shanghai, the PRC, limited liability company	USD495,000,000	100%	100%	Multimedia information technology services in the PRC
Xiamen Sankuai Online Technology Co., Ltd.	Xiamen, the PRC, limited liability company	USD549,049,120	100%	100%	E-commerce service platform in the PRC
Shanghai Sankuai Zhisong Technology Co., Ltd.	Shanghai, the PRC, limited liability company	USD320,000,000	100%	100%	Delivery services in the PRC
Chongqing Meituan Sankuai Micro-credit Co., Ltd.	Chongqing, the PRC, limited liability company	RMB7,500,000,000	100%	100%	Micro-credit business in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

11 SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ establishment and kind of legal entity	Particulars of issued capital	Effective interests held (Note (i)) As of December 31, 2023	2022	Principal activities and place of operation
Structured entities (Note (ii)):					
Beijing Sankuai Technology Co., Ltd.	Beijing, the PRC, limited liability company	RMB5,480,000,000	100%	100%	E-commerce service platform in the PRC
Shanghai Sankuai Technology Co., Ltd.	Shanghai, the PRC, limited liability company	RMB5,000,000	100%	100%	Online retail platform in the PRC
Beijing Sankuai Cloud Computing Co., Ltd.	Beijing, the PRC, limited liability company	RMB870,000,000	100%	100%	Cloud computing in the PRC
Shanghai Hantao Information Consultancy Co., Ltd.	Shanghai, the PRC, limited liability company	RMB10,000,000	100%	100%	Merchant information advisory services in the PRC

Note (i): The Effective interests held by the Group have no changes since January 1, 2024 until the reporting date.

Note (ii): The Company does not have directly or indirectly legal ownership in equity of structured entities or their subsidiaries. Nevertheless, under certain contractual arrangements entered into with these structured entities and their registered owners, the Company and its legally owned subsidiaries have rights to exercise power over these structured entities, to receive variable returns from their involvement in these structured entities, and have the ability to affect those returns through their power over these structured entities. As a result, the Company is able to control these structured entities or their subsidiaries and therefore consolidated these entities.

Due to the implementation of the shares award scheme of the Group mentioned in Note 2.2.1, a structured entity ("**Share Scheme Trust**") has been set up. The principal activities of Share Scheme Trust is administering and holding the Company's shares issued for Post-IPO Share Award Scheme. As the Company has the power to govern the financial and operating policies of the Share Scheme Trust and can derive benefits from the contributions of the eligible persons who are awarded with the shares by the schemes, the Directors of the Company consider that it is appropriate to consolidate the Share Scheme Trust.

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Associates (a)	**18,289,183**	16,568,451
Joint ventures	**–**	13,930
	18,289,183	16,582,381

As of December 31, 2023, investments in associates with aggregated balance of RMB14,861 million were denominated in USD (as of December 31, 2022: RMB13,225 million), and remainder balances were denominated in RMB.

(a) Investments in associates accounted for using the equity method

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Investments in associates		
– listed entities	**16,321,321**	14,651,457
– unlisted entities	**1,967,862**	1,916,994
	18,289,183	16,568,451

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(a) Investments in associates accounted for using the equity method *(Continued)*

The quoted fair value of the investments in listed entities was RMB36,429 million and RMB20,719 million as of December 31, 2023 and 2022, respectively.

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**16,568,451**	13,856,036
Business combination	**30,411**	–
Other additions	**2,687**	100,000
Transfers, net	**–**	1,009,246
Dilution gains (Note (i))	**89,123**	214,521
Dividends from associates	**(28,416)**	(47,029)
Share of profits of investments accounted for using the equity method	**1,227,019**	35,848
Share of other changes in equity	**368,098**	334,060
Impairment provision (Note (ii))	**(185,564)**	–
Currency translation differences	**217,374**	1,065,769
At the end of the year	**18,289,183**	16,568,451

Note (i): Dilution gains mainly comprised gains on dilution of the Group's equity interests in Li Auto Inc. due to its issuance of additional shares in 2023 and 2022.

Note (ii): During the year ended December 31, 2023, the Group identified indications that investments in associates may be impaired with significant or prolonged declines in values of the associate, mainly due to the adverse financial and business outlook of the associate. The Group carried out impairment assessment and determined the respective recoverable amount with reference to the higher of value in use and fair value less cost of disposal. The calculation of discounted cash flow was based on cash flow projected by management and pre-tax discount rate applied to the estimated cash flow projection.

Particulars of a material associate of the Group, as determined by the Directors, are set out below:

Name of entity	Place of incorporation	Number of shares held	Interest held indirectly	Principal activities/ place of operation
Li Auto Inc.	Cayman Islands	258,171,601	13.01%	new energy vehicles manufacturer/PRC

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(a) Investments in associates accounted for using the equity method *(Continued)*

Except for Li Auto Inc., the Directors of the Company considered that there was no other individual investment which was determined as a material associate as of December 31, 2023. There were no individually material associates that were accounted for using the equity method as of December 31, 2022.

Set out below are the summarised financial information of Li Auto Inc. extracted from its financial statements prepared under US Generally Accepted Accounting Principles ("**US GAAP**"). They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	As of/Year ended December 31, 2023 RMB'000
Summarised consolidated statements of comprehensive income	
Revenues	123,851,332
Net income	11,809,125
Total comprehensive income	11,778,359
Summarised consolidated balance sheet	
Current assets	114,525,584
Non-current assets	28,941,887
Current liabilities	72,742,709
Non-current liabilities	10,149,540
Reconciliation to carrying amounts:	
Li Auto Inc. shareholders' equity	60,142,624
Group's share in %	13.01%
Group's share in RMB	7,825,526
Goodwill and others	6,116,757
Carrying amount	13,942,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(a) Investments in associates accounted for using the equity method *(Continued)*

As of December 31, 2023, the fair value of this investment was RMB34,221 million.

There were no dividends received from Li Auto Inc. during the year ended December 31, 2023.

There were no material contingent liabilities relating to the Group's interests in the associates accounted for using the equity method.

Aggregated amount of the Group's share of profits of individually immaterial associates accounted for using the equity method is as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
– Profit from operations	**98,462**	35,848
– Other comprehensive income	**10,807**	81,961
	109,269	117,809

13 TAXATION

(a) Value Added Tax

The Group is mainly subject to VAT rate of 6% for services revenues or 13% for revenues of inventories sales, and relevant surcharges on VAT payments according to mainland China tax law.

(b) Income tax

Cayman Islands

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on their income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

13 TAXATION *(Continued)*

(b) Income tax *(Continued)*

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in the British Virgin Islands are not subject to tax on their income or capital gains. Additionally, the British Virgin Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

*Mainland China corporate income tax ("**CIT**")*

CIT provision was made on the estimated assessable profit of entities within the Group incorporated in mainland China and was calculated in accordance with the relevant regulations of mainland China after considering the available tax benefits from refunds and allowances. The general mainland China CIT rate was 25% for the years ended December 31, 2023 and 2022.

Certain subsidiaries of the Group in mainland China are subject to "high and new technology enterprises", whose preferential income tax rate was 15% for the years ended December 31, 2023 and 2022. Moreover, a subsidiary which was entitled to the preferential policy of "2-year exemption and 3-year half rate concession", applied a preferential income tax rate of 12.5% for the year ended December 31, 2022. Certain mainland China subsidiaries located in western region and engaged in certain encouraged industries were eligible for a preferential income tax rate of 15% for the years ended December 31, 2023 and 2022. In addition, certain mainland China subsidiaries of the Group are subject to "small and thin-profit enterprises" under the CIT Law, whose preferential income tax rate was 20% for the years ended December 31, 2023 and 2022.

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For the year ended December 31, 2023

13 TAXATION *(Continued)*

(b) Income tax *(Continued)*

Withholding tax on undistributed dividends

Pursuant to the CIT Law, a 10% withholding tax is levied on dividends declared by companies established in mainland China to foreign investors effective from January 1, 2008. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between mainland China and the jurisdiction of the foreign investors. However, the 5% withholding tax rate does not automatically apply and certain requirements must be satisfied.

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Current income tax expenses	**(388,300)**	(377,248)
Deferred income tax credits (Note 18)	**223,763**	447,442
Total income tax (expenses)/credits	**(164,537)**	70,194

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended December 31, 2023 and 2022, being the tax rate of the major subsidiaries of the Group.

13 TAXATION *(Continued)*

(b) Income tax *(Continued)*

The difference is analysed as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Profit/(loss) before income tax	**14,021,868**	(6,755,517)
Tax calculated at statutory income tax rate of 25% in mainland China	**(3,505,467)**	1,688,879
Tax effects of:		
– Different tax rates available to different jurisdictions	**227,858**	20,958
– Preferential income tax rates applicable to subsidiaries	**708,080**	(1,459,002)
– Non-deductible expenses and non-taxable income, net	**86,758**	(229,507)
– Super deduction for research and development expenses	**1,874,565**	1,531,731
– Tax losses utilised from previous periods/(for which no deferred income tax assets was recognised), net	**850,268**	(924,393)
– Other temporary differences for which no deferred income tax assets was recognised, net	**(332,021)**	(559,946)
– Withholding tax	**(35,981)**	81,357
– Others	**(38,597)**	(79,883)
Total income tax (expenses)/credits	**(164,537)**	70,194

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For the year ended December 31, 2023

13 TAXATION *(Continued)*

(b) **Income tax *(Continued)***

OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted or substantively enacted in certain jurisdictions the Group operates (e.g. South Korea, the Netherlands, Italy and Japan). The legislation will come into effect from January 1, 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure for the reporting period. The Group applies the temporary exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the Group is liable to Pillar Two income taxes from the constituent entities in these jurisdictions where the Pillar Two effective tax rate is below 15%. The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculating Global Anti-Base Erosion Rules ("**GloBE**") income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists to assist it with applying the legislation.

14 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)

14 EARNINGS/(LOSS) PER SHARE *(Continued)*

(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)

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For the year ended December 31, 2023

15 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment RMB'000	Bikes and electric mopeds RMB'000	Assets under construction RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2023						
Cost	12,166,263	9,391,090	1,250,535	15,227,521	3,204,135	41,239,544
Accumulated depreciation and impairment	(7,214,796)	(6,683,432)	(86,840)	(3,583,263)	(1,469,954)	(19,038,285)
Net book amount	4,951,467	2,707,658	1,163,695	11,644,258	1,734,181	22,201,259
For the year ended December 31, 2023						
Opening net book amount	4,951,467	2,707,658	1,163,695	11,644,258	1,734,181	22,201,259
Additions	4,687,246	–	3,436,946	4,470,507	324,094	12,918,793
Transfers	3,073	1,926,883	(2,749,866)	–	819,910	–
Disposals	(67,172)	(166,068)	(82,288)	(854,275)	(109,049)	(1,278,852)
Depreciation charges	(1,704,625)	(2,329,820)	–	(2,881,187)	(913,667)	(7,829,299)
Impairment charges	(1,447)	–	(5,857)	–	(26,884)	(34,188)
Currency translation differences	19	–	–	113	–	132
Ending net book amount	7,868,561	2,138,653	1,762,630	12,379,416	1,828,585	25,977,845
As of December 31, 2023						
Cost	16,194,832	8,826,992	1,770,228	16,963,677	3,977,767	47,733,496
Accumulated depreciation and impairment	(8,326,271)	(6,688,339)	(7,598)	(4,584,261)	(2,149,182)	(21,755,651)
Net book amount	7,868,561	2,138,653	1,762,630	12,379,416	1,828,585	25,977,845

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Computer equipment RMB'000	Bikes and electric mopeds RMB'000	Assets under construction RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2022						
Cost	8,975,712	12,385,280	943,000	13,568,495	2,036,595	37,909,082
Accumulated depreciation and impairment	(5,082,724)	(6,952,738)	(524)	(2,168,516)	(890,334)	(15,094,836)
Net book amount	3,892,988	5,432,542	942,476	11,399,979	1,146,261	22,814,246
For the year ended December 31, 2022						
Opening net book amount	3,892,988	5,432,542	942,476	11,399,979	1,146,261	22,814,246
Additions	3,364,983	–	2,742,454	3,151,048	381,877	9,640,362
Transfers	5,386	1,141,483	(2,235,833)	–	1,088,964	–
Disposals	(21,269)	(304,029)	(199,086)	(185,258)	(128,658)	(838,300)
Depreciation charges	(2,290,456)	(3,562,338)	–	(2,721,496)	(737,416)	(9,311,706)
Impairment charges	(165)	–	(86,316)	–	(16,847)	(103,328)
Currency translation differences	–	–	–	(15)	–	(15)
Ending net book amount	4,951,467	2,707,658	1,163,695	11,644,258	1,734,181	22,201,259
As of December 31, 2022						
Cost	12,166,263	9,391,090	1,250,535	15,227,521	3,204,135	41,239,544
Accumulated depreciation and impairment	(7,214,796)	(6,683,432)	(86,840)	(3,583,263)	(1,469,954)	(19,038,285)
Net book amount	4,951,467	2,707,658	1,163,695	11,644,258	1,734,181	22,201,259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation charges were expensed or capitalised in the following categories in the consolidated income statement or the consolidated statement of financial position respectively:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Cost of revenues	**5,268,327**	6,916,879
Selling and marketing expenses	**1,499,261**	1,166,851
Research and development expenses	**592,405**	604,034
General and administrative expenses	**327,830**	506,816
Assets under construction	**141,476**	117,126
	7,829,299	9,311,706

(a) Leases

The carrying amounts of right-of-use assets by category are as follows:

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Land use rights	**6,579,764**	6,538,425
Offices	**4,043,206**	3,149,108
Others	**1,756,446**	1,956,725
	12,379,416	11,644,258

The consolidated financial statements shows the following amounts relating to leases:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Depreciation charges of right-of-use assets	**2,881,187**	2,721,496
Interest expenses (included in finance costs)	**260,678**	266,053

16 INTANGIBLE ASSETS

	Goodwill RMB'000	Other intangible assets arising from business combinations RMB'000	Software and others RMB'000	Total RMB'000
As of January 1, 2023				
Cost	27,975,138	7,730,260	2,016,238	37,721,636
Accumulated amortisation and impairment	(201,587)	(4,960,070)	(1,917,004)	(7,078,661)
Net book amount	27,773,551	2,770,190	99,234	30,642,975
For the year ended December 31, 2023				
Opening net book amount	27,773,551	2,770,190	99,234	30,642,975
Additions	–	1,631	63,245	64,876
Amortisation charges	–	(246,190)	(63,714)	(309,904)
Ending net book amount	27,773,551	2,525,631	98,765	30,397,947
As of December 31, 2023				
Cost	27,975,138	7,731,891	2,066,631	37,773,660
Accumulated amortisation and impairment	(201,587)	(5,206,260)	(1,967,866)	(7,375,713)
Net book amount	27,773,551	2,525,631	98,765	30,397,947

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

16 INTANGIBLE ASSETS *(Continued)*

	Goodwill RMB'000	Other intangible assets arising from business combinations RMB'000	Software and others RMB'000	Total RMB'000
As of January 1, 2022				
Cost	27,932,090	7,714,630	1,956,232	37,602,952
Accumulated amortisation and impairment	(201,587)	(4,488,698)	(1,863,853)	(6,554,138)
Net book amount	27,730,503	3,225,932	92,379	31,048,814
For the year ended December 31, 2022				
Opening net book amount	27,730,503	3,225,932	92,379	31,048,814
Additions	43,048	15,630	71,217	129,895
Amortisation charges	–	(471,372)	(64,362)	(535,734)
Ending net book amount	27,773,551	2,770,190	99,234	30,642,975
As of December 31, 2022				
Cost	27,975,138	7,730,260	2,016,238	37,721,636
Accumulated amortisation and impairment	(201,587)	(4,960,070)	(1,917,004)	(7,078,661)
Net book amount	27,773,551	2,770,190	99,234	30,642,975

16 INTANGIBLE ASSETS *(Continued)*

Amortisation charges were expensed or capitalised in the following categories in the consolidated income statement or the consolidated statement of financial position respectively:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Cost of revenues	**60,759**	159,683
Selling and marketing expenses	**44,164**	170,591
Research and development expenses	**30,464**	28,073
General and administrative expenses	**173,547**	177,387
Assets under construction	**970**	–
	309,904	535,734

Impairment of goodwill

Management reviews the business performance based on type of business and monitors the goodwill at the CGU level. The following is a summary of goodwill allocation for CGUs:

Year ended December 31, 2023	**Opening RMB'000**	**Additions RMB'000**	**Ending RMB'000**
Food delivery	**4,845,229**	**–**	**4,845,229**
In-store, hotel & travel	**18,950,647**	**–**	**18,950,647**
Bike sharing and e-moped sharing services	**3,707,427**	**–**	**3,707,427**
Other CGUs	**270,248**	**–**	**270,248**
	27,773,551	**–**	**27,773,551**

Year ended December 31, 2022	Opening RMB'000	Additions RMB'000	Ending RMB'000
Food delivery	4,845,229	–	4,845,229
In-store, hotel & travel	18,950,647	–	18,950,647
Bike sharing and e-moped sharing services	3,707,427	–	3,707,427
Other CGUs	227,200	43,048	270,248
	27,730,503	43,048	27,773,551

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For the year ended December 31, 2023

16 INTANGIBLE ASSETS *(Continued)*

Impairment of goodwill *(Continued)*

The goodwill balance mainly arose from the strategic transaction of Meituan and Dianping and business combination of Mobike. Goodwill is attributable to the acquired transacting volume and economies of scale expected to be derived from combining with the operations of the Group.

The Group carries out its annual impairment test on goodwill by comparing the recoverable amounts of CGU to the carrying amounts. The recoverable amount of a CGU was determined based on value-in-use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period with a terminal value related to the future cash flows extrapolated using the estimated growth rates stated below beyond the 5-year period. The Group believes that it is appropriate to cover a 5-year period in its cash flow projections, because it captures the development stage of the Group's businesses during which the Group expects to experience a high growth rate. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. The management leveraged their extensive experiences in the industries and provided forecast based on past performance and their expectation of future business plans and market developments.

Impairment review on the goodwill of the Group has been conducted by the management as of December 31, 2023 and 2022, according to IAS 36 "Impairment of assets".

The key assumptions used in the value-in-use calculations for significant group of CGUs allocated with goodwill are as follows:

As of December 31, 2023	Food delivery	In-store, hotel & travel	Bike sharing and e-moped sharing services
Annual revenue growth rate for 5-year period	3%-15%	3%-33%	1%-9%
Gross margin	28%	84%	28%-36%
Terminal revenue growth rate	2.5%	2.5%	2.5%
Pre-tax discount rate	26%	26%	25%

16 INTANGIBLE ASSETS *(Continued)*

Impairment of goodwill *(Continued)*

As of December 31, 2022	Food delivery	In-store, hotel & travel	Bike sharing and e-moped sharing services
Annual revenue growth rate for 5-year period	3%-16%	3%-28%	11%-12%
Gross margin	25%	85%	24%-42%
Terminal revenue growth rate	3.0%	3.0%	3.0%
Pre-tax discount rate	26%	26%	28%

The budgeted gross margin used in the goodwill impairment testing are determined by the management based on past performance and its expectation for market development. The expected revenue growth rates are following the business plan approved by the Group. Pre-tax discount rates reflect market assessments of the time value and the specific risks relating to the industry.

Other CGUs cover the business of RMS, micro-credit business and Meituan Instashopping. As of December 31, 2023 and 2022, the pre-tax discount rates used in the impairment testing for other CGUs were from 21% to 30% and 20% to 29%, while the terminal revenue growth rate were 2.5% and 3.0%.

Management had not identified any reasonably possible change in key assumptions that could cause carrying amounts of CGUs to exceed the recoverable amounts.

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Note	As of December 31, 2023 RMB'000	2022 RMB'000
Assets as per consolidated statement of financial position			
Financial assets at fair value through profit or loss:			
– Treasury investments at fair value through profit or loss	21	**91,193,316**	77,845,116
– Other financial investments at fair value through profit or loss	19	**18,481,104**	15,073,013
		109,674,420	92,918,129

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17 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

	Note	As of December 31, 2023 RMB'000	2022 RMB'000
Financial assets at fair value through other comprehensive income:			
– Treasury investments at fair value through other comprehensive income	21	**20,594,219**	11,127,265
– Loan receivables at fair value through other comprehensive income	22(a)	**7,798,413**	7,124,305
– Other financial investments at fair value through other comprehensive income	20	**2,314,536**	2,321,865
		30,707,168	20,573,435
Financial assets at amortised cost:			
– Trade receivables	24	**2,742,999**	2,052,731
– Prepayments, deposits and other assets (excluding non-financial assets items)	22	**5,947,057**	6,287,829
– Treasury investments at amortised cost	21	**8,560,286**	11,014,947
– Restricted cash	25(b)	**19,373,229**	14,605,601
– Cash and cash equivalents	25(a)	**33,339,754**	20,158,606
		69,963,325	54,119,714
Liabilities as per consolidated statement of financial position			
Financial liabilities at fair value through profit or loss		**378,720**	100,000
Financial liabilities at amortised cost:			
– Trade payables	29	**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 (excluding non-financial liabilities items)	30	**10,061,018**	8,736,708
– Borrowings	31	**19,931,896**	19,111,112
– Notes payable	32	**34,610,966**	33,607,372
– Lease liabilities		**6,078,037**	5,369,141
		126,008,062	101,717,155

18 DEFERRED INCOME TAXES

The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

(a) Deferred tax assets

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
The balance comprises temporary differences attributable to:		
– Tax losses	**2,669,381**	1,836,236
– Lease liabilities	**1,310,968**	1,050,416
– Others	**111,242**	405,282
Total gross deferred tax assets	**4,091,591**	3,291,934
Set-off of deferred tax assets pursuant to set-off provisions	**(2,177,142)**	(1,794,828)
Net deferred tax assets	**1,914,449**	1,497,106

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Deferred tax assets:		
– to be recovered after 12 months	**949,352**	518,141
– to be recovered within 12 months	**965,097**	978,965
	1,914,449	1,497,106

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

18 DEFERRED INCOME TAXES *(Continued)*

(a) Deferred tax assets *(Continued)*

The movement on the gross deferred tax assets is as follows:

	Tax losses RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
As of December 31, 2022	**1,836,236**	**2,126**	**405,282**	**2,243,644**
Adjustment on Amendments to IAS 12 (Note 2.1.1(a))	**–**	**1,048,290**	**–**	**1,048,290**
As of January 1, 2023 (Restated)	**1,836,236**	**1,050,416**	**405,282**	**3,291,934**
Credited/(charged) to consolidated income statement	**691,359**	**260,552**	**(280,967)**	**670,944**
Credited/(charged) to other reserves	**141,786**	**–**	**(13,073)**	**128,713**
As of December 31, 2023	**2,669,381**	**1,310,968**	**111,242**	**4,091,591**
As of December 31, 2021	1,695,764	2,822	508,386	2,206,972
Adjustment on Amendments to IAS 12 (Note 2.1.1(a))	–	902,177	–	902,177
As of January 1, 2022 (Restated)	1,695,764	904,999	508,386	3,109,149
Credited/(charged) to consolidated income statement	265,619	145,417	(75,589)	335,447
Charged to other reserves	(125,147)	–	(27,515)	(152,662)
As of December 31, 2022 (Restated)	1,836,236	1,050,416	405,282	3,291,934

The Group only recognises deferred tax assets for cumulative tax losses if it is probable that future taxable income will be available to utilise those tax losses. Management will continue to assess the recognition of deferred tax assets in future reporting periods. As of December 31, 2023 and 2022, the Group did not recognise deferred tax assets of RMB14,290 million and RMB15,374 million in respect of cumulative tax losses amounting to RMB88,482 million and RMB91,891 million including the tax losses arising from the excess deduction of share-based payments. These tax losses will expire from 2024 to 2028 (2022: 2023 to 2027), and certain subsidiaries of the Group may extend to 2033 (2022: 2032).

18 DEFERRED INCOME TAXES *(Continued)*

(b) Deferred tax liabilities

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
The balance comprises temporary differences attributable to:		
– Other intangible assets arising from business combinations	**(374,250)**	(410,827)
– Investments accounted for using the equity method or at fair value	**(1,088,421)**	(999,646)
– Right-of-use assets	**(1,296,868)**	(1,048,294)
– Others	**(385,833)**	(182,164)
Total gross deferred tax liabilities	**(3,145,372)**	(2,640,931)
Set-off of deferred tax liabilities pursuant to set-off provisions	**2,177,142**	1,794,828
Net deferred tax liabilities	**(968,230)**	(846,103)

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Deferred tax liabilities:		
– to be recovered after 12 months	**(901,331)**	(824,564)
– to be recovered within 12 months	**(66,899)**	(21,539)
	(968,230)	(846,103)

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18 DEFERRED INCOME TAXES *(Continued)*

(b) Deferred tax liabilities *(Continued)*

The movement on the gross deferred tax liabilities is as follows:

	Other intangible assets arising from business combinations RMB'000	Investments accounted for using the equity method or at fair value RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
As of December 31, 2022	**(410,827)**	**(999,646)**	**(4)**	**(182,164)**	**(1,592,641)**
Adjustment on Amendments to IAS 12 (Note 2.1.1(a))	**–**	**–**	**(1,048,290)**	**–**	**(1,048,290)**
As of January 1, 2023 (Restated)	**(410,827)**	**(999,646)**	**(1,048,294)**	**(182,164)**	**(2,640,931)**
(Charged)/credited to consolidated income statement	**36,577**	**(72,610)**	**(248,574)**	**(162,574)**	**(447,181)**
Charged to other reserves	**–**	**(16,165)**	**–**	**(41,095)**	**(57,260)**
As of December 31, 2023	**(374,250)**	**(1,088,421)**	**(1,296,868)**	**(385,833)**	**(3,145,372)**
As of December 31, 2021	(489,022)	(1,051,129)	(6)	(184,038)	(1,724,195)
Adjustment on Amendments to IAS 12 (Note 2.1.1(a))	–	–	(902,177)	–	(902,177)
As of January 1, 2022 (Restated)	(489,022)	(1,051,129)	(902,183)	(184,038)	(2,626,372)
Credited/(charged) to consolidated income statement	80,540	154,673	(146,111)	22,893	111,995
Charged to other reserves	–	(103,190)	–	(21,019)	(124,209)
Business combination	(2,345)	–	–	–	(2,345)
As of December 31, 2022 (Restated)	(410,827)	(999,646)	(1,048,294)	(182,164)	(2,640,931)

The Group has undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Company is able to control the timing of distributions from subsidiaries and is not expected to distribute these profits in the foreseeable future.

19 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Associates (a)	**10,719,380**	7,901,487
Other investees (b)	**7,761,724**	7,171,526
	18,481,104	15,073,013

RMB7,742 million of other financial investments at fair value through profit or loss was denominated in USD (2022: RMB5,541 million), and other balances were denominated in RMB.

(a) Associates

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**7,901,487**	4,453,450
Additions	**2,802,076**	2,241,531
Changes in fair values	**67,670**	155,665
Disposals	**(85,065)**	(246,092)
Transfer, net	**–**	1,217,839
Currency translation differences	**33,212**	79,094
At the end of the year	**10,719,380**	7,901,487

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

19 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

(b) Other investees

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**7,171,526**	9,846,407
Additions	**766,035**	908,464
Changes in fair values	**166,557**	(1,168,722)
Disposals	**–**	(602,789)
Transfers, net (Note (i))	**(400,261)**	(2,162,543)
Currency translation differences	**57,867**	350,709
At the end of the year	**7,761,724**	7,171,526

The Group also has interests in certain investee companies in the form of preferred and ordinary shares without significant influence, which are managed and whose performance are evaluated on a fair value basis.

Note (i): During the year ended December 31, 2023, the Group transferred an investment from other financial investments at fair value through profit or loss to other financial investments at fair value through other comprehensive income as a result of conversion of the preferred shares into ordinary shares upon the investee's completion of Initial Public Offering.

20 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Other financial investments at fair value through other comprehensive income comprise the following:

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Equity investments in listed entities	**901,536**	908,865
Equity investments in an unlisted entity	**1,413,000**	1,413,000
	2,314,536	2,321,865

Movement of other financial investments at fair value through other comprehensive income is analysed as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**2,321,865**	2,022,705
Additions	**–**	706,500
Changes in fair values	**(426,513)**	(442,897)
Transfers, net (Note 19(b)(i))	**400,261**	(64,542)
Currency translation differences	**18,923**	100,099
At the end of the year	**2,314,536**	2,321,865

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

21 TREASURY INVESTMENTS

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Long-term treasury investments at		
– Amortised cost	**729,656**	748,880
– Fair value through profit or loss	**7,797,486**	7,365,178
	8,527,142	8,114,058
Short-term treasury investments at		
– Amortised cost	**7,830,630**	10,266,067
– Fair value through profit or loss	**83,395,830**	70,479,938
– Fair value through other comprehensive income	**20,594,219**	11,127,265
	111,820,679	91,873,270

Treasury investments at amortised cost were primarily fixed rate certificates of deposit and term deposits. Treasury investments at fair value through profit or loss were primarily wealth management products on which the principal and returns were not guaranteed. Treasury investments at fair value through other comprehensive income were large-denomination negotiable certificates of term deposits and other financial products.

Treasury investments were denominated in the following currencies:

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
USD	**28,970,000**	27,615,645
RMB	**91,377,821**	72,371,683
	120,347,821	99,987,328

22 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Non-current		
Loan receivables (a)	**2,375,377**	3,240,645
Prepayments for PP&E and other assets	**813,390**	1,201,428
Rental deposits	**449,792**	414,836
Others	**372,688**	46,159
	4,011,247	4,903,068
Current		
Loan receivables (a)	**6,043,377**	5,203,420
Contract assets	**2,115,482**	1,475,951
Prepayments to merchants	**1,711,802**	420,159
Deductible value-added tax	**1,303,839**	1,582,525
Prepayments on behalf of third parties	**728,714**	591,157
Prepayments for purchased goods or services	**685,739**	639,763
Receivables upon share-based payments vesting or exercise	**623,089**	1,468,075
Deposits in third-party payment processors	**360,971**	357,408
Amounts due from related parties (Note 38)	**70,211**	107,519
Others	**891,699**	1,446,517
	14,534,923	13,292,494

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

22 PREPAYMENTS, DEPOSITS AND OTHER ASSETS *(Continued)*

(a) Loan receivables

Loan receivables are derived from micro-credit business and are initially measured at fair value. Depending on the business models in which the loan receivables are held, the subsequent measurement could be at amortised cost or at fair value through other comprehensive income. Breakdown for loan receivables including both current and non-current portion is as follows:

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Loan receivables at amortised cost	**640,961**	1,394,752
Less: allowance for impairment (Note 3.1.2)	**(20,620)**	(74,992)
	620,341	1,319,760
Loan receivables at fair value through other comprehensive income	**7,939,460**	7,175,335
Less: fair value changes of loan receivables	**(141,047)**	(51,030)
	7,798,413	7,124,305
Allowances for impairment losses on loan receivables at fair value through other comprehensive income (Note 3.1.2)	**(411,632)**	(234,463)

23 INVENTORIES

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Finished goods	**1,238,098**	1,084,379
Raw materials	**101,712**	102,989
	1,339,810	1,187,368
Less: provisions for impairment	**(35,215)**	(24,603)
	1,304,595	1,162,765

24 TRADE RECEIVABLES

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Trade receivables	**3,034,648**	2,367,957
Less: allowance for impairment	**(291,649)**	(315,226)
	2,742,999	2,052,731

Movements on the Group's allowance for impairment of trade receivables are as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**(315,226)**	(225,994)
Credit loss allowance recognised, net	**(37,740)**	(91,260)
Write-offs	**61,317**	2,028
At the end of the year	**(291,649)**	(315,226)

The Group considered that the carrying amounts of the trade receivables approximated their fair values as of December 31, 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

24 TRADE RECEIVABLES *(Continued)*

The Group allows a credit period of 30 to 180 days to its 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
	RMB'000	RMB'000
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
	2,742,999	2,052,731

The majority of the Group's trade receivables was denominated in RMB.

The maximum exposure to credit risk as of December 31, 2023 and 2022 was the carrying value of the trade receivables. The Group did not hold any collateral as security.

25 CASH AND BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

(a) Cash and cash equivalents

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Cash on hand and cash in bank	**29,071,668**	13,347,292
Term deposits with initial terms three months or less	**3,397,467**	6,033,425
Cash held in other financial institutions (Note (i))	**870,619**	777,889
	33,339,754	20,158,606

Cash and cash equivalents of the Group primarily represents bank deposits and fixed deposits with maturities three months or less.

Note (i): As of December 31, 2023 and 2022, the Group had certain amounts of cash held in accounts managed by other financial institutions in connection with the ordinary course of business, which have been classified as cash and cash equivalents on the consolidated statement of financial position.

25 CASH AND BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS *(Continued)*

(a) Cash and cash equivalents *(Continued)*

Cash and cash equivalents are denominated in the following currencies:

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
RMB	**30,554,315**	18,748,198
USD	**2,510,334**	1,199,030
Others	**275,105**	211,378
	33,339,754	20,158,606

(b) Restricted cash

Restricted cash are denominated in the following currencies:

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
RMB	**19,353,690**	14,538,896
USD	**11,274**	33,286
Others	**8,265**	33,419
	19,373,229	14,605,601

Restricted cash balances were those held in bank accounts subject to certain restriction according to agreement with certain parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

26 SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR SHARES AWARD SCHEME

As of December 31, 2023 and 2022, the authorised share capital of the Company comprised 10,000,000,000 ordinary shares with par value of USD0.00001 per share. The number of authorised share capital of Class A and Class B Share is 735,568,783 and 9,264,431,217, respectively. Each Class A Share will entitle the holder to exercise 10 votes, and each Class B Share will entitle the holder to exercise one vote, respectively, on any resolution tabled at the Company's general meetings, except for resolutions with respect to a limited number of reserved matters, in relation to which each Share is entitled to one vote. Class A Shares may be converted into Class B Shares on a one to one ratio. The weighted voting rights attached to the Company's Class A Shares will cease when none of the holders of the Class A Shares have beneficial ownership of any of our Class A Shares.

Issued and fully paid:

	Number of ordinary shares '000	Share capital RMB'000	Share premium RMB'000	Shares held for shares award scheme RMB'000
As of January 1, 2023	**6,193,151**	**415**	**316,743,344**	**–**
Exercise of share options and RSUs vesting	**11,538**	**1**	**8,835,268**	**2**
Shares held for shares award scheme	**39,860**	**2**	**–**	**(2)**
As of December 31, 2023	**6,244,549**	**418**	**325,578,612**	**–**
As of January 1, 2022	6,136,145	411	311,221,237	–
Exercise of share options and RSUs vesting	13,880	1	5,522,107	3
Shares held for shares award scheme	43,126	3	–	(3)
As of December 31, 2022	6,193,151	415	316,743,344	–

As of December 31, 2023, there were 604,519,783 Class A Shares amongst the total issued Shares and the remainders were Class B Shares.

27 OTHER RESERVES

	Capital reserve RMB'000	Share-based payments RMB'000	Currency translation differences RMB'000	Conversion option of convertible bonds RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2023	20	10,322,138	(10,705,249)	1,513,938	353,340	1,484,187
Equity-settled share-based payments	–	8,394,315	–	–	–	8,394,315
Exercise of share options and RSUs vesting	–	(8,739,989)	–	–	–	(8,739,989)
Share of changes in net assets of associates	–	–	–	–	364,222	364,222
Currency translation differences	–	–	275,055	–	–	275,055
Fair value changes of and net provisions for impairment losses on financial assets	–	–	–	–	50,228	50,228
Tax benefit from share-based payments	–	–	–	–	216,667	216,667
Appropriations to general reserves	–	–	–	–	6,377	6,377
As of December 31, 2023	20	9,976,464	(10,430,194)	1,513,938	990,834	2,051,062

	Capital reserve RMB'000	Share-based payments RMB'000	Currency translation differences RMB'000	Conversion option of convertible bonds RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2022	20	6,835,306	(11,899,519)	1,513,938	683,580	(2,866,675)
Equity-settled share-based payments	–	8,742,962	–	–	–	8,742,962
Exercise of share options and RSUs vesting	–	(5,256,130)	–	–	–	(5,256,130)
Share of changes in net assets of associates	–	–	–	–	332,660	332,660
Currency translation differences	–	–	1,194,270	–	–	1,194,270
Fair value changes of and net provisions for impairment losses on financial assets	–	–	–	–	(719,053)	(719,053)
Tax benefit from share-based payments	–	–	–	–	17,458	17,458
Appropriations to general reserves	–	–	–	–	38,695	38,695
As of December 31, 2022	20	10,322,138	(10,705,249)	1,513,938	353,340	1,484,187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

28 DEFERRED REVENUES

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Online marketing services and others	**5,538,424**	5,010,489
Various packages for bike sharing and e-moped sharing services	**59,708**	42,886
	5,598,132	5,053,375

The following table shows the amount of the revenues recognised in the current reporting period relating to carried-forward deferred revenues:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Revenues recognised that was included in the deferred revenues balance at the beginning of the year		
Online marketing services and others	**4,205,521**	4,558,722
Various packages for bike sharing and e-moped sharing services	**42,886**	57,596
Business cooperation agreement with Maoyan (Note 38)	**–**	157,264
	4,248,407	4,773,582

29 TRADE PAYABLES

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
	RMB'000	RMB'000
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
	22,980,506	17,379,302

The Group's trade payables was primarily denominated in RMB.

30 OTHER PAYABLES AND ACCRUALS

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Employee payroll and benefits payables	**6,468,239**	6,548,048
Deposits from merchants and transacting users	**5,941,154**	5,634,670
Amounts collected on behalf of third parties	**1,846,855**	1,206,368
Customer advances	**778,055**	626,134
Taxes and surcharges payables	**738,151**	673,769
Accrued expenses	**624,740**	676,758
Amounts due to related parties (Note 38)	**360,139**	304,501
Undue interests accrued for senior notes (Note 32)	**67,009**	65,892
Others	**1,117,873**	919,167
	17,942,215	16,655,307

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

31 BORROWINGS

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Included in non-current liabilities:		
RMB bank borrowings – unsecured	**–**	1,396,000
RMB bank borrowings – secured (Note (i))	**610,103**	152,967
	610,103	1,548,967
Included in current liabilities:		
RMB bank borrowings – unsecured	**19,321,793**	17,562,145

As of December 31, 2023, the effective interest rates for bank borrowings were 1.10%-3.40% (2022: 1.77%-3.65%). For the year ended December 31, 2023, the weighted average effective interest rate was 1.92% per annum (2022: 2.39% per annum).

The amount of borrowing costs capitalised during the years ended December 31, 2023 and 2022 was immaterial.

Note (i): As of December 31, 2023, the Group's land use rights with an original book value and a net book value of RMB6,738 million and RMB6,398 million (2022: RMB6,738 million and RMB6,538 million, respectively) had been charged as collateral for borrowings.

32 NOTES PAYABLE

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Included in non-current liabilities:		
Non-current portion of long-term USD senior notes (a)	**14,112,131**	13,865,055
Non-current portion of long-term USD convertible bonds (b)	**20,498,835**	19,742,317
	34,610,966	33,607,372
Included in current liabilities:		
Undue interests accrued for senior notes (Note 30)	**67,009**	65,892
	34,677,975	33,673,264

The notes payable and undue interests were repayable as follows:

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Within 1 year (Note 30)	**67,009**	65,892
Between 1 and 2 years	**15,581,442**	–
Between 2 and 5 years	**10,216,809**	24,946,785
More than 5 years	**8,812,715**	8,660,587
	34,677,975	33,673,264

All of these notes payable issued by the Group were unsecured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

32 NOTES PAYABLE *(Continued)*

(a) On October 29, 2020, the Company issued senior notes on the Hong Kong Stock Exchange which were comprised of 2.125% senior notes in the aggregate principal amount of US$750 million due October 28, 2025 and 3.05% senior notes in the aggregate principal amount of US$1,250 million due October 28, 2030.

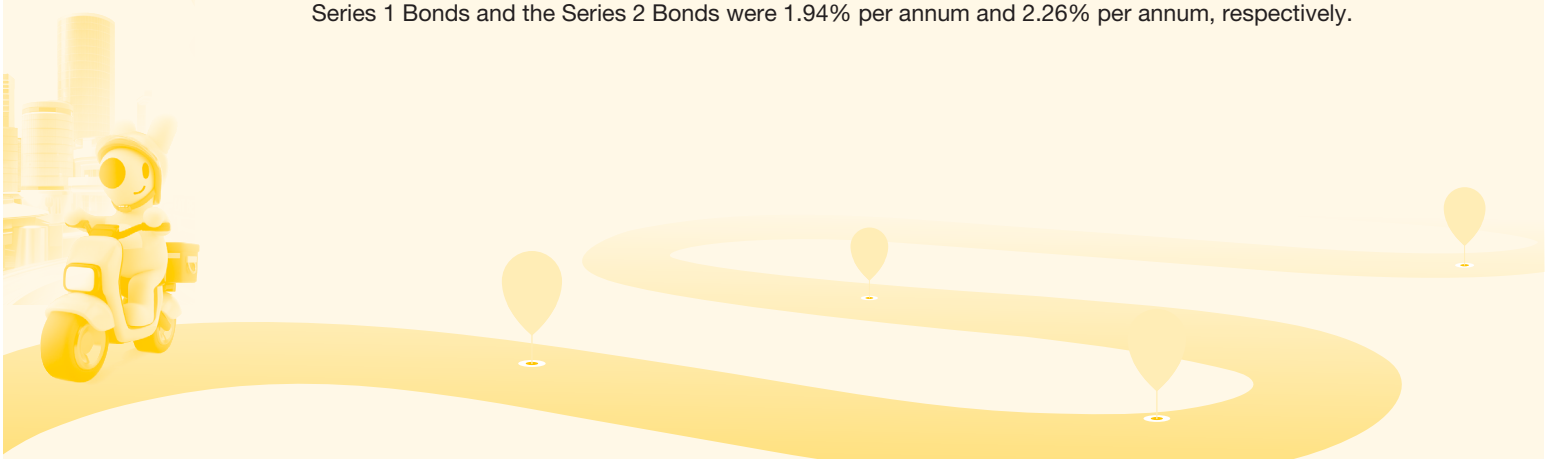
As of December 31, 2023, the fair value of the senior notes was RMB12,498 million (2022: RMB11,493 million). The respective fair values were assessed based on the quoted market price of these senior notes at the end of each reporting period.

(b) On April 27, 2021, the Company completed the issuance of US$1,483,600,000 zero coupon convertible bonds ("**Series 1 Bonds**") due on April 27, 2027 and US$1,500,000,000 zero coupon convertible bonds ("**Series 2 Bonds**") due on April 27, 2028 (together, the "**Bonds**") to third party professional investors (the "**Bondholders**").

The Bonds will, at the option of the Bondholders, be convertible on or after June 7, 2021 up to the 10 days prior to the Maturity date (both days inclusive) into Class B ordinary shares of the Company at a conversion price of HK$431.24 per Class B share, subject to adjustments. The Company will, at the option of the Bondholders, redeem all or some only of such Bondholder's Series 1 Bonds on April 27, 2025 at 100.37% of the principal amount of the Series 1 Bonds, and redeem all or some only of such Bondholder's Series 2 Bonds on April 27, 2026 at 101.28% of the principal amount of the Series 2 Bonds.

The Company may at any time redeem in whole, but not in part, the Bonds at the early redemption amount, if, immediately prior to the date the notice of redemption is given, 90% or more in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled. The early redemption amount is determined by the principal amount with a gross yield of negative 0.182% and positive 0.255% per annum calculated on a semi-annual basis for the Series 1 Bonds and the Series 2 Bonds, respectively. The Company will redeem each bond at 100.00% of its principal amount in respect of the Series 1 Bonds and 101.80% of its principal amount in respect of the Series 2 Bonds, on April 27, 2027 and April 27, 2028, respectively, if not previously redeemed, converted or purchased and cancelled.

Subsequent to the initial recognition, the liability component of the Bonds was carried at amortised cost using the effective interest rate method. The effective interest rates of the liability component of the Series 1 Bonds and the Series 2 Bonds were 1.94% per annum and 2.26% per annum, respectively.



32 NOTES PAYABLE *(Continued)*

The movement of the liability component of the Bonds for the years ended December 31, 2023 and 2022 is set out below:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**19,742,317**	17,701,190
Interest expenses	**419,410**	392,057
Currency translation differences	**337,108**	1,649,070
At the end of the year	**20,498,835**	19,742,317

The equity component of the Bonds of RMB1,514 million was included in "Other reserves" (Note 27) of the Group as of December 31, 2023 and 2022.

As of December 31, 2023, the total fair value of the Bonds was RMB18,839 million (2022: RMB17,794 million). Such fair values were assessed based on the quoted market price of these Bonds at the end of each reporting period.

33 SHARE-BASED PAYMENTS

As of December 31, 2023, there was a total of 609,351,099 share options and RSUs available for further grant under all schemes of the Company.

Share options

Share options granted typically expire in 10 years from the respective grant dates, and vest in tranches from the vesting commence date over the vesting period, on condition that participants remain in service without any performance requirements.

The share options may be exercised at any time after they have vested subject to the terms of the award agreement and are exercisable for a maximum period of 10 years after the date of grant.

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For the year ended December 31, 2023

33 SHARE-BASED PAYMENTS *(Continued)*

Share options *(Continued)*

Movements in the number of share options and their related weighted average exercise prices are as follows:

	Number of share options	Weighted average exercise price per share option (HKD)
Outstanding as of January 1, 2023	**27,067,581**	**38.31**
Forfeited during the year	**(1,921,391)**	**60.74**
Exercised during the year	**(3,253,146)**	**32.94**
Outstanding as of December 31, 2023	**21,893,044**	**37.14**
Vested and exercisable as of December 31, 2023	**18,246,636**	**33.18**
Outstanding as of January 1, 2022	37,988,298	36.51
Forfeited during the year	(452,234)	144.17
Exercised during the year	(10,468,483)	27.21
Outstanding as of December 31, 2022	27,067,581	38.31
Vested and exercisable as of December 31, 2022	17,276,823	30.94

The weighted average remaining contractual life of outstanding share options was 3.7 years as of December 31, 2023 (2022: 4.7 years). The weighted average price of the shares at the time these share options were exercised was HKD128.49 per share (equivalent to approximately RMB116.04 per share) during the year ended December 31, 2023 (2022: HKD177.25 per share (equivalent to approximately RMB152.51 per share)). There was no share option granted during the years ended December 31, 2023 and 2022.

33 SHARE-BASED PAYMENTS *(Continued)*

RSUs

The Company also grants RSUs to employee participants, related entity participants, and service providers under the Post-IPO Share Award Scheme. The RSUs awarded vest in tranches from the vesting commence date over a certain service period. Once the vesting conditions of RSUs are met, the RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer.

Movements in the number of RSUs and the respective weighted average grant date fair value are as follows:

	Number of RSUs	Weighted average grant date fair value per RSU (HKD)
Outstanding as of January 1, 2023	**132,202,319**	**188.60**
Granted during the year	**65,990,343**	**128.21**
Vested during the year	**(51,377,038)**	**186.50**
Forfeited during the year	**(26,823,099)**	**139.36**
Outstanding as of December 31, 2023	**119,992,525**	**167.29**
Outstanding as of January 1, 2022	125,367,125	173.66
Granted during the year	62,511,074	185.06
Vested during the year	(43,295,263)	136.55
Forfeited during the year	(12,380,617)	201.46
Outstanding as of December 31, 2022	132,202,319	188.60

The fair value of each RSU at the grant dates is determined by reference to the fair value of the underlying ordinary shares on the date of grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

33 SHARE-BASED PAYMENTS *(Continued)*

The total share-based payments charges were expensed or capitalised in the following categories in the consolidated income statement or the consolidated statement of financial position respectively:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
RSUs	**8,390,805**	8,692,403
Share options	**3,510**	50,559
Total share-based payments charges	**8,394,315**	8,742,962
Amount capitalised	**(10,962)**	–
Share-based compensation expenses	**8,383,353**	8,742,962

34 DIVIDENDS

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

35 CAPITAL COMMITMENTS

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Within 1 year	**10,482,123**	2,782,808
1 – 2 years	**1,003,032**	1,573,132
2 – 5 years	**166,419**	969,314
More than 5 years	**60**	47,239
	11,651,634	5,372,493

35 CAPITAL COMMITMENTS *(Continued)*

	As of December 31,	
	2023	2022
	RMB'000	RMB'000
Purchase of property, plant and equipment	**10,483,811**	3,856,421
Investments	**1,167,823**	1,516,072
	11,651,634	5,372,493

36 BUSINESS COMBINATION

Reference is made to the announcement of the Company dated June 29, 2023 in relation to the acquisitions of Light Year. In August 2023, the said acquisitions have been completed, upon which, the consideration of approximately RMB1,675 million (equivalent to approximately US$234 million) have been paid and a total of approximately RMB1,675 million identifiable net assets (arrived after taking into account the cash position of approximately US$286 million offset by the Assumed Liabilities of approximately RMB367 million) have been acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

37 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Note	Year ended December 31, 2023 RMB'000	2022 RMB'000
Profit/(loss) before income tax		**14,021,868**	(6,755,517)
Adjusted for:			
Depreciation and amortisation	15,16	**7,996,757**	9,730,314
Net provisions for impairment losses on financial and contract assets		**1,135,405**	468,620
Share-based compensation expenses	33	**8,383,353**	8,742,962
Net gains arising from disposals or deemed disposals of subsidiaries and investees		**(95,307)**	(224,358)
Net provisions for impairment of non-financial assets	12,15,16	**219,752**	103,328
Share of profits of investments accounted for using the equity method	12	**(1,212,652)**	(35,848)
Fair value changes of other financial investments at fair value through profit or loss	19	**(234,227)**	1,013,057
Fair value changes and interest income related to treasury investments and others		**(4,143,108)**	(1,740,091)
Finance costs	10	**1,423,853**	1,583,185
Foreign exchange gains, net	9	**(74,998)**	(354,271)
Net gains on sales of non-current assets		**(151,527)**	(59,191)
Changes of working capital:			
Increase in restricted cash		**(4,760,593)**	(1,327,089)
Increase in trade receivables		**(727,944)**	(377,239)
Increase in prepayments, deposits and other assets		**(1,984,534)**	(150,117)
Increase in inventories		**(141,830)**	(481,072)
Increase in trade payables		**4,381,206**	2,357,980
Increase in payables to merchants		**11,368,449**	1,483,065
Increase/(decrease) in advances from transacting users		**3,467,173**	(87,112)
Increase/(decrease) in deferred revenues		**544,757**	(425,105)
Increase/(decrease) in other payables and accruals		**1,335,720**	(1,784,268)
Decrease in other non-current liabilities		**(6,874)**	(22,527)
Cash generated from operations		**40,744,699**	11,658,706

37 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Major non-cash transactions

Other than the acquisition of right-of-use assets described in Note 15, the share-based payments described in Note 33, there were no other material non-cash transactions during the years ended December 31, 2023 and 2022.

(c) Reconciliation of liabilities related to cash flows generated from financing activities

	Borrowings RMB'000	Notes payable and undue interests RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Lease liabilities RMB'000	Assumed Liabilities RMB'000
Liabilities as of January 1, 2023	19,111,112	33,673,264	100,000	5,369,141	–
Cash flows	475,496	(390,548)	278,720	(2,969,089)	(366,924)
Business combination	–	–	–	–	366,924
Other additions	–	–	–	4,287,702	–
Deductions	–	–	–	(870,506)	–
Finance costs	340,760	822,415	–	260,678	–
Currency translation differences	4,528	572,844	–	111	–
Liabilities as of December 31, 2023	19,931,896	34,677,975	378,720	6,078,037	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

37 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Reconciliation of liabilities related to cash flows generated from financing activities *(Continued)*

	Borrowings RMB'000	Notes payable and undue interests RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Lease liabilities RMB'000
Liabilities as of January 1, 2022	23,784,867	30,443,698	–	4,750,785
Cash flows	(7,654,899)	(366,455)	480,448	(2,619,636)
Additions	–	–	–	3,151,048
Deductions	–	–	(393,304)	(179,089)
Finance costs	550,668	766,464	–	266,053
Currency translation differences	2,430,476	2,829,557	12,856	(20)
Liabilities as of December 31, 2022	19,111,112	33,673,264	100,000	5,369,141

38 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control or joint control the other party or to exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subjected to common control or joint control. Members of key management and their close family members are also considered as related parties of the Group.

The following significant transactions were carried out between the Group and its related parties during the years presented. In the opinion of the Directors of the Company, the related party transactions were carried out in the ordinary course of business and at terms negotiated between the Group and the respective related parties.

38 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Names of and the Group's relationship with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the years and/or as of years then ended.

Name of related parties	Relationship
Tencent Group	One of the Company's shareholders (Prior to November 16, 2022, Note (i))
Dalian Tongda Enterprise Management Co., Ltd.	Associate of the Group
Guangxi Dossen Hotel Management Group Co., Ltd.	Associate of the Group
Jilin Yillion Bank Co., Ltd.	Associate of the Group
Tianjin Maoyan and its subsidiaries	Associate of the Group

Note (i): The Group had transactions and balances with affiliates of Tencent Holdings Limited ("**Tencent Group**"), which is considered as a related party of the Group. On November 16, 2022, the Board of Tencent Group has resolved to declare a special interim dividend in the form of a distribution in specie of approximately 958,121,562 Class B ordinary shares of Meituan. Following the declaration of the distribution and the resignation of Tencent's board representative with immediate effect, Tencent Group lost significant influence and was not considered as the Group's related party.

(b) Significant transactions with related parties

		Year ended December 31,	
		2023	2022
		RMB'000	RMB'000
(i)	Sales of services		
	Associates of the Group	**421,242**	521,001
	One of the Company's shareholders	**–**	20,481
		421,242	541,482
(ii)	Purchases of goods and services		
	Associates of the Group	**1,468,202**	1,256,223
	One of the Company's shareholders	**–**	2,847,498
		1,468,202	4,103,721

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

38 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties

		As of December 31,	
		2023	2022
		RMB'000	RMB'000
(i)	Due from related parties		
	Associates of the Group	**70,211**	107,519
(ii)	Due to related parties		
	Associates of the Group	**360,139**	304,501

(d) Key management compensation

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Fees	**2,002**	1,500
Basic salaries and bonuses	**84,156**	74,142
Pension costs and other employee benefits	**903**	967
Share-based compensation expenses	**376,771**	329,760
	463,832	406,369

39 CONTINGENCIES

The Group did not have any material contingent liabilities as of December 31, 2023 and 2022.

40 FINANCIAL POSITION AND OTHER RESERVES MOVEMENT OF THE COMPANY

(a) Financial position of the Company

	Note	As of December 31, 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**90,712,346**	82,365,622
Intangible assets		**1,392**	307
Long-term treasury investments		**2,646,902**	4,358,598
Prepayments, deposits and other assets		**125,724,237**	117,257,527
		219,084,877	203,982,054
Current assets			
Short-term treasury investments		**18,191,343**	23,313,996
Prepayments, deposits and other assets		**255,770**	612,755
Cash and cash equivalents		**2,083,676**	1,189,591
		20,530,789	25,116,342
Total assets		**239,615,666**	229,098,396
EQUITY			
Share capital	26	**418**	415
Share premium	26	**325,578,612**	316,743,344
Shares held for shares award scheme	26	**–**	–
Other reserves	40(b)	**9,682,271**	8,025,737
Accumulated losses		**(137,305,984)**	(135,613,683)
Total equity		**197,955,317**	189,155,813
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**3,073**	–
Notes payable	32	**34,610,966**	33,607,372
		34,614,039	33,607,372
Current liabilities			
Borrowings		**647,912**	–
Other payables and accruals		**6,398,398**	6,335,211
		7,046,310	6,335,211
Total liabilities		**41,660,349**	39,942,583
Total equity and liabilities		**239,615,666**	229,098,396

The statement of financial position of the Company was approved by the Board of Directors on March 22, 2024 and was signed on its behalf.

Wang Xing
Director

Mu Rongjun
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

40 FINANCIAL POSITION AND OTHER RESERVES MOVEMENT OF THE COMPANY *(Continued)*

(b) Other reserves movement of the Company

	Capital reserve RMB'000	Share-based payments RMB'000	Currency translation differences RMB'000	Conversion option of convertible bonds RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2023	20	10,322,138	(3,483,212)	1,513,938	(327,147)	8,025,737
Other comprehensive income, net of tax						
Currency translation differences	–	–	1,809,620	–	–	1,809,620
Fair value changes of and net provisions for impairment losses on financial assets	–	–	–	–	192,588	192,588
Total other comprehensive income	–	–	1,809,620	–	192,588	2,002,208
Transaction with owners in their capacity as owners						
Equity-settled share-based payments	–	8,394,315	–	–	–	8,394,315
Exercise of share options and RSUs vesting	–	(8,739,989)	–	–	–	(8,739,989)
Total transaction with owners in their capacity as owners	–	(345,674)	–	–	–	(345,674)
As of December 31, 2023	20	9,976,464	(1,673,592)	1,513,938	(134,559)	9,682,271
As of January 1, 2022	20	6,835,306	(12,781,857)	1,513,938	7,039	(4,425,554)
Other comprehensive income, net of tax						
Currency translation differences	–	–	9,298,645	–	–	9,298,645
Fair value changes of and net provisions for impairment losses on financial assets	–	–	–	–	(334,186)	(334,186)
Total other comprehensive income	–	–	9,298,645	–	(334,186)	8,964,459
Transaction with owners in their capacity as owners						
Equity-settled share-based payments	–	8,742,962	–	–	–	8,742,962
Exercise of share options and RSUs vesting	–	(5,256,130)	–	–	–	(5,256,130)
Total transaction with owners in their capacity as owners	–	3,486,832	–	–	–	3,486,832
As of December 31, 2022	20	10,322,138	(3,483,212)	1,513,938	(327,147)	8,025,737

41 SUBSEQUENT EVENTS

The Company repurchased 44,131,100 of Class B Shares in the open market in January 2024 and subsequently cancelled in February 2024. Such Class B Shares were repurchased at prices ranging from HKD68.20 to HKD77.05 per share.

Save as aforesaid, there were no other material subsequent events during the period from January 1, 2024 to the approval date of these consolidated financial statements by the Board on March 22, 2024.

To the Board of Directors of Meituan

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 56 to 110, which comprises the interim condensed consolidated statement of financial position of Meituan (the "**Company**") and its subsidiaries (together, the "**Group**") as at June 30, 2024 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, August 28, 2024

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2024

	Note	Unaudited Six months ended June 30, 2024 RMB'000	2023 RMB'000
Revenues	5, 6	**155,526,961**	126,582,096
Including: Interest revenue		**1,095,116**	625,776
Cost of revenues	7	**(95,940,377)**	(81,366,666)
Gross profit		**59,586,584**	45,215,430
Selling and marketing expenses	7	**(28,720,750)**	(24,986,265)
Research and development expenses	7	**(10,339,833)**	(10,454,563)
General and administrative expenses	7	**(4,993,254)**	(4,134,001)
Net provisions for impairment losses on financial and contract assets		**(451,817)**	(450,611)
Fair value changes of other financial investments at fair value through profit or loss	16	**(637,153)**	267,790
Other gains, net	8	**2,022,504**	2,840,940
Operating profit	5	**16,466,281**	8,298,720
Finance income	9	**624,249**	401,608
Finance costs	9	**(607,236)**	(707,482)
Share of profits of investments accounted for using the equity method	10	**655,401**	72,647
Profit before income tax		**17,138,695**	8,065,493
Income tax expenses	11	**(417,378)**	(18,383)
Profit for the period		**16,721,317**	8,047,110
Profit for the period attributable to:			
Equity holders of the Company		**16,720,459**	8,046,103
Non-controlling interests		**858**	1,007
		16,721,317	8,047,110
Earnings per share for profit for the period attributable to the equity holders of the Company	12		
Basic earnings per share (RMB)		**2.70**	1.30
Diluted earnings per share (RMB)		**2.58**	1.21

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.

For the six months ended June 30, 2024

	Note	Unaudited Six months ended June 30, 2024 RMB'000	2023 RMB'000
Profit for the period		**16,721,317**	8,047,110
Other comprehensive income, net of tax:			
Items that may be reclassified to profit or loss			
Share of other comprehensive (loss)/income of investments accounted for using the equity method	10, 23	**(3,599)**	4,835
Fair value changes of debt instruments at fair value through other comprehensive income	23	**(48,551)**	165,128
Net (reversal)/provisions for impairment losses on debt instruments at fair value through other comprehensive income	23	**(74,843)**	11,122
Items that will not be reclassified to profit or loss			
Currency translation differences	23	**761,967**	628,799
Share of other comprehensive (loss)/income of investments accounted for using the equity method	10, 23	**(30,694)**	36,438
Fair value changes of other financial investments at fair value through other comprehensive income	17, 23	**(185,045)**	(224,750)
Other comprehensive income for the period		**419,235**	621,572
Total comprehensive income for the period		**17,140,552**	8,668,682
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**17,139,694**	8,667,675
Non-controlling interests		**858**	1,007
		17,140,552	8,668,682

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2024

	Note	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**29,493,278**	25,977,845
Intangible assets	14	**30,311,940**	30,397,947
Deferred tax assets	15(a)	**1,846,994**	1,914,449
Long-term treasury investments	18	**9,621,042**	8,527,142
Other financial investments at fair value through profit or loss	16	**18,565,047**	18,481,104
Investments accounted for using the equity method	10	**19,481,806**	18,289,183
Other financial investments at fair value through other comprehensive income	17	**2,275,197**	2,314,536
Prepayments, deposits and other assets	19	**3,695,391**	4,011,247
		115,290,695	109,913,453
Current assets			
Inventories	20	**1,421,295**	1,304,595
Trade receivables	21	**2,934,479**	2,742,999
Prepayments, deposits and other assets	19	**13,547,766**	14,534,923
Short-term treasury investments	18	**78,548,049**	111,820,679
Restricted cash		**19,111,918**	19,373,229
Cash and cash equivalents		**54,704,168**	33,339,754
		170,267,675	183,116,179
Total assets		**285,558,370**	293,029,632
EQUITY			
Share capital	22	**417**	418
Share premium	22	**325,916,058**	325,578,612
Treasury shares	22	**(6,314,176)**	–
Shares held for shares award scheme	22	**(1)**	–
Other reserves	23	**(150,530)**	2,051,062
Accumulated losses		**(158,896,426)**	(175,616,885)
Equity attributable to equity holders of the Company		**160,555,342**	152,013,207
Non-controlling interests		**(55,982)**	(56,840)
Total equity		**160,499,360**	151,956,367

As of June 30, 2024

	Note	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	15(b)	**939,422**	968,230
Financial liabilities at fair value through profit or loss		**657,010**	378,720
Borrowings	27	**816,894**	610,103
Notes payable	28	**25,190,723**	34,610,966
Lease liabilities		**3,180,050**	3,598,252
Other non-current liabilities		**18,962**	32,899
		30,803,061	40,199,170
Current liabilities			
Trade payables	25	**23,021,223**	22,980,506
Payables to merchants		**24,753,978**	23,798,004
Advances from transacting users		**8,816,187**	8,547,635
Other payables and accruals	26	**18,051,645**	17,942,215
Borrowings	27	**698,790**	19,321,793
Notes payable	28	**10,765,105**	–
Deferred revenues	24	**5,606,663**	5,598,132
Lease liabilities		**2,398,698**	2,479,785
Income tax liabilities		**143,660**	206,025
		94,255,949	100,874,095
Total liabilities		**125,059,010**	141,073,265
Total equity and liabilities		**285,558,370**	293,029,632

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.

On behalf of the Board

Wang Xing
Director

Mu Rongjun
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

		Unaudited								
	Note	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Shares held for shares award scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Equity attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
As of January 1, 2024		418	325,578,612	–	–	2,051,062	(175,616,885)	152,013,207	(56,840)	151,956,367
Comprehensive income										
Profit for the period		–	–	–	–	–	16,720,459	16,720,459	858	16,721,317
Other comprehensive income, net of tax										
Share of other comprehensive loss of investments accounted for using the equity method	10, 23	–	–	–	–	(34,293)	–	(34,293)	–	(34,293)
Fair value changes of other financial investments at fair value through other comprehensive income	17, 23	–	–	–	–	(185,045)	–	(185,045)	–	(185,045)
Fair value changes of debt instruments at fair value through other comprehensive income	23	–	–	–	–	(48,551)	–	(48,551)	–	(48,551)
Net reversal for impairment losses on debt instruments at fair value through other comprehensive income	23	–	–	–	–	(74,843)	–	(74,843)	–	(74,843)
Currency translation differences	23	–	–	–	–	761,967	–	761,967	–	761,967
Total comprehensive income		–	–	–	–	419,235	16,720,459	17,139,694	858	17,140,552
Share of other changes in net assets of associates	10, 23	–	–	–	–	205,230	–	205,230	–	205,230
Transaction with owners in their capacity as owners										
Equity-settled share-based payments	23, 29	–	–	–	–	3,925,394	–	3,925,394	–	3,925,394
Shares held for shares award scheme	22	4	–	–	(4)	–	–	–	–	–
Repurchase of ordinary shares	22	–	–	(12,917,466)	–	–	–	(12,917,466)	–	(12,917,466)
Cancellation of ordinary shares	22	(6)	(6,605,936)	6,603,290	–	–	–	(2,652)	–	(2,652)
Exercise of share options and RSUs vesting	22, 23	1	6,943,382	–	3	(6,920,435)	–	22,951	–	22,951
Tax benefit from share-based payments	23	–	–	–	–	168,984	–	168,984	–	168,984
Total transaction with owners in their capacity as owners		(1)	337,446	(6,314,176)	(1)	(2,826,057)	–	(8,802,789)	–	(8,802,789)
As of June 30, 2024		417	325,916,058	(6,314,176)	(1)	(150,530)	(158,896,426)	160,555,342	(55,982)	160,499,360

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

		Unaudited							
	Note	Share capital RMB'000	Share premium RMB'000	Shares held for shares award scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Equity attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
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 period		–	–	–	–	8,046,103	8,046,103	1,007	8,047,110
Other comprehensive income, net of tax									
Share of other comprehensive income of investments accounted for using the equity method	10, 23	–	–	–	41,273	–	41,273	–	41,273
Fair value changes of other financial investments at fair value through other comprehensive income	17, 23	–	–	–	(224,750)	–	(224,750)	–	(224,750)
Fair value changes of debt instruments at fair value through other comprehensive income	23	–	–	–	165,128	–	165,128	–	165,128
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	23	–	–	–	11,122	–	11,122	–	11,122
Currency translation differences	23	–	–	–	628,799	–	628,799	–	628,799
Total comprehensive income		–	–	–	621,572	8,046,103	8,667,675	1,007	8,668,682
Share of other changes in net assets of associates	10, 23	–	–	–	160,231	–	160,231	–	160,231
Transaction with owners in their capacity as owners									
Equity-settled share-based payments	23, 29	–	–	–	4,392,782	–	4,392,782	–	4,392,782
Shares held for shares award scheme	22	2	–	(2)	–	–	–	–	–
Exercise of share options and RSUs vesting	22, 23	1	6,071,220	1	(6,051,521)	–	19,701	–	19,701
Tax benefit from share-based payments	23	–	–	–	91,172	–	91,172	–	91,172
Total transaction with owners in their capacity as owners		3	6,071,220	(1)	(1,567,567)	–	4,503,655	–	4,503,655
As of June 30, 2023		418	322,814,564	(1)	698,423	(181,420,233)	142,093,171	(54,886)	142,038,285

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	**25,292,946**	19,060,031
Income tax paid	**(254,609)**	(143,608)
Net cash flows generated from operating activities	**25,038,337**	18,916,423
Cash flows from investing activities		
Purchases and prepayments of property, plant and equipment and intangible assets	**(5,770,528)**	(1,942,244)
Proceeds from disposals of property, plant and equipment and intangible assets	**286,851**	125,144
Acquisitions of businesses, net of cash acquired	**(36,158)**	(8,903)
Purchases of treasury investments and others	**(92,087,727)**	(63,973,924)
Sales or maturities of treasury investments and others	**124,225,353**	55,256,758
Purchases of investments accounted for using the equity method	**–**	(60,000)
Proceeds from disposals of investments in associates and others	**13,547**	90,052
Purchases and prepayments of other financial investments at fair value	**(631,301)**	(1,704,397)
Gains received from treasury investments and other financial instruments	**2,536,156**	945,721
Dividends received	**35,682**	18,510
Loans payments to investees and others	**–**	(200,000)
Loans repayments from investees and others	**–**	905,028
Net cash flows generated from/(used in) investing activities	**28,571,875**	(10,548,255)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Cash flows from financing activities		
Proceeds from borrowings	**2,306,776**	8,357,508
Repayments of borrowings	**(20,791,985)**	(8,749,119)
Finance costs paid	**(219,468)**	(220,563)
Proceeds from exercise of share options	**24,644**	116,877
Payments of lease liabilities	**(1,559,332)**	(1,480,645)
Receipt amount in other financial liabilities	**278,290**	278,720
Repurchase and cancellation of ordinary shares	**(12,452,616)**	–
Net cash flows used in financing activities	**(32,413,691)**	(1,697,222)
Net increase in cash and cash equivalents	**21,196,521**	6,670,946
Cash and cash equivalents at the beginning of the period	**33,339,754**	20,158,606
Exchange gains on cash and cash equivalents	**167,893**	173,486
Cash and cash equivalents at the end of the period	**54,704,168**	27,003,038

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.

1 GENERAL INFORMATION

Meituan ("**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, Ugland 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 subsidiaries, together with structured entities (collectively, the "**Group**"), offers diversified daily goods and services in the broader retail by leveraging technology.

The interim condensed consolidated financial information comprises the interim condensed consolidated statement of financial position as of June 30, 2024, the interim condensed consolidated income statement and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months then ended, and selected explanatory notes (the "**Interim Financial Information**"). The Interim Financial Information is presented in Renminbi ("**RMB**"), unless otherwise stated.

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting.

The Interim Financial Information does not include all the notes of the type normally included in the annual financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards, as set out in the 2023 annual report of the Group dated March 22, 2024 (the "**2023 Financial Statements**").

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those followed in the preparation of the 2023 Financial Statements, except for the adoption of new and amended standards as set out below.

2 BASIS OF PREPARATION *(Continued)*

(a) New amendments adopted by the Group

The Group has applied the following new amendments for the first time commencing January 1, 2024:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

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

The following new standards and amendments to standards have not come into effect for the financial year beginning on January 1, 2024 and have not been early adopted by the Group in preparing the interim condensed consolidated financial statements. As of the date of approval of this Interim Financial Information, the Group is still in the process of assessing the effects of adopting these new standards and amendments to standards and has not identified any significant effect on its financial statements. The Group will continue to assess the effects of these new and amended standards.

		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 21	Lack of Exchangeability	January 1, 2025
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Amendment to IFRS accounting standards	Annual Improvements – Volume 11 IFRS accounting standards	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim Financial Information requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2023 Financial Statements.

4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk, and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Financial risk factors

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial information as set out in the 2023 Financial Statements.

There have been no changes in the risk management policies during the six months ended June 30, 2024.

(b) Fair value estimation

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the interim condensed consolidated financial statements. To provide an indication about the reliability of the inputs used in determining the fair values, the Group has classified its financial instruments into three levels prescribed under the accounting standards.

The Group analyses its financial instruments carried at fair value by level of the inputs to valuation techniques used to measure the fair values. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

4 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Fair value estimation *(Continued)*

(i) Fair value hierarchy (Continued)

The following tables present the Group's assets and liabilities that are measured at fair value as of June 30, 2024 and December 31, 2023.

	Unaudited			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As of June 30, 2024				
Financial assets				
Treasury investments at fair value through profit or loss (Note 18)	–	–	76,171,457	76,171,457
Treasury investments at fair value through other comprehensive income (Note 18)	–	5,443,986	4,625,535	10,069,521
Loan receivables at fair value through other comprehensive income (Note 19)	–	–	5,186,976	5,186,976
Other financial investments at fair value through profit or loss (Note 16)	–	–	18,565,047	18,565,047
Other financial investments at fair value through other comprehensive income (Note 17)	738,197*	–	1,537,000	2,275,197
	738,197	5,443,986	106,086,015	112,268,198
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	657,010	657,010

4 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Fair value estimation *(Continued)*

(i) Fair value hierarchy (Continued)

	Audited			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2023				
Financial assets				
Treasury investments at fair value through profit or loss (Note 18)	–	–	91,193,316	91,193,316
Treasury investments at fair value through other comprehensive income (Note 18)	–	7,963,958	12,630,261	20,594,219
Loan receivables at fair value through other comprehensive income (Note 19)	–	–	7,798,413	7,798,413
Other financial investments at fair value through profit or loss (Note 16)	–	–	18,481,104	18,481,104
Other financial investments at fair value through other comprehensive income (Note 17)	901,536*	–	1,413,000	2,314,536
	901,536	7,963,958	131,516,094	140,381,588
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	378,720	378,720

* This presents investments in listed entities with observable quoted price.

4 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Fair value estimation *(Continued)*

(ii) Valuation techniques used to determine fair values

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to measure financial instruments of level 2 and level 3 include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- The latest round financing, i.e. the prior transaction price or the third-party pricing information; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There was no change to valuation techniques in use during the six months ended June 30, 2024.

4 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Fair value estimation *(Continued)*

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following tables present the movement of level 3 items which use significant unobservable inputs in determining their fair values for the six months ended June 30, 2024 and 2023. The Group determines transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

	Unaudited					
	Treasury investments at fair value through profit or loss RMB'000	Treasury investments at fair value through other comprehensive income RMB'000	Loan receivables at fair value through other comprehensive income RMB'000	Other financial investments at fair value through profit or loss RMB'000	Other financial investments at fair value through other comprehensive income RMB'000	Financial liabilities at fair value through profit or loss RMB'000
As of January 1, 2024	91,193,316	12,630,261	7,798,413	18,481,104	1,413,000	378,720
Additions	90,553,915	600,025	58,879,275	512,301	124,000	278,290
Deductions	(107,561,622)	(8,912,269)	(61,510,706)	(9,971)	–	–
Changes in fair values	1,502,796	216,632	19,994	(637,153)	–	–
Currency translation differences	483,052	90,886	–	218,766	–	–
As of June 30, 2024	76,171,457	4,625,535	5,186,976	18,565,047	1,537,000	657,010
Net unrealised gains/(losses) for the period	777,502	81,185	19,994	(637,153)	–	–

4 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Fair value estimation *(Continued)*

(iii) Fair value measurements using significant unobservable inputs (level 3) (Continued)

	Unaudited					
	Treasury investments at fair value through profit or loss RMB'000	Treasury investments at fair value through other comprehensive income RMB'000	Loan receivables at fair value through other comprehensive income RMB'000	Other financial investments at fair value through profit or loss RMB'000	Other financial investments at fair value through other comprehensive income RMB'000	Financial liabilities at fair value through profit or loss RMB'000
As of January 1, 2023	77,845,116	6,307,707	7,124,305	15,073,013	1,413,000	100,000
Additions	47,245,602	7,598,583	64,826,745	1,996,632	–	278,720
Deductions	(45,489,298)	(1,082,923)	(65,061,256)	(85,065)	–	–
Transfers, net	–	–	–	(400,261)	–	–
Changes in fair values	1,715,243	133,201	(8,619)	267,790	–	–
Currency translation differences	645,535	109,922	–	221,061	–	–
As of June 30, 2023	81,962,198	13,066,490	6,881,175	17,073,170	1,413,000	378,720
Net unrealised gains/(losses) for the period	1,324,633	109,780	(8,619)	257,739	–	–

(iv) Valuation process, inputs and relationships to fair value

The Group has a team that manages the valuation of financial instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair values of the Group's level 2 and level 3 instruments. External valuation experts will be involved when necessary.

The Group's level 3 instruments are listed in the table in Note 4(b)(iii). As these instruments are not traded in active markets, their fair values have been determined using various applicable valuation techniques, including discounted cash flow, market approach, etc.

4 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Fair value estimation *(Continued)*

(iv) Valuation process, inputs and relationships to fair value (Continued)

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair values as of June 30, 2024 RMB'000 (Unaudited)	Fair values as of December 31, 2023 RMB'000 (Audited)	Unobservable inputs	Range of inputs As of June 30, 2024	Range of inputs As of December 31, 2023	Relationships of unobservable inputs to fair value
Other financial investments at fair value	**20,102,047**	19,894,104	Expected volatility	**37%-59%**	31%-65%	Note (i)
			Discount for lack of marketability ("**DLOM**")	**10%-20%**	15%-30%	The higher the DLOM, the lower the fair value
Treasury investments at fair value through profit or loss	**76,171,457**	91,193,316	Expected rate of return	**0.00%~9.21%**	0.00%-9.34%	The higher the expected rate of return, the higher the fair value
Treasury investments at fair value through other comprehensive income	**4,625,535**	12,630,261	Expected rate of return	**0.14%~6.72%**	0.94%-4.17%	The higher the expected rate of return, the higher the fair value
Loan receivables at fair value through other comprehensive income	**5,186,976**	7,798,413	Note (ii)	**Note (ii)**	Note (ii)	The higher the risk-adjusted discount rate, the lower the fair value
Financial liabilities at fair value through profit or loss	**657,010**	378,720	Note (iii)	**Note (iii)**	Note (iii)	Note (iii)

4 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Fair value estimation *(Continued)*

(iv) Valuation process, inputs and relationships to fair value (Continued)

Note (i): Other financial investments at fair value

The unobservable inputs of expected volatility is used in the valuation of other financial investments at fair value. The relationship between them is uncertain.

Note (ii): Loan receivables at fair value through other comprehensive income

For loan receivables at fair value through other comprehensive income, the fair values are determined based on discounted cash flow model using unobservable discount rates that reflect credit risk and market risk.

Note (iii): Financial liabilities at fair value through profit or loss

In December 2022, the Group established and consolidated a limited partnership investment fund ("**the Fund**") with limited life. The Fund invested in private companies in the form of ordinary shares or preferred shares that are measured at fair value through profit or loss. The Group designates the returns to other limited partners as financial liabilities at fair value through profit or loss. These returns are calculated based on the fair value of underlying investments and the predetermined distribution mechanism of returns set out in the agreement of the Fund.

5 SEGMENT REPORTING

5.1 Description of segments and principal activities

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resource and assessing performance of the operating segments, mainly includes the executive Directors of the Company that make strategic decisions. The Group evaluated its operating segments separately or aggregately, and determined that it has reportable segments as follows.

The CODM assesses the performance of the operating segments mainly based on revenues and operating profit or loss of each operating segment. Thus, segment result would present revenues, cost of revenues and operating expenses, and operating profit or loss for each segment, which is in line with CODM's performance review. There were no material inter-segment sales during the six months ended June 30, 2024 and 2023.

The revenues from customers reported to CODM are measured as revenues in each segment. The operating profit or loss in each segment reported to CODM are measured as cost of revenues and operating expenses deducted from its revenues. Certain unallocated items are not allocated to each segment as they are not directly relevant to the operating results used in the performance measurement and resource allocation by the CODM.

Core local commerce

The Core local commerce segment includes food delivery, Meituan Instashopping, in-store, hotel and travel businesses. The food delivery and Meituan Instashopping businesses primarily help consumers place orders of food and grocery prepared by merchants through the Group's online tools, mainly various of mobile apps, and offers On-demand Delivery services. The in-store, hotel and travel businesses primarily help consumers purchase local consumer services provided by merchants in numerous in-store categories or make reservations for hotels, attraction ticketing and transportation ticketing. Revenues from the Core local commerce segment primarily consist of (a) delivery services from both merchants and consumers, (b) commission from technology service charged to merchants and third-party agent partners, and (c) online marketing services in various formats provided to merchants. The cost of revenues and operating expenses for the Core local commerce segment primarily consist of (a) delivery related costs, (b) promotion, advertising and user incentives, and (c) employee benefits expenses.

5 SEGMENT REPORTING *(Continued)*

5.1 Description of segments and principal activities *(Continued)*

New initiatives

The Group continually develops various New initiatives, including Meituan Select, Xiaoxiang Supermarket, B2B food distribution ("**Kuailv**") etc., to satisfy consumers' diverse needs in different consumption scenarios. Revenues from the New initiatives segment primarily consist of (a) sales of goods primarily from B2B food distribution ("**Kuailv**") and Xiaoxiang Supermarket, and (b) various services rendered by various businesses such as Meituan Select, bike sharing, e-moped sharing, power banks and micro-credit. The cost of revenues and operating expenses for the New initiatives segment primarily consist of (a) transaction costs, (b) other outsourcing costs, (c) employee benefits expenses, and (d) promotion, advertising and user incentives.

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use such information to allocate resources to or to evaluate the performance of the operating segments.

The Group's revenues are mainly generated in the PRC.

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

	Unaudited			
	Six months ended June 30, 2024			
	Core local commerce RMB'000	New initiatives RMB'000	Unallocated items* RMB'000	Total RMB'000
Delivery services	44,086,329	–	–	44,086,329
Commission	42,142,408	1,340,143	–	43,482,551
Online marketing services	22,570,149	180,597	–	22,750,746
Other services and sales (including interest revenue)	6,508,679	38,698,656	–	45,207,335
Total revenues	115,307,565	40,219,396	–	155,526,961
Cost of revenues, operating expenses and unallocated items	(90,375,133)	(44,290,654)	(4,394,893)	(139,060,680)
Operating profit/(loss)	24,932,432	(4,071,258)	(4,394,893)	16,466,281

5 SEGMENT REPORTING *(Continued)*

5.1 Description of segments and principal activities *(Continued)*

	Unaudited Six months ended June 30, 2023			
	Core local commerce RMB'000	New initiatives RMB'000	Unallocated items* RMB'000	Total RMB'000
Delivery services	37,280,261	–	–	37,280,261
Commission	34,217,481	938,049	–	35,155,530
Online marketing services	17,990,214	99,780	–	18,089,994
Other services and sales (including interest revenue)	4,597,326	31,458,985	–	36,056,311
Total revenues	94,085,282	32,496,814	–	126,582,096
Cost of revenues, operating expenses and unallocated items	(73,501,691)	(42,718,630)	(2,063,055)	(118,283,376)
Operating profit/(loss)	20,583,591	(10,221,816)	(2,063,055)	8,298,720

* 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.

There is no concentration risk as no revenue from a single external customer was more than 10% of the Group's total revenues for the six months ended June 30, 2024 and 2023.

The reconciliation from operating profit to profit before income tax during the six months ended June 30, 2024 and 2023 is shown in the interim condensed consolidated income statement.

5.2 Segment assets

As of June 30, 2024 and December 31, 2023, substantially all of the non-current assets of the Group were located in the PRC.

6 REVENUES BY TYPE

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Delivery services	**44,086,329**	37,280,261
Commission	**43,482,551**	35,155,530
Online marketing services	**22,750,746**	18,089,994
Other services and sales (including interest revenue)	**45,207,335**	36,056,311
	155,526,961	126,582,096

Further analysis of revenues disaggregation is included in Note 5.

7 EXPENSES BY NATURE

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Delivery related costs	**48,034,761**	40,305,534
Employee benefits expenses	**22,361,745**	20,724,480
Transaction costs (Note (i))	**22,147,932**	18,023,151
Promotion, advertising and user incentives	**16,600,385**	14,899,067
Other outsourcing costs	**15,337,227**	12,448,143
Depreciation of property, plant and equipment (Note 13)	**3,818,732**	3,840,638
Amortisation of intangible assets (Note 14)	**118,457**	191,480
Auditor's remuneration		
– Audit and audit-related services	**16,518**	16,957
– Non-audit services	**3,289**	1,072

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

8 OTHER GAINS, NET

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Fair value changes and gains from treasury investments	**2,147,663**	2,042,838
Foreign exchange (losses)/gains, net	**(166,024)**	99,720
Others	**40,865**	698,382
	2,022,504	2,840,940

9 FINANCE INCOME AND COSTS

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	**624,249**	401,608
Finance costs		
Interest expenses on bank borrowings and notes payable	**(499,870)**	(575,495)
Interest in respect of lease liabilities	**(107,311)**	(131,987)
Others	**(55)**	–
	(607,236)	(707,482)

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Associates (a)	**19,481,806**	18,289,183
Joint ventures	**–**	–
	19,481,806	18,289,183

(a) Investments in associates accounted for using the equity method

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Investments in associates		
– listed entities	**17,520,602**	16,321,321
– unlisted entities	**1,961,204**	1,967,862
	19,481,806	18,289,183

The quoted fair value of the investments in listed entities was RMB19,036 million and RMB36,429 million as of June 30, 2024 and December 31, 2023, respectively.

	Unaudited Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
At the beginning of the period	**18,289,183**	16,568,451
Share of profits of investments accounted for using the equity method	**655,401**	72,647
Share of other changes in equity	**172,235**	204,149
Dilution losses	**(81,303)**	–
Dividends from associates	**(15,341)**	(13,729)
Impairment provision	**–**	(185,564)
Currency translation differences	**461,631**	499,365
At the end of the period	**19,481,806**	17,145,319

11 TAXATION

(a) Value Added Tax

The Group is mainly subject to VAT rate of 6% for services revenues or 13% for revenues of inventories sales, and relevant surcharges on VAT payments according to mainland China tax law.

(b) Income tax

Cayman Islands

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on their income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in the British Virgin Islands are not subject to tax on their income or capital gains. Additionally, the British Virgin Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

*Mainland China corporate income tax ("**CIT**")*

CIT provision was made on the estimated assessable profit of entities within the Group incorporated in mainland China and was calculated in accordance with the relevant regulations of mainland China after considering the available tax benefits from refunds and allowances. The general mainland China CIT rate was 25% during the six months ended June 30, 2024 and 2023.

Certain subsidiaries of the Group in mainland China are subject to "high and new technology enterprises", whose preferential income tax rate was 15% for the six months ended June 30, 2024 and 2023. Certain mainland China subsidiaries located in western region and engaged in certain encouraged industries were eligible for a preferential income tax rate of 15% for the six months ended June 30, 2024 and 2023. In addition, certain mainland China subsidiaries of the Group are subject to "small and thin-profit enterprises" under the CIT Law, whose preferential income tax rate was 20% for the six months ended June 30, 2024 and 2023.

11 TAXATION *(Continued)*

(b) Income tax *(Continued)*

Withholding tax on undistributed dividends

Pursuant to the CIT Law, a 10% withholding tax is levied on dividends declared by companies established in mainland China to foreign investors effective from January 1, 2008. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between mainland China and the jurisdiction of the foreign investors. However, the 5% withholding tax rate does not automatically apply and certain requirements must be satisfied.

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Current income tax expenses	**(290,362)**	(110,941)
Deferred income tax (expenses)/credits (Note 15)	**(127,016)**	92,558
Total income tax expenses	**(417,378)**	(18,383)

Income tax expenses are recognised based on management's best knowledge of the income tax rates that would be applicable to the full financial year.

12 EARNINGS PER SHARE

Basic earnings per share for the six months ended June 30, 2024 and 2023 were calculated by dividing the profit attributable to the Company's equity holders by the weighted average number of ordinary shares outstanding during the reporting period.

	Unaudited Six months ended June 30,	
	2024	2023
Profit for the period attributable to the equity holders of the Company (RMB'000)	**16,720,459**	8,046,103
Weighted average number of ordinary shares outstanding (thousands)	**6,195,147**	6,193,279
Basic earnings per share (RMB)	**2.70**	1.30

12 EARNINGS PER SHARE *(Continued)*

The Company has three categories of dilutive potential ordinary shares: share options, RSUs and convertible bonds. Diluted earnings 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 per share. In addition, profit for the period attributable to the equity holders of the Company (numerator) has been adjusted by all the dilutive effects.

	Unaudited Six months ended June 30,	
	2024	2023
Profit for the period attributable to the equity holders of the Company (RMB'000)	**16,720,459**	8,046,103
Dilutive effect arising from share options and RSUs granted by associates (RMB'000)	**(573,182)**	(472,340)
Profit for the period attributable to the equity holders of the Company used as the numerator in calculating diluted earnings per share (RMB'000)	**16,147,277**	7,573,763
Weighted average number of ordinary shares outstanding (thousands)	**6,195,147**	6,193,279
Adjustments for the dilutive impact of share options and RSUs (thousands)	**62,590**	85,019
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share (thousands)	**6,257,737**	6,278,298
Diluted earnings per share (RMB)	**2.58**	1.21

13 PROPERTY, PLANT AND EQUIPMENT

	Unaudited					
	Electronic equipment RMB'000	Bikes and electric mopeds RMB'000	Assets under construction RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2024						
Cost	16,194,832	8,826,992	1,770,228	16,963,677	3,977,767	47,733,496
Accumulated depreciation and impairment	(8,326,271)	(6,688,339)	(7,598)	(4,584,261)	(2,149,182)	(21,755,651)
Net book amount	7,868,561	2,138,653	1,762,630	12,379,416	1,828,585	25,977,845
Six months ended June 30, 2024						
Opening net book amount	7,868,561	2,138,653	1,762,630	12,379,416	1,828,585	25,977,845
Additions	4,320,947	–	2,178,683	1,142,732	153,542	7,795,904
Transfers	(115,626)	1,490,662	(1,747,314)	–	372,278	–
Disposals	(34,751)	(67,283)	(3,510)	(192,038)	(92,145)	(389,727)
Depreciation charges	(1,279,925)	(622,438)	–	(1,509,567)	(479,430)	(3,891,360)
Impairment charges	–	–	–	–	(87)	(87)
Currency translation differences	389	–	–	314	–	703
Ending net book amount	10,759,595	2,939,594	2,190,489	11,820,857	1,782,743	29,493,278
As of June 30, 2024						
Cost	19,927,770	8,059,527	2,192,443	17,190,411	4,517,153	51,887,304
Accumulated depreciation and impairment	(9,168,175)	(5,119,933)	(1,954)	(5,369,554)	(2,734,410)	(22,394,026)
Net book amount	10,759,595	2,939,594	2,190,489	11,820,857	1,782,743	29,493,278

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Unaudited					
	Electronic equipment RMB'000	Bikes and electric mopeds RMB'000	Assets under construction RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2023						
Cost	12,166,263	9,391,090	1,250,535	15,227,521	3,204,135	41,239,544
Accumulated depreciation and impairment	(7,214,796)	(6,683,432)	(86,840)	(3,583,263)	(1,469,954)	(19,038,285)
Net book amount	4,951,467	2,707,658	1,163,695	11,644,258	1,734,181	22,201,259
Six months ended June 30, 2023						
Opening net book amount	4,951,467	2,707,658	1,163,695	11,644,258	1,734,181	22,201,259
Additions	1,143,043	–	1,482,252	1,727,187	150,957	4,503,439
Transfers	1,901	831,242	(1,217,354)	–	384,211	–
Disposals	(29,534)	(74,124)	(10,666)	(705,039)	(56,556)	(875,919)
Depreciation charges	(719,239)	(1,396,275)	–	(1,362,572)	(432,828)	(3,910,914)
Impairment charges	–	–	–	–	(19)	(19)
Currency translation differences	118	–	–	144	–	262
Ending net book amount	5,347,756	2,068,501	1,417,927	11,303,978	1,779,946	21,918,108
As of June 30, 2023						
Cost	13,241,078	9,369,959	1,485,427	15,399,908	3,544,852	43,041,224
Accumulated depreciation and impairment	(7,893,322)	(7,301,458)	(67,500)	(4,095,930)	(1,764,906)	(21,123,116)
Net book amount	5,347,756	2,068,501	1,417,927	11,303,978	1,779,946	21,918,108

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation charges were expensed or capitalised in the following categories in the interim condensed consolidated income statement or the interim condensed consolidated statement of financial position respectively:

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Cost of revenues	**2,511,912**	2,703,495
Selling and marketing expenses	**886,159**	752,620
Research and development expenses	**277,130**	343,960
General and administrative expenses	**143,531**	40,563
Assets under construction	**72,628**	70,276
	3,891,360	3,910,914

(a) Leases

The carrying amounts of right-of-use assets by category are as follows:

	Unaudited As of June 30, 2024	Audited As of December 31, 2023
	RMB'000	RMB'000
Land use rights	**6,507,660**	6,579,764
Offices	**3,689,843**	4,043,206
Others	**1,623,354**	1,756,446
	11,820,857	12,379,416

The interim condensed consolidated financial statement shows the following amounts relating to leases:

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Depreciation charges of right-of-use assets	**1,509,567**	1,362,572
Interest expenses (included in finance costs)	**107,311**	131,987

14 INTANGIBLE ASSETS

	Unaudited			
	Goodwill RMB'000	Other intangible assets arising from business combinations RMB'000	Software and others RMB'000	Total RMB'000
As of January 1, 2024				
Cost	27,975,138	7,731,891	2,066,631	37,773,660
Accumulated amortisation and impairment	(201,587)	(5,206,260)	(1,967,866)	(7,375,713)
Net book amount	27,773,551	2,525,631	98,765	30,397,947
Six months ended June 30, 2024				
Opening net book amount	27,773,551	2,525,631	98,765	30,397,947
Additions	–	–	32,767	32,767
Amortisation charges	–	(85,681)	(33,093)	(118,774)
Ending net book amount	27,773,551	2,439,950	98,439	30,311,940
As of June 30, 2024				
Cost	27,975,138	7,731,891	2,096,516	37,803,545
Accumulated amortisation and impairment	(201,587)	(5,291,941)	(1,998,077)	(7,491,605)
Net book amount	27,773,551	2,439,950	98,439	30,311,940

As of June 30, 2024, no indicators for impairment of goodwill have been identified.

14 INTANGIBLE ASSETS *(Continued)*

	Unaudited			
	Goodwill	Other intangible assets arising from business combinations	Software and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2023				
Cost	27,975,138	7,730,260	2,016,238	37,721,636
Accumulated amortisation and impairment	(201,587)	(4,960,070)	(1,917,004)	(7,078,661)
Net book amount	27,773,551	2,770,190	99,234	30,642,975
Six months ended June 30, 2023				
Opening net book amount	27,773,551	2,770,190	99,234	30,642,975
Additions	–	231	36,001	36,232
Amortisation charges	–	(160,572)	(30,908)	(191,480)
Ending net book amount	27,773,551	2,609,849	104,327	30,487,727
As of June 30, 2023				
Cost	27,975,138	7,730,491	2,046,143	37,751,772
Accumulated amortisation and impairment	(201,587)	(5,120,642)	(1,941,816)	(7,264,045)
Net book amount	27,773,551	2,609,849	104,327	30,487,727

Amortisation charges were expensed or capitalised in the following categories in the interim condensed consolidated income statement or the interim condensed consolidated statement of financial position respectively:

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Cost of revenues	**13,801**	47,010
Selling and marketing expenses	**1,384**	42,706
Research and development expenses	**16,899**	13,741
General and administrative expenses	**86,373**	88,023
Assets under construction	**317**	–
	118,774	191,480

15 DEFERRED INCOME TAXES

The following amounts, determined after appropriate offsetting, are shown in the interim condensed consolidated statement of financial position:

(a) Deferred tax assets

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
The balance comprises temporary differences attributable to:		
– Tax losses	**2,417,846**	2,669,381
– Lease liabilities	**1,212,178**	1,310,968
– Others	**155,582**	111,242
Total gross deferred tax assets	**3,785,606**	4,091,591
Set-off of deferred tax assets pursuant to set-off provisions	**(1,938,612)**	(2,177,142)
Net deferred tax assets	**1,846,994**	1,914,449

15 DEFERRED INCOME TAXES *(Continued)*

(a) Deferred tax assets *(Continued)*

The movement on the gross deferred tax assets is as follows:

	Unaudited			
	Tax losses RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2024	**2,669,381**	**1,310,968**	**111,242**	**4,091,591**
(Charged)/credited to the interim condensed consolidated income statement	**(322,176)**	**(98,790)**	**34,174**	**(386,792)**
Credited to other reserves	**70,641**	**–**	**10,166**	**80,807**
As of June 30, 2024	**2,417,846**	**1,212,178**	**155,582**	**3,785,606**
As of January 1, 2023	1,836,236	1,050,416	405,282	3,291,934
Credited/(charged) to the interim condensed consolidated income statement	216,649	36,039	(64,976)	187,712
Credited to other reserves	56,599	–	224	56,823
As of June 30, 2023	2,109,484	1,086,455	340,530	3,536,469

The Group only recognises deferred tax assets for cumulative tax losses if it is probable that future taxable income will be available to utilise those tax losses. Management will continue to assess the recognition of deferred tax assets in future reporting periods. As of June 30, 2024 and December 31, 2023, the Group did not recognise deferred tax assets of RMB13,450 million and RMB14,290 million in respect of cumulative tax losses amounting to RMB81,458 million and RMB88,482 million including the tax losses arising from the excess deduction of share-based payments. These tax losses will expire from 2024 to 2028, and the expiration of tax losses of certain subsidiaries of the Group may extend to 2033.

15 DEFERRED INCOME TAXES *(Continued)*

(b) Deferred tax liabilities

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
The balance comprises temporary differences attributable to:		
– Other intangible assets arising from business combinations	**(361,587)**	(374,250)
– Investments accounted for using the equity method or at fair value	**(1,062,495)**	(1,088,421)
– Right-of-use assets	**(1,199,890)**	(1,296,868)
– Others	**(254,062)**	(385,833)
Total gross deferred tax liabilities	**(2,878,034)**	(3,145,372)
Set-off of deferred tax liabilities pursuant to set-off provisions	**1,938,612**	2,177,142
Net deferred tax liabilities	**(939,422)**	(968,230)

15 DEFERRED INCOME TAXES *(Continued)*

(b) Deferred tax liabilities *(Continued)*

The movement on the gross deferred tax liabilities is as follows:

	Unaudited				
	Other intangible assets arising from business combinations RMB'000	Investments accounted for using the equity method or at fair value RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2024	**(374,250)**	**(1,088,421)**	**(1,296,868)**	**(385,833)**	**(3,145,372)**
Credited to the interim condensed consolidated income statement	12,663	50,051	96,978	100,084	259,776
Credited/(charged) to other reserves	–	(24,125)	–	31,687	7,562
As of June 30, 2024	**(361,587)**	**(1,062,495)**	**(1,199,890)**	**(254,062)**	**(2,878,034)**
As of January 1, 2023	(410,827)	(999,646)	(1,048,294)	(182,164)	(2,640,931)
(Charged)/credited to the interim condensed consolidated income statement	23,914	(48,918)	(36,320)	(33,830)	(95,154)
Charged to other reserves	–	(31,467)	–	(12,653)	(44,120)
As of June 30, 2023	(386,913)	(1,080,031)	(1,084,614)	(228,647)	(2,780,205)

The Group has undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Company is able to control the timing of distributions from subsidiaries and is not expected to distribute these profits in the foreseeable future.

16 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Associates (a)	**10,677,735**	10,719,380
Other investees (b)	**7,887,312**	7,761,724
	18,565,047	18,481,104

(a) Associates

	Unaudited Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
At the beginning of the period	**10,719,380**	7,901,487
Additions	**475,301**	1,248,097
Changes in fair values	**(609,487)**	107,869
Disposals	**(9,971)**	(85,065)
Currency translation differences	**102,512**	91,087
At the end of the period	**10,677,735**	9,263,475

16 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

(b) Other investees

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	**7,761,724**	7,171,526
Additions	**37,000**	748,535
Changes in fair values	**(27,666)**	159,921
Transfers, net	**–**	(400,261)
Currency translation differences	**116,254**	129,974
At the end of the period	**7,887,312**	7,809,695

The Group also has interests in certain investee companies in the form of preferred and ordinary shares without significant influence, which are managed and whose performance are evaluated on a fair value basis.

17 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited As of June 30, 2024	Audited As of December 31, 2023
	RMB'000	RMB'000
Equity investments in listed entities	**738,197**	901,536
Equity investments in unlisted entities	**1,537,000**	1,413,000
	2,275,197	2,314,536

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	**2,314,536**	2,321,865
Addition	**124,000**	–
Changes in fair values	**(185,045)**	(224,750)
Transfers, net	**–**	400,261
Currency translation differences	**21,706**	34,425
At the end of the period	**2,275,197**	2,531,801

18 TREASURY INVESTMENTS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Long-term treasury investments at		
– Amortised cost	**767,732**	729,656
– Fair value through profit or loss	**8,853,310**	7,797,486
	9,621,042	8,527,142
Short-term treasury investments at		
– Amortised cost	**1,160,381**	7,830,630
– Fair value through profit or loss	**67,318,147**	83,395,830
– Fair value through other comprehensive income	**10,069,521**	20,594,219
	78,548,049	111,820,679

Treasury investments at amortised cost were term deposits. Treasury investments at fair value through profit or loss were primarily wealth management products on which the principal and returns were not guaranteed. Treasury investments at fair value through other comprehensive income were large-denomination negotiable certificates of term deposits and other financial products.

19 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Non-current		
Loan receivables (Note (i))	**1,948,102**	2,375,377
Rental deposits	**454,257**	449,792
Prepayments for PP&E and other assets	**340,395**	813,390
Others	**952,637**	372,688
	3,695,391	4,011,247
Current		
Loan receivables (Note (i))	**4,564,439**	6,043,377
Contract assets	**1,986,081**	2,115,482
Prepayments to merchants	**1,608,651**	1,711,802
Deductible value-added tax	**1,177,285**	1,303,839
Prepayments on behalf of third parties	**1,139,311**	891,442
Receivables upon share-based payments vesting or exercise	**1,121,332**	623,089
Prepayments for goods or services	**938,320**	685,739
Deposits in third-party payment processors	**227,716**	360,971
Amounts due from related parties (Note 32)	**96,277**	70,211
Others	**688,354**	728,971
	13,547,766	14,534,923

Note (i): Loan receivables are derived from micro-credit business and are initially measured at fair value. Depending on the business models in which the loan receivables are held, the subsequent measurement could be at amortised cost or at fair value through other comprehensive income.

As of June 30, 2024 and December 31, 2023, the carrying value of prepayments, deposits and other assets was primarily denominated in RMB.

20 INVENTORIES

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Finished goods	1,382,304	1,238,098
Raw materials	76,501	101,712
	1,458,805	1,339,810
Less: provisions for impairment	(37,510)	(35,215)
	1,421,295	1,304,595

Inventories recognised in profit or loss during the six months ended June 30, 2024 amounted to RMB18,324 million.

21 TRADE RECEIVABLES

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Trade receivables	3,249,077	3,034,648
Less: allowance for impairment	(314,598)	(291,649)
	2,934,479	2,742,999

21 TRADE RECEIVABLES *(Continued)*

Movements on the Group's allowance for impairment of trade receivables are as follows:

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	**(291,649)**	(315,226)
Credit loss allowance recognised, net	**(40,726)**	(21,092)
Write-offs	**17,777**	1,505
At the end of the period	**(314,598)**	(334,813)

The Group considered that the carrying amounts of the trade receivables approximated their fair value as of June 30, 2024 and December 31, 2023.

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

	Unaudited As of June 30, 2024	Audited As of December 31, 2023
	RMB'000	RMB'000
Trade receivables		
Within 3 months	**2,628,638**	2,411,778
3 to 6 months	**246,994**	250,334
6 months to 1 year	**45,367**	66,861
Over 1 year	**13,480**	14,026
	2,934,479	2,742,999

The majority of the Group's trade receivables was denominated in RMB.

The maximum exposure to credit risk as of June 30, 2024 and December 31, 2023 was the carrying value of the trade receivables. The Group did not hold any collateral as security.

22 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND SHARES HELD FOR SHARES AWARD SCHEME

As of June 30, 2024 and 2023, the total number of authorised shares of the Company is 10,000,000,000 with par value of USD0.00001 per share, comprising of 735,568,783 Class A Shares and 9,264,431,217 Class B Shares, respectively. Each Class A Share will entitle the holder to exercise ten votes, and each Class B Share will entitle the holder to exercise one vote, respectively, on any resolution tabled at the Company's general meetings, except for resolutions with respect to a limited number of reserved matters, in relation to which each Share is entitled to one vote. Class A Shares may be converted into Class B Shares on a one to one ratio. The weighted voting rights attached to the Company's Class A Shares will cease when none of the holders of the Class A Shares have beneficial ownership of any of our Class A Shares.

Issued and fully paid:

	Number of ordinary shares '000	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Shares held for shares award scheme RMB'000
As of January 1, 2024	**6,244,549**	**418**	**325,578,612**	**–**	**–**
Exercise of share options and RSUs vesting	**1,056**	**1**	**6,943,382**	**–**	**3**
Repurchase of ordinary shares (Note (i))	**–**	**–**	**–**	**(12,917,466)**	**–**
Cancellation of ordinary shares (Note (i))	**(82,508)**	**(6)**	**(6,605,936)**	**6,603,290**	**–**
Shares held for shares award scheme	**58,567**	**4**	**–**	**–**	**(4)**
As of June 30, 2024	**6,221,664**	**417**	**325,916,058**	**(6,314,176)**	**(1)**
As of January 1, 2023	6,193,151	415	316,743,344	–	–
Exercise of share options and RSUs vesting	9,292	1	6,071,220	–	1
Shares held for shares award scheme	39,860	2	–	–	(2)
As of June 30, 2023	6,242,303	418	322,814,564	–	(1)

As of June 30, 2024, there were 596,590,940 Class A Shares amongst the total issued Shares of the Company and the remainders were Class B Shares (including treasury shares).

Note (i): During the six months ended June 30, 2024, the Company repurchased 141,333,000 of Class B Shares in the open market, out of which, 82,508,300 shares has been cancelled as of June 30, 2024. The repurchase prices ranged from HKD68.20 to HK120.00 per share, with an average price of HKD98.68 per share.

23 OTHER RESERVES

	Unaudited					
	Capital reserve RMB'000	Share-based payments RMB'000	Currency translation differences RMB'000	Conversion option of convertible bonds RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2024	20	9,976,464	(10,430,194)	1,513,938	990,834	2,051,062
Equity-settled share-based payments	–	3,925,394	–	–	–	3,925,394
Exercise of share options and RSUs vesting	–	(6,920,435)	–	–	–	(6,920,435)
Share of changes in net assets of associates	–	–	–	–	170,937	170,937
Fair value changes of and net provisions for impairment losses on financial assets	–	–	–	–	(308,439)	(308,439)
Tax benefit from share-based payments	–	–	–	–	168,984	168,984
Currency translation differences	–	–	761,967	–	–	761,967
As of June 30, 2024	20	6,981,423	(9,668,227)	1,513,938	1,022,316	(150,530)

	Unaudited					
	Capital reserve RMB'000	Share-based payments RMB'000	Currency translation differences RMB'000	Conversion option of convertible bonds RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2023	20	10,322,138	(10,705,249)	1,513,938	353,340	1,484,187
Equity-settled share-based payments	–	4,392,782	–	–	–	4,392,782
Exercise of share options and RSUs vesting	–	(6,051,521)	–	–	–	(6,051,521)
Share of changes in net assets of associates	–	–	–	–	201,504	201,504
Fair value changes of and net provisions for impairment losses on financial assets	–	–	–	–	(48,500)	(48,500)
Tax benefit from share-based payments	–	–	–	–	91,172	91,172
Currency translation differences	–	–	628,799	–	–	628,799
As of June 30, 2023	20	8,663,399	(10,076,450)	1,513,938	597,516	698,423

24 DEFERRED REVENUES

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Online marketing services and others	**5,529,406**	5,538,424
Various packages for bike-sharing and e-moped sharing services	**77,257**	59,708
	5,606,663	5,598,132

The following table shows the amount of the revenues recognised in the current reporting period relating to carried-forward deferred revenues:

	Unaudited Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Revenues recognised that was included in the deferred revenues balance at the beginning of the period		
Online marketing services and others	**3,843,000**	3,362,473
Various packages for bike-sharing and e-moped sharing services	**59,708**	40,182
	3,902,708	3,402,655

25 TRADE PAYABLES

As of June 30, 2024 and December 31, 2023, the aging analysis of the trade payables based on invoice date is as follows:

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Trade payables		
Within 3 months	**22,328,250**	22,467,344
3 to 6 months	**219,536**	194,288
6 months to 1 year	**219,210**	129,805
Over 1 year	**254,227**	189,069
	23,021,223	22,980,506

The Group's trade payables was primarily denominated in RMB.

26 OTHER PAYABLES AND ACCRUALS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Deposits from merchants and transacting users	**6,163,606**	5,941,154
Employee payroll and benefits payables	**4,326,603**	6,468,239
Amounts collected on behalf of third parties	**2,103,679**	1,846,855
Taxes and surcharges payables	**1,752,900**	738,151
Customer advances	**827,466**	778,055
Accrued expenses	**578,055**	624,740
Payables for repurchase of ordinary shares	**468,010**	–
Amounts due to related parties (Note 32)	**257,169**	360,139
Others	**1,574,157**	1,184,882
	18,051,645	17,942,215

27 BORROWINGS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Included in non-current liabilities:		
RMB bank borrowings – secured (Note (i))	**816,894**	610,103
Included in current liabilities:		
RMB bank borrowings – unsecured	**698,790**	19,321,793

Note (i): As of June 30, 2024, the Group's land use rights with an original book value and a net book value of RMB6,920 million and RMB6,508 million respectively (December 31, 2023: RMB6,738 million and RMB6,398 million, respectively) had been charged as collateral for borrowings.

28 NOTES PAYABLE

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Included in non-current liabilities:		
Non-current portion of long-term USD senior notes (a)	**14,546,201**	14,112,131
Non-current portion of long-term USD convertible bonds (b)	**10,644,522**	20,498,835
	25,190,723	34,610,966
Included in current liabilities:		
Current portion of long-term USD convertible bonds (b)	**10,696,065**	–
Current portion of long-term USD senior notes (a)	**69,040**	67,009
	10,765,105	67,009

28 NOTES PAYABLE *(Continued)*

The notes payable were repayable as follows:

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Within 1 year	**10,765,105**	67,009
Between 1 and 2 years	**16,108,088**	15,581,442
Between 2 and 5 years	**–**	10,216,809
More than 5 years	**9,082,635**	8,812,715
	35,955,828	34,677,975

All of these notes payable issued by the Group were unsecured.

(a) On October 29, 2020, the Company issued senior notes on the Hong Kong Stock Exchange which were comprised of 2.125% senior notes in the aggregate principal amount of US$750 million due October 28, 2025 and 3.05% senior notes in the aggregate principal amount of US$1,250 million due October 28, 2030.

As of June 30, 2024, the fair value of the senior notes was RMB13,097 million (December 31, 2023: RMB12,498 million). The respective fair values were assessed based on the quoted market price of these senior notes at the end of each reporting period.

The undue interests accrued for long-term USD senior notes of RMB67 million was included in other payables and accruals as of December 31, 2023.

(b) On April 27, 2021, the Company completed the issuance of US$1,483,600,000 zero coupon convertible bonds ("**Series 1 Bonds**") due on April 27, 2027 and US$1,500,000,000 zero coupon convertible bonds ("**Series 2 Bonds**") due on April 27, 2028 (together, the "**Bonds**") to third party professional investors (the "**Bondholders**").

The Bonds will, at the option of the Bondholders, be convertible on or after June 7, 2021 up to the 10 days prior to the Maturity date (both days inclusive) into Class B ordinary shares of the Company at a conversion price of HK$431.24 per Class B share, subject to adjustments. The Company will, at the option of the Bondholders, redeem all or some only of such Bondholder's Series 1 Bonds on April 27, 2025 at 100.37% of the principal amount of the Series 1 Bonds, and redeem all or some only of such Bondholder's Series 2 Bonds on April 27, 2026 at 101.28% of the principal amount of the Series 2 Bonds.

28 NOTES PAYABLE *(Continued)*

Subsequent to the initial recognition, the liability component of the Bonds was carried at amortised cost using the effective interest rate method. The effective interest rates of the liability component of the Series 1 Bonds and the Series 2 Bonds were 1.94% per annum and 2.26% per annum, respectively.

The movement of the liability component of the Bonds for the six months ended June 30, 2024 and 2023 is set out below:

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	**20,498,835**	19,742,317
Interest expenses	**216,047**	204,827
Currency translation differences	**625,705**	749,277
At the end of the period	**21,340,587**	20,696,421

The equity component of the Bonds of RMB1,514 million was included in "Other reserves" (Note 23) of the Group as of June 30, 2024 and December 31, 2023.

As of June 30, 2024, the total fair value of the Bonds was RMB20,189 million (December 31, 2023: RMB18,839 million). Such fair values were assessed based on the quoted market price of these Bonds at the end of each reporting period.

29 SHARE-BASED PAYMENTS

As of June 30, 2024, there was a total of 490,026,099 share options and RSUs available for further grant under all schemes of the Company.

Share options

Share options granted typically expire in 10 years from the respective grant dates, and vest in tranches from the vesting commence date over the vesting period, on condition that participants remain in service without any performance requirements.

The share options may not be exercised until vested subject to the terms of the award agreement and are exercisable for a maximum period of 10 years after the date of grant.

Movements in the number of share options and their related weighted average exercise prices are as follows:

	Unaudited	
	Number of share options	Weighted average exercise price per share option (HKD)
Outstanding as of January 1, 2024	**21,893,044**	**37.14**
Granted during the period	**56,113,263**	**93.30**
Forfeited during the period	**(21,334)**	**186.10**
Exercised during the period	**(1,055,818)**	**23.91**
Outstanding as of June 30, 2024	**76,929,155**	**78.25**
Vested and exercisable as of June 30, 2024	**20,584,101**	**36.65**
Outstanding as of January 1, 2023	27,067,581	38.31
Granted during the period	–	–
Forfeited during the period	(1,764,160)	49.22
Exercised during the period	(1,021,152)	22.00
Outstanding as of June 30, 2023	24,282,269	38.21
Vested and exercisable as of June 30, 2023	20,604,424	34.73

The weighted average remaining contractual life of outstanding share options was 8.0 years as of June 30, 2024 (December 31, 2023: 3.7 years). The weighted average price of the shares at the time these share options were exercised was HKD80.85 per share (equivalent to approximately RMB74.55 per share) for the six months ended June 30, 2024.

29 SHARE-BASED PAYMENTS *(Continued)*

Fair value of share options

The Group has used Black-Scholes model to determine the fair value of the share option as of the grant date. Significant estimates on assumptions are made by the management. Key assumptions for the six months ended June 30, 2024 are set as below. There was no option granted for the six months ended June 30, 2023.

	Unaudited Six months ended June 30, 2024
Risk-free interest rates	3.4%-3.5%
Expected volatility	43.6%-44.3%
Fair value of share options per share (HKD)	46.74
Exercise price (HKD)	93.30

The weighted average fair value of granted options was HKD46.74 per share for the six months ended June 30, 2024.

RSUs

The Company also grants RSUs to employee participants and service providers under the Post-IPO Share Award Scheme. The RSUs awarded vest in tranches from the vesting commence date over a certain service period. Once the vesting conditions of RSUs are met, the RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer.

29 SHARE-BASED PAYMENTS *(Continued)*

RSUs *(Continued)*

Movements in the number of RSUs and the respective weighted average grant date fair value are as follows:

	Unaudited	
	Number of RSUs	Weighted average grant date fair value per RSU (HKD)
Outstanding as of January 1, 2024	**119,992,525**	**167.29**
Granted during the period	**65,936,822**	**100.70**
Vested during the period	**(43,930,930)**	**169.62**
Forfeited during the period	**(8,802,072)**	**159.12**
Outstanding as of June 30, 2024	**133,196,345**	**134.10**
Outstanding as of January 1, 2023	132,202,319	188.60
Granted during the period	50,471,719	132.66
Vested during the period	(37,615,243)	177.77
Forfeited during the period	(19,271,272)	122.58
Outstanding as of June 30, 2023	125,787,523	179.50

The fair value of each RSU at the grant dates is determined by reference to the fair value of the underlying ordinary shares on the date of grant.

29 SHARE-BASED PAYMENTS *(Continued)*

The total share-based payments charges were expensed or capitalised in the following categories in the interim condensed consolidated income statement or the interim condensed consolidated statement of financial position respectively:

	Unaudited Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
RSUs	**3,742,627**	4,396,726
Share options	**182,767**	(3,944)
Total share-based payments charges	**3,925,394**	4,392,782
Amount capitalised	**(5,055)**	(5,294)
Share-based compensation expenses	**3,920,339**	4,387,488

30 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended June 30, 2024 and 2023.

31 CAPITAL COMMITMENTS

	Unaudited **As of** **June 30,** **2024** **RMB'000**	Audited As of December 31, 2023 RMB'000
Purchase of property, plant and equipment	**6,301,244**	10,483,811
Investments	**893,612**	1,167,823
	7,194,856	11,651,634

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control or joint control the other party or to exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subjected to common control or joint control. Members of key management and their close family members are also considered as related parties of the Group.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the Directors of the Company, the related party transactions were carried out in the ordinary course of business and at terms negotiated between the Group and the respective related parties.

(a) Names of and the Group's relationship with related parties

The following companies are significant related parties of the Group that had transactions with the Group during the six months ended June 30, 2024 and 2023, and/or balances with the Group as of June 30, 2024 and December 31, 2023.

Name of related parties	Relationship
Dalian Tongda Enterprise Management Co., Ltd.	Associate of the Group
Guangxi Dossen Hotel Management Group Co., Ltd.	Associate of the Group
Tianjin Maoyan and its subsidiaries	Associate of the Group

(b) Significant transactions with related parties

		Unaudited Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
(i)	Sales of services		
	Associates of the Group	**216,900**	217,613
(ii)	Purchases of goods and services		
	Associates of the Group	**669,105**	646,776

32 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties

		Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
(i)	Due from related parties		
	Associates of the Group	**96,277**	70,211
(ii)	Due to related parties		
	Associates of the Group	**257,169**	360,139

(d) Key management compensation

	Unaudited Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Fees	**1,001**	748
Basic salaries and bonuses	**12,720**	11,423
Pension costs and other employee benefits	**449**	400
Share-based compensation expenses	**365,394**	121,799
	379,564	134,370

33 CONTINGENCIES

The Group did not have any material contingent liabilities as of June 30, 2024.

34 SUBSEQUENT EVENTS

The Company repurchased 80,777,000 of Class B Shares in the open market in July 2024. Such Class B Shares were repurchased at prices ranging from HKD105.20 to HKD120.10 per share.

Save as aforesaid, there were no other material subsequent events during the period from July 1, 2024 to the approval date of the Interim Financial Information by the Board on August 28, 2024.

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