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美团点评

Meituan Dianping

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

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND SETTING OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS FOR THE YEARS ENDING 31 DECEMBER, 2021, 2022 AND 2023

CONTINUING CONNECTED TRANSACTIONS

On September 30, 2020, the Company (for itself and on behalf of other members of our Group) and Shenzhen Tencent Computer (for itself and on behalf of Tencent and its associates) agreed to renew the 2018 Marketing and Promotion Services Framework Agreement, the 2018 Cloud Services and Technical Services Framework Agreement, and the 2018 Payment Services Framework Agreement by entering into (i) the 2020 Marketing and Promotion Services Framework Agreement in relation to mutual provision of marketing and promotion services, (ii) the 2020 Technical Services Cooperation Framework Agreement in relation to the mutual provision of technical support and other related services, and (iii) the 2020 Payment Services Framework Agreement in relation to the provision of payment services by Tencent to the Company in order to enable our consumers to make online payment for our service offerings.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tencent is a substantial shareholder of the Company. Pursuant to Rule 14A.07(4) of the Listing Rules, Shenzhen Tencent Computer is considered as an associate of Tencent and a connected person of the Company. Accordingly, the entering into of (i) the 2020 Marketing and Promotion Services Framework Agreement, (ii) the 2020 Technical Services Cooperation Framework Agreement, and (iii) the 2020 Payment Services Framework Agreement constitute continuing connected transactions for the Company.

Since the highest of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be 0.1% or more but less than 5%, the transactions contemplated under each of the 2020 Marketing and Promotion Services Framework Agreement, the 2020 Technical Services Cooperation Framework Agreement, and the 2020 Payment Services Framework Agreement will be exempt from the independent shareholders' approval requirements, but are subject to the announcement requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the prospectus of the Company in relation to, among other things, the 2018 Marketing and Promotion Services Framework Agreement, the 2018 Cloud Services and Technical Services Framework Agreement, and the 2018 Payment Services Framework Agreement entered into between the Company (for itself and on behalf of other members of our Group) and Shenzhen Tencent Computer (for itself and on behalf of Tencent and its associates). For further details of the 2018 Marketing and Promotion Services Framework Agreement, the 2018 Cloud Services and Technical Services Framework Agreement, and the 2018 Payment Services Framework Agreement, please refer to the Prospectus.

The Board is pleased to announce that, on September 30, 2020, the Company (for itself and on behalf of other members of our Group) and Shenzhen Tencent Computer (for itself and on behalf of Tencent and its associates) agreed to renew the 2018 Marketing and Promotion Services Framework Agreement, the 2018 Cloud Services and Technical Services Framework Agreement, and the 2018 Payment Services Framework Agreement by entering into (i) the 2020 Marketing and Promotion Services Framework Agreement in relation to mutual provision of marketing and promotion services, (ii) the 2020 Technical Services Framework Agreement in relation to the mutual provision of technical support and other related services, and (iii) the 2020 Payment Services Framework Agreement in relation to the provision of payment services by Tencent to the Company in order to enable our consumers to make online payment for our service offerings.

The 2018 Marketing and Promotion Services Framework Agreement, 2018 Cloud Services and Technical Services Framework Agreement, and 2018 Payment Services Framework Agreement will be terminated once the 2020 Marketing and Promotion Services Framework Agreement, 2020 Technical Services Framework Agreement and 2020 Payment Services Framework Agreement take effect.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

1. 2020 Marketing and Promotion Services Framework Agreement

Principal terms of the 2020 Marketing and Promotion Services Framework Agreement are set out as follows:

Date:

September 30, 2020

Parties:

- (i) the Company (for itself and on behalf of other members of our Group); and
- (ii) Shenzhen Tencent Computer (for itself and on behalf of Tencent and its associates).

Duration:

From January 1, 2021 to December 31, 2023.

Subject matter:***(a) In respect of the services provided by Tencent to the Company***

Tencent would provide marketing and promotion services for the Company 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). The precise scope of service, service fee calculation, method of payment and other details of the service agreement will be agreed between the relevant parties separately.

(b) In respect of the services provided by the Company to Tencent

The Company would provide marketing and promotion services for Tencent on our relevant platforms. The precise scope of service, service fee calculation, method of payment and other details of the service agreement will be agreed between the relevant parties separately.

Pricing policy:

The service fees will be determined after arm's length negotiation between the parties with reference to the market rates. The fees for certain promotion services provided by both Tencent and us are determined according to one or more of the following manners:

- Cost-Per-Time: charged on the basis of length of duration of marketing and promotion services provided;
- Cost-Per-Click: charged on the basis of the price of each click and number of clicks of online users;
- Cost-Per-Sale: charged on the basis of revenue generated from the users procured;
- Cost-Per-Download: charged on the basis of actual download volumes of services; and
- Cost-Per-Mille: charged on the basis of the number of impressions (expressed in thousands) generated by online users.

(a) In respect of the services provided by Tencent to the Company

Before entering into any marketing and promotion services agreement pursuant to the 2020 Marketing and Promotion Services Framework Agreement, the Company will assess its business needs and compare the marketing and promotion services fees rates proposed by Tencent with the fees rates offered by at least one other comparable service providers. In addition, we will take into account a number of factors, including but not limited to (i) the effectiveness of the services offered by different online marketing and promotion services providers; (ii) the breadth of user base of various online advertising platforms; and (iii) the rates of marketing and promotion services fees. We will only enter into a marketing and promotion services agreement with Tencent if (i) the fees rates and quality of marketing and promotion services provided by Tencent are no less favourable than those from other independent third party service provider; and (ii) it is in the best interests of our Company and the shareholders as a whole.

(b) In respect of the services provided by the Company to Tencent

The Company would provide marketing and promotion services for Tencent on our relevant platforms based on fair pricing, which will be no more favourable than what we charge our other clients for provision of similar services and will be in the best interest of our Company and the shareholders as a whole.

Historical figures

(a) In respect of the services provided by Tencent to the Company

For the years ended December 31, 2017, 2018 and 2019, the aggregate amounts of the marketing and promotion services fees paid to Tencent by the Company were approximately RMB87.8 million, RMB368.4 million and RMB386.1 million, respectively.

(b) In respect of the services provided by the Company to Tencent

For the years ended December 31, 2017, 2018 and 2019, the aggregate amounts of the marketing and promotion services fees paid to the Company by Tencent were approximately nil, nil and RMB65.0 million, respectively.

Annual caps for the years ending December 31, 2021, 2022 and 2023

(a) In respect of the services provided by Tencent to the Company

The maximum aggregate amounts of marketing and promotion services fees payable by the Company to Tencent under the 2020 Marketing and Promotion Services Framework Agreement for the year ending December 31, 2021, 2022 and 2023 are RMB1.29 billion, RMB1.73 billion and RMB1.83 billion, respectively, which has been determined principally with reference to (i) the historical figures; (ii) the increasing demand for marketing and promotion services arising from the expansion in product and service categories as well as growth of our new initiatives and other services segment.

(b) In respect of the services provided by the Company to Tencent

The maximum aggregate amounts of marketing and promotion services fees payable by Tencent to the Company under the 2020 Marketing and Promotion Services Framework Agreement for the year ending December 31, 2021, 2022 and 2023 are RMB50 million, RMB70 million and RMB90 million, respectively, which has been determined principally with reference to (i) the historical payments Tencent made to us in relation to our marketing services and (ii) a forecast of the future needs of Tencent based on our estimates.

Reasons for and benefits of the transactions

Given that Tencent is a leading provider of Internet value added services in the PRC internet across social, games and media platforms, the use of marketing and promotion services on its platforms would enable us to promote our brands and services to Tencent's vast and high-frequency user base, hence attracting more consumers and merchants to our platform and enhancing our business growth. Many of our users and potential new users are users of Tencent's platforms through which we deliver our services. We believe that the marketing and promotion services provided by Tencent will enable us to increase our users and potential new users' awareness of and familiarity with our platform, mobile apps and services which will be crucial to the success of our business.

The Company is the leading e-commerce platform in China offering service including on-demand delivery, car-hailing, bike-sharing, hotel and travel booking, movie ticketing, and other entertainment and lifestyle services. Provision of marketing and promotion services to large corporations such as Tencent, enables efficient utilisation of our platforms and resources and can increase our revenue.

2. 2020 Technical Services Cooperation Framework Agreement

Principal terms of the 2020 Technical Services Cooperation Framework Agreement are set out as follows:

Date:

September 30, 2020

Parties:

- (i) the Company (for itself and on behalf of other members of our Group); and
- (ii) Shenzhen Tencent Computer (for itself and on behalf of Tencent and its associates).

Duration:

From January 1, 2021 to December 31, 2023.

Subject matter:***(a) In respect of the services provided by Tencent to the Company***

Tencent agreed to provide cloud services, cloud storage and cloud services related technical support, digital map services, message services, delivery services and other related services to the Company. The precise scope of service, service fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.

(b) In respect of the services provided by the Company to Tencent

Pursuant to the 2020 Technical Services Cooperation Framework Agreement, the Company agreed to provide technical support and other related services to Tencent. The precise scope of service, service fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.

Pricing policy:

The service fees will be determined after arm's length negotiation between the parties with reference to the market rates.

(a) In respect of the services provided by Tencent to the Company

Before entering into any technical services agreement pursuant to the 2020 Technical Services Cooperation Framework Agreement, the Company will assess our business needs and compare technical services fees proposed by Tencent with the fees offered by at least one other comparable service providers. In addition, we will take into account a number of factors, including but not limited to (i) the quality and stability of technical services of different service providers; and (ii) the service fee rates. We will only enter into a technical services agreement with Tencent if (i) the fees rates and quality of the technical services provided by Tencent are no less favourable than those from other independent third party service provider; and (ii) it is in the best interests of our Company and the shareholders as a whole.

(b) In respect of the services provided by the Company to Tencent

The Company would provide various technical and other services for Tencent based on fair pricing, which will be no more favourable than what we charge our other clients for provision of similar services and will be in the best interest of our Company and the shareholders as a whole.

Historical figures***(a) In respect of the services provided by Tencent to the Company***

For the years ended December 31, 2017, 2018, and 2019, the aggregate amounts of the cloud services and technical services fees paid to Tencent by the Company were approximately RMB18.8 million, RMB107.4 million and RMB132.4 million, respectively.

(b) In respect of the services provided by the Company to Tencent

For the years ended December 31, 2017, 2018, and 2019, the aggregate amounts of the cloud services and technical services fees paid to the Company by Tencent were nil, nil and nil, respectively.

Annual caps for the years ending December 31, 2021, 2022 and 2023

(a) In respect of the services provided by Tencent to the Company

The maximum total aggregate amounts of technical services fees payable by the Company to Tencent under the 2020 Technical Services Cooperation Framework Agreement for the year ending December 31, 2021, 2022 and 2023 are RMB340 million, RMB480 million and RMB690 million, respectively, which has been determined principally with reference to (i) the historical figures; (ii) the increasing demand for cloud services, cloud storage and cloud services related technical support, digital map services, message services, delivery services and other related services based on our future business forecast.

(b) In respect of the services provided by the Company to Tencent

The maximum total aggregate amounts of technical services fees payable by Tencent to the Company under the 2020 Technical Services Cooperation Framework Agreement for the year ending December 31, 2021, 2022 and 2023 are RMB50 million, RMB90 million and RMB120 million, respectively, which has been determined principally with reference to (i) the historical figures; and (ii) our forecast for future business development with Tencent.

Reasons for and benefits of the transactions

There are limited choices of cloud service providers in the PRC. Tencent is a leading integrated service provider for a wide range of cloud services and technical services in the PRC and is able to provide reliable and cost-efficient services. Considering our business has undergone and is expected to undergo rapid growth, we believe that obtaining such outsourced services from an integrated service provider is a cost-effective alternative to build all supporting technology infrastructure internally. We will be able to reduce unnecessary management resources and costs incurred from the purchase of additional technology hardware and tools, and recruitment of additional full-time information technology and maintenance staff. We therefore entered into the Cloud Services and Technical Services Framework Agreement to govern any cloud services and technical services to be provided by Tencent to us.

The Company and Tencent have overlapping users and potential new users, and ongoing services agreements for the mutual provision of platform services. Therefore, we believe it is beneficial to the Company to provide technical support and other related services to Tencent, which enables efficient operation of the platforms of the Company and Tencent.

3. 2020 Payment Services Framework Agreement

Principal terms of the 2020 Payment Services Framework Agreement are set out as follows:

Date:

September 30, 2020

Parties:

- (i) the Company (for itself and on behalf of other members of our Group); and
- (ii) Shenzhen Tencent Computer (for itself and on behalf of Tencent and its associates).

Duration:

From January 1, 2021 to December 31, 2023.

Subject matter:

Tencent agreed to provide the Company with payment services in order to enable our consumers to make online payment for our 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 precise scope of service, service fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.

Pricing policy:

Before entering into any payment service agreement pursuant to the 2020 Payment Services Framework Agreement, we will assess our business needs and compare the payment service commissions proposed by Tencent with the commissions offered by at least one other comparable service providers. In addition, we will take into account a number of factors, including but not limited to (i) the efficiency of payment channels operated by different online payment service providers (ii) consumers' preference among different online payment service providers; and (iii) the payment service commission rates. We will only enter into a payment service agreement with Tencent if (i) the fees rates and quality of the payment services provided by Tencent are no less favourable than those from other independent third party service provider; and (ii) it is in the best interests of our Company and the shareholders as a whole.

The payment service commissions will be determined after arm's length negotiation between the parties with reference to the market rates. The commission rate and calculation method shall be agreed between the parties separately.

Historical figures

For the years ended December 31, 2017 and 2018 and 2019, the aggregate amounts of the payment services fees paid to Tencent by the Company were approximately RMB306.7 million, RMB488.2 million and RMB1,327.1 million, respectively.

Annual caps for the years ending December 31, 2021, 2022 and 2023

The maximum aggregate amounts of the payment services fees payable by the Company to Tencent pursuant the 2020 Payment Services Framework Agreement for the year ending December 31, 2021, 2022 and 2023 are RMB2.62 billion, RMB3.18 billion and RMB3.84 billion, respectively, which has been determined principally with reference to the historical figures and are primarily multiples of (i) the expected Gross Transaction Volume for the years ending December 31, 2021, 2022 and 2023; (ii) the historical percentage of Gross Transaction Volume with payment made through Tencent's payment channels which we expect to continue to be the main payment method chosen by our users going forward; and (iii) the estimated commission rate charged by Tencent, with reference to the current market rates.

Reasons for and benefits of the transactions

There are limited choices of online payment channels in the PRC. Given that Tencent is a leading player in the PRC online payment service industry and many of our users use Tencent's online payment services, such cooperation will enable us to provide our users with a convenient payment methods and therefore enhance our users' satisfaction with our services.

OPINION FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that the terms of (i) the 2020 Marketing and Promotion Services Framework Agreement, (ii) the 2020 Technical Services Cooperation Framework Agreement, and (iii) the 2020 Payment Services Framework Agreement (including the proposed Annual Caps thereunder for the years ending December 31, 2021, 2022, and 2023) are fair and reasonable, and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

The Company is China's leading e-commerce platform for services including food delivery services, consumer products and retail services.

Shenzhen Tencent Computer is a wholly owned subsidiary of Tencent carrying out the business of development of softwares and provisions of information technology services in the PRC.

Tencent is a leading provider of Internet value-added services in China, including communications and social, digital content, advertising, fintech and cloud services and its shares are listed on the Main Board of the Stock Exchange.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tencent is a substantial shareholder of the Company. Pursuant to Rule 14A.07(4) of the Listing Rules, Shenzhen Tencent Computer is considered as an associate of Tencent and a connected person of the Company. Accordingly, the entering into of (i) the 2020 Marketing and Promotion Services Framework Agreement, (ii) the 2020 Technical Services Cooperation Framework Agreement, and (iii) the 2020 Payment Services Framework Agreement constitute continuing connected transactions for the Company.

Since the highest of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be 0.1% or more but less than 5%, the transactions contemplated under each of (i) the 2020 Marketing and Promotion Services Framework Agreement, (ii) the 2020 Technical Services Cooperation Framework Agreement, and (iii) the 2020 Payment Services Framework Agreement will be exempt from the independent shareholders' approval requirements, but are subject to the announcement requirements under Chapter 14A of the Listing Rules.

Mr. Lau Chi Ping Martin is an employee of Tencent and has therefore abstained from voting on the relevant board resolutions approving (i) the 2020 Marketing and Promotion Services Framework Agreement, (ii) the 2020 Technical Services Cooperation Framework Agreement, and (iii) the 2020 Payment Services Framework Agreement, and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the matters contemplated therein nor is any of them required to abstain from voting on the relevant Board resolutions approving (i) the 2020 Marketing and Promotion Services Framework Agreement, (ii) the 2020 Technical Services Cooperation Framework Agreement, and (iii) the 2020 Payment Services Framework Agreement, and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Annual Cap(s)”	the maximum total fees payable by the Company to Tencent or by Tencent to the Company in connection with the 2020 Marketing and Promotion Services Framework Agreement, the 2020 Technical Services Cooperation Framework Agreement, or the 2020 Payment Services Framework Agreement, for the year ending December 31, 2021, 2022 or 2023, as the case may be
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Class B Shares”	class B ordinary shares of the share capital of the Company with a par value of US\$0.00001 each
“Company”, “we”, “us” or “our”	Meituan Dianping (美团点评), a company incorporated in the Cayman Islands, the Class B Shares of which are listed on the Main Board of the Stock Exchange and the Group, as the case may be

“connected person(s)”	has the meaning in rules 14A.07 to 14A.11 the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Gross Transaction Volume”	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, but excludes any payment-only transactions, such as QR code scan payments and point-of-sale payments
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended and supplemented from time to time)
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus issued by the Company on September 7, 2018 in connection with its global offering
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen Tencent Computer”	Shenzhen Tencent Computer Systems Co., Ltd. (深圳市騰訊計算機系統有限公司), a company established in the PRC on November 11, 1998 and a wholly-owned subsidiary of Tencent
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Tencent”	Tencent Holdings Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange and a substantial shareholder of the Company, and/or its subsidiaries, as the case may be
“2018 Marketing and Promotion Services Framework Agreement”	a framework agreement entered into between the Company (for itself and on behalf of other members of our Group) and Shenzhen Tencent Computer (for itself and on behalf of other members of Tencent) on September 1, 2018 in relation to the provision of marketing and promotion services by Tencent to the Company

“2018 Cloud Services and Technical Services Framework Agreement”	a framework agreement entered into between the Company (for itself and on behalf of other members of our Group) and Shenzhen Tencent Computer (for itself and on behalf of other members of Tencent) on September 1, 2018 in relation to the provision of cloud services, cloud storage and cloud services related technical support by Tencent to the Company
“2018 Payment Services Framework Agreement”	a framework agreement entered into between the Company (for itself and on behalf of other members of our Group) and Shenzhen Tencent Computer (for itself and on behalf of Tencent and its associates) on September 1, 2018 in relation to the provision of payment services by Tencent to the Company
“2020 Marketing and Promotion Services Framework Agreement”	a framework agreement entered into between the Company (for itself and on behalf of other members of our Group) and Shenzhen Tencent Computer (for itself and on behalf of Tencent and its associates) on September 30, 2020 in relation to mutual provision of marketing and promotion services
“2020 Technical Services Cooperation Framework Agreement”	a framework agreement entered into between the Company (for itself and on behalf of other members of our Group) and Shenzhen Tencent Computer (for itself and on behalf of Tencent and its associates) on September 30, 2020 in relation to the mutual provision of technical support and other related services
“2020 Payment Services Framework Agreement”	a framework agreement entered into between the Company (for itself and on behalf of other members of our Group) and Shenzhen Tencent Computer (for itself and on behalf of other members of Tencent) on September 30, 2020 in relation to the provision of payment services by Tencent to the Company in order to enable our consumers to make online payment for our service offerings
“%”	per cent

By Order of the Board
Meituan Dianping
Wang Xing
Chairman

Hong Kong, September 30, 2020

As of the date of this announcement, the board of directors of the Company comprises of Mr. Wang Xing as chairman and executive Director, Mr. Mu Rongjun and Mr. Wang Huiwen as executive Directors, Mr. Lau Chi Ping Martin and Mr. Neil Nanpeng Shen as non-executive Directors, and Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong and Mr. Shum Heung Yeung Harry as independent non-executive Directors.