



Meituan

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

Stock Code: 3690



2023

Interim report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Xing (王興)
(Chairman and Chief Executive Officer)
Mr. Mu Rongjun (穆榮均)

Non-executive Director

Mr. Neil Nanpeng Shen (沈南鵬)

Independent Non-executive Directors

Mr. Orr Gordon Robert Halyburton
Mr. Leng Xuesong (冷雪松)
Dr. Shum Heung Yeung Harry (沈向洋)
Ms. Yang Marjorie Mun Tak (楊敏德)
(appointed on June 30, 2023)

AUDIT COMMITTEE

Mr. Orr Gordon Robert Halyburton *(Chairman)*
Mr. Leng Xuesong (冷雪松)
Dr. Shum Heung Yeung Harry (沈向洋)

REMUNERATION COMMITTEE

Mr. Leng Xuesong (冷雪松) *(Chairman)*
Dr. Shum Heung Yeung Harry (沈向洋)
Mr. Mu Rongjun (穆榮均)

NOMINATION COMMITTEE

Mr. Leng Xuesong (冷雪松) *(Chairman)*
Dr. Shum Heung Yeung Harry (沈向洋)

CORPORATE GOVERNANCE COMMITTEE

Mr. Leng Xuesong (冷雪松) *(Chairman)*
Dr. Shum Heung Yeung Harry (沈向洋)
Mr. Orr Gordon Robert Halyburton

JOINT COMPANY SECRETARIES

Ms. Xu Sijia (徐思嘉)
Ms. Lau Yee Wa (劉綺華)

AUTHORIZED REPRESENTATIVES

Mr. Wang Xing (王興)
Mr. Mu Rongjun (穆榮均)
(appointed on June 26, 2023)

AUDITOR

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*Certified Public Accountants and
Registered PIE Auditor*
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REGISTERED OFFICE

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CORPORATE INFORMATION

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COMPLIANCE ADVISOR

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HONG KONG SHARE REGISTRAR

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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STOCK CODE

3690 (HKD counter)
83690 (RMB counter)

STOCK SHORT NAMES

美團-W (HKD counter)
MEITUAN-W (HKD counter)

美團-WR (RMB counter)
MEITUAN-WR (RMB counter)

COMPANY'S WEBSITE

about.meituan.com

KEY HIGHLIGHTS

FINANCIAL SUMMARY AND OPERATING METRICS



	Unaudited				
	Three Months Ended				
	June 30, 2023		June 30, 2022		Year-over-year change
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	67,964,624	100.0%	50,938,363	100.0%	33.4%
Operating profit/(loss)	4,712,999	6.9%	(492,838)	(1.0%)	NA
Profit/(loss) for the period	4,688,619	6.9%	(1,116,027)	(2.2%)	NA
Non-IFRS Measures¹:					
Adjusted EBITDA	7,682,351	11.3%	3,802,741	7.5%	102.0%
Adjusted net profit	7,659,868	11.3%	2,057,773	4.0%	272.2%

	Unaudited				
	Six Months Ended				
	June 30, 2023		June 30, 2022		Year-over-year change
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	126,582,096	100.0%	97,207,117	100.0%	30.2%
Operating profit/(loss)	8,298,720	6.6%	(6,077,080)	(6.3%)	NA
Profit/(loss) for the period	8,047,110	6.4%	(6,818,593)	(7.0%)	NA
Non-IFRS Measures:					
Adjusted EBITDA	13,944,411	11.0%	1,961,970	2.0%	NA
Adjusted net profit/(loss)	13,151,309	10.4%	(1,528,479)	(1.6%)	NA

	Three Months Ended		
	June 30, 2023	June 30, 2022	Year-over-year change
	<i>(in millions, except for percentages)</i>		
Number of On-demand Delivery transactions	5,400.4	4,102.4	31.6%

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

KEY HIGHLIGHTS



	Core local commerce	Year-over-year change		Total
		New initiatives	Unallocated items	
		<i>(Percentages %)</i>		
Revenues:				
Delivery services	27.7	NA	NA	27.7
Commission	47.5	61.7	NA	47.8
Online marketing services	40.4	204.3	NA	40.9
Other services and sales (including interest revenue)	106.7	17.1	NA	23.5
Total revenues	39.2	18.4	NA	33.4
Cost of revenues, operating expenses and unallocated items	40.5	4.8	(37.2)	23.0
Operating profit/(loss)	34.8	(23.5)	(37.2)	NA

	Core local commerce	Unaudited Six Months Ended June 30, 2023		Total
		New initiatives	Unallocated items	
		<i>(RMB in thousands)</i>		
Revenues:				
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

KEY HIGHLIGHTS

	Unaudited			Total
	Six Months Ended June 30, 2022			
	Core local commerce	New initiatives	Unallocated items	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	30,183,979	–	–	30,183,979
Commission	24,427,225	665,677	–	25,092,902
Online marketing services	14,300,720	34,849	–	14,335,569
Other services and sales (including interest revenue)	2,046,905	25,547,762	–	27,594,667
Total revenues	70,958,829	26,248,288	–	97,207,117
Cost of revenues, operating expenses and unallocated items	(57,992,695)	(41,491,118)	(3,800,384)	(103,284,197)
Operating (loss)/profit	12,966,134	(15,242,830)	(3,800,384)	(6,077,080)

	Year-over-year change			Total
	Core local commerce	New initiatives	Unallocated items	
	<i>(Percentages %)</i>			
Revenues:				
Delivery services	23.5	NA	NA	23.5
Commission	40.1	40.9	NA	40.1
Online marketing services	25.8	186.3	NA	26.2
Other services and sales (including interest revenue)	124.6	23.1	NA	30.7
Total revenues	32.6	23.8	NA	30.2
Cost of revenues, operating expenses and unallocated items	26.7	3.0	(45.7)	14.5
Operating profit/(loss)	58.7	(32.9)	(45.7)	NA



CHAIRMAN'S STATEMENT

To our shareholders:

In the first half of 2023, China's local service market rebounded rapidly. Leveraging our "Retail + Technology" corporate strategy, we made significant strides in enhancing the efficiency of both goods retail and services retail, invigorated the local consumption market, and deepened online penetration among merchants. We continued to help merchants enhance online operations, and satisfy the growing demands of our consumers by providing them with better quality, more affordably-priced, and more convenient goods and services. In addition to business development, we also made progress in innovations and technology, such as autonomous delivery, and we strongly believe that technology advancement will empower us to achieve greater success. Going forward, we will continue to fulfill our mission that "we help people eat better, live better", and support the development of digital economy and the real economy.

Company Business Highlights

Core Local Commerce

For the second quarter of 2023, segment revenue increased by 39.2% year over year to RMB51.2 billion, and operating profit increased by 34.8% year over year to RMB11.1 billion, with operating margin remained relatively flat at 21.8%, compared to 22.5% in the same period of 2022. Number of On-demand Delivery transactions increased by 31.6% year over year.

In the second quarter, food delivery experienced strong growth as consumption continued to recover. We satisfied consumers' increasingly diverse demand through supply enhancement and subsidy strategy improvement, especially in the high ticket-size and high-quality bands. In addition, supply and demand in the low-price range also recovered strongly. As the restaurant industry plays an important role in China's economic development and in people's livelihoods, we remain committed to helping restaurants in their recovery and digital operations. During the quarter, the number of newly onboarded merchants more than doubled on year-over-year basis, which helped broaden our merchant base and improve our supply quality. On the marketing front, we upgraded our monthly promotional event "Shen Quan Jie" ("神券節"), and expanded "Shen Qiang Shou" ("神搶手") in multiple cities, enabling merchants to offer low-price and high-quality dishes through flash sales, live streaming, and short-form videos. Merchants who participated in these events realized notable growth in both transaction volume and number of new customers acquired. Beyond selling mega-hit products during the events, merchants were able to enjoy long-lasting benefits from consumer repurchases. Moreover, consumers usually add other dishes at check out when they validate their vouchers, enhancing cross-sells and boosting sales of shelf-based products. We further expanded our high-quality merchant base and provided them with resources and traffic support. In June, we launched the "Must-Order List" ("必點榜") for food delivery in more high-tier cities. The program helped attract more user traffic, provided long-distance delivery services, and expanded the consumer base for the merchants that are on the list. Going forward, we will continue to develop our food delivery ecosystem, enhance our content capabilities, and launch more innovative marketing strategies.

Nowadays, flexible workers have emerged as a crucial component of China's labor force. Besides providing job opportunities, we are also dedicated to improving the welfare and work experience for couriers. In June, we launched a Summer Courier Care program (“夏季騎手關懷活動”) in over 100 cities. We refined our delivery route algorithm to minimize couriers' exposure to high temperatures in the summer season. Additionally, we provided couriers with subsidies and ensured stable income for individuals working under extreme heat conditions. During this year's July 17th Courier Festival (“717騎士節”), we also launched a program to support couriers' long-term personal development, covering professional, career, and educational development opportunities.

During the second quarter, Meituan Instashopping maintained robust growth trajectory, with peak daily order volume reaching 11 million for the second time, thanks to the enhancement in user base and purchase frequency. Leveraging promotional events and festivals, we strengthened consumer awareness of the diversity and convenience that we offer. We further increased the quantity and variety of supply, and annual Active Merchants grew by 30% year over year. We continued to assist merchants in online operations, providing traffic, subsidies, and access to various marketing tools for the merchants. We witnessed notable growth across categories during promotional holidays. For example, electronics and home appliances experienced accelerated online penetration in lower-tier cities. Daily necessities, beauty and personal care, and mother-and-child products all achieved robust growth throughout the second quarter. We expanded our “24/7 Smart Pharmacies” (“24小時藥店”) nationwide to provide medical consultations and medications to a broader consumer base. In collaboration with pharmacies and pharmaceutical companies, we launched the “Yellow Light” project (“小黃燈健康守護聯盟”), bringing medical resources and 24-hour medical services to more lower-tier markets.

As offline consumption continued to recover, our in-store, hotel & travel business grew robustly in the second quarter, with GTV increasing by over 120% compared to the same period last year. Annual Active Merchants and annual Transacting Users also hit new highs.

During the second quarter, GTV of our in-store business increased substantially year over year, as we continued to refine our product offerings, enhance consumer experience, and expand merchant services. We also lowered the threshold for subscription-based services, enabling more small- and medium-sized merchants to capture the benefits of online operations at a lower cost. We enhanced our content generation capability and encouraged consumers to stockpile deals. To provide merchants with more marketing tools and help broaden their traffic acquisition channels, we optimized our Special Deals (“特價團購”) and live streaming programs. These measures not only allowed merchants to do online promotions with higher efficiency, but also offered consumers a wider range of high-quality and affordably-priced products and services. In addition, we continued to improve our ability to create mega-hit products, optimized the content offerings, and addressed more diverse needs from consumers, thus reinforcing consumer mindshare of finding local stores and deals on Meituan. We explored collaborations with third parties for traffic acquisition, and integrated the online and offline operations to further drive traffic growth. We recently launched the “2023 Must-Eat List” (“2023年必吃榜”), expanded the coverage to more restaurants, and launched the “Must-Eat Set Meals” (“必吃榜套餐”) to provide consumers with more recommendations and discounted deals. Furthermore, we organized themed activities and encouraged group meal consumption around holiday gatherings and travel scenarios, and collaborated with local governments to invigorate local consumption.



CHAIRMAN'S STATEMENT

Our hotel and travel business also experienced strong growth during the second quarter, as the domestic travel industry continued to rebound. We increased the supply of high-quality selections across consumption scenarios and price ranges. We also increased live streaming frequency and diversified our Special Deals. In addition, we enriched the “Hotel+X” package deal products for leisure travel and vacation scenarios during the peak season. In the high-star domain, we deepened our collaborations with more hotel brands, launched more joint-marketing events, optimized the joint-membership programs and improved our pricing capability. For Labor Day and Dragon Boat Festival, we focused on both external traffic acquisitions and internal cross-sells from other businesses. We also successfully capitalized on the recovery of outbound travel by increasing the supply of overseas hotels, and broadened our outbound travel customer base. For alternative accommodations, we enhanced the experience for both consumers and landlords and better matched demand with supply.

New Initiatives

For the second quarter of 2023, revenues from the New initiatives segment increased by 18.4% year over year to RMB16.8 billion. Operating loss for the segment decreased by 23.5% year over year to RMB5.2 billion, and operating margin improved sequentially to negative 31.0%.

In the second quarter, GTV and revenue of Meituan Select continued to grow year over year, but the growth rate decreased due to slower than expected growth of the overall market. Operational efficiency significantly improved on year-over-year basis. Revenue of Meituan Select, which is booked on net basis, declined on sequential basis primarily due to our increased subsidies which lowered price per item. Quarterly operating loss expanded on sequential basis. This was primarily due to a larger business scale, our increased subsidies to drive growth, our expenditure on cold chain and logistics in response to the upcoming hot weather, and seasonal product mix change. We believe the grocery digitization will continue and remain confident on Meituan Select's long term potential despite short term difficulty in refining the business model. We remained as an industry leader and have accumulated 470 million transacting users as the end of June. Transaction frequency of existing users increased as we further enhanced consumer mindshare. We achieved industry-leading fulfillment efficiency, as we expanded the coverage of cold-chain logistics and smart warehousing, while continually enhanced operations, as well as our supply chain management capability. Moreover, we helped farmers increase their incomes, promoted the circulation of agricultural products on our platform, and continued to create local employment opportunities in lower-tier markets.

Meituan Grocery also delivered solid growth on a year-over-year basis in the second quarter, despite a high base in the same period of last year, and achieved higher market share. We diversified our supply, and GTV contribution from standardized products and private labels continued to rise. We also continued to cultivate consumer behavior, which effectively boosted user frequency. In addition, we increased the density of front-end warehouses in the major cities where we operate, leading to improvements in delivery efficiency and user experience. Moreover, we strengthened our collaborations with the suppliers and enhanced direct sourcing and procurement of fresh produce. As such, we continued to provide consumers with high-quality products at competitive prices.



CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to thank our consumers, merchants, couriers, business partners, staff and management, and our investors wholeheartedly for their continuous trust and support. We are committed to shoulder our corporate social responsibilities and contribute more value to the broader society.

Wang Xing

Chairman

Hong Kong, August 24, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE SECOND QUARTER OF 2023 COMPARED TO THE SECOND QUARTER OF 2022

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

	Unaudited	
	Three Months Ended	
	June 30, 2023	June 30, 2022
	<i>(RMB in thousands)</i>	
Revenues	67,964,624	50,938,363
Including: Interest revenue	266,483	303,317
Cost of revenues	<u>(42,566,619)</u>	<u>(35,363,935)</u>
Gross profit	25,398,005	15,574,428
Selling and marketing expenses	(14,553,195)	(8,986,036)
Research and development expenses	(5,407,176)	(5,203,533)
General and administrative expenses	(2,139,048)	(2,503,552)
Net provisions for impairment losses on financial and contract assets	(195,264)	(50,437)
Fair value changes of other financial investments at fair value through profit or loss	103,761	(292,183)
Other gains, net	<u>1,505,916</u>	<u>968,475</u>
Operating profit/(loss)	4,712,999	(492,838)
Finance income	217,189	190,412
Finance costs	(354,003)	(418,612)
Share of profits/(losses) of investments accounted for using the equity method	<u>122,406</u>	<u>(400,052)</u>
Profit/(loss) before income tax	4,698,591	(1,121,090)
Income tax (expenses)/credits	<u>(9,972)</u>	<u>5,063</u>
Profit/(loss) for the period	<u>4,688,619</u>	<u>(1,116,027)</u>
Non-IFRS measures:		
Adjusted EBITDA	7,682,351	3,802,741
Adjusted net profit	7,659,868	2,057,773

MANAGEMENT DISCUSSION AND ANALYSIS

Revenues

Our revenues increased by 33.4% to RMB68.0 billion for the second quarter of 2023 from RMB50.9 billion for the same period of 2022. We achieved revenue growth in both reportable segments due to the recovery of local consumption, especially the Core local commerce segment.

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

	Unaudited Three Months Ended June 30, 2023		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	20,374,970	–	20,374,970
Commission	18,402,189	510,284	18,912,473
Online marketing services	10,243,600	63,577	10,307,177
Other services and sales (including interest revenue)	2,179,187	16,190,817	18,370,004
Total	51,199,946	16,764,678	67,964,624

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

MANAGEMENT DISCUSSION AND ANALYSIS



Our revenues from the Core local commerce segment increased by 39.2% to RMB51.2 billion for the second quarter of 2023 from RMB36.8 billion for the same period of 2022. Benefiting from the recovery of local consumption, as well as our efforts to enrich the platform's supply and optimise the marketing strategies to capture the growing consumption demand, we enjoyed an increase in the Number of On-demand Delivery transactions and GTV, which led to the revenue growth.

Our revenues from the New initiatives segment increased by 18.4% to RMB16.8 billion for the second quarter of 2023 from RMB14.2 billion for the same period of 2022, mainly due to the recovery in local consumption and the expansion of the scale of operations.

Costs and Expenses

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

	Unaudited Three Months Ended			
	June 30, 2023		June 30, 2022	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues
<i>(RMB in thousands, except for percentages)</i>				
Costs and Expenses:				
Cost of revenues	42,566,619	62.6%	35,363,935	69.4%
Selling and marketing expenses	14,553,195	21.4%	8,986,036	17.6%
Research and development expenses	5,407,176	8.0%	5,203,533	10.2%
General and administrative expenses	2,139,048	3.1%	2,503,552	4.9%

Cost of Revenues

Our cost of revenues increased by 20.4% to RMB42.6 billion for the second quarter of 2023 from RMB35.4 billion for the same period of 2022, and decreased by 6.8 percentage points to 62.6% from 69.4% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to an increase in delivery related costs which was in line with the increase in the Number of On-demand Delivery transactions, as well as the increase in cost of revenues of our goods retail businesses. The decrease in cost of revenues as a percentage of revenues on a year-over-year basis was mainly due to: (i) the change of revenue mix, (ii) abundant courier supply for our food delivery and Meituan Instashopping businesses driving lower delivery cost per order, as well as (iii) the improved gross margin of goods retail businesses.

Selling and Marketing Expenses

Our selling and marketing expenses increased to RMB14.6 billion for the second quarter of 2023 from RMB9.0 billion for the same period of 2022, and increased by 3.8 percentage points to 21.4% from 17.6% 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, promotion and advertising expenses, both of which resulted from the consumption recovery and evolving business circumstances, and employee benefits expenses.

Research and Development Expenses

Our research and development expenses increased to RMB5.4 billion for the second quarter of 2023 from RMB5.2 billion for the same period of 2022, which was primarily attributable to the increased employee benefits expenses. As a percentage of revenues, research and development expenses decreased by 2.2 percentage points to 8.0% from 10.2% on a year-over-year basis, primarily due to improved operating leverage.

General and Administrative Expenses

Our general and administrative expenses decreased to RMB2.1 billion for the second quarter of 2023 from RMB2.5 billion for the same period of 2022, and decreased by 1.8 percentage points to 3.1% from 4.9% as a percentage of revenues on a year-over-year basis, primarily due to the decreased employee benefits expenses and 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 RMB195.3 million for the second quarter of 2023 from RMB50.4 million for the same period of 2022, which reflected the changes in expected credit losses for financial assets.

MANAGEMENT DISCUSSION AND ANALYSIS



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 RMB103.8 million for the second quarter of 2023 from a loss of RMB292.2 million for the same period of 2022, which was mainly driven by the fluctuation in the fair value of our investment portfolios.

Other Gains, Net

Our other gains, net for the second quarter of 2023 was RMB1.5 billion, compared to RMB968.5 million for the same period of 2022. The change was primarily attributable to the increased fair value changes and gains from treasury investments, partially offset by the decreased foreign exchange gains.

Operating Profit/(Loss)

As a result of the foregoing, our operating profit and operating margin for the second quarter of 2023 were RMB4.7 billion and 6.9% respectively, compared to operating loss and operating margin of RMB492.8 million and negative 1.0% for the same period of 2022.

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

	Unaudited Three Months Ended			
	June 30, 2023		June 30, 2022	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues
<i>(RMB in thousands, except for percentages)</i>				
Core local commerce	11,138,521	21.8%	8,260,993	22.5%
New initiatives	(5,192,922)	(31.0%)	(6,789,546)	(48.0%)
Unallocated items	<u>(1,232,600)</u>	NA	<u>(1,964,285)</u>	NA
Total operating profit/(loss)	<u>4,712,999</u>	6.9%	<u>(492,838)</u>	(1.0%)



MANAGEMENT DISCUSSION AND ANALYSIS

Our operating profit from the Core local commerce segment increased to RMB11.1 billion for the second quarter of 2023 from RMB8.3 billion for the same period of 2022. The operating margin remained flat on a year-over-year basis. The increase in operating profit was mainly attributable to: (i) the revenue growth due to the recovery of local consumption, (ii) abundant courier supply for our food delivery and Meituan Instashopping businesses driving higher unit economics, and (iii) partially offset by the higher Transacting User incentives.

Our operating loss from the New initiatives segment decreased to RMB5.2 billion for the second quarter of 2023 from RMB6.8 billion for the same period of 2022, and the operating margin for this segment improved by 17.0 percentage points to negative 31.0% from negative 48.0% on a year-over-year basis. Both the improvements in operating loss and operating margin were mainly attributable to our efforts in improving operating efficiency.

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

Our share of profits/(losses) of investments accounted for using the equity method changed to a profit of RMB122.4 million for the second quarter of 2023 from a loss of RMB400.1 million for the same period of 2022, which primarily resulted from the fluctuation of the financial results of our investees.

Profit/(Loss) for the Period

As a result of the foregoing, we had a profit of RMB4.7 billion for the second quarter of 2023, compared to a loss of RMB1.1 billion for the same period of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

2. THE SECOND QUARTER OF 2023 COMPARED TO THE FIRST QUARTER OF 2023

The following table sets forth the comparative figures for the second quarter of 2023 and the first quarter of 2023:

	Unaudited	
	Three Months Ended	
	June 30, 2023	March 31, 2023
	<i>(RMB in thousands)</i>	
Revenues	67,964,624	58,617,472
Including: Interest revenue	266,483	359,293
Cost of revenues	<u>(42,566,619)</u>	<u>(38,800,047)</u>
Gross profit	25,398,005	19,817,425
Selling and marketing expenses	(14,553,195)	(10,433,070)
Research and development expenses	(5,407,176)	(5,047,387)
General and administrative expenses	(2,139,048)	(1,994,953)
Net provisions for impairment losses on financial and contract assets	(195,264)	(255,347)
Fair value changes of other financial investments at fair value through profit or loss	103,761	164,029
Other gains, net	<u>1,505,916</u>	<u>1,335,024</u>
Operating profit	4,712,999	3,585,721
Finance income	217,189	184,419
Finance costs	(354,003)	(353,479)
Share of profits/(losses) of investments accounted for using the equity method	<u>122,406</u>	<u>(49,759)</u>
Profit before income tax	4,698,591	3,366,902
Income tax expenses	<u>(9,972)</u>	<u>(8,411)</u>
Profit for the period	<u>4,688,619</u>	<u>3,358,491</u>
Non-IFRS measures:		
Adjusted EBITDA	7,682,351	6,262,060
Adjusted net profit	7,659,868	5,491,441

MANAGEMENT DISCUSSION AND ANALYSIS

Revenues

Our revenues increased by 15.9% to RMB68.0 billion for the second quarter of 2023 from RMB58.6 billion for the first quarter of 2023. The increase was primarily due to the recovery of local consumption and seasonality mainly in favor of our Core local commerce segment.

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

	Unaudited Three Months Ended June 30, 2023		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	20,374,970	–	20,374,970
Commission	18,402,189	510,284	18,912,473
Online marketing services	10,243,600	63,577	10,307,177
Other services and sales (including interest revenue)	2,179,187	16,190,817	18,370,004
Total	51,199,946	16,764,678	67,964,624

	Unaudited Three Months Ended March 31, 2023		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	16,905,291	–	16,905,291
Commission	15,815,292	427,765	16,243,057
Online marketing services	7,746,614	36,203	7,782,817
Other services and sales (including interest revenue)	2,418,139	15,268,168	17,686,307
Total	42,885,336	15,732,136	58,617,472

MANAGEMENT DISCUSSION AND ANALYSIS

Our revenues from the Core local commerce segment increased by 19.4% to RMB51.2 billion for the second quarter of 2023 from RMB42.9 billion for the first quarter of 2023. The revenue growth was primarily attributable to the increase in the Number of On-demand Delivery transactions and the GTV growth of our in-store, hotel and travel businesses, both of which resulted from the recovery of local consumption, favourable seasonality impact and our efforts to enrich the platform's supply and to optimise our marketing strategies to capture the growing consumption demand, partially offset by the lower average order value of our food delivery and Meituan Instashopping businesses.

Our revenues from the New initiatives segment increased by 6.6% to RMB16.8 billion for the second quarter of 2023 from RMB15.7 billion for the first quarter of 2023, mainly due to the growth of our goods retail businesses.

Costs and Expenses

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

	Unaudited			
	June 30, 2023		March 31, 2023	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues
<i>(RMB in thousands, except for percentages)</i>				
Costs and Expenses:				
Cost of revenues	42,566,619	62.6%	38,800,047	66.2%
Selling and marketing expenses	14,553,195	21.4%	10,433,070	17.8%
Research and development expenses	5,407,176	8.0%	5,047,387	8.6%
General and administrative expenses	2,139,048	3.1%	1,994,953	3.4%



MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Revenues

Our cost of revenues increased by 9.7% to RMB42.6 billion for the second quarter of 2023 from RMB38.8 billion for the first quarter of 2023, and decreased by 3.6 percentage points to 62.6% from 66.2% as a percentage of revenues. The increase in amount was primarily attributable to increased delivery related costs resulted from the increase in the Number of On-demand Delivery transactions, and also the increase in cost of revenues of our goods retail businesses, partially offset by the decrease in couriers' incentives under favourable weather conditions. The decrease in cost of revenues as a percentage of revenues was mainly due to lower couriers' incentives rate of our food delivery and Meituan Instashopping businesses.

Selling and Marketing Expenses

Our selling and marketing expenses increased to RMB14.6 billion for the second quarter of 2023 from RMB10.4 billion for the first quarter of 2023, and increased by 3.6 percentage points to 21.4% from 17.8% as a percentage of revenues on a quarter-over-quarter basis. Both the increases in amount and as a percentage of revenues were primarily attributable to the increases in Transacting User incentives, promotion and advertising expenses, both of which were due to the consumption recovery and evolving business circumstances, and employee benefits expenses.

Research and Development Expenses

Our research and development expenses increased to RMB5.4 billion for the second quarter of 2023 from RMB5.0 billion for the first quarter of 2023, which was primarily attributable to the increased employee benefits expenses. As a percentage of revenues, research and development expenses decreased by 0.6 percentage points to 8.0% from 8.6% on a quarter-over-quarter basis, primarily due to improved operating leverage.

General and Administrative Expenses

Our general and administrative expenses increased to RMB2.1 billion for the second quarter of 2023 from RMB2.0 billion for the first quarter of 2023, which was primarily attributable to the increased employee benefits expenses. As a percentage of revenues, general and administrative expenses decreased by 0.3 percentage points to 3.1% from 3.4% on a quarter-over-quarter basis, primarily due to improved operating leverage.

MANAGEMENT DISCUSSION AND ANALYSIS



Net Provisions for Impairment Losses on Financial and Contract Assets

Our net provisions for impairment losses on financial and contract assets decreased to RMB195.3 million for the second quarter of 2023 from RMB255.3 million for the first quarter of 2023, reflecting the changes in expected credit losses for financial assets.

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

Our fair value changes of other financial investments at fair value through profit or loss changed to a gain of RMB103.8 million for the second quarter of 2023 from a gain of RMB164.0 million for the first quarter of 2023, which was mainly driven by the fluctuation in the fair value of our investment portfolios.

Other Gains, Net

Our other gains, net for the second quarter of 2023 was RMB1.5 billion, compared to RMB1.3 billion for the first quarter of 2023. The change was primarily attributable to the increased fair value changes and gains from treasury investments.

Operating Profit

As a result of the foregoing, our operating profit and operating margin for the second quarter of 2023 were RMB4.7 billion and 6.9% respectively, compared to operating profit and operating margin of RMB3.6 billion and 6.1% for the first quarter of 2023.

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

	Unaudited			
	June 30, 2023		March 31, 2023	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues
	<i>(RMB in thousands, except for percentages)</i>			
Core local commerce	11,138,521	21.8%	9,445,070	22.0%
New initiatives	(5,192,922)	(31.0%)	(5,028,894)	(32.0%)
Unallocated items	<u>(1,232,600)</u>	NA	<u>(830,455)</u>	NA
Total operating profit	<u>4,712,999</u>	6.9%	<u>3,585,721</u>	6.1%



MANAGEMENT DISCUSSION AND ANALYSIS

Our operating profit from the Core local commerce segment increased to RMB11.1 billion for the second quarter of 2023 from RMB9.4 billion for the first quarter of 2023. The operating margin remained flat on a quarter-over-quarter basis. The increase in operating profit was mainly attributable to the delivery efficiency improvement of our food delivery and Meituan Instashopping businesses due to the favourable seasonality, partially offset by the higher Transacting User incentives.

Our operating loss from the New initiatives segment increased to RMB5.2 billion for the second quarter of 2023 from RMB5.0 billion for the first quarter of 2023, and the operating margin for this segment improved by 1.0 percentage points to negative 31.0% from negative 32.0% on a quarter-over-quarter basis. The increase in operating loss was mainly attributable to the increased Transacting User incentives and expenditure in our cold-chain logistics for goods retail businesses, partially offset by the narrowed operating loss in other new initiatives. The improvement in operating margin was mainly attributable to our efforts in improving operating efficiency.

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

Our share of profits/(losses) of investments accounted for using the equity method changed to a profit of RMB122.4 million for the second quarter of 2023 from a loss of RMB49.8 million for the first quarter of 2023, which primarily resulted from the fluctuation of the financial results of our investees.

Profit for the Period

As a result of the foregoing, we had a profit of RMB4.7 billion for the second quarter of 2023, compared to a profit of RMB3.4 billion for the first quarter of 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

3. RECONCILIATION OF NON-IFRS MEASURES TO THE NEAREST IFRS MEASURES

To supplement our consolidated results which are prepared and presented in accordance with IFRS, we also use adjusted EBITDA and adjusted net profit/(loss) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as certain non-cash or one-off items and certain impact of investment transactions. The use of these non-IFRS measures has limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, these non-IFRS measures may be defined differently from similar terms used by other companies.

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

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

The following tables set forth the reconciliations of our non-IFRS measures for the three months ended June 30, 2023 and 2022, the three months ended March 31, 2023, and the six months ended June 30, 2023 and 2022 to the nearest measures prepared in accordance with IFRS.

MANAGEMENT DISCUSSION AND ANALYSIS

	Unaudited		
	Three Months Ended		
	June 30, 2023	June 30, 2022	March 31, 2023
	<i>(RMB in thousands)</i>		
Profit/(loss) for the period	4,688,619	(1,116,027)	3,358,491
Adjusted for:			
Share-based compensation expenses	2,450,640	2,357,747	1,936,848
Net losses/(gains) from investments ^{(Note (i))}	122,878	541,795	(113,490)
Impairment and expense provision	336,511	239,590	183,868
Amortisation of intangible assets resulting from acquisitions	42,793	117,940	117,779
Tax effects on non-IFRS adjustments	18,427	(83,272)	7,945
Adjusted net profit	7,659,868	2,057,773	5,491,441
Adjusted for:			
Income tax (credits)/expenses, except for tax effects on non-IFRS adjustments	(8,455)	78,209	466
Share of (profits)/losses of investments accounted for using the equity method not adjusted for adjusted net profit	(353,698)	37,989	(2,431)
Finance income	(217,189)	(190,412)	(184,419)
Finance costs	354,003	418,612	353,479
Other gains, net not adjusted for adjusted net profit	(1,686,827)	(856,024)	(1,333,373)
Amortisation of software and others	17,062	16,920	13,846
Depreciation on property, plant and equipment	1,917,587	2,239,674	1,923,051
Adjusted EBITDA	7,682,351	3,802,741	6,262,060

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

MANAGEMENT DISCUSSION AND ANALYSIS



	Unaudited	
	Six Months Ended	
	June 30, 2023	June 30, 2022
	<i>(RMB in thousands)</i>	
Profit/(loss) for the period	8,047,110	(6,818,593)
Adjusted for:		
Share-based compensation expenses	4,387,488	3,976,081
Net losses from investments	9,388	1,117,452
Impairment and expense provision	520,379	239,590
Amortisation of intangible assets resulting from acquisitions	160,572	235,620
Tax effects on non-IFRS adjustments	26,372	(278,629)
Adjusted net profit/(loss)	13,151,309	(1,528,479)
Adjusted for:		
Income tax (credits)/expenses, except for tax effects on non-IFRS adjustments	(7,989)	218,343
Share of (profits)/losses of investments accounted for using the equity method not adjusted for adjusted net profit/(loss)	(356,129)	64,915
Finance income	(401,608)	(300,771)
Finance costs	707,482	748,929
Other gains, net not adjusted for adjusted net profit/(loss)	(3,020,200)	(1,630,855)
Amortisation of software and others	30,908	31,274
Depreciation on property, plant and equipment	3,840,638	4,358,614
Adjusted EBITDA	13,944,411	1,961,970

4. 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 RMB27.0 billion and short-term treasury investments of RMB93.2 billion as of June 30, 2023.

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

	Unaudited Three Months Ended June 30, 2023	Unaudited Six Months Ended June 30, 2023
	<i>(RMB in thousands)</i>	
Net cash flows generated from operating activities	10,866,338	18,916,423
Net cash flows used in investing activities	(9,757,416)	(10,548,255)
Net cash flows used in financing activities	(1,131,180)	(1,697,222)
Net (decrease)/increase in cash and cash equivalents	(22,258)	6,670,946
Cash and cash equivalents at the beginning of the period	26,862,612	20,158,606
Exchange gains on cash and cash equivalents	162,684	173,486
Cash and cash equivalents at the end of the period	27,003,038	27,003,038

Net Cash Flows Generated from Operating Activities

Net cash flows generated from operating activities represents the cash generated from our operations minus the income tax paid. Cash generated from our operations primarily consisted of our profit for the period, as adjusted by non-cash or one-off items and changes in working capital.

For the second quarter of 2023, net cash flows generated from operating activities was RMB10.9 billion, which was primarily attributable to our profit before income tax, as adjusted by (i) share-based compensation expenses, depreciation and amortisation and fair value changes and gains related to treasury investments and other investments, and (ii) the changes in working capital, which primarily consisted of increase in certain current liabilities driven by business recovery.

Net Cash Flows Used in Investing Activities

For the second quarter of 2023, net cash flows used in investing activities was RMB9.8 billion, which was mainly attributable to net cash flows used in purchase of treasury investments and property, plant and equipment, as well as some other investments.



MANAGEMENT DISCUSSION AND ANALYSIS

Net Cash Flows Used in Financing Activities

For the second quarter of 2023, net cash flows used in financing activities was RMB1.1 billion, which was mainly attributable to the payments of lease liabilities and repayments of borrowings' principal and interest.

Gearing Ratio

As of June 30, 2023, our gearing ratio, calculated as total borrowings and notes payable divided by total equity attributable to equity holders of the Company, was approximately 38%.

5. INDEBTEDNESS

As of June 30, 2023, we had total borrowings and notes payable of RMB54.0 billion. The details of our borrowings and notes payable are disclosed in Note 27 and Note 28 to the interim financial information, respectively.

6. CONTINGENT LIABILITIES

As of June 30, 2023, we did not have any material contingent liabilities.

7. OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of June 30, 2023, we had some capital commitments which are disclosed in Note 31 to the interim financial information.

8. MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended June 30, 2023, we did not have any material acquisitions or disposals of subsidiaries, associates, joint ventures and affiliated companies.

9. EMPLOYEE AND REMUNERATION POLICY

As of June 30, 2023, we had 99,345 full-time employees. Substantially all of our employees are based in China, primarily at our headquarters in Beijing and Shanghai, with the rest in Shijiazhuang, Chengdu, Wuhan, Shenzhen and other cities.

As part of our recruiting and retention strategy, we offer employees competitive salaries, performance-based cash bonuses, and other incentives. We have adopted a training program, pursuant to which employees regularly receive trainings from management, technology, regulatory and other internal speakers and external consultants.

As required under the PRC regulations, we participate in housing fund and various employee social security plans that are organised 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 accidental 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 incentivise their contributions to our growth and development.

10. FOREIGN EXCHANGE RISK

The functional currency of the Company is US dollars whereas the functional currency of the subsidiaries operating in the PRC is Renminbi. As of June 30, 2023, our cash and cash equivalents balance was mainly denominated in US dollars and Renminbi. We manage foreign exchange risk by performing periodic reviews of our net foreign exchange exposures and try to minimise these exposures through natural hedges, wherever possible and may enter into forward foreign exchange contracts, when necessary. We operate mainly in the PRC with most of the transactions settled in Renminbi. The management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities denominated in the currencies other than the respective functional currencies of our entities. As of June 30, 2023, we did not have significant foreign currency exposure from our operations.



MANAGEMENT DISCUSSION AND ANALYSIS

11. SIGNIFICANT INVESTMENT HELD

As of June 30, 2023, we had no significant investment held.

12. PLEDGE OF ASSETS

As of June 30, 2023, we did not pledge any assets for fund raising.

13. INTERIM DIVIDENDS

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2023.

14. FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, as of June 30, 2023, we did not have other plans for material investments and capital assets.

15. CHARGES ON ASSETS

As of June 30, 2023, we had some charges on our assets which are disclosed in Note 27 to the interim financial information.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As of June 30, 2023, 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 as set out in Appendix 10 of the Listing Rules were as follows:

Interests 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 ⁽⁵⁾
WANG Xing ⁽²⁾	Beneficiary and founder of a trust (L)	Trust	489,600,000	80.99%
			Class A Shares	
	Interest in controlled corporation (L)	Songtao Limited	489,600,000	80.99%
			Class A Shares	
	Interest in controlled corporation (L)	Crown Holdings	489,600,000	80.99%
			Class A Shares	
	Interest in controlled corporation (L)	Shared Patience	26,269,783	4.35%
			Class A Shares	
			318	0.00%
		Class B Shares		
Interest in controlled corporation (L)	WAFO Global Inc.	1,121	0.00%	
		Class B Shares		
Interest in controlled corporation (L)	WangXing Foundation	47,813,542	0.85%	
		Class B Shares		
Interest of spouse (L)		200	0.00%	
		Class B Shares		
MU Rongjun ⁽³⁾	Beneficiary and founder of a Trust (L)	Trust	88,650,000	14.66%
			Class A Shares	
	Interest in controlled corporation (L)	Day One Holdings Limited	28,000,000	0.50%
			Class B Shares	
	Interest in controlled corporation (L)	Day One Holdings Limited	88,650,000	14.66%
			Class A Shares	
		28,000,000	0.50%	
		Class B Shares		

OTHER INFORMATION

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 ⁽⁵⁾
	Interest in controlled corporation (L)	Charmway Enterprises	88,650,000 Class A Shares	14.66%
			28,000,000 Class B Shares	0.50%
	Interest in controlled corporation (L)	Shared Vision	7,996,668 Class B Shares	0.14%
	Beneficial interest (L)	–	5,000,000 Class B Shares	0.09%
SHEN Nanpeng Neil ⁽⁴⁾	Interest in controlled corporations (L)	Sequoia Capital China Funds, Sequoia Capital Global Growth Funds and Other Controlled Entities	138,902,500 Class B Shares	2.46%
	Beneficial interest (L)	–	9,476,400 Class B Shares	0.17%
ORR Gordon Robert Halyburton	Beneficial interest (L)	–	72,914 Class B Shares	0.00%
LENG Xuesong	Beneficial interest (L)	–	46,714 Class B Shares	0.00%
SHUM Heung Yeung Harry	Beneficial interest (L)	–	72,914 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 Wanhui (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 88,650,000 Class A Shares and 28,000,000 Class B Shares held by Charmway Enterprises under the SFO. Shared Vision is wholly owned by Mu Rongjun.
- 4) Sequoia Capital China Funds refers to Sequoia Capital China I, L.P., Sequoia Capital China Partners Fund I, L.P., Sequoia Capital China Principals Fund I, L.P., Sequoia Capital China II, L.P., Sequoia Capital China Partners Fund II, L.P., Sequoia Capital China Principals Fund II, L.P., Sequoia Capital 2010 CV Holdco, Ltd., SCC Venture V Holdco I, Ltd., SCC Venture VI Holdco, Ltd., SCC Venture VI Holdco B, Ltd., SCC Growth 2010-Top Holdco, Ltd., SCC Growth IV Holdco A, Ltd. and Sequoia Capital China Growth Fund IV, L.P. (which hold approximately 0.25%, 0.03%, 0.04%, 0.76%, 0.02%, 0.13%, 0.20%, 0.002%, 0.005%, 0.007%, 0.30%, 0.02% and 0.02%, respectively, of the outstanding Shares), and Sequoia Capital Global Growth Funds refers to Sequoia Capital Global Growth Fund, L.P., Sequoia Capital Global Growth Principals Fund, L.P. and SC GGFII Holdco, Ltd. (which hold approximately 0.11%, 0.003% and 0.16%, respectively, of the outstanding Shares). The Sequoia Capital China Funds and the Sequoia Capital Global Growth Funds may act together with respect of the holding, disposal and casting of voting rights of the Shares.

The general partner of each of Sequoia Capital China I, L.P., Sequoia Capital China Partners Fund I, L.P. and Sequoia Capital China Principals Fund I, L.P. is Sequoia Capital China Management I, L.P. (“**SCC Management I**”). The general partner of each of Sequoia Capital China II, L.P., Sequoia Capital China Partners Fund II, L.P. and Sequoia Capital China Principals Fund II, L.P. is Sequoia Capital China Management II, L.P. (“**SCC Management II**”). The sole shareholder of Sequoia Capital 2010 CV Holdco, Ltd. is Sequoia Capital China Venture 2010 Fund, L.P., whose general partner is SC China Venture 2010 Management, L.P. (“**SCCV 2010 Management**”). The sole shareholder of SCC Venture V Holdco I, Ltd. is Sequoia Capital China Venture Fund V, L.P., whose general partner is SC China Venture V Management, L.P. (“**SCCV V Management**”). The sole shareholder of each of SCC Venture VI Holdco, Ltd. and SCC Venture VI Holdco B, Ltd. is Sequoia Capital China Venture Fund VI, L.P., whose general partner is SC China Venture VI Management, L.P. (“**SCCV VI Management**”). The controlling shareholder of SCC Growth 2010-Top Holdco, Ltd. is Sequoia Capital China Growth 2010 Fund, L.P. (“**China Growth Fund 2010**”), whose general partner is SC China Growth 2010 Management, L.P. (“**SCCGF 2010 Management**”). In respect of the casting of votes held by China Growth Fund 2010 in SCC Growth 2010-Top Holdco, Ltd., China Growth Fund 2010 is accustomed to act in accordance with the instructions of Sequoia Capital China Growth Fund I, L.P., whose general partner is Sequoia Capital China Growth Fund Management I, L.P. (“**SCCGF Management I**”). The sole shareholder of SCC Growth IV Holdco A, Ltd. is Sequoia Capital China Growth Fund IV, L.P., whose general partner is SC China Growth IV Management, L.P. (“**SCCGF IV Management**”) and, together with SCC Management I, SCC Management II, SCCV 2010 Management, SCCV V Management, SCCV VI Management, SCCGF 2010 Management and SCCGF Management I, collectively, the “**General Partners**”). The general partner of each of the General Partners is SC China Holding Limited, which is a wholly owned subsidiary of SNP China Enterprises Limited. Neil Nanpeng Shen is the sole shareholder of SNP China Enterprises Limited, and has a beneficial interest of 9,476,400 Class B Shares. Other Controlled Entities refers to URM Management Limited, N&J Investment Holdings Limited and Smart Master International Limited (which hold approximately 0.00004%, 0.16% and 0.0013%, respectively, of the outstanding Shares) and are controlled by Neil Nanpeng Shen.

In view of the above, the Sequoia Capital China Funds and the Sequoia Capital Global Growth Funds are deemed to be interested in the Shares held by each other and by Neil Nanpeng Shen and Other Controlled Entities and vice versa; and is therefore each deemed to be interested in 2.38% interest in the share capital of the Company (or 2.63% of the total issued Class B Shares).

- 5) As at June 30, 2023, the Company had 6,242,125,272 issued Shares in total, comprising of 604,519,783 Class A Shares and 5,637,605,489 Class B Shares. The above calculation is based on the total number of relevant class of Shares or the total number of Shares in issue as of June 30, 2023.

OTHER INFORMATION

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, 2023.

Save as disclosed above, as of June 30, 2023, 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As of June 30, 2023, 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⁾
<i>Class A Shares – Wang Xing</i>			
Crown Holdings ⁽²⁾	Beneficial interest (L)	489,600,000 Class A Shares	80.99%
Shared Patience ⁽²⁾	Beneficial interest (L)	26,269,783 Class A Shares	4.35%
Songtao Limited ⁽²⁾	Interest in controlled corporation (L)	489,600,000 Class A Shares	80.99%
TMF (Cayman) Ltd. ⁽²⁾	Trustee (L)	489,600,000 Class A Shares	80.99%
Wang Xing ⁽²⁾	Beneficiary and founder of a trust ⁽²⁾ (L)	489,600,000 Class A Shares	80.99%
	Interest in controlled corporation ⁽²⁾ (L)	489,600,000 Class A Shares	80.99%
		26,269,783 Class A Shares	4.35%

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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⁾
<i>Class A Shares – Mu Rongjun</i>			
Charmway Enterprises ⁽³⁾	Beneficial interest (L)	88,650,000 Class A Shares	14.66%
Day One Holdings Limited ⁽³⁾	Interest in controlled corporation (L)	88,650,000 Class A Shares	14.66%
TMF (Cayman) Ltd. ⁽³⁾	Trustee (L)	88,650,000 Class A Shares	14.66%
Mu Rongjun ⁽³⁾	Beneficiary and founder of a trust ⁽³⁾ (L)	88,650,000 Class A Shares	14.66%
<i>Class B Shares</i>			
BlackRock, Inc.	Interest in controlled corporation (L)	331,564,182 Class B Shares	5.88%
	Interest in controlled corporation (S)	27,900 Class B Shares	0.00%
Brown Brothers Harriman & Co.	Approved lending agent (L)	295,591,050 Class B Shares	5.24%

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 88,650,000 Class A Shares held by Charmway Enterprises under the SFO.
- 4) As at June 30, 2023, the Company had 6,242,125,272 issued Shares in total, comprising of 604,519,783 Class A Shares and 5,637,605,489 Class B Shares. The above calculation is based on the total number of relevant class of Shares or the total number of Shares in issue as of June 30, 2023.

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DILUTION EFFECT OF THE CONVERSION OF CONVERTIBLE BONDS

On April 27, 2021, the Company issued U.S. dollar-denominated zero coupon convertible bonds due 2027 in an aggregate principal amount of US\$1,483,600,000 at an initial conversion price of HK\$431.24 per Share (subject to adjustments) (the “2027 Bonds”) and U.S. dollar-denominated zero coupon convertible bonds due 2028 in an aggregate principal amount of US\$1,500,000,000 at an initial conversion price of HK\$431.24 per Share (subject to adjustments) (the “2028 Bonds”). For further details, please refer to the announcements of the Company dated April 20, 2021, April 27, 2021 and April 28, 2021.

As of June 30, 2023, none of the convertible securities under the 2027 Bonds and the 2028 Bonds had been redeemed or exercised. Assuming all of the outstanding convertible securities under the 2027 Bonds and the 2028 Bonds were fully converted into Class B Shares (subject to adjustment) as at June 30, 2023, the dilutive impact on the then number of issued shares of the Company and the respective shareholdings of the substantial shareholders of the Company will be as set forth in the table below:

Shareholders	As at the date of June 30, 2023		Assuming the 2027 Bonds are fully converted into Class B Shares (subject to adjustment) at the initial 2027 CB Conversion Price of HK\$431.24 per Share		Assuming the 2028 Bonds are fully converted into Class B Shares (subject to adjustment) at the initial 2028 CB Conversion Price of HK\$431.24 per Share		Assuming the 2027 Bonds and the 2028 Bonds are fully converted into Class B Shares (subject to adjustment) at the initial 2027 CB Conversion Price of HK\$431.24 per Share and 2028 CB Conversion Price of HK\$431.24 per Share, respectively	
	Number of Shares	Approximately %	Number of Shares	Approximately %	Number of Shares	Approximately %	Number of Shares	Approximately %
	Crown Holdings	489,600,000	7.84%	489,600,000	7.81%	489,600,000	7.81%	489,600,000
Charmway Enterprises	88,650,000	1.42%	88,650,000	1.41%	88,650,000	1.41%	88,650,000	1.41%
2027 CB Bondholders	0	0.00%	26,734,628	0.43%	0	0.00%	26,734,628	0.42%
2028 CB Bondholders	0	0.00%	0	0.00%	27,030,158	0.43%	27,030,158	0.43%
Other Shareholders	5,663,875,272	90.74%	5,663,875,272	90.35%	5,663,875,272	90.35%	5,663,875,272	89.96%
Total:	6,242,125,272	100.00%	6,268,859,900	100.00%	6,269,155,430	100.00%	6,295,890,058	100.00%

As the potential issuance and allotment of the relevant Class B Shares upon full conversion of the outstanding convertible securities under the 2027 Bonds and the 2028 Bonds would have anti-dilutive effect on the earnings per share, the relevant Class B Shares upon full conversion has not been included in calculating diluted earnings per share of the Company for the six months ended June 30, 2023. For further details, please refer to Note 12 of the interim financial information.

To the best of the Directors' knowledge, having made all reasonable enquiries and having considered the financial and liquidity position of the Group, the Directors expected that the Company has the ability to meet its redemption obligations in respect of all outstanding convertible securities under the 2027 Bonds and the 2028 Bonds when they become due.

It would be equally financially advantageous for the securityholders of the 2027 Bonds and the 2028 Bonds to convert or redeem the convertible securities thereunder based on the implied internal rate of return thereof, when the Company's share price approximates to the conversion price in the future.

SHARE SCHEMES

The Company has a total of three share schemes, namely (i) the Pre-IPO ESOP, (ii) the Post-IPO Share Option Scheme, and (iii) the Post-IPO Share Award Scheme.

In light of the amendments to Chapter 17 of the Listing Rules which took effect from January 1, 2023, coupled with the observance of other applicable requirements under the Listing Rules, the Board has proposed, and Shareholder has approved (i) the amendments to each of the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme, and (ii) the adoption of the Scheme Limit and the Service Provider Sublimit at the AGM. For further details of the terms of each of the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme, please refer to the announcement of the Company dated March 24, 2023, the circular of the Company dated June 8, 2023 and the poll results announcement of the Company dated June 30, 2023.

(1) 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 Pre-IPO ESOP commenced on October 6, 2015 and will expire on the tenth anniversary of the commencement date. The purpose of the Pre-IPO ESOP is to promote the success and enhance the value of the Company by linking the personal interests of the Directors, employees and consultants to those of the shareholders of the Company and by providing such individuals with an incentive for outstanding performance to generate superior returns to the shareholders of the Company. The Pre-IPO ESOP is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of Directors, employees and consultants upon whose judgment, interest, contribution and special effort the successful conduct of the Company's operation is largely dependent.

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The Pre-IPO ESOP is not required to be amended under the amendments to Chapter 17 with effect from January 1, 2023 because no further options or awards can be granted thereunder on or after the Listing Date.

Outstanding Share Options Granted under the Pre-IPO ESOP

The Company has not granted further share options under the Pre-IPO ESOP after the Listing Date. The table below shows the details of movements of share options granted to the relevant Directors and other employee participants under the Pre-IPO ESOP:

Name	Date of Grant	Vesting Period ⁽¹⁾	Exercise Price	Number of Shares underlying options outstanding as of January 1, 2023	Number of options exercised during the Reporting Period and the exercise price	Number of options lapsed during the Reporting Period	Number of options cancelled during the Reporting Period	Number of Shares underlying options outstanding as of June 30, 2023
Directors								
Mu Rongjun	July 1, 2017 to July 1, 2018	6 years	US\$3.86 – US\$5.18	5,000,000	0	0	0	5,000,000
Wang Huiwen	February 1, 2015 to July 1, 2018 <i>(resigned with effect from June 26, 2023)</i>	4-6 years	US\$1.005 – US\$5.18	1,133,334	0	1,133,334	0	0
Other grantees save for Directors								
Other employees	May 31, 2006 to August 1, 2018	0.5 to 6 years	US\$0.000017 – US\$5.18	18,629,546	1,026,652 US\$0.000017 – US\$3.86	500,002	0	17,102,892
Total				<u>24,762,880</u>	<u>1,026,652</u>	<u>1,633,336</u>	<u>0</u>	<u>22,102,892</u>

Note:

- (1) The exercise period of the share options granted under the Pre-IPO ESOP shall be any time after the end of the vesting period and before the 10th anniversary of the grant date, subject to the terms of the Pre-IPO ESOP and the share option award agreements signed by the grantees.

Outstanding RSUs Granted under the Pre-IPO ESOP

The Company has not granted further RSUs under the Pre-IPO ESOP after the Listing Date. The table below shows the details of movements of outstanding RSUs granted to the Directors and other employees under the Pre-IPO ESOP.

Name	Date of Grant	Vesting Period	Number of Shares underlying RSUs				Number of Shares underlying RSUs as of June 30, 2023
			outstanding as of January 1, 2023	RSUs vested during the Reporting Period	RSUs cancelled during the Reporting Period	RSUs lapsed during the Reporting Period	
Directors							
Mu Rongjun	July 1, 2017	6 years	166,665	166,665	0	0	0
Wang Huiwen (<i>resigned with effect from June 26, 2023</i>)	January 1, 2016 to July 1, 2018	4 to 6 years	7,766,665	0	0	7,766,665	0
Other grantees save for Directors							
Other employees	December 29, 2010 to August 2, 2018	0 to 6 years	3,377,862	1,139,793	0	1,165,000	1,073,069
Total			<u>11,311,192</u>	<u>1,306,458</u>	<u>0</u>	<u>8,931,665</u>	<u>1,073,069</u>

(2) POST-IPO SHARE OPTION SCHEME

The Post-IPO Share Option Scheme was adopted and amended as approved by Shareholders at the general meetings on August 30, 2018 and June 30, 2023, respectively. The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date. The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of our Company and its Shares for the benefit of the Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

For further details of the Post-IPO Share Option Scheme, please refer to the announcement of the Company dated March 24, 2023, the circular of the Company dated June 8, 2023 and the poll results announcement of the Company dated June 30, 2023.

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Outstanding Share Options Granted under the Post-IPO Share Option Scheme

The table below shows the details of movement of outstanding share options granted under the Post-IPO Share Option Scheme:

Name	Date of Grant	Vesting Period	Exercise Price	Number	Number	Number	Number of	Number	Number
				of Shares	of Shares				of options
				underlying	underlying	during the	during the	during the	underlying
				options	options	Reporting	Reporting	Reporting	options
				outstanding	granted	Period	Period	Period	outstanding
				as of	during the	during the	during the	during the	as of
				January 1,	Reporting	Reporting	Reporting	Reporting	June 30,
				2023	Period	Period	Period	Period	2023
Employees	July 5, 2019	4 years ⁽¹⁾	HK\$69.1	695,000	0	0	0	0	695,000
	April 24, 2020	5.2 years ⁽²⁾	HK\$100.15	678,000	0	0	0	0	678,000
	July 20, 2020	4 years ⁽³⁾	HK\$195.98	931,410	0	0	130,824	0	800,586
Total				2,304,410	0	0	130,824	0	2,173,586

Notes:

- (1) The share options are exercisable in instalments from the commencement of the relevant vesting period until July 5, 2029. Subject to the terms of the Post-IPO Share Option Scheme and the share option agreements signed by the grantees, the first 25% of the options can be exercised 1 year after the grant date, and each 25% of the total options will become exercisable in each subsequent year.
- (2) The share options are exercisable in instalments from the commencement of the relevant vesting period until April 24, 2030. Subject to the terms of the Post-IPO Share Option Scheme and the share option agreements signed by the grantees, the first 1/6 of the options can be exercised on June 30, 2020 and each 1/6 of the total options will become exercisable in each subsequent year.
- (3) The share options are exercisable in instalments from the commencement of the relevant vesting period until July 20, 2030. Subject to the terms of the Post-IPO Share Option Scheme and the share option agreements signed by the grantees, the first 10% of the options can be exercised on June 30, 2021, 20% of the options can be exercised on June 30, 2022, 30% of the options can be exercised on June 30, 2023, 40% of the options can be exercised on June 30, 2024.

(3) POST-IPO SHARE AWARD SCHEME

The Post-IPO Share Award Scheme was adopted and amended as approved by Shareholders at the general meetings on August 30, 2018 and June 30, 2023, respectively. The Post-IPO Share Award Scheme shall be valid and effective for a period of ten years commencing on the Listing Date. The purpose of the Post-IPO Share Award Scheme is (i) to align the interests of eligible persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares; and (ii) to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

For further details of the Post-IPO Share Award Scheme, please refer to the announcement of the Company dated March 24, 2023, the circular of the Company dated June 8, 2023 and the poll results announcement of the Company dated June 30, 2023.

Outstanding RSUs Granted under the Post-IPO Share Award Scheme

The table below shows details of outstanding RSUs granted to Directors under the Post-IPO Share Award Scheme:

Name	Date of Grant	Vesting Period	Number of RSUs					Outstanding as of June 30, 2023
			Outstanding as of January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	
Mr. ORR, Gordon Robert Halyburton	September 23, 2022	12.5% to vest in each quarter commencing from December 20, 2022 until September 20, 2024	11,300	0	3,228	0	0	8,072
Mr. LENG, Xuesong	September 23, 2022	12.5% to vest in each quarter commencing from December 20, 2022 until September 20, 2024	11,300	0	3,228	0	0	8,072
Dr. Shum Heung Yeung Harry	September 23, 2022	12.5% to vest in each quarter commencing from December 20, 2022 until September 20, 2024	11,300	0	3,228	0	0	8,072
Total			33,900	0	9,684	0	0	24,216

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Notes:

- (1) Regards of RSUs granted to Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong and Dr. Shum Heung Yeung Harry on September 23, 2022, a total of 29,058 RSUs shall be satisfied through issue of new Class B Shares, while the remaining part is satisfied by existing Class B Shares purchased on the open market. For more details, please refer to the circular of the Company dated June 8, 2023.
- (2) For Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong and Dr. Shum Heung Yeung Harry, the weighted average closing price of the Class B Shares immediately before the dates on which the RSUs were vested during the Reporting Period was HKD133.70, HKD133.70, and HKD133.70, respectively.
- (3) Purchase price for RSUs in the table above is nil.

The table below show details of RSUs granted to employees of the Group and service providers under the Post-IPO Share Award Scheme, which shall be funded by new Class B Shares issued or to be issued by the Company for incentive purpose:

Category	Year of Grant	Vesting Period	Number of RSUs					Outstanding as of January 1, 2023
			Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as of June 30, 2023	
Employees ⁽¹⁾	2018	4 years	29,525	0	29,525	0	0	0
	2019	4 years	7,861,041	0	6,835,261	314,493	0	711,287
	2020	4 to 5.2 years	19,369,790	0	6,931,058	2,290,705	0	10,148,027
	2021	2 to 6 years	35,169,206	0	9,445,380	3,279,951	0	22,443,875
	2022	1 to 6 years	57,328,250	0	12,532,953	3,245,288	0	41,550,009
	2023	2 months to 4 years	0	50,427,249	3,159	1,191,192	0	49,232,898
Service providers ⁽²⁾	2019	4 years	8,786	0	8,786	0	0	0
	2020	4 years	30,296	0	8,792	8,989	0	12,515
	2021	2 to 6 years	609,145	0	116,546	8,989	0	483,610
	2022	2 to 4 years	66,814	0	3,267	0	0	63,547
	2023	1 to 4 years	0	44,470	0	0	0	44,470
Total			<u>120,472,853</u>	<u>50,471,719</u>	<u>35,914,727</u>	<u>10,339,607</u>	<u>0</u>	<u>124,690,238</u>

Notes:

- (1) For employees, the weighted average closing price of Class B Shares immediately before the date on which the RSUs were vested during the Reporting Period was HKD129.02 per share.
- (2) For service providers, the weighted average closing price of Class B Shares immediately before the date on which the RSUs were vested during the Reporting Period was HKD129.57 per share.
- (3) Purchase price for RSUs in the table above is nil.
- (4) The following grants were made during the Reporting Period:

Date of Grant	Vesting Period	Number of RSUs Granted	Closing Price of Class B Shares immediately before the Date of Grant	Fair Value of Awards as at the Date of Grant per RSU
Employees				
January 18, 2023	22 months to 48 months from the date of grant	2,014,422	HK\$164.80	HK\$163.60
April 13, 2023	6 months to 48 months from the date of grant	46,041,476	HK\$131.00	HK\$130.90
April 20, 2023	2 months to 48 months from the date of grant	2,371,351	HK\$135.60	HK\$140.40
Service providers				
April 20, 2023	12 months to 48 months from the date of grant	44,470	HK\$135.60	HK\$140.40

For relevant accounting standard and policy adopted in respect of fair value of Awards granted, please refer to Note 2.25 to the consolidated financial statements in the annual report of the Company for the financial year ended December 31, 2022. The fair value of each Award at the grant dates is determined by reference to the fair value of the underlying ordinary shares on the date of grant, and for more details, please refer to Note 29 to the interim financial information.

- (5) All of the grant of RSUs mentioned above during the Reporting Period were made without any performance targets.

As at January 1, 2023, the number of options and RSUs available for grant under the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme were 472,240,496 and 86,973,192, respectively. As at June 30, 2023, after the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme were amended to fully comply with the current effective Chapter 17 of the Listing Rules, 624,212,527 underlying Class B Shares will be available for future grants under Scheme Limit, and 62,421,252 underlying Class B Shares will be available for future grants under the Service Provider Sublimit. The number of Class B Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of Class B Shares for the Reporting Period, is 0.90%.



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WEIGHTED VOTING RIGHTS

The Company is controlled through weighted voting rights. Each Class A Share has 10 votes per share and each Class B Share has one vote per share except with respect to resolutions regarding a limited number of Reserved Matters, where each Share has one vote. The Company's WVR Structure enables the WVR Beneficiaries to exercise voting control over the Company notwithstanding the WVR Beneficiaries do not hold a majority economic interest in the share capital of the Company. This allows the Company to benefit from the continuing vision and leadership of the WVR Beneficiaries who control the Company with a view to its long-term prospects and strategy.

Shareholders and prospective investors are advised to be aware of the potential risks of investing in companies with WVR Structures, in particular that interests of the WVR Beneficiaries may not necessarily always be aligned with those of the Shareholders as a whole, and that the WVR Beneficiaries will be in a position to exert significant influence over the affairs of the Company and the outcome of Shareholders' resolutions, irrespective of how other Shareholders vote. Shareholders and prospective investors should make the decision to invest in the Company only after due and careful consideration.

As at the Date of this Interim Report, the WVR Beneficiaries are Wang Xing and Mu Rongjun. Wang Xing beneficially owned 515,869,783 Class A Shares, representing approximately 44.16% of the voting rights in the Company with respect to Shareholders' resolutions relating to matters other than the Reserved Matters. The Class A Shares beneficially owned by Wang Xing are held by (i) Crown Holdings, a company indirectly wholly owned by a trust established by Wang Xing (as settlor) for the benefit of Wang Xing and his family; and (ii) Shared Patience, a company directly wholly owned by Wang Xing. Mu Rongjun beneficially owned 88,650,000 Class A Shares, representing approximately 7.59% of the voting rights in the Company with respect to Shareholders' resolutions relating to matters other than the Reserved Matters. The Class A Shares beneficially owned by Mu Rongjun are held by Charmway Enterprises, a company indirectly wholly owned by a trust established by Mu Rongjun (as settlor) for the benefit of Mu Rongjun and his family.

Class A Shares may be converted into Class B Shares on a one to one ratio. As at the Date of this Interim Report, upon the conversion of all the issued and outstanding Class A Shares into Class B Shares, the Company will issue 604,519,783 Class B Shares, representing approximately 10.72% the total number of issued Class B Shares as at the Date of this Interim Report.



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The weighted voting rights attached to our Class A Shares will cease when none of the WVR Beneficiaries have beneficial ownership of any of our Class A Shares, in accordance with Listing Rule 8A.22. This may occur:

- (i) upon the occurrence of any of the circumstances set out in Listing Rule 8A.17, in particular where a WVR Beneficiary is: (1) deceased; (2) no longer a member of the Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;
- (ii) when the Class A Shareholders have transferred to another person the beneficial ownership of, or economic interest in, all of the Class A Shares or the control over the voting rights attached to them, other than in the circumstances permitted by Listing Rule 8A.18;
- (iii) where a vehicle holding Class A Shares on behalf of a WVR Beneficiary no longer complies with Listing Rule 8A.18(2); or
- (iv) when all of the Class A Shares have been converted to Class B Shares.

CONSTITUTIONAL DOCUMENTS

Upon the Shareholders' approval on June 30, 2023 at the AGM, the Company has adopted the Seventh Amended and Restated Memorandum of Association and Articles of Association for the purpose of, among others, bringing the then-existing Articles of Association in line with the Core Shareholder Protection Standards set out in Appendix 3 to the Listing Rules and the applicable laws of the Cayman Islands, and providing flexibility to the Company in relation to the conduct of general meetings (to hold virtual meetings) and other house-keeping amendments that are consistent with such amendments and the applicable laws and the Listing Rules; and to incorporate and consolidate other amendments to the Memorandum of Association passed at previous annual general meeting(s) of the Company. A summary of the major changes made to the Seventh Amended and Restated Memorandum and Articles of Association are set out below. For further details, please refer to the announcement of the Company dated March 24, 2023 and the circular of the Company dated June 8, 2023.

- To provide that an annual general meeting of the Company shall be held in each financial year and to be held within six (6) months after the end of its financial year, and removing any exception no longer applicable to the Company;
- to provide that the minimum stake required for members to requisition an extraordinary general meeting and to add resolutions to a meeting agenda, being not less than one-tenth of the voting rights of the Company, is on a "one vote per share" basis;
- to codify the rights of a Shareholder holding any Class A Share(s) to convert into any Class B Share(s) on a voluntary basis;



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- to allow the participants of general meetings to virtually attend, participate and vote by means of specified conferencing application and/or communication facilities and to make corresponding amendments on the related proceedings and procedures as regards the general meetings of the Company;
- to remove the requirement that the board of Directors consist of less than one-half of independent non-executive Directors;
- to provide that the Company may by special resolution resolve that the Company be wound up voluntarily;
- to codify the requirement that, unless the Directors otherwise prescribe, the financial year of the Company shall end on 31 December in each year;
- to clarify that all Shareholders have the right to speak at general meetings of the Company except where the Shareholder is required by the Listing Rules to abstain from voting; and
- to make other house-keeping amendments to update or clarify provisions considered by the Board to be necessary or desirable to comply with or better align with the wording and requirements of the applicable laws of the Cayman Islands and the Listing Rules.

ADDITION OF THE RMB COUNTER

The launch of the RMB counter for trading in the Class B Shares on the Stock Exchange has taken effect from 9:00 a.m. on June 19, 2023. The Chinese stock short name for trading in the Class B Shares under the RMB counter is “美团-WR”. The English short name for trading in the Class B Shares under the RMB counter is “MEITUAN-WR”. The stock code of the Company on the RMB counter is “83690” and the board lot size for trading in the Class B Shares under the RMB counter remains the same as that for the HKD counter, being 100 Class B Shares. For further details, please refer to the announcements of the Company dated April 28, 2023 and June 6, 2023, respectively.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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



OTHER INFORMATION

Save for code provision C.2.1, the Company has complied with all the code provisions as set out in the CG Code where applicable during the six months ended June 30, 2023. Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have separate chairman and chief executive officer and Mr. Wang Xing currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Company and enables more effective and efficient overall strategic planning for the Company. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time by taking into account the circumstances of the Company as a whole.

JOINT COMPANY SECRETARIES

Ms. Xu Sijia (徐思嘉, “Ms. Xu”) and Ms. Lau Yee Wa (劉綺華, “Ms. Lau”) are the joint company secretaries of the Company during the Reporting Period. Reference is made to the announcement of the Company dated July 31, 2020. As stated in the aforesaid announcement of the Company, the Stock Exchange has granted a waiver to the Company in respect of the qualification of Ms. Xu to act as a joint company secretary of the Company, provided that during the period of three years from July 31, 2020, among others, Ms. Lau, the other joint company secretary of the Company, will assist Ms. Xu.

As at the Date of this Interim Report, the Company has obtained confirmation from the Stock Exchange that Ms. Xu has been qualified to act as the company secretary of the Company under Rule 3.28 and Rule 8.17 of the Listing Rules without further waiver upon expiry of the waiver period (i.e. July 31, 2023). In addition, as the business and operations of the Group are principally located in the PRC, while Ms. Xu has been qualified as a company secretary under the Listing Rules, the Company will continue to retain the arrangement of joint company secretaries under which Ms. Lau, the current joint company secretary who is currently based in Hong Kong, will assist Ms. Xu in performing her duties.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the six months ended June 30, 2023.



OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the six months ended June 30, 2023.

CHANGES OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Below are the changes of Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the annual report of the Company for the financial year ended December 31, 2022:

- (1) the re-designation of Mr. Wang Huiwen from an executive Director to a non-executive Director took effect from March 25, 2023, and he subsequently resigned as a non-executive Director with effect from June 26, 2023, due to personal health reasons;
- (2) Ms. Yang Marjorie Mun Tak was appointed as an independent non-executive Director with effect from June 30, 2023, following the conclusion of the AGM; and
- (3) Dr. Shum Heung Yeung Harry was appointed as an independent non-executive director of China Vanke Co., Ltd. (HKEx Stock Code: 2202) with effect from June 30, 2023.

Save for the information disclosed herein, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

BIOGRAPHICAL INFORMATION OF THE DIRECTORS

At the AGM, Mr. Orr Gordon Robert Halyburton and Mr. Leng Xuesong were re-elected as the independent non-executive Directors, and Ms. Yang Marjorie Mun Tak was elected as an independent non-executive Director of the Company. For details, please refer the announcements of the Company dated June 7, 2023 and June 30, 2023 and circular of the Company dated June 8, 2023. The biographical details of the Directors are set forth below.

Executive Directors

Wang Xing (王興), aged 44, is a Co-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 15 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 Stock Exchange since August 12, 2021 (HKEx 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 43, 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 15 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.



OTHER INFORMATION

Non-executive Director

Neil Nanpeng Shen (沈南鵬), aged 55, is a non-executive Director. He was appointed as Director in October 2015 and is responsible for providing advice on investment and business strategies, financial discipline, and other matters subject to the Board guidance and approval.

Neil Nanpeng Shen founded Sequoia Capital China in September 2005 and has been serving as the founding managing partner since then. Prior to founding Sequoia Capital China, he co-founded Trip.com Group Ltd. (NASDAQ Ticker: TCOM; HKEx Stock Code: 9961), formerly known as Ctrip.com International, Ltd. (NASDAQ Ticker: CTRP), or Ctrip, a leading travel service provider in China, in 1999. Neil Nanpeng Shen served as Ctrip's president from August 2003 to October 2005 and its chief financial officer from 2000 to October 2005. Neil Nanpeng Shen also co-founded and served as non-executive Co-Chairman of Homeinns Hotel Group, a leading economy hotel chain in China, which commenced operations in July 2002.

Neil Nanpeng Shen received his bachelor's degree in applied mathematics from Shanghai Jiao Tong University in 1988 and his master's degree from Yale University in 1992.

Neil Nanpeng Shen has been an independent non-executive director of Trip.com Group Ltd. (NASDAQ Ticker: TCOM; HKEx Stock Code: 9961), formerly known as Ctrip.com International, Ltd. (NASDAQ Ticker: CTRP) since October 2008, a non-executive director of Ninebot Limited (SHSE Stock Code: 689009) since July 2015, a non-executive director of Noah Holdings Limited (NYSE Ticker: NOAH; HKEx Stock Code: 6686) since January 2016, a non-executive director of BTG Hotels Group Co., Ltd. (SHSE Stock Code: 600258) since January 2017.

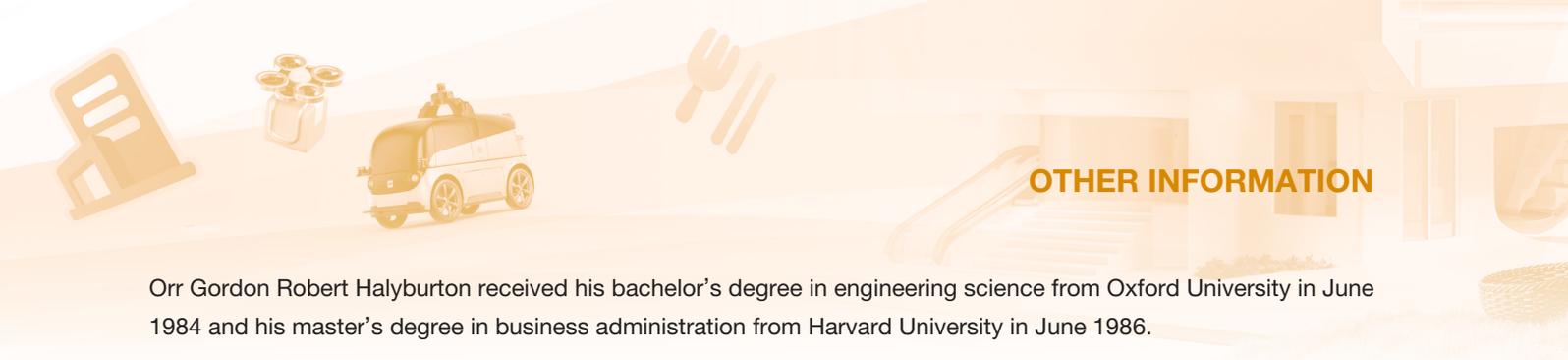
Neil Nanpeng Shen served as an independent non-executive director of Pinduoduo Inc. (NASDAQ Ticker: PDD) from April 2018 to November 2022.

Independent Non-executive Directors

Orr Gordon Robert Halyburton, aged 60, 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 (HKEx Stock Code: 992) and Swire Pacific Limited (HKEx 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.



OTHER INFORMATION

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 (HKEx 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 (HKEx Stock Code: 00019 and 00087) since August 2015, an independent non-executive director of Sondrel (Holdings) PLC (LSE Stock Code: SND) since October 2022 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.

Leng Xuesong (冷雪松), aged 54, 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 US. 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 (HKEx Stock Code: 1886) from September 2006 to August 2007 and Zhongsheng Group Holdings Limited (HKEx 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.



OTHER INFORMATION

Shum Heung Yeung Harry (沈向洋), aged 56, 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. (HKEx 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 71, is an independent non-executive Director. She was appointed as Director in June 2023 and is 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.



OTHER INFORMATION

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 (HKEx Stock Code: 1876) since May 2019, and was an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited, a subsidiary of HSBC Holdings plc (HKEx Stock Code: 0005), from July 2003 to April 2019 and Swire Pacific Limited (HKEx 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.

USE OF NET PROCEEDS

1. Use of Net Proceeds from Issuance of the 2027 Bonds and 2028 Bonds

On April 27, 2021, the Company issued the 2027 Bonds and 2028 Bonds. The Company intends to use the net proceeds of the 2027 Bonds and 2028 Bonds, approximately US\$2,971.5 million in total, for technology innovations, including the research and development of autonomous delivery vehicles, drones delivery, and other cutting-edge technology, and general corporate purposes. During the Reporting Period, approximately US\$354.9 million of the net proceeds of the 2027 Bonds and 2028 Bonds have been utilised for technology innovations, and as of June 30, 2023 and December 31, 2022, US\$1,194.0 million and US\$1,548.9 million remained unutilised, respectively. The Company expects to fully utilise the residual amount of the net proceeds in accordance with such intended purposes within 5 years from the issuance of the 2027 Bonds and 2028 Bonds. There has been no change in the intended use of net proceeds as previously disclosed. For further details, please refer to the announcements of the Company dated April 20, 2021, April 27, 2021 and April 28, 2021.



OTHER INFORMATION

2. Use of Net Proceeds from Issuance of the 2021 Placing and Subscription

The 2021 Placing and Subscription was completed on April 22, 2021. An aggregate of 187,000,000 placing Shares have been successfully placed to not less than six independent placees (the “2021 Placing and Subscription”) and accordingly 187,000,000 subscription Shares were allotted and issued by the Company to Tencent Mobility Limited. The net proceeds raised from the 2021 Placing and Subscription were approximately US\$6.6 billion. The Company intends to use the net proceeds for technology innovations, including the research and development of autonomous delivery vehicles, drones delivery, and other cutting-edge technology, and general corporate purposes. During the Reporting Period, approximately US\$102.9 million of the net proceeds of the 2021 Placing and Subscription have been utilised for technology innovations and general corporate purposes, and as of June 30, 2023 and December 31, 2022, US\$3.5 billion and US\$3.6 billion remained unutilised, respectively. The Company expects to fully utilise the residual amount of the net proceeds in accordance with such intended purposes within 5 years from the completion of the 2021 Placing and Subscription. There has been no change in the intended use of net proceeds as previously disclosed. For further details, please refer to the Company’s announcements dated April 20, 2021, April 27, 2021 and April 28, 2021.

3. Use of Net Proceeds from Issuance of the Tencent Subscription

The Tencent Subscription was completed on July 13, 2021 and an aggregate of 11,352,600 Shares were allotted and issued by the Company to Tencent Mobility Limited (the “Tencent Subscription”). The net proceeds raised from the Tencent Subscription were approximately US\$400.0 million. The Company intends to use the net proceeds for technology innovations, including the research and development of autonomous delivery vehicles, drones delivery, and other cutting-edge technology, and general corporate purposes. As of June 30, 2023, we have not utilised any of the net proceeds of the Tencent Subscription. The Company expects to fully utilise the residual amount of the net proceeds in accordance with such intended purposes within 5 years from the completion of the Tencent Subscription. There has been no change in the intended use of net proceeds as previously disclosed. For further details, please refer to the Company’s announcements dated April 20, 2021, April 27, 2021, April 28, 2021 and July 13, 2021.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong and Dr. Shum Heung Yeung Harry. Mr. Orr Gordon Robert Halyburton is the chairman of the Audit Committee.

The Audit Committee has reviewed the interim report and the unaudited interim results of the Group for the six months ended June 30, 2023. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the external auditor of the Company, PricewaterhouseCoopers.

The interim financial information of the Group for the six months ended June 30, 2023 has been reviewed by the Audit Committee of the Company and by the Company's external auditor in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA.

OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has also established a corporate governance committee, a nomination committee and a remuneration committee.

CORPORATE GOVERNANCE COMMITTEE

The Company has established a corporate governance committee (the "Corporate Governance Committee") in compliance with Rule 8A.30 of the Listing Rules and the CG Code. The primary duties of the Corporate Governance Committee are to ensure that the Company is operated and managed for the benefit of all shareholders and to ensure the Company's compliance with the Listing Rules and safeguards relating to the weighted voting rights structure of the Company.



OTHER INFORMATION

The Corporate Governance Committee comprises three independent non-executive Directors, namely Mr. Leng Xuesong, Mr. Orr Gordon Robert Halyburton and Dr. Shum Heung Yeung Harry. Mr. Leng Xuesong is the chairman of the Corporate Governance Committee.

The Corporate Governance Committee's major work during the Reporting Period includes:

- (a) reviewing and monitoring the training and continuous professional development of Directors and senior management (in particular, Chapter 8A of the Listing Rules and knowledge in relation to risks relating to the weighted voting rights structure);
- (b) reviewing the code of conduct applicable to employees and Directors;
- (c) assessing, reviewing and monitoring all risks related to the Company's WVR Structure, including connected transactions between the Company and its subsidiary or Consolidated Affiliated Entity on the one hand and any WVR Beneficiary on the other;
- (d) reviewing the written confirmation provided by the WVR Beneficiaries that they have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the Relevant Period;
- (e) the Company's various policies and practices on corporate governance, including but not limited to the Company's shareholders' communication policy; and
- (f) Reporting on the work of the Corporate Governance Committee covering all areas of its terms of reference.

QUALIFICATION REQUIREMENTS

Updates in Relation to the Qualification Requirements

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the “FITE Regulations”), which were amended on September 10, 2008, February 6, 2016 and May 1, 2022. According to the FITE Regulations and the existing Special Administrative Measures for Entry of Foreign Investment (Negative List) (2021 Version), which became effective on January 1, 2022, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing certain categories of value-added telecommunications services, including internet content provision services. In addition, under the FITE Regulations (2016 Version), a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the “Qualification Requirements”). According to our consultation with the Ministry of Industry and Information Technology (the “MIIT”) in May 2018, it confirms that there is no clear guidance about how a foreign investor could meet the Qualification Requirements, and it applies a relatively strict standard for identifying whether foreign investors meet the Qualification Requirements. Pursuant to the FITE Regulations (2022 Version), the foreign investor contemplating to acquire equity interests in a value-added telecommunications services provider in the PRC will not be required to meet the Qualification Requirement. Given the recency of the issuance of the FITE Regulations (2022 Version), there is a general lack of guidance and substantial uncertainties exist as to whether in practice the Qualification Requirements will still be applied to, and whether and what other qualification requirements will be imposed on or applied to, a foreign investor with respect to holding equity interest in a value-added telecommunications services provider in the PRC, as well as with the interpretation and implementation of existing and future regulations in this regard. If it is determined in the future that there is no substantial restriction on issuance of value-added telecommunications business operating licenses to foreign-invested companies, it is uncertain whether we can, or how long it will take us to, reorganize the equity structure of our certain Consolidated Affiliated Entities and obtain new value-added telecommunications business operating license from the MIIT.



OTHER INFORMATION

Efforts and Actions Undertaken to Comply with the Qualification Requirements

Despite the lack of clear guidance or interpretation on the Qualification Requirements and the cancellation of such Qualification Requirements under the FITE Regulations (2022 Version), we have been gradually building up our track record of overseas telecommunications business operations for the purposes of being qualified, as early as possible, to acquire the entire equity interests in the Onshore Holdcos or any of our Consolidated Affiliated Entities when the relevant PRC laws allow foreign investors to invest and to hold entire equity interests in enterprises which engage in the value-added telecommunications business. For the purposes of meeting the Qualification Requirements, we have established and accumulated overseas operation experience, for example:

- (a) Solid Bit Hong Kong Limited, Meituan Limited and Xigua Limited have been incorporated in Hong Kong in August 2010, November 2010 and September 2015, respectively, for the purposes of establishing and expanding the Company's operations overseas.
- (b) Xigua Limited has rented an office for the expansion of our business overseas. It has employed local employees in Hong Kong and obtained a travel agents license on November 7, 2018. It has also purchased fourth domain names outside of the PRC for display and promotion of our services since June 2015.
- (c) Solid Bit Hong Kong Limited has employed local employees in Hong Kong.

MATERIAL LITIGATION

During the Reporting Period, the Company was not involved in any material litigation or arbitration. Nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.

EVENTS AFTER THE END OF REPORTING PERIOD

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, approximately RMB1,675 million (equivalent to approximately US\$234 million) consideration 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.

Save as aforesaid, there were no other significant events that might affect the Company since June 30, 2023.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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 60 to 119, which comprises the interim condensed consolidated statement of financial position of Meituan (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2023 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 24, 2023

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2023

		Unaudited	
		Six months ended June 30,	
	Note	2023 RMB'000	2022 RMB'000
Revenues	5, 6	126,582,096	97,207,117
Including: Interest revenue		625,776	526,610
Cost of revenues	7	(81,366,666)	(70,892,402)
Gross profit		45,215,430	26,314,715
Selling and marketing expenses	7	(24,986,265)	(18,091,764)
Research and development expenses	7	(10,454,563)	(10,082,566)
General and administrative expenses	7	(4,134,001)	(4,815,841)
Net provisions for impairment losses on financial and contract assets		(450,611)	(203,753)
Fair value changes of other financial investments at fair value through profit or loss	16	267,790	(1,095,077)
Other gains, net	8	2,840,940	1,897,206
Operating profit/(loss)	5	8,298,720	(6,077,080)
Finance income	9	401,608	300,771
Finance costs	9	(707,482)	(748,929)
Share of profits/(losses) of investments accounted for using the equity method	10	72,647	(353,641)
Profit/(loss) before income tax		8,065,493	(6,878,879)
Income tax (expenses)/credits	11	(18,383)	60,286
Profit/(loss) for the period		8,047,110	(6,818,593)
Profit/(loss) for the period attributable to:			
Equity holders of the Company		8,046,103	(6,819,008)
Non-controlling interests		1,007	415
		8,047,110	(6,818,593)
Earnings/(loss) per share for profit/(loss) for the period attributable to the equity holders of the Company	12		
Basic earnings/(loss) per share (RMB)		1.30	(1.11)
Diluted earnings/(loss) per share (RMB)		1.21	(1.11)

The accompanying notes on pages 69 to 119 are an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2023

		Unaudited	
		Six months ended June 30,	
		2023	2022
		RMB'000	RMB'000
	Note		
Profit/(loss) for the period		8,047,110	(6,818,593)
Other comprehensive income, net of tax:			
<i>Items that may be reclassified to profit or loss</i>			
Share of other comprehensive income of investments accounted for using the equity method	10, 23	4,835	2,609
Fair value changes of debt instruments at fair value through other comprehensive income	23	165,128	(182,274)
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	23	11,122	63,705
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences	23	628,799	630,763
Share of other comprehensive income of investments accounted for using the equity method	10, 23	36,438	60,968
Fair value changes of other financial investments at fair value through other comprehensive income	17, 23	(224,750)	70,564
Other comprehensive income for the period		621,572	646,335
Total comprehensive income/(loss) for the period		8,668,682	(6,172,258)
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company		8,667,675	(6,172,673)
Non-controlling interests		1,007	415
		8,668,682	(6,172,258)

The accompanying notes on pages 69 to 119 are an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2023

	Note	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	21,918,108	22,201,259
Intangible assets	14	30,487,727	30,642,975
Deferred tax assets	15(a)	1,642,556	1,497,106
Long-term treasury investments	18	17,673,506	8,114,058
Other financial investments at fair value through profit or loss	16	17,073,170	15,073,013
Investments accounted for using the equity method	10	17,159,771	16,582,381
Other financial investments at fair value through other comprehensive income	17	2,531,801	2,321,865
Prepayments, deposits and other assets	19	4,426,923	4,903,068
		<u>112,913,562</u>	<u>101,335,725</u>
Current assets			
Inventories	20	1,231,329	1,162,765
Trade receivables	21	2,432,368	2,052,731
Prepayments, deposits and other assets	19	14,366,034	13,292,494
Short-term treasury investments	18	93,188,894	91,873,270
Restricted cash		14,870,796	14,605,601
Cash and cash equivalents		27,003,038	20,158,606
		<u>153,092,459</u>	<u>143,145,467</u>
Total assets		<u><u>266,006,021</u></u>	<u><u>244,481,192</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2023

	Note	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
EQUITY			
Share capital	22	418	415
Share premium	22	322,814,564	316,743,344
Shares held for shares award scheme	22	(1)	–
Other reserves	23	698,423	1,484,187
Accumulated losses		<u>(181,420,233)</u>	<u>(189,466,336)</u>
Equity attributable to equity holders of the Company		142,093,171	128,761,610
Non-controlling interests		<u>(54,886)</u>	<u>(55,893)</u>
Total equity		<u>142,038,285</u>	<u>128,705,717</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	15(b)	886,292	846,103
Financial liabilities at fair value through profit or loss		378,720	100,000
Borrowings	27	275,450	1,548,967
Notes payable	28	35,087,533	33,607,372
Lease liabilities		2,927,703	3,203,163
Other non-current liabilities		<u>31,222</u>	<u>39,773</u>
		<u>39,586,920</u>	<u>39,345,378</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2023

	Note	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Current liabilities			
Trade payables	25	18,455,867	17,379,302
Payables to merchants		16,826,275	12,432,342
Advances from transacting users		6,652,801	5,081,178
Other payables and accruals	26	16,240,124	16,655,307
Borrowings	27	18,591,787	17,562,145
Deferred revenues	24	5,476,369	5,053,375
Lease liabilities		2,102,205	2,165,978
Income tax liabilities		35,388	100,470
		<u>84,380,816</u>	<u>76,430,097</u>
Total liabilities		<u>123,967,736</u>	<u>115,775,475</u>
Total equity and liabilities		<u>266,006,021</u>	<u>244,481,192</u>

The accompanying notes on pages 69 to 119 are an integral part of this interim financial information.

On behalf of the Board

Wang Xing
Director

Mu Rongjun
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2023

		Unaudited							
		Share capital	Share premium	Shares held for shares award scheme	Other reserves	Accumulated losses	Equity attributable to equity holders of the Company	Non-controlling interests	Total
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	-
	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	-
	As of June 30, 2023	418	322,814,564	(1)	698,423	(181,420,233)	142,093,171	(54,886)	142,038,285

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2023

		Unaudited							
		Shares held for shares award			Other reserves	Accumulated losses	Equity attributable to equity holders of the Company	Non- controlling interests	Total
Note	Share capital RMB'000	Share premium RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	411	311,221,237	-	(2,866,675)	(182,741,531)	125,613,442	(56,680)	125,556,762	
As of January 1, 2022									
Comprehensive loss									
	-	-	-	-	(6,819,008)	(6,819,008)	415	(6,818,593)	
Loss for the period									
Other comprehensive income, net of tax									
Share of other comprehensive income of investments accounted for using the equity method									
10, 23	-	-	-	63,577	-	63,577	-	63,577	
Fair value changes of other financial investments at fair value through other comprehensive income									
17, 23	-	-	-	70,564	-	70,564	-	70,564	
Fair value changes of debt instruments at fair value through other comprehensive income									
23	-	-	-	(182,274)	-	(182,274)	-	(182,274)	
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income									
23	-	-	-	63,705	-	63,705	-	63,705	
Currency translation differences									
23	-	-	-	630,763	-	630,763	-	630,763	
	-	-	-	646,335	(6,819,008)	(6,172,673)	415	(6,172,258)	
Total comprehensive loss									
Share of other changes in net assets of associates									
10, 23	-	-	-	144,893	-	144,893	-	144,893	
Transaction with owners in their capacity as owners									
Equity-settled share-based payments									
23, 29	-	-	-	3,976,081	-	3,976,081	-	3,976,081	
Shares held for shares award scheme									
22	3	-	(3)	-	-	-	-	-	
Exercise of share options and RSUs vesting									
22, 23	1	3,666,003	2	(3,573,521)	-	92,485	-	92,485	
Tax benefit from share-based payments									
23	-	-	-	(33,140)	-	(33,140)	-	(33,140)	
	4	3,666,003	(1)	369,420	-	4,035,426	-	4,035,426	
Total transaction with owners in their capacity as owners									
	415	314,887,240	(1)	(1,706,027)	(189,560,539)	123,621,088	(56,265)	123,564,823	
As of June 30, 2022									

The accompanying notes on pages 69 to 119 are an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2023

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from/(used in) operations	19,060,031	(1,929,722)
Income tax paid	(143,608)	(115,143)
Net cash flows generated from/(used in) operating activities	<u>18,916,423</u>	<u>(2,044,865)</u>
Cash flows from investing activities		
Purchases and prepayments of property, plant and equipment and intangible assets	(1,942,244)	(3,222,881)
Proceeds from disposals of property, plant and equipment and intangible assets	125,144	120,825
Payments for acquisitions of businesses, net of cash acquired	(8,903)	(88,529)
Purchases of treasury investments and others	(63,973,924)	(116,848,252)
Sales or maturities of treasury investments and others	55,256,758	113,506,621
Purchases of investments accounted for using the equity method	(60,000)	–
Proceeds from disposals of investments in associates and others	90,052	420
Purchases of other financial investments at fair value	(1,704,397)	(2,161,400)
Net cash outflow arising from disposals or deemed disposals of subsidiaries	–	(44,355)
Gains received from treasury investments and other financial instruments	945,721	573,508
Dividends received	18,510	49,666
Loans payments to investees and others	(200,000)	(216,914)
Loans repayments from investees and others	905,028	842,612
Collection of investments prepayments	–	42,000
Net cash flows used in investing activities	<u>(10,548,255)</u>	<u>(7,446,679)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2023



	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Cash flows from financing activities		
Proceeds from borrowings	8,357,508	7,163,269
Repayments of borrowings	(8,749,119)	(3,820,001)
Finance costs paid	(220,563)	(393,617)
Proceeds from exercise of share options	116,877	90,827
Payments of lease liabilities	(1,480,645)	(1,362,870)
Increase in other financial liabilities	278,720	380,448
Net cash flows (used in)/generated from financing activities	<u>(1,697,222)</u>	<u>2,058,056</u>
Net increase/(decrease) in cash and cash equivalents	6,670,946	(7,433,488)
Cash and cash equivalents at the beginning of the period	20,158,606	32,513,428
Exchange gains on cash and cash equivalents	173,486	457,066
Cash and cash equivalents at the end of the period	<u>27,003,038</u>	<u>25,537,006</u>

The accompanying notes on pages 69 to 119 are an integral part of this interim financial information.



NOTES TO THE 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 domestic subsidiaries, including structured entities (collectively, the “Group”), offers diversified daily goods and services in the broader retail by leveraging technology.

The condensed interim consolidated financial information comprises the condensed consolidated statement of financial position as of June 30, 2023, the condensed consolidated income statement and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months then ended, and a summary of 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, 2023 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, 2022, which have been prepared in accordance with International Financial Reporting Standards, as set out in the 2022 annual report of the Group dated March 24, 2023 (the “2022 Financial Statements”).

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those followed in the preparation of the 2022 Financial Statements, except for the estimation of income tax and the adoption of new and amended standards as set out below.



NOTES TO THE INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION *(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	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 condensed 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 condensed consolidated financial statements were disclosed in Note 15.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION (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 condensed 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.

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, 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 RMB540 million for the six months ended June 30, 2023.



NOTES TO THE INTERIM FINANCIAL INFORMATION

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 2022 Financial Statements.

There have been no changes in the risk management policies during the six months ended June 30, 2023.

(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 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)

NOTES TO THE INTERIM FINANCIAL INFORMATION

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, 2023 and December 31, 2022.

	Unaudited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
As of June 30, 2023				
Financial assets				
Treasury investments at fair value through profit or loss (Note 18)	-	-	81,962,198	81,962,198
Treasury investments at fair value through other comprehensive income (Note 18)	-	7,333,922	13,066,490	20,400,412
Loan receivables at fair value through other comprehensive income (Note 19)	-	-	6,881,175	6,881,175
Other financial investments at fair value through profit or loss (Note 16)	-	-	17,073,170	17,073,170
Other financial investments at fair value through other comprehensive income (Note 17)	1,118,801*	-	1,413,000	2,531,801
	<u>1,118,801</u>	<u>7,333,922</u>	<u>120,396,033</u>	<u>128,848,756</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	-	378,720	378,720
	<u>-</u>	<u>-</u>	<u>378,720</u>	<u>378,720</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

4 FINANCIAL RISK MANAGEMENT (Continued)

(b) Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

	Audited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
As of December 31, 2022				
Financial assets				
Treasury investments at fair value through profit or loss (Note 18)	–	–	77,845,116	77,845,116
Treasury investments at fair value through other comprehensive income (Note 18)	–	4,819,558	6,307,707	11,127,265
Loan receivables at fair value through other comprehensive income (Note 19)	–	–	7,124,305	7,124,305
Other financial investments at fair value through profit or loss (Note 16)	–	–	15,073,013	15,073,013
Other financial investments at fair value through other comprehensive income (Note 17)	908,865*	–	1,413,000	2,321,865
	<u>908,865</u>	<u>4,819,558</u>	<u>107,763,141</u>	<u>113,491,564</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	100,000	100,000
	<u>–</u>	<u>–</u>	<u>100,000</u>	<u>100,000</u>

* 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, 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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, 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.

	Unaudited					
	Treasury investments at fair value	Treasury investments at fair value through comprehensive income	Loan receivables at fair value through other comprehensive income	Other financial investments at fair value through profit or loss	Other financial investments at fair value through comprehensive income	Financial liabilities at fair value through profit or loss
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	-	-

NOTES TO THE INTERIM FINANCIAL INFORMATION

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	Treasury investments at fair value through other comprehensive income	Loan receivables at fair value through other comprehensive income	Other financial investments at fair value through profit or loss	Other financial investments at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022	59,712,781	5,414,982	4,210,835	12,038,045	1,490,250	-
Additions	104,831,359	212,063	40,483,405	2,071,523	706,500	380,448
Deductions	(104,331,266)	(7,100)	(38,400,188)	(845,353)	-	(393,304)
Transfers, net	-	-	-	498,631	(783,750)	-
Changes in fair values	556,172	72,050	(27,198)	(276,600)	-	-
Currency translation differences	979,577	33,385	-	262,298	-	12,856
As of June 30, 2022	61,748,623	5,725,380	6,266,854	13,748,544	1,413,000	-
Net unrealised gains/(losses) for the period	225,797	65,087	(27,198)	(452,577)	-	-

(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 flows, market approach, etc.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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	Fair values	Unobservable inputs	Range of inputs		Relationships of unobservable inputs to fair value
	as of June 30, 2023 RMB'000 (Unaudited)	as of December 31, 2022 RMB'000 (Audited)		As of June 30, 2023	As of December 31, 2022	
Other financial investments at fair value	18,486,170	16,486,013	Expected volatility	40%-64%	40%-65%	Note (i)
			Discount for lack of marketability ("DLOM")	25%	20%-30%	The higher the DLOM, the lower the fair value
Treasury investments at fair value through profit or loss	81,962,198	77,845,116	Expected rate of return	-0.11%-7.72%	-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	13,066,490	6,307,707	Expected rate of return	-0.60%-3.00%	-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	6,881,175	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)

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 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.



NOTES TO THE INTERIM FINANCIAL INFORMATION

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 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, 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 upon performance measurement and resource allocation by the CODM.

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 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, 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) 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 INTERIM FINANCIAL INFORMATION

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 relevant periods is as follows:

	Unaudited			Total RMB'000
	Six months ended June 30, 2023			
Core local commerce RMB'000	New initiatives RMB'000	Unallocated items* 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)	<u>4,597,326</u>	<u>31,458,985</u>	<u>–</u>	<u>36,056,311</u>
Total revenues	94,085,282	32,496,814	–	126,582,096
Cost of revenues, operating expenses and unallocated items	<u>(73,501,691)</u>	<u>(42,718,630)</u>	<u>(2,063,055)</u>	<u>(118,283,376)</u>
Operating profit/(loss)	<u>20,583,591</u>	<u>(10,221,816)</u>	<u>(2,063,055)</u>	<u>8,298,720</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 SEGMENT REPORTING (Continued)

5.1 Description of segments and principal activities (Continued)

	Unaudited			Total
	Six months ended June 30, 2022			
	Core local commerce RMB'000	New initiatives RMB'000	Unallocated items* RMB'000	RMB'000
Delivery services	30,183,979	–	–	30,183,979
Commission	24,427,225	665,677	–	25,092,902
Online marketing services	14,300,720	34,849	–	14,335,569
Other services and sales (including interest revenue)	<u>2,046,905</u>	<u>25,547,762</u>	<u>–</u>	<u>27,594,667</u>
Total revenues	70,958,829	26,248,288	–	97,207,117
Cost of revenues, operating expenses and unallocated items	<u>(57,992,695)</u>	<u>(41,491,118)</u>	<u>(3,800,384)</u>	<u>(103,284,197)</u>
Operating (loss)/profit	<u>12,966,134</u>	<u>(15,242,830)</u>	<u>(3,800,384)</u>	<u>(6,077,080)</u>

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

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, 2023 and 2022.

The reconciliation from operating profit/(loss) to profit/(loss) before income tax during the six months ended June 30, 2023 and 2022 is shown in the condensed consolidated income statement.

5.2 Segment assets

As of June 30, 2023 and December 31, 2022, substantially all of the non-current assets of the Group were located in the PRC.

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 REVENUES BY TYPE

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Delivery services	37,280,261	30,183,979
Commission	35,155,530	25,092,902
Online marketing services	18,089,994	14,335,569
Other services and sales (including interest revenue)	36,056,311	27,594,667
	<u>126,582,096</u>	<u>97,207,117</u>

Further analysis of revenues disaggregation is included in Note 5.

7 EXPENSES BY NATURE

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Delivery related costs	40,305,534	35,416,474
Employee benefits expenses	20,724,480	20,458,424
Transaction costs (Note (i))	18,023,151	14,577,218
Promotion, advertising and user incentives	14,899,067	8,637,292
Other outsourcing costs	12,448,143	10,391,639
Depreciation of property, plant and equipment (Note 13)	3,840,638	4,358,614
Amortisation of intangible assets (Note 14)	191,480	266,894
Auditor's remuneration		
– Audit and audit-related services	16,957	16,560
– Non-audit services	1,072	5,123

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

8 OTHER GAINS, NET

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Fair value changes and gains from treasury investments	2,042,838	690,740
Subsidies and tax preference	834,067	753,373
Foreign exchange gains, net	99,720	248,953
Others	(135,685)	204,140
	<u>2,840,940</u>	<u>1,897,206</u>

9 FINANCE INCOME/(COSTS)

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	<u>401,608</u>	<u>300,771</u>
Finance costs		
Interest expenses on bank borrowings and notes payable	(575,495)	(590,029)
Interest in respect of lease liabilities	(131,987)	(126,621)
Others	-	(32,279)
	<u>(707,482)</u>	<u>(748,929)</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Associates (a)	17,145,319	16,568,451
Joint ventures	14,452	13,930
	<u>17,159,771</u>	<u>16,582,381</u>

As of June 30, 2023, investments in associates with aggregated balance of RMB13,776 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

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Investments in associates		
– listed entities	15,216,746	14,651,457
– unlisted entities	1,928,573	1,916,994
	<u>17,145,319</u>	<u>16,568,451</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

10 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 RMB34,796 million and RMB20,719 million as of June 30, 2023 and December 31, 2022, respectively.

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the period	16,568,451	13,856,036
Transfers, net	–	1,009,246
Dividends from associates	(13,729)	(39,523)
Share of profits/(losses) of investments accounted for using the equity method	72,647	(353,641)
Share of other changes in equity	204,149	210,012
Impairment provision (Note (i))	(185,564)	–
Currency translation differences	499,365	610,905
At the end of the period	<u>17,145,319</u>	<u>15,293,035</u>

Note (i): During the six months ended June 30, 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 value in use. 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.

There were no material contingent liabilities relating to the Group's interests in the associates.

NOTES TO THE INTERIM FINANCIAL INFORMATION

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(a) Investments in associates accounted for using the equity method *(Continued)*

There were no individually material associates that are accounted for using the equity method as of June 30, 2023 and December 31, 2022. Aggregate amount of the Group's share of profits/(losses) of individually immaterial associates accounted for using the equity method is as follows:

	Unaudited Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Profit/(loss) from operations	72,647	(353,641)
Other comprehensive income	44,117	65,119
	<u>116,764</u>	<u>(288,522)</u>

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 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 six months ended June 30, 2023 and 2022.

11 TAXATION (Continued)

(b) Income tax (Continued)

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% during the six months ended June 30, 2023 and 2022.

Certain subsidiaries of the Group in the PRC are subject to “high and new technology enterprises”, whose preferential income tax rate is 15% for the six months ended June 30, 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 six months ended June 30, 2022. Certain PRC subsidiaries located in western region and engaged in certain encouraged industries are eligible for a preferential income tax rate of 15% for the six months ended June 30, 2023 and 2022. 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 is 20% for the six months ended June 30, 2023 and 2022.

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,	
	2023	2022
	RMB'000	RMB'000
Current income tax expenses	(110,941)	(130,351)
Deferred income tax credits (Note 15)	92,558	190,637
Total income tax (expenses)/credits	<u>(18,383)</u>	<u>60,286</u>

Income tax (expenses)/credits are recognised based on management’s best knowledge of the income tax rates that would be applicable to the full financial year.

NOTES TO THE INTERIM FINANCIAL INFORMATION

12 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share for the six months ended June 30, 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 reporting period.

	Unaudited	
	Six months ended June 30,	
	2023	2022
Profit/(loss) for the period attributable to the equity holders of the Company (RMB'000)	8,046,103	(6,819,008)
Weighted average number of ordinary shares outstanding (thousands)	6,193,279	6,136,974
Basic earnings/(loss) per share (RMB)	<u>1.30</u>	<u>(1.11)</u>

The Company has three categories of dilutive potential ordinary shares: share options, RSUs and convertible bonds (Note 28(b)). 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 period attributable to the equity holders of the Company (numerator) has been adjusted by all the dilutive effects.

	Unaudited	
	Six months ended June 30,	
	2023	2022
Profit/(loss) for the period attributable to the equity holders of the Company used as the numerator in calculating diluted earnings/(loss) per share (RMB'000)	7,573,763	(6,819,008)
Weighted average number of ordinary shares outstanding (thousands)	6,193,279	6,136,974
Adjustments for the dilutive impact of share options and RSUs (thousands)	85,019	–
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings/(loss) per share (thousands)	6,278,298	6,136,974
Diluted earnings/(loss) per share (RMB)	<u>1.21</u>	<u>(1.11)</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

13 PROPERTY, PLANT AND EQUIPMENT

	Unaudited					Total RMB'000
	Computer equipment RMB'000	Bikes and electric mopeds RMB'000	Assets under construction RMB'000	Right-of- use assets RMB'000	Others 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	<u>4,951,467</u>	<u>2,707,658</u>	<u>1,163,695</u>	<u>11,644,258</u>	<u>1,734,181</u>	<u>22,201,259</u>
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	<u>5,347,756</u>	<u>2,068,501</u>	<u>1,417,927</u>	<u>11,303,978</u>	<u>1,779,946</u>	<u>21,918,108</u>
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	<u>5,347,756</u>	<u>2,068,501</u>	<u>1,417,927</u>	<u>11,303,978</u>	<u>1,779,946</u>	<u>21,918,108</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Unaudited					
	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	<u>3,892,988</u>	<u>5,432,542</u>	<u>942,476</u>	<u>11,399,979</u>	<u>1,146,261</u>	<u>22,814,246</u>
Six months ended June 30, 2022						
Opening net book amount	3,892,988	5,432,542	942,476	11,399,979	1,146,261	22,814,246
Additions	2,323,776	–	1,315,738	1,276,929	149,365	5,065,808
Transfers	3,672	645,327	(1,149,154)	–	500,155	–
Disposals	(5,003)	(61,665)	(85,005)	(67,021)	(56,539)	(275,233)
Depreciation charges	(1,052,806)	(1,713,139)	–	(1,334,755)	(304,765)	(4,405,465)
Impairment charges	(260)	–	(362)	–	(6,461)	(7,083)
Currency translation differences	–	–	–	(13)	–	(13)
Ending net book amount	<u>5,162,367</u>	<u>4,303,065</u>	<u>1,023,693</u>	<u>11,275,119</u>	<u>1,428,016</u>	<u>23,192,260</u>
As of June 30, 2022						
Cost	11,274,832	12,646,154	1,024,579	14,217,775	2,554,461	41,717,801
Accumulated depreciation and impairment	(6,112,465)	(8,343,089)	(886)	(2,942,656)	(1,126,445)	(18,525,541)
Net book amount	<u>5,162,367</u>	<u>4,303,065</u>	<u>1,023,693</u>	<u>11,275,119</u>	<u>1,428,016</u>	<u>23,192,260</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation charges were expensed or capitalised in the following categories in the condensed consolidated income statement or the condensed consolidated statement of financial position respectively:

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Cost of revenues	2,703,495	3,268,515
Selling and marketing expenses	752,620	545,339
Research and development expenses	343,960	276,560
General and administrative expenses	40,563	268,200
Assets under construction	70,276	46,851
	<u>3,910,914</u>	<u>4,405,465</u>

(a) Leases

The carrying amounts of right-of-use assets by category are as follows:

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2023	2022
	RMB'000	RMB'000
Land use rights	6,468,149	6,538,425
Offices	3,030,299	3,149,108
Others	1,805,530	1,956,725
Total	<u>11,303,978</u>	<u>11,644,258</u>

The condensed consolidated financial statement shows the following amounts relating to leases:

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Depreciation charges of right-of-use assets	1,362,572	1,334,755
Interest expenses (included in finance costs)	131,987	126,621

NOTES TO THE INTERIM FINANCIAL INFORMATION

14 INTANGIBLE ASSETS

	Unaudited			Total RMB'000
	Goodwill RMB'000	Other intangible assets arising from business combinations RMB'000	Software and others 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	<u>27,773,551</u>	<u>2,770,190</u>	<u>99,234</u>	<u>30,642,975</u>
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	<u>27,773,551</u>	<u>2,609,849</u>	<u>104,327</u>	<u>30,487,727</u>
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	<u>27,773,551</u>	<u>2,609,849</u>	<u>104,327</u>	<u>30,487,727</u>

As of June 30, 2023, no indicators for impairment of goodwill have been identified.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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, 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	<u>27,730,503</u>	<u>3,225,932</u>	<u>92,379</u>	<u>31,048,814</u>
Six months ended June 30, 2022				
Opening net book amount	27,730,503	3,225,932	92,379	31,048,814
Additions	43,048	15,630	33,413	92,091
Amortisation charges	–	(235,620)	(31,274)	(266,894)
Ending net book amount	<u>27,773,551</u>	<u>3,005,942</u>	<u>94,518</u>	<u>30,874,011</u>
As of June 30, 2022				
Cost	27,975,138	7,730,260	1,989,645	37,695,043
Accumulated amortisation and impairment	(201,587)	(4,724,318)	(1,895,127)	(6,821,032)
Net book amount	<u>27,773,551</u>	<u>3,005,942</u>	<u>94,518</u>	<u>30,874,011</u>

Amortisation expenses have been charged to the condensed consolidated income statement as follows:

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Cost of revenues	47,010	79,857
Selling and marketing expenses	42,706	85,069
Research and development expenses	13,741	13,643
General and administrative expenses	88,023	88,325
	<u>191,480</u>	<u>266,894</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

15 DEFERRED INCOME TAXES

The following amounts, determined after appropriate offsetting, are shown in the condensed consolidated statement of financial position:

(a) Deferred tax assets

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000 (Restated)
The balance comprises temporary differences attributable to:		
– Tax losses	2,109,484	1,836,236
– Lease liabilities	1,086,455	1,050,416
– Others	340,530	405,282
Total gross deferred tax assets	<u>3,536,469</u>	<u>3,291,934</u>
Set-off of deferred tax assets pursuant to set-off provisions	<u>(1,893,913)</u>	<u>(1,794,828)</u>
Net deferred tax assets	<u>1,642,556</u>	<u>1,497,106</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

15 DEFERRED INCOME TAXES (Continued)

(a) Deferred tax assets (Continued)

The movement on the gross deferred tax assets is as follows:

	Unaudited			Total RMB'000
	Tax losses RMB'000	Lease liabilities RMB'000	Others RMB'000	
As of December 31, 2022	1,836,236	2,126	405,282	2,243,644
Adjustment on Amendments to IAS 12	–	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 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	<u>2,109,484</u>	<u>1,086,455</u>	<u>340,530</u>	<u>3,536,469</u>
As of December 31, 2021	1,695,764	2,822	508,386	2,206,972
Adjustment on Amendments to IAS 12	–	902,177	–	902,177
As of January 1, 2022 (Restated)	1,695,764	904,999	508,386	3,109,149
Credited/(charged) to condensed consolidated income statement	18,957	25,864	(40,190)	4,631
Charged to other reserves	(104,441)	–	–	(104,441)
As of June 30, 2022 (Restated)	<u>1,610,280</u>	<u>930,863</u>	<u>468,196</u>	<u>3,009,339</u>

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, 2023 and December 31, 2022, the Group did not recognise deferred tax assets of RMB15,062 million and RMB15,374 million in respect of cumulative tax losses amounting to RMB91,115 million and RMB91,891 million including the tax losses arising from the excess deduction of share-based payments. These tax losses will expire from 2023 to 2027, and certain subsidiaries of the Group may extend to 2032.

NOTES TO THE INTERIM FINANCIAL INFORMATION

15 DEFERRED INCOME TAXES (Continued)

(b) Deferred tax liabilities

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000 (Restated)
The balance comprises temporary differences attributable to:		
– Other intangible assets arising from business combinations	(386,913)	(410,827)
– Investments accounted for using the equity method or at fair value	(1,080,031)	(999,646)
– Right-of-use assets	(1,084,614)	(1,048,294)
– Others	(228,647)	(182,164)
Total gross deferred tax liabilities	<u>(2,780,205)</u>	<u>(2,640,931)</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	<u>1,893,913</u>	<u>1,794,828</u>
Net deferred tax liabilities	<u>(886,292)</u>	<u>(846,103)</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

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 December 31, 2022	(410,827)	(999,646)	(4)	(182,164)	(1,592,641)
Adjustment on					
Amendments to IAS 12	–	–	(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 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	<u>(386,913)</u>	<u>(1,080,031)</u>	<u>(1,084,614)</u>	<u>(228,647)</u>	<u>(2,780,205)</u>
As of December 31, 2021	(489,022)	(1,051,129)	(6)	(184,038)	(1,724,195)
Adjustment on					
Amendments to IAS 12	–	–	(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 condensed consolidated income statement	45,348	193,681	(21,242)	(31,781)	186,006
Charged to other reserves	–	(76,042)	–	(46,524)	(122,566)
Business combination	(2,345)	–	–	–	(2,345)
As of June 30, 2022 (Restated)	<u>(446,019)</u>	<u>(933,490)</u>	<u>(923,425)</u>	<u>(262,343)</u>	<u>(2,565,277)</u>

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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

16 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Associates (a)	9,263,475	7,901,487
Other investees (b)	7,809,695	7,171,526
	<u>17,073,170</u>	<u>15,073,013</u>

RMB6,198 million of other financial investments at fair value through profit or loss was denominated in USD (December 31, 2022: RMB5,541 million), and other balances were denominated in RMB.

(a) Associates

	Unaudited Six months ended June 30,	
	2023 RMB'000	2022 RMB'000
At the beginning of the period	7,901,487	4,453,450
Additions	1,248,097	1,482,849
Changes in fair values	107,869	80,869
Disposals	(85,065)	(245,383)
Transfer, net	-	1,217,839
Currency translation differences	91,087	36,860
At the end of the period	<u>9,263,475</u>	<u>7,026,484</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

16 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

(b) Other investees

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the period	7,171,526	9,846,407
Additions	748,535	588,674
Changes in fair values	159,921	(1,175,946)
Disposals	–	(599,970)
Transfers, net (Note (i))	(400,261)	(2,162,543)
Currency translation differences	129,974	225,438
At the end of the period	<u>7,809,695</u>	<u>6,722,060</u>

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 six months ended June 30, 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

17 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Other financial investments at fair value through other comprehensive income comprise the following:

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Equity investments in listed entities	1,118,801	908,865
Equity investments in an unlisted entity	1,413,000	1,413,000
	<u>2,531,801</u>	<u>2,321,865</u>

Movement of other financial investments at fair value through other comprehensive income is analysed as follows:

	Unaudited Six months ended June 30,	
	2023 RMB'000	2022 RMB'000
At the beginning of the period	2,321,865	2,022,705
Additions	–	706,500
Changes in fair values	(224,750)	109,550
Transfers, net (Note 16(i))	400,261	(64,542)
Currency translation differences	34,425	51,143
At the end of the period	<u>2,531,801</u>	<u>2,825,356</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

18 TREASURY INVESTMENTS

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Long-term treasury investments at		
– Amortised cost	5,726	748,880
– Fair value through profit or loss	<u>17,667,780</u>	<u>7,365,178</u>
	<u>17,673,506</u>	<u>8,114,058</u>
Short-term treasury investments at		
– Amortised cost	8,494,064	10,266,067
– Fair value through profit or loss	64,294,418	70,479,938
– Fair value through other comprehensive income	<u>20,400,412</u>	<u>11,127,265</u>
	<u>93,188,894</u>	<u>91,873,270</u>

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:

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
USD	29,706,678	27,615,645
RMB	81,146,256	72,371,683
Others	<u>9,466</u>	<u>–</u>
	<u>110,862,400</u>	<u>99,987,328</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

19 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Non-current		
Loan receivables (Note (i))	2,999,390	3,240,645
Prepayments for PP&E and other assets	534,113	739,251
Rental deposits	407,143	414,836
Deductible value-added tax	27,530	16,916
Others	458,747	491,420
	<u>4,426,923</u>	<u>4,903,068</u>
Current		
Loan receivables (Note (i))	4,734,120	5,203,420
Prepayments to merchants	1,805,802	420,159
Contract assets	1,793,450	1,475,951
Receivables upon share-based payments vesting or exercise	1,604,708	1,468,075
Deductible value-added tax	1,316,819	1,582,525
Prepayments for purchased goods or services	754,697	639,763
Prepayments on behalf of third parties	718,750	591,157
Deposits in third-party payment processors	551,479	357,408
Amounts due from related parties (Note 32)	69,098	107,519
Others	1,017,111	1,446,517
	<u>14,366,034</u>	<u>13,292,494</u>

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, 2023 and December 31, 2022, the carrying value of prepayments, deposits and other assets was primarily denominated in RMB.

NOTES TO THE INTERIM FINANCIAL INFORMATION

20 INVENTORIES

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Finished goods	1,155,706	1,084,379
Raw materials	<u>101,671</u>	<u>102,989</u>
	1,257,377	1,187,368
Less: provisions for impairment	<u>(26,048)</u>	<u>(24,603)</u>
	<u><u>1,231,329</u></u>	<u><u>1,162,765</u></u>

21 TRADE RECEIVABLES

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Trade receivables	2,767,181	2,367,957
Less: allowance for impairment	<u>(334,813)</u>	<u>(315,226)</u>
	<u><u>2,432,368</u></u>	<u><u>2,052,731</u></u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

21 TRADE RECEIVABLES (Continued)

Movements on the Group's allowance for impairment of trade receivables are as follows:

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the period	(315,226)	(225,994)
Credit loss allowance recognised, net	(21,092)	(51,810)
Write-offs	1,505	2,628
At the end of the period	<u>(334,813)</u>	<u>(275,176)</u>

The Group considered that the carrying amounts of the trade receivables approximated their fair value as of June 30, 2023 and December 31, 2022.

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	Audited
	As of	As of
	June 30,	December 31,
	2023	2022
	RMB'000	RMB'000
Trade receivables		
Within 3 months	2,253,636	1,867,157
3 to 6 months	131,421	142,353
6 months to 1 year	40,054	33,060
Over 1 year	7,257	10,161
	<u>2,432,368</u>	<u>2,052,731</u>

The majority of the Group's trade receivables was denominated in RMB.

The maximum exposure to credit risk as of June 30, 2023 and December 31, 2022 was the carrying value of the trade receivables. The Group did not hold any collateral as security.

NOTES TO THE INTERIM FINANCIAL INFORMATION

22 SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR SHARES AWARD SCHEME

As of June 30, 2023 and 2022, the authorised share capital of the Company comprises 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	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 January 1, 2022	6,136,145	411	311,221,237	–
Exercise of share options and RSUs vesting	8,126	1	3,666,003	2
Shares held for shares award scheme	43,126	3	–	(3)
As of June 30, 2022	6,187,397	415	314,887,240	(1)

As of June 30, 2023, there were 604,519,783 Class A Shares amongst the total issued Shares and the remainders were Class B Shares.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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, 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

	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, 2022	20	6,835,306	(11,899,519)	1,513,938	683,580	(2,866,675)
Equity-settled share-based payments	-	3,976,081	-	-	-	3,976,081
Exercise of share options and RSUs vesting	-	(3,573,521)	-	-	-	(3,573,521)
Share of changes in net assets of associates	-	-	-	-	208,470	208,470
Fair value changes of and net provisions for impairment losses on financial assets	-	-	-	-	(48,005)	(48,005)
Tax benefit from share-based payments	-	-	-	-	(33,140)	(33,140)
Currency translation differences	-	-	630,763	-	-	630,763
As of June 30, 2022	20	7,237,866	(11,268,756)	1,513,938	810,905	(1,706,027)

NOTES TO THE INTERIM FINANCIAL INFORMATION

24 DEFERRED REVENUES

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Online marketing services and others	5,410,748	5,010,489
Various packages for bike-sharing and e-moped sharing services	<u>65,621</u>	<u>42,886</u>
	<u>5,476,369</u>	<u>5,053,375</u>

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,	
	2023 RMB'000	2022 RMB'000
Revenues recognised that was included in the deferred revenues balance at the beginning of the period		
Online marketing services and others	3,362,473	3,708,285
Business cooperation agreement with Maoyan (Note 32)	–	104,843
Various packages for bike-sharing and e-moped sharing services	<u>40,182</u>	<u>57,596</u>
	<u>3,402,655</u>	<u>3,870,724</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

25 TRADE PAYABLES

As of June 30, 2023 and December 31, 2022, the aging analysis of the trade payables based on invoice date is as follows:

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Trade payables		
Within 3 months	18,018,339	16,960,247
3 to 6 months	177,080	221,416
6 months to 1 year	133,409	87,595
Over 1 year	127,039	110,044
	<u>18,455,867</u>	<u>17,379,302</u>

The Group's trade payables was primarily denominated in RMB.

26 OTHER PAYABLES AND ACCRUALS

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Deposits from merchants and transacting users	5,652,992	5,634,670
Employee payroll and benefits payables	4,627,987	6,548,048
Amounts collected on behalf of third parties	1,523,391	1,206,368
Taxes and surcharges payables	1,507,324	673,769
Customer advances	739,630	626,134
Accrued expenses	618,019	676,758
Amounts due to related parties (Note 32)	596,289	304,501
Undue interests accrued for senior notes (Note 28)	68,363	65,892
Others	906,129	919,167
	<u>16,240,124</u>	<u>16,655,307</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

27 BORROWINGS

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Included in non-current liabilities:		
RMB bank borrowings – unsecured	–	1,396,000
RMB bank borrowings – secured (Note (i))	<u>275,450</u>	<u>152,967</u>
	<u>275,450</u>	<u>1,548,967</u>
Included in current liabilities:		
RMB bank borrowings – unsecured	<u>18,591,787</u>	<u>17,562,145</u>

Note (i): As of June 30, 2023, the Group's land use rights with an original book value and a net book value of RMB6,738 million and RMB6,468 million respectively (December 31, 2022: RMB6,738 million, RMB6,538 million, respectively) had been charged as collateral for borrowings.

28 NOTES PAYABLE

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Included in non-current liabilities:		
Non-current portion of long-term USD senior notes (a)	14,391,112	13,865,055
Non-current portion of long-term USD convertible bonds (b)	<u>20,696,421</u>	<u>19,742,317</u>
	<u>35,087,533</u>	<u>33,607,372</u>
Included in current liabilities:		
Undue interests accrued for senior notes (Note 26)	<u>68,363</u>	<u>65,892</u>
	<u>35,155,896</u>	<u>33,673,264</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

28 NOTES PAYABLE (Continued)

The notes payable and undue interests were repayable as follows:

	Unaudited As of June 30, 2023 RMB'000	Audited As of December 31, 2022 RMB'000
Within 1 year (Note 26)	68,363	65,892
Between 1 and 2 years	–	–
Between 2 and 5 years	26,099,473	24,946,785
More than 5 years	8,988,060	8,660,587
	<u>35,155,896</u>	<u>33,673,264</u>

All of these notes payable issued by the Group were unsecured.

- (a) As of June 30, 2023, the fair value of the senior notes was RMB12,088 million (December 31, 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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, 2023 and 2022 is set out below:

	Unaudited Six months ended June 30,	
	2023 RMB'000	2022 RMB'000
At the beginning of the period	19,742,317	17,701,190
Interest expenses	204,827	187,742
Currency translation differences	749,277	938,650
At the end of the period	<u>20,696,421</u>	<u>18,827,582</u>

The equity component of the Bonds of RMB1,514 million was included in “ Other reserves” (Note 23) of the Group as of June 30, 2023 and December 31, 2022.

As of June 30, 2023, the total fair value of the Bonds was RMB18,316 million (December 31, 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

29 SHARE-BASED PAYMENTS

As of June 30, 2023, there was a total of 624,212,527 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.

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, 2023	27,067,581	38.31
Forfeited during the period	(1,764,160)	49.22
Exercised during the period	<u>(1,021,152)</u>	22.00
Outstanding as of June 30, 2023	<u>24,282,269</u>	38.21
Vested and exercisable as of June 30, 2023	<u>20,604,424</u>	34.73
Outstanding as of January 1, 2022	37,988,298	36.51
Forfeited during the period	(172,300)	167.99
Exercised during the period	<u>(4,725,404)</u>	21.55
Outstanding as of June 30, 2022	<u>33,090,594</u>	37.96
Vested and exercisable as of June 30, 2022	<u>22,851,182</u>	31.02

The weighted average remaining contractual life of outstanding share options was 4.0 years as of June 30, 2023 (December 31, 2022: 4.7 years). The weighted average price of the shares at the time these share options were exercised was HKD144.43 per share (equivalent to approximately RMB126.84 per share) for the six months ended June 30, 2023. There was no share option granted during the six months ended June 30, 2023 and 2022.

NOTES TO THE INTERIM FINANCIAL INFORMATION

29 SHARE-BASED PAYMENTS (Continued)

RSUs

The Company also grants RSUs to employees, service providers, and Directors 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:

	Unaudited	
	Number of	Weighted
	RSUs	average grant
		date fair value
		per RSU
		(HKD)
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	<u>125,787,523</u>	179.50
Outstanding as of January 1, 2022	125,367,125	173.66
Granted during the period	47,065,624	189.90
Vested during the period	(33,532,191)	122.86
Forfeited during the period	(6,076,447)	204.49
Outstanding as of June 30, 2022	<u>132,824,111</u>	190.83

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 INTERIM FINANCIAL INFORMATION

29 SHARE-BASED PAYMENTS *(Continued)*

The total share-based payments charges were expensed or capitalised in the following categories in the condensed consolidated income statement or the condensed consolidated statement of financial position respectively:

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
RSUs	4,396,726	3,941,881
Share options	<u>(3,944)</u>	<u>34,200</u>
Total share-based payments charges	4,392,782	3,976,081
Amount capitalised	<u>(5,294)</u>	<u>–</u>
Share-based compensation expenses	<u><u>4,387,488</u></u>	<u><u>3,976,081</u></u>

30 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended June 30, 2023 and 2022.

31 CAPITAL COMMITMENTS

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2023	2022
	RMB'000	RMB'000
Purchase of property, plant and equipment	6,973,202	3,856,421
Investments	<u>2,769,955</u>	<u>1,516,072</u>
	<u><u>9,743,157</u></u>	<u><u>5,372,493</u></u>

32 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 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, 2023 and 2022, and/or balances with the Group as of June 30, 2023 and December 31, 2022.

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 Piao futong 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

32 RELATED PARTY TRANSACTIONS (Continued)

(b) Significant transactions with related parties

		Unaudited	
		Six months ended June 30,	
		2023	2022
		RMB'000	RMB'000
(i)	Sales of services		
	Associates of the Group	217,613	299,677
	One of the Company's shareholders	–	10,892
		<u>217,613</u>	<u>310,569</u>
(ii)	Purchases of goods and services		
	Associates of the Group	646,776	585,986
	One of the Company's shareholders	–	1,540,013
		<u>646,776</u>	<u>2,125,999</u>

(c) Balances with related parties

		Unaudited	Audited
		As of	As of
		June 30,	December 31,
		2023	2022
		RMB'000	RMB'000
(i)	Due from related parties		
	Associates of the Group	69,098	107,519
(ii)	Due to related parties		
	Associates of the Group	596,289	304,501

NOTES TO THE INTERIM FINANCIAL INFORMATION

32 RELATED PARTY TRANSACTIONS (Continued)

(d) Key management compensation

	Unaudited	
	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Fees	748	748
Basic salaries and bonuses	11,423	11,429
Pension costs and other employee benefits	400	398
Share-based compensation expenses	121,799	184,615
	<u>134,370</u>	<u>197,190</u>

33 CONTINGENCIES

The Group did not have any material contingent liabilities as of June 30, 2023.

34 SUBSEQUENT EVENTS

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, approximately RMB1,675 million (equivalent to approximately US\$234 million) consideration 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.

Save as aforesaid, there were no other material subsequent events during the period from July 1, 2023 to the approval date of the Interim Financial Information by the Board on August 24, 2023.



DEFINITIONS

“AGM”	the annual general meeting of the Company held on June 30, 2023
“Articles” or “Articles of Association”	the articles of association of the Company, as amended and/or restated from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Assumed Liabilities”	the outstanding principal amount payable by Domestic Light Year to certain bondholders
“Audit Committee”	the audit committee of the Company
“Auditor”	the external auditor of the Company
“Beijing Kuxun Interaction”	Beijing Kuxun Interaction Technology Co., Ltd. (北京酷訊互動科技有限公司), a limited liability company incorporated under the laws of the PRC on March 29, 2006 and our Consolidated Affiliated Entity
“Beijing Kuxun Technology”	Beijing Kuxun Technology Co., Ltd. (北京酷訊科技有限公司), a limited liability company incorporated under the laws of the PRC on April 27, 2006 and our indirect wholly-owned subsidiary
“Beijing Mobike”	Beijing Mobike Technology Co., Ltd. (北京摩拜科技有限公司), a limited liability company incorporated under the laws of the PRC on January 27, 2015 and our Consolidated Affiliated Entity
“Beijing Sankuai Cloud Computing”	Beijing Sankuai Cloud Computing Co., Ltd. (北京三快雲計算有限公司), a limited liability company incorporated under the laws of the PRC on June 17, 2015 and our Consolidated Affiliated Entity
“Beijing Sankuai Online”	Beijing Sankuai Online Technology Co., Ltd. (北京三快在線科技有限公司), a limited liability company incorporated under the laws of the PRC on May 6, 2011 and our indirect wholly-owned subsidiary



DEFINITIONS

“Beijing Sankuai Technology”	Beijing Sankuai Technology Co., Ltd. (北京三快科技有限公司), a limited liability company incorporated under the laws of the PRC on April 10, 2007 and our Consolidated Affiliated Entity
“Beijing Xinmeida”	Beijing Xinmeida Technology Co., Ltd. (北京新美大科技有限公司), a limited liability company incorporated under the laws of the PRC on March 17, 2016 and our Consolidated Affiliated Entity
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CG Code”	the corporate governance code as set out in Appendix 14 to the Listing Rules
“Charmway Enterprises”	Charmway Enterprises Company Limited, a limited liability company incorporated under the laws of the BVI, which is indirectly wholly owned by a trust established by Mu Rongjun (as settlor) for the benefit of Mu Rongjun and his family
“Chengdu Meigengmei”	Chengdu Meigengmei Information Technology Co., Ltd. (成都美更美信息技术有限公司), a limited liability company incorporated under the laws of the PRC on July 18, 2014 and our Consolidated Affiliated Entity
“Class A Shares”	class A ordinary shares of the share capital of the Company with a par value of US\$0.00001 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company’s general meeting, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
“Class B Shares”	class B ordinary shares of the share capital of the Company with a par value of US\$0.00001 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meeting



DEFINITIONS

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “the Company”	Meituan (美团) (formerly known as Meituan Dianping), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 25, 2015, or Meituan (美团) and its subsidiaries and Consolidated Affiliated Entities, as the case may be
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely, the Onshore Holdcos and their respective subsidiaries (each a “Consolidated Affiliated Entity”)
“Contractual Arrangement(s)”	the series of contractual arrangements entered into between WFOEs, Onshore Holdcos and Registered Shareholders (as applicable)
“Crown Holdings”	Crown Holdings Asia Limited, a limited liability company incorporated under the laws of the BVI, which is indirectly wholly owned by a trust established by Wang Xing (as settlor) for the benefit of Wang Xing and his family
“Date of this Interim Report”	August 24, 2023
“Director(s)”	the director(s) of the Company
“Domestic Light Year”	Beijing Guangnianzhiwai Technology Co., Ltd.* (北京光年之外科技有限公司), a limited liability company incorporated under the laws of the PRC
“Group”, “our Group” or “the Group”, “we”, “us”, or “our”	the Company and its subsidiaries and Consolidated Affiliated Entities from time to time
“Hong Kong dollars” or “HK dollars” or “HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong



DEFINITIONS

“Hong Kong Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“HKD counter”	the HKD counter for trading in the Class B Shares on the Stock Exchange
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“IPO”	initial public offering
“Kevin Sunny”	Kevin Sunny Holding Limited, a limited liability company incorporated under the laws of the BVI on May 22, 2018, which is wholly owned by Wang Huiwen
“Light Year”	collectively, Offshore Light Year and Domestic Light Year
“Listing”	the listing of the Class B Shares on the Main Board of the Stock Exchange
“Listing Date”	September 20, 2018
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operates in parallel with the GEM of the Stock Exchange
“Meituan Finance”	Beijing Meituan Finance Technology Co., Ltd. (北京美团金融科技有限公司), a limited liability company incorporated under the laws of the PRC on August 9, 2017 and our Consolidated Affiliated Entity

DEFINITIONS



“Memorandum” or “Memorandum of Association”	the memorandum of association of the Company, as amended and/or restated from time to time
“Mobike”	mobike Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands on April 2, 2015 and our direct wholly owned subsidiary
“Mobike Beijing”	Mobike (Beijing) Information Technology Co., Ltd. (摩拜(北京)信息技術有限公司), a limited liability company incorporated under the laws of the PRC on January 12, 2016 and our indirect wholly owned subsidiary
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Offshore Light Year”	Light Year AI Limited, a company incorporated in the Cayman Islands
“Onshore Holdcos”, each an “Onshore Holdco”	Tianjin Antechu Technology, Shanghai Lutuan, Beijing Kuxun Interaction, Shanghai Sankuai Technology, Meituan Finance, Beijing Sankuai Cloud Computing, Beijing Xinmeida, Chengdu Meigengmei, Beijing Mobike, Beijing Sankuai Technology and Shanghai Hantao
“Post-IPO Share Award Scheme”	the post-IPO share award scheme adopted by the Company on August 30, 2018 and amended on June 30, 2023
“Post-IPO Share Option Scheme”	the post-IPO share option scheme adopted by the Company on August 30, 2018 and amended on June 30, 2023
“PRC”	the People’s Republic of China
“Pre-IPO ESOP”	the pre-IPO employee stock incentive scheme adopted by the Company dated October 6, 2015, as amended from time to time
“Registered Shareholders”	the registered shareholders of the Onshore Holdcos
“Reporting Period”	the six months ended June 30, 2023



DEFINITIONS

“Reserved Matters”	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being: (i) any amendment to the Memorandum or Articles, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive Director, (iii) the appointment or removal of the Company’s auditors, and (iv) the voluntary liquidation or winding-up of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“RMB counter”	the RMB counter for trading in the Class B Shares on the Stock Exchange under the HKD-RMB Dual Counter Model program launched by the Stock Exchange
“RSU(s)”	restricted share unit(s)
“Sankuai Cloud Online”	Beijing Sankuai Internet Technology Co., Ltd. (北京三快網絡科技有限公司) (formerly known as Sankuai Cloud Online Technology Co., Ltd. (三快雲在線(北京)科技有限公司)), a limited liability company incorporated under the laws of the PRC on November 3, 2015 and our indirect wholly-owned subsidiary
“Seventh Amended and Restated Memorandum and Articles of Association”	the seventh amended and restated Memorandum and Articles of Association of the Company passed by the Shareholders at the AGM
“Shanghai Hanhai”	Hanghai Information Technology (Shanghai) Co., Ltd. (漢海信息技術(上海)有限公司), a limited liability company incorporated under the laws of the PRC on March 16, 2006 and our indirect wholly-owned subsidiary
“Shanghai Hantao”	Shanghai Hantao Information Consultancy Co., Ltd. (上海漢濤信息諮詢有限公司), a limited liability company incorporated under the laws of the PRC on September 23, 2003 and our Consolidated Affiliated Entity
“Shanghai Juzuo”	Shanghai Juzuo Technology Co., Ltd. (上海駒座科技有限公司), a limited liability company incorporated under the laws of the PRC on April 12, 2018 and our indirect wholly-owned subsidiary



DEFINITIONS

“Shanghai Lutuan”	Shanghai Lutuan Technology Co., Ltd. (上海路團科技有限公司), a limited liability company incorporated under the laws of the PRC on January 12, 2017 and our Consolidated Affiliated Entity
“Shanghai Sankuai Technology”	Shanghai Sankuai Technology Co., Ltd. (上海三快科技有限公司), a limited liability company incorporated under the laws of the PRC on September 19, 2012 and our Consolidated Affiliated Entity
“Share(s)”	the Class A Shares and Class B Shares in the share capital of the Company, as the context so requires
“Shareholder(s)”	holder(s) of the Share(s)
“Shared Patience”	Shared Patience Inc., a limited liability company incorporated under the laws of the BVI, which is wholly owned by Wang Xing
“Shared Vision”	Shared Vision Investment Limited, a limited liability company incorporated under the laws of the BVI, which is wholly owned by Mu Rongjun
“Shenzhen Sankuai Online”	Shenzhen Sankuai Online Technology Co., Ltd. (深圳三快在線科技有限公司), a limited liability company incorporated under the laws of the PRC on November 18, 2015 and our indirect wholly-owned subsidiary
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Tianjin Antechu Technology”	Tianjin Antechu Technology Co., Ltd. (天津安特廚科技有限公司), a limited liability company incorporated under the laws of the PRC on January 17, 2018 and our Consolidated Affiliated Entity
“Tianjin Wanlong”	Tianjin Wanlong Technology Co., Ltd. (天津萬龍科技有限公司), a limited liability company incorporated under the laws of the PRC on August 18, 2015 and our indirect wholly-owned subsidiary

“Tianjin Xiaoyi Technology”	Tianjin Xiaoyi Technology Co., Ltd. (天津小蟻科技有限公司), a limited liability company incorporated under the laws of the PRC on February 13, 2018 and our indirect wholly-owned subsidiary
“Tencent”	Tencent Holdings Limited (HKEx Stock Code: 700), or Tencent Holdings Limited and/or its subsidiaries, as the case may be
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“weighted voting right”	has the meaning ascribed to it in the Listing Rules
“WFOEs”, each a “WFOE”	Tianjin Xiaoyi Technology, Shanghai Juzuo, Beijing Kuxun Technology, Tianjin Wanlong, Beijing Sankuai Online, Shenzhen Sankuai Online, Shanghai Hanhai, Sankuai Cloud Online and Mobike Beijing
“WVR Beneficiaries”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Wang Xing and Mu Rongjun, being the holders of the Class A Shares as at the Date of this Interim Report, entitling each to weighted voting rights
“WVR Structure”	has the meaning ascribed to it in the Listing Rules
“%”	per cent

Unless otherwise expressly stated or the context otherwise requires, all data in this document is as of the date of this document.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.



GLOSSARY

“Active Merchant”	a merchant that meets any of the following conditions in a given period: (i) completed at least one transaction on our platform, (ii) purchased any online marketing services from us, (iii) processed offline payment at least once through our integrated payment systems, or (iv) generated any order through our ERP systems
“Gross Transaction Value” or “GTV”	the value of paid transactions of products and services on our platform by consumers, regardless of whether the consumers are subsequently refunded. This includes delivery charges and VAT, but excludes any payment-only transactions, such as QR code scan payments and point-of-sale payments
“Number of On-demand Delivery transactions”	include number of transactions from food delivery and Meituan Instashopping businesses
“Transacting User”	a user account that paid for transactions of products and services on our platform in a given period, regardless of whether the account is subsequently refunded
“transaction”	the number of transactions is generally recognised based on the number of payments made. (i) With respect to our in-store business, one transaction is recognised if a user purchases multiple vouchers with a single payment; (ii) with respect to our hotel-booking business, one transaction is recognised if a user books multiple room nights with a single payment; (iii) with respect to our attraction, movie, air and train ticketing businesses, one transaction is recognised if a user purchases multiple tickets with a single payment; (iv) with respect to our bike-sharing and moped services, if a user uses a monthly pass, then one transaction is recognised only when the user purchases or claims the monthly pass, and subsequent rides are not recognised as transactions; if a user does not use a monthly pass, then one transaction is recognised for every ride