



Meituan

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

HKD Counter Stock Code: 3690

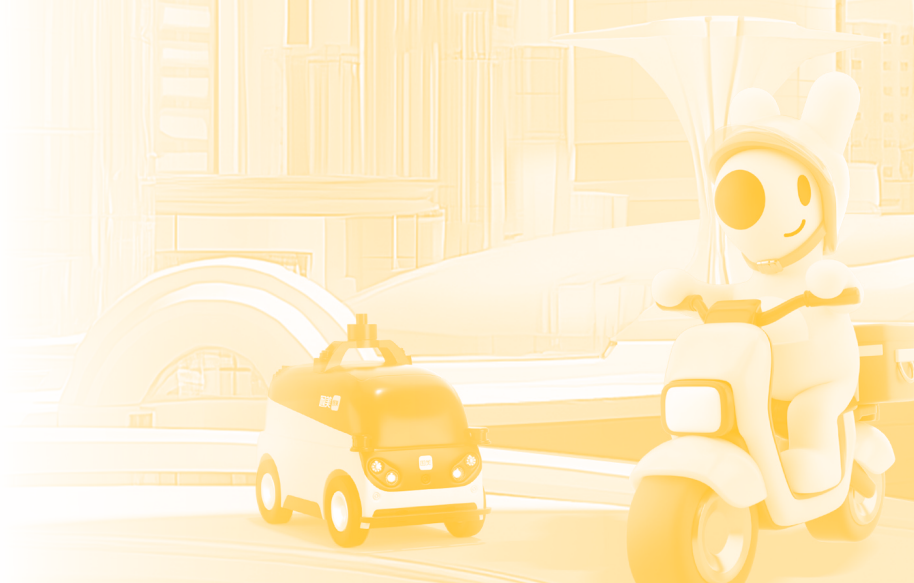
RMB Counter Stock Code: 83690



2024
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)

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)

AUDIT COMMITTEE

Mr. Orr Gordon Robert Halyburton *(Chairman)*

Mr. Leng Xuesong (冷雪松)

Dr. Shum Heung Yeung Harry (沈向洋)

Ms. Yang Marjorie Mun Tak (楊敏德)

(appointed on March 22, 2024)

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)

AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered PIE Auditor*
22/F, Prince's Building
Central
Hong Kong

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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No. 4 Wang Jing East Road
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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348 Kwun Tong Road
Kowloon
Hong Kong

CORPORATE INFORMATION

LEGAL ADVISORS

As to Hong Kong law:

Davis Polk & Wardwell
10/F, The Hong Kong Club Building
3A Chater Road
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As to the PRC law:

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Beijing office
9/F, Office Tower C1
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No. 1 East Chang An Ave
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As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

COMPLIANCE ADVISOR

Guotai Junan Capital Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

PRINCIPAL BANKER

China Merchants Bank, Beijing Branch
Shouti Sub-branch
1/F, Tengda Building
No. 168 Xizhimenwai Street
Haidian District
Beijing
China

STOCK CODES

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

This Interim Report has been posted in both the English and Chinese languages on the Company's website at about.meituan.com and the website of Hong Kong Stock Exchange at www.hkexnews.hk. A printed version of this Interim Report is available on request from the Company and the Company's Hong Kong Share Registrar free of charge.

KEY HIGHLIGHTS

FINANCIAL SUMMARY AND OPERATING METRICS

	Unaudited				
	Three Months Ended				
	June 30, 2024		June 30, 2023		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	82,251,077	100.0%	67,964,624	100.0%	21.0%
Operating profit	11,256,889	13.7%	4,712,999	6.9%	138.8%
Profit for the period	11,352,338	13.8%	4,688,619	6.9%	142.1%
Non-IFRS Accounting Standards measures¹:					
Adjusted EBITDA	14,997,268	18.2%	7,682,351	11.3%	95.2%
Adjusted net profit	13,606,256	16.5%	7,659,868	11.3%	77.6%

	Unaudited				
	Six Months Ended				
	June 30, 2024		June 30, 2023		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	155,526,961	100.0%	126,582,096	100.0%	22.9%
Operating profit	16,466,281	10.6%	8,298,720	6.6%	98.4%
Profit for the period	16,721,317	10.8%	8,047,110	6.4%	107.8%
Non-IFRS Accounting Standards measures:					
Adjusted EBITDA	23,067,611	14.8%	13,944,411	11.0%	65.4%
Adjusted net profit	21,094,650	13.6%	13,151,309	10.4%	60.4%

	Three Months Ended		
	June 30, 2024	June 30, 2023	Year-over-year change
	<i>(in millions, except for percentages)</i>		
Number of On-demand Delivery transactions	6,167.1	5,400.4	14.2%

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

FINANCIAL INFORMATION BY SEGMENT

	Unaudited Three Months Ended June 30, 2024			Total
	Core local commerce	New initiatives	Unallocated items ²	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	23,021,272	–	–	23,021,272
Commission	22,108,369	716,909	–	22,825,278
Online marketing services	12,262,733	97,115	–	12,359,848
Other services and sales (including interest revenue)	3,289,484	20,755,195	–	24,044,679
Total revenues	60,681,858	21,569,219	–	82,251,077
Cost of revenues, operating expenses and unallocated items	(45,448,273)	(22,883,578)	(2,662,337)	(70,994,188)
Operating profit/(loss)	15,233,585	(1,314,359)	(2,662,337)	11,256,889
	Unaudited Three Months Ended June 30, 2023			
	Core local commerce	New initiatives	Unallocated items	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 revenues	51,199,946	16,764,678	–	67,964,624
Cost of revenues, operating expenses and unallocated items	(40,061,425)	(21,957,600)	(1,232,600)	(63,251,625)
Operating profit/(loss)	11,138,521	(5,192,922)	(1,232,600)	4,712,999

² Unallocated items mainly include (i) share-based compensation expenses, (ii) amortisation of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, (iv) other gains, net, and (v) certain corporate administrative expenses and other items. They are not allocated to individual segments.

KEY HIGHLIGHTS

	Core local commerce	Year-over-year change		Total
		New initiatives	Unallocated items	
		<i>(Percentages %)</i>		
Revenues:				
Delivery services	13.0	NA	NA	13.0
Commission	20.1	40.5	NA	20.7
Online marketing services	19.7	52.8	NA	19.9
Other services and sales (including interest revenue)	51.0	28.2	NA	30.9
Total revenues	18.5	28.7	NA	21.0
Cost of revenues, operating expenses and unallocated items	13.4	4.2	116.0	12.2
Operating profit/(loss)	36.8	(74.7)	116.0	138.8

	Unaudited Six Months Ended June 30, 2024			
	Core local commerce	New initiatives	Unallocated items	Total
		<i>(RMB in thousands)</i>		
Revenues:				
Delivery services	44,086,329	-	-	44,086,329
Commission	42,142,408	1,340,143	-	43,482,551
Online marketing services	22,570,149	180,597	-	22,750,746
Other services and sales (including interest revenue)	6,508,679	38,698,656	-	45,207,335
Total revenues	115,307,565	40,219,396	-	155,526,961
Cost of revenues, operating expenses and unallocated items	(90,375,133)	(44,290,654)	(4,394,893)	(139,060,680)
Operating profit/(loss)	24,932,432	(4,071,258)	(4,394,893)	16,466,281

KEY HIGHLIGHTS

	Unaudited			Total
	Six Months Ended June 30, 2023			
	Core local commerce	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

	Year-over-year change			Total
	Core local commerce	New initiatives	Unallocated items	
	<i>(Percentages %)</i>			
Revenues:				
Delivery services	18.3	NA	NA	18.3
Commission	23.2	42.9	NA	23.7
Online marketing services	25.5	81.0	NA	25.8
Other services and sales (including interest revenue)	41.6	23.0	NA	25.4
Total revenues	22.6	23.8	NA	22.9
Cost of revenues, operating expenses and unallocated items	23.0	3.7	113.0	17.6
Operating profit/(loss)	21.1	(60.2)	113.0	98.4

CHAIRMAN'S STATEMENT



To our shareholders:

The local commerce industry in China holds significant growth potential driven by digital transformation. As a leading one-stop local commerce platform, we continue to provide consumers with more diverse product offerings and on-demand delivery services, and provide local merchants with more comprehensive online solutions across consumption scenarios. Looking ahead, we are confident in navigating market cycles and facilitating industry digital transformation to unlock long-term value. We will adapt to changing consumption trends, penetrate deeper into the supply chain, and offer diverse products and services. Through our ongoing efforts, we aim to enhance value for all the stakeholders in our ecosystem, driving high-quality development in China's local commerce industry and fulfilling our mission that "We help people eat better, live better".

Company Business Highlights

Core Local Commerce

For the second quarter of 2024, segment revenue increased by 18.5% year over year to RMB60.7 billion. Operating profit increased by 36.8% year over year to RMB15.2 billion, and operating margin improved by 3.3 percentage points year over year to 25.1% in the second quarter.

Our on-demand delivery business maintained steady growth in the second quarter and further improved its operation efficiency. For food delivery, we have cultivated strong consumer mindshare in "speed" and "variety" over the past years. We further focused on operational improvements in our shelf-based model and enhanced our "value-for-money" offerings. Our refined operations and strategies further enhanced user stickiness, user scale, and purchase frequency. On the supply side, we actively explored new product formats to capture different consumer demand, particularly in the low-price domain. Pin Hao Fan ("拼好饭") delivered strong performance during the second quarter, breaking a peak daily order volume of 8 million. Our continuous enhancement in supply has made it easier for consumers to use Pin Hao Fan, resulting in significant improvements in user retention and order frequency. We collaborated with branded restaurants to offer high-quality and value-for-money products for consumers. Pin Hao Fan has become a new growth driver for many small and medium-sized merchants and helps chain restaurants improve efficiency and attract younger consumers. For branded restaurants, we continued to expand Branded Satellite Stores ("品牌衛星店") with more restaurant partners, bringing quality selections at lower prices. Moving forward, we will keep innovating our supply formats, deepening our supply chain penetration, and consistently providing more value-for-money products.

Meituan Instashopping posted robust growth in the second quarter. Annual Transacting Users of Meituan Instashopping increased steadily and order frequency grew even faster. We continued to improve our operations and marketing strategies, catering to more diverse needs from consumers. During the quarter, we deepened collaborations with leading brands across different categories and onboarded numerous branded stores. We implemented various merchant support measures to boost transaction conversion rates and drive incremental sales for merchants. We also expanded Meituan InstaMart ("美团閃電倉") to broader regions. Meituan InstaMart provides online operational support to merchants, including user traffic, product selection recommendations, pricing strategies, and more. For certain categories, we penetrated deeper into the supply chain and implemented in-house procurement. For example, our self-operated brand in the liquor and beverage category, "Wai Ma Song Jiu" ("歪馬送酒"), continued to expand in scale. In the medicine category, we reinforced consumer mindshare, enhanced our capacity to meet seasonal demand, and expanded offerings in health supplements. Additionally, we introduced the online medical insurance payment option for OTC products in selected cities. The adoption of on-demand retail by traditional brands and the accelerated expansion of new supply formats have strengthened Meituan Instashopping's competitive edge, improving user experience and setting a strong foundation for resilient growth amid external challenges.

The long-term sustainable development of our on-demand delivery business depends on the continuous optimization of our delivery network and the hard work of our couriers. Thus, we launched courier-friendly communities and courier-friendly merchants in over 20 cities nationwide. To facilitate easy access for couriers in residential areas, we introduced a digital solution in collaboration with various major property management companies. We also partnered with over 10,000 stores of restaurant brands and healthcare service brands to provide rest stations, beverages, and discounted meals for our couriers. Looking forward, under the supervision of relevant local authorities, we will continue to collaborate with the broader society, including local communities, property management companies, chain brands, and caring merchants, to accelerate the promotion of courier-friendly community access solutions, introduce more resting scenarios, and provide more discounted services for our couriers.

In-store, hotel and travel business maintained strong growth, with order volume growing by over 60% year over year in the second quarter. Annual Transacting Users and Annual Active Merchants both reached new highs. In the current macro environment, demand for local services remains strong despite the changes in consumption preferences. As we launched a new brand Meituan Group Buy (“美团團購”), we continued to leverage our shelf-based model to satisfy consumer demand in value-for-money products. We also continued to promote mega-hit products, by leveraging Special Deals (“特價團購”) and many other operational tactics. These measures effectively captured consumer demand for deep-discounted deals and boosted our transacting user base and order volume. In the second quarter, we expanded the “Shen Hui Yuan” (“神會員”) membership program to more categories in the in-store, hotel and travel domain in pilot cities, and further rolled it out nationwide in July. With the new integrated membership program, we can deepen collaborations with a broader network of merchants, and our members can gain access to a more diverse selection of value-for-money products and services. According to the initial assessment in the pilot cities, Shen Hui Yuan not only strengthened consumer mindshare in our value-for-money offerings, but also attracted broad merchant participation. Moreover, we continued to invest in the lower-tier markets to provide greater convenience and more diverse offerings for the local consumers. GTV in lower-tier markets achieved a significant growth as a result. We recently promoted the “Pickup Now” (“秒提”) service in our in-store business. It allows consumers to buy and validate coupons online simultaneously, to avoid waste time queuing and validate the coupons offline, providing more convenience and better the user experience for the consumers. “Pickup Now” is complementary to our food delivery and in-store dining services. In addition, we launched the 2024 “Must-Eat List” (“必吃榜”), featuring nearly 2,800 restaurants across over 100 cities, representing an increase from last year. We provided these merchants with online traffic support and operational guidance to enhance exposure and efficiency. For other in-store services, consumers increasingly focus on diversity and affordability. We capitalized on our strengths in supply, brand recognition, and service quality. As a result, GTV and order volume surged by over 60% year over year in the leisure and entertainment category, and GTV increased by over 50% year over year for beauty and medical aesthetics.

Hotel and travel experienced a steady growth in both domestic room nights and GTV during the second quarter. We expanded branding promotions and refined marketing strategies. Leveraging our platform advantages, our expanded “Hotel + X” packaged deals not only offered consumers value-for-money products, but also helped merchants cross-sell other services. In response to the increased demand, we further enhanced our supply capabilities in the low-star domain, catering to differentiated consumer preferences and expanding value-for-money options. We also offered comprehensive online solutions to low-star hotel merchants, from traffic acquisition to business growth and room renovations, helping them seize growth opportunities. For high-star hotels, we launched the 2024 “Must-Stay List” (“必住榜”) with expanded coverage. We further strengthened joint membership programs with high-star hotel groups, adding exclusive discounts and privileges, and launched joint marketing events to enhance product exposure and attract new users.

CHAIRMAN'S STATEMENT



New Initiatives

For the second quarter of 2024, revenues from the New initiatives segment increased by 28.7% year over year to RMB21.6 billion. Operating loss for the segment narrowed by 74.7% year over year to RMB1.3 billion. Operating margin improved by 8.7 percentage points sequentially to negative 6.1%.

During the second quarter, we improved the operational efficiency of Meituan Select (“美团優選”) by enhancing product quality and strengthening supplier collaborations, which led to increases in price per item and price markup ratios. We further enhanced fulfillment, improved marketing efficiency, and optimized resource allocation, all of which have led to a significant loss reduction both sequentially and on a year-over-year basis. Xiaoxiang Supermarket (“小象超市”) also made notable progress on the product, operation and fulfillment sides, achieving a higher growth than industry peers with improving efficiency. Other new initiatives, including B2B Food Distribution Services, RMS, bike sharing, and power banks, all achieved a healthy growth and efficiency improvement. These initiatives help strengthen our entire ecosystem, increasing consumer and merchant engagement, and are expected to unlock more financial value in the future.

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 28, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE SECOND QUARTER OF 2024 COMPARED TO THE SECOND QUARTER OF 2023

The following table sets forth the comparative figures for the second quarter of 2024 and 2023:

	Unaudited	
	Three Months Ended	
	June 30, 2024	June 30, 2023
	<i>(RMB in thousands)</i>	
Revenues	82,251,077	67,964,624
Including: Interest revenue	607,544	266,483
Cost of revenues	<u>(48,361,233)</u>	<u>(42,566,619)</u>
Gross profit	33,889,844	25,398,005
Selling and marketing expenses	(14,832,448)	(14,553,195)
Research and development expenses	(5,339,680)	(5,407,176)
General and administrative expenses	(2,694,931)	(2,139,048)
Net provisions for impairment losses on financial and contract assets	(276,431)	(195,264)
Fair value changes of other financial investments at fair value through profit or loss	(120,037)	103,761
Other gains, net	<u>630,572</u>	<u>1,505,916</u>
Operating profit	11,256,889	4,712,999
Finance income	344,494	217,189
Finance costs	(285,373)	(354,003)
Share of profits of investments accounted for using the equity method	<u>341,204</u>	<u>122,406</u>
Profit before income tax	11,657,214	4,698,591
Income tax expenses	<u>(304,876)</u>	<u>(9,972)</u>
Profit for the period	<u>11,352,338</u>	<u>4,688,619</u>
Non-IFRS Accounting Standards measures:		
Adjusted EBITDA	14,997,268	7,682,351
Adjusted net profit	13,606,256	7,659,868

MANAGEMENT DISCUSSION AND ANALYSIS



Revenues

Our revenues increased by 21.0% to RMB82.3 billion for the second quarter of 2024 from RMB68.0 billion for the same period of 2023. We achieved revenue growth in both reportable segments.

The following table sets forth our revenues by segment and type for the second quarter of 2024 and 2023:

	Unaudited		
	Three Months Ended June 30, 2024		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	23,021,272	–	23,021,272
Commission	22,108,369	716,909	22,825,278
Online marketing services	12,262,733	97,115	12,359,848
Other services and sales (including interest revenue)	3,289,484	20,755,195	24,044,679
Total	60,681,858	21,569,219	82,251,077
	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

MANAGEMENT DISCUSSION AND ANALYSIS

Our revenues from the Core local commerce segment increased by 18.5% to RMB60.7 billion for the second quarter of 2024 from RMB51.2 billion for the same period of 2023. The revenue growth in delivery services and commission was in line with our increased GTV as a result of the increase in the number of transactions. The revenue growth in online marketing services was mainly attributable to the increased number of online marketing Active Merchants.

Our revenues from the New initiatives segment increased by 28.7% to RMB21.6 billion for the second quarter of 2024 from RMB16.8 billion for the same period of 2023, mainly due to the revenue growth in our goods retail businesses.

Costs and Expenses

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

	Unaudited Three Months Ended			
	June 30, 2024		June 30, 2023	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues
<i>(RMB in thousands, except for percentages)</i>				
Costs and Expenses:				
Cost of revenues	48,361,233	58.8%	42,566,619	62.6%
Selling and marketing expenses	14,832,448	18.0%	14,553,195	21.4%
Research and development expenses	5,339,680	6.5%	5,407,176	8.0%
General and administrative expenses	2,694,931	3.3%	2,139,048	3.1%

MANAGEMENT DISCUSSION AND ANALYSIS



Cost of Revenues

Our cost of revenues increased by 13.6% to RMB48.4 billion for the second quarter of 2024 from RMB42.6 billion for the same period of 2023, and decreased by 3.8 percentage points to 58.8% from 62.6% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily due to the increases in delivery related costs of our food delivery and Meituan Instashopping businesses, and cost of revenues of our goods retail businesses, both resulting from growth of business scale. The decrease in cost of revenues as a percentage of revenues was mainly due to the improved gross margin of our goods retail businesses, and lower delivery related costs as percentage of revenues of our food delivery and Meituan Instashopping businesses.

Selling and Marketing Expenses

Our selling and marketing expenses was RMB14.8 billion for the second quarter of 2024, remaining stable on a year-over-year basis. The percentage of revenues decreased by 3.4 percentage points to 18.0% from 21.4% on a year-over-year basis, mainly due to the decreases in Transacting User incentives as well as promotion and advertising expenses as a percentage of revenues as a result of optimized marketing strategy.

Research and Development Expenses

Our research and development expenses was RMB5.3 billion for the second quarter of 2024, remaining stable on a year-over-year basis. The percentage of revenues decreased by 1.5 percentage points to 6.5% from 8.0% on a year-over-year basis, due to improved operating leverage.

General and Administrative Expenses

Our general and administrative expenses increased by 26.0% to RMB2.7 billion for the second quarter of 2024 from RMB2.1 billion for the same period of 2023, which was primarily attributable to the increase in employee benefits expenses. The percentage of revenues was 3.3% for the second quarter of 2024, remaining stable on a year-over-year basis.

Net Provisions for Impairment Losses on Financial and Contract Assets

Our net provisions for impairment losses on financial and contract assets increased to RMB276.4 million for the second quarter of 2024 from RMB195.3 million for the same period of 2023, which reflected the changes in expected credit losses for financial assets.

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

Our fair value changes of other financial investments at fair value through profit or loss changed to a loss of RMB120.0 million for the second quarter of 2024 from a gain of RMB103.8 million for the same period of 2023, which was driven by the fluctuation in the fair value of our investment portfolios.

Other Gains, Net

Our other gains, net for the second quarter of 2024 was RMB630.6 million, compared to RMB1.5 billion for the same period of 2023. The change was primarily attributable to the decrease in tax preference and 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 2024 were RMB11.3 billion and 13.7% respectively, compared to operating profit of RMB4.7 billion and operating margin of 6.9% for the same period of 2023.

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

	Unaudited Three Months Ended			
	June 30, 2024		June 30, 2023	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues
<i>(RMB in thousands, except for percentages)</i>				
Core local commerce	15,233,585	25.1%	11,138,521	21.8%
New initiatives	(1,314,359)	(6.1%)	(5,192,922)	(31.0%)
Unallocated items	(2,662,337)	NA	(1,232,600)	NA
Total operating profit	11,256,889	13.7%	4,712,999	6.9%

MANAGEMENT DISCUSSION AND ANALYSIS

Our operating profit from the Core local commerce segment increased to RMB15.2 billion for the second quarter of 2024 from RMB11.1 billion for the same period of 2023 and the operating margin for this segment increased by 3.3 percentage points to 25.1% from 21.8% on a year-over-year basis. The increase in operating profit was mainly attributable to revenue increase and improved gross profit for this segment. The increase in operating margin was mainly attributable to (i) the lower delivery related costs as percentage of revenues of our food delivery and Meituan Instashopping businesses; (ii) the change of revenue mix; and (iii) lower Transacting User incentives as percentage of revenues.

Our operating loss from the New initiatives segment narrowed to RMB1.3 billion for the second quarter of 2024 from RMB5.2 billion for the same period of 2023, and the operating margin for this segment improved by 24.9 percentage points to negative 6.1% from negative 31.0% on a year-over-year basis. The improvements in both operating loss and operating margin were mainly attributable to our efforts in improving operating efficiency in Meituan Select.

Our operating loss from the unallocated items increased to RMB2.7 billion for the second quarter of 2024 from RMB1.2 billion for the same period of 2023, which was primarily attributable to the more company-level investments in developing language model and building-up live-streaming, the decrease in tax preference and fair value changes and gains from treasury investments on a year-over-year basis.

Share of Profits of Investments Accounted for Using the Equity Method

Our share of profits of investments accounted for using the equity method increased to RMB341.2 million for the second quarter of 2024 from RMB122.4 million for the same period of 2023, as a result of the fluctuation in financial results of our investees.

Profit for the Period

As a result of the foregoing, we had a profit of RMB11.4 billion for the second quarter of 2024, compared to a profit of RMB4.7 billion for the same period of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

2. THE SECOND QUARTER OF 2024 COMPARED TO THE FIRST QUARTER OF 2024

The following table sets forth the comparative figures for the second quarter of 2024 and the first quarter of 2024:

	Unaudited	
	Three Months Ended	
	June 30, 2024	March 31, 2024
	<i>(RMB in thousands)</i>	
Revenues	82,251,077	73,275,884
Including: Interest revenue	607,544	487,572
Cost of revenues	<u>(48,361,233)</u>	<u>(47,579,144)</u>
Gross profit	33,889,844	25,696,740
Selling and marketing expenses	(14,832,448)	(13,888,302)
Research and development expenses	(5,339,680)	(5,000,153)
General and administrative expenses	(2,694,931)	(2,298,323)
Net provisions for impairment losses on financial and contract assets	(276,431)	(175,386)
Fair value changes of other financial investments at fair value through profit or loss	(120,037)	(517,116)
Other gains, net	<u>630,572</u>	<u>1,391,932</u>
Operating profit	11,256,889	5,209,392
Finance income	344,494	279,755
Finance costs	(285,373)	(321,863)
Share of profits of investments accounted for using the equity method	<u>341,204</u>	<u>314,197</u>
Profit before income tax	11,657,214	5,481,481
Income tax expenses	<u>(304,876)</u>	<u>(112,502)</u>
Profit for the period	<u>11,352,338</u>	<u>5,368,979</u>
Non-IFRS Accounting Standards measures:		
Adjusted EBITDA	14,997,268	8,070,343
Adjusted net profit	13,606,256	7,488,394

MANAGEMENT DISCUSSION AND ANALYSIS



Revenues

Our revenues increased by 12.2% to RMB82.3 billion for the second quarter of 2024 from RMB73.3 billion for the first quarter of 2024.

The following table sets forth our revenues by segment and type for the second quarter of 2024 and the first quarter of 2024:

	Unaudited Three Months Ended June 30, 2024		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	23,021,272	–	23,021,272
Commission	22,108,369	716,909	22,825,278
Online marketing services	12,262,733	97,115	12,359,848
Other services and sales (including interest revenue)	3,289,484	20,755,195	24,044,679
Total	60,681,858	21,569,219	82,251,077
	Unaudited Three Months Ended March 31, 2024		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	21,065,057	–	21,065,057
Commission	20,034,039	623,234	20,657,273
Online marketing services	10,307,416	83,482	10,390,898
Other services and sales (including interest revenue)	3,219,195	17,943,461	21,162,656
Total	54,625,707	18,650,177	73,275,884

MANAGEMENT DISCUSSION AND ANALYSIS

Our revenues from the Core local commerce segment increased by 11.1% to RMB60.7 billion for the second quarter of 2024 from RMB54.6 billion for the first quarter of 2024. The revenue growth was primarily attributable to favorable seasonality, resulting in the increases in (i) our GTV due to increased number of transactions; and (ii) the number of online marketing Active Merchants and average revenue per online marketing Active Merchant.

Our revenues from the New initiatives segment increased by 15.7% to RMB21.6 billion for the second quarter of 2024 from RMB18.7 billion for the first quarter of 2024, mainly due to the revenue growth in our goods retail businesses and the seasonality of our certain new initiatives.

Costs and Expenses

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

	Unaudited			
	Three Months Ended			
	June 30, 2024		March 31, 2024	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues
<i>(RMB in thousands, except for percentages)</i>				
Costs and Expenses:				
Cost of revenues	48,361,233	58.8%	47,579,144	64.9%
Selling and marketing expenses	14,832,448	18.0%	13,888,302	19.0%
Research and development expenses	5,339,680	6.5%	5,000,153	6.8%
General and administrative expenses	2,694,931	3.3%	2,298,323	3.1%

MANAGEMENT DISCUSSION AND ANALYSIS



Cost of Revenues

Our cost of revenues increased by 1.6% to RMB48.4 billion for the second quarter of 2024 from RMB47.6 billion for the first quarter of 2024, and decreased by 6.1 percentage points to 58.8% from 64.9% as a percentage of revenues. The increase in amount was primarily due to the increase in cost of revenues of our goods retail businesses, partially offset by the decreased courier incentives under favorable weather conditions. The decrease in cost of revenues as a percentage of revenues was mainly due to lower delivery related costs as percentage of revenues of our food delivery and Meituan Instashopping businesses and the improved gross margin of our goods retail businesses.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 6.8% to RMB14.8 billion for the second quarter of 2024 from RMB13.9 billion for the first quarter of 2024, which was primarily attributable to the increases in Transacting User incentives, promotion and advertising expenses as a result of seasonality. The percentage of revenues decreased by 1.0 percentage points to 18.0% from 19.0% on a quarter-over-quarter basis, mainly due to decrease in Transacting User incentives as a percentage of revenues as a result of optimized marketing strategy.

Research and Development Expenses

Our research and development expenses increased by 6.8% to RMB5.3 billion for the second quarter of 2024 from RMB5.0 billion for the first quarter of 2024, which was primarily attributable to the increase in employee benefits expenses. The percentage of revenues was 6.5% for the second quarter of 2024, remaining stable on a quarter-over-quarter basis.

General and Administrative Expenses

Our general and administrative expenses increased by 17.3% to RMB2.7 billion for the second quarter of 2024 from RMB2.3 billion for the first quarter of 2024, which was primarily attributable to the increase in employee benefits expenses. The percentage of revenues was 3.3% for the second quarter of 2024, remaining stable on a quarter-over-quarter basis.

Net Provisions for Impairment Losses on Financial and Contract Assets

Our net provisions for impairment losses on financial and contract assets increased to RMB276.4 million for the second quarter of 2024 from RMB175.4 million for the first quarter of 2024, which reflected the changes in expected credit losses for financial assets.

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

Our fair value changes of other financial investments at fair value through profit or loss was a loss of RMB120.0 million for the second quarter of 2024, compared to a loss of RMB517.1 million for the first quarter of 2024, which was driven by the fluctuation in the fair value of our investment portfolios.

Other Gains, Net

Our other gains, net for the second quarter of 2024 was RMB630.6 million, compared to RMB1.4 billion for the first quarter of 2024. The change was primarily attributable to the decrease in fair value changes and gains from treasury investments, and the increase in foreign exchange losses.

Operating Profit

As a result of the foregoing, our operating profit and operating margin for the second quarter of 2024 were RMB11.3 billion and 13.7% respectively, compared to operating profit of RMB5.2 billion and operating margin of 7.1% for the first quarter of 2024.

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

	Unaudited Three Months Ended			
	June 30, 2024		March 31, 2024	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues
	<i>(RMB in thousands, except for percentages)</i>			
Core local commerce	15,233,585	25.1%	9,698,847	17.8%
New initiatives	(1,314,359)	(6.1%)	(2,756,899)	(14.8%)
Unallocated items	(2,662,337)	NA	(1,732,556)	NA
Total operating profit	11,256,889	13.7%	5,209,392	7.1%

MANAGEMENT DISCUSSION AND ANALYSIS

Our operating profit from the Core local commerce segment increased to RMB15.2 billion for the second quarter of 2024 from RMB9.7 billion for the first quarter of 2024. The operating margin for this segment increased by 7.3 percentage points to 25.1% from 17.8% on a quarter-over-quarter basis. The increase in operating profit was mainly attributable to revenue growth and lower courier incentives under favorable weather conditions. In addition, the lower delivery cost per order for our food delivery and Meituan Instashopping businesses, partially offset by the higher Transacting User incentives, led to a quarter-over-quarter improvement in operating margin.

Our operating loss from the New initiatives segment narrowed to RMB1.3 billion for the second quarter of 2024 from RMB2.8 billion for the first quarter of 2024, and the operating margin for this segment improved by 8.7 percentage points to negative 6.1% from negative 14.8% on a quarter-over-quarter basis. The improvements in both operating loss and operating margin were mainly attributable to our efforts in improving operating efficiency in Meituan Select.

Our operating loss from the unallocated items increased to RMB2.7 billion for the second quarter of 2024 from RMB1.7 billion for the first quarter of 2024, which was primarily attributable to the increase in share-based compensation expenses and foreign exchange losses, and the decrease in fair value changes and gains from treasury investments.

Share of Profits of Investments Accounted for Using the Equity Method

Our share of profits of investments accounted for using the equity method increased to RMB341.2 million for the second quarter of 2024 from RMB314.2 million for the first quarter of 2024, as a result of the fluctuation in financial results of our investees.

Profit for the Period

As a result of the foregoing, we had a profit of RMB11.4 billion for the second quarter of 2024, compared to a profit of RMB5.4 billion for the first quarter of 2024.

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

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

Adjusted EBITDA represents profit 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 of investments accounted for using the equity method and income tax credits/(expenses); and (ii) certain non-cash or one-off items, consisting of share-based compensation expense, amortisation of intangible assets, depreciation of property, plant and equipment, and certain impairment and expense provision.

Adjusted net profit represents profit 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The following tables set forth the reconciliations of our non-IFRS Accounting Standards measures for the three months ended June 30, 2024 and 2023, the three months ended March 31, 2024, and the six months ended June 30, 2024 and 2023 to the nearest measures prepared in accordance with IFRS Accounting Standards.

	Unaudited		
	Three Months Ended		
	June 30, 2024	June 30, 2023	March 31, 2024
	<i>(RMB in thousands)</i>		
Profit for the period	11,352,338	4,688,619	5,368,979
Adjusted for:			
Share-based compensation expenses	2,069,327	2,450,640	1,851,012
Net (gains)/losses from investments ^{(Note (i))}	(62,507)	122,878	359,322
Impairment and expense provision	129,153	336,511	–
Amortisation of intangible assets resulting from acquisitions	42,841	42,793	42,840
Tax effects ^{(Note (ii))}	75,104	18,427	(133,759)
Adjusted net profit	13,606,256	7,659,868	7,488,394
Adjusted for:			
Income tax expenses/(credits) not adjusted for adjusted net profit	229,772	(8,455)	246,261
Share of profits of investments accounted for using the equity method not adjusted for adjusted net profit	(93,960)	(353,698)	(143,376)
Finance income	(344,494)	(217,189)	(279,755)
Finance costs	285,373	354,003	321,863
Other gains, net not adjusted for adjusted net profit	(695,272)	(1,686,827)	(1,404,959)
Amortisation of software and others	18,392	17,062	14,384
Depreciation of property, plant and equipment	1,991,201	1,917,587	1,827,531
Adjusted EBITDA	14,997,268	7,682,351	8,070,343

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

Note (ii) Tax effects primarily comprise tax effects relating to share-based compensation expense, net (gains)/losses from investments, impairment and expense provision, and amortisation of intangible assets resulting from acquisitions.

MANAGEMENT DISCUSSION AND ANALYSIS

	Unaudited	
	Six Months Ended	
	June 30,	June 30,
	2024	2023
	<i>(RMB in thousands)</i>	
Profit for the period	16,721,317	8,047,110
Adjusted for:		
Share-based compensation expenses	3,920,339	4,387,488
Net losses from investments	296,815	9,388
Impairment and expense provision	129,153	520,379
Amortisation of intangible assets resulting from acquisitions	85,681	160,572
Tax effects	(58,655)	26,372
Adjusted net profit	21,094,650	13,151,309
Adjusted for:		
Income tax expenses/(credits) not adjusted for adjusted net profit	476,033	(7,989)
Share of profits of investments accounted for using the equity method not adjusted for adjusted net profit	(237,336)	(356,129)
Finance income	(624,249)	(401,608)
Finance costs	607,236	707,482
Other gains, net not adjusted for adjusted net profit	(2,100,231)	(3,020,200)
Amortisation of software and others	32,776	30,908
Depreciation of property, plant and equipment	3,818,732	3,840,638
Adjusted EBITDA	23,067,611	13,944,411

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB54.7 billion and short-term treasury investments of RMB78.5 billion as of June 30, 2024.

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

	Unaudited Three Months Ended June 30, 2024	Unaudited Six Months Ended June 30, 2024
	<i>(RMB in thousands)</i>	
Net cash flows generated from operating activities	19,056,636	25,038,337
Net cash flows generated from investing activities	5,236,858	28,571,875
Net cash flows used in financing activities	<u>(20,543,244)</u>	<u>(32,413,691)</u>
Net increase in cash and cash equivalents	3,750,250	21,196,521
Cash and cash equivalents at the beginning of the period	50,783,770	33,339,754
Exchange gains on cash and cash equivalents	<u>170,148</u>	<u>167,893</u>
Cash and cash equivalents at the end of the period	<u><u>54,704,168</u></u>	<u><u>54,704,168</u></u>

Net Cash Flows Generated from Operating Activities

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

For the second quarter of 2024, net cash flows generated from operating activities was RMB19.1 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 seasonality.

Net Cash Flows Generated from Investing Activities

For the second quarter of 2024, net cash flows generated from investing activities was RMB5.2 billion, which was mainly attributable to net cash generated from treasury investments, partially offset by purchase of property, plant and equipment and some other investments.

Net Cash Flows Used in Financing Activities

For the second quarter of 2024, net cash flows used in financing activities was RMB20.5 billion, which was mainly attributable to repayments of borrowings' principal and interest and repurchase of Class B Shares.

Gearing Ratio

As of June 30, 2024, our gearing ratio, calculated as total borrowings and notes payable divided by total equity attributable to equity holders of the Company, was approximately 23%.

5. INDEBTEDNESS

As of June 30, 2024, we had total borrowings and notes payable of RMB37.5 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, 2024, we did not have any material contingent liabilities.

7. OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of June 30, 2024, 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, 2024, 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, 2024, there was no material change in the number of our employees compared to that disclosed in the annual report of the Company for the financial year ended December 31, 2023.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

For the remuneration of employees, please refer to Note 7 to the interim financial information.

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, 2024, 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 significant foreign exchange risk as our financial assets or liabilities denominated in the currencies other than the respective functional currencies of our entities are not significant. As of June 30, 2024, we did not have significant foreign currency exposure from our operations.

11. SIGNIFICANT INVESTMENT HELD

As of June 30, 2024, Li Auto Inc. (“Li Auto”) was regarded as a significant investment of our Group as the carrying amount of our investment in Li Auto was RMB15.1 billion, which comprised 5.3% of our total assets. Li Auto is a leading enterprise in China’s new energy vehicle industry. We manage our investment portfolio with the primary objective to continue to implement the “Retail + Technology” strategy. As of June 30, 2024, we held 258,171,601 class A ordinary shares, which represented 12.94% of equity interests in Li Auto, and our initial investment costs being approximately US\$0.8 billion. During the six months ended June 30, 2024, profits from our investment in Li Auto were approximately RMB0.5 billion. No dividends were received from Li Auto for the six months ended June 30, 2024.

Save for those disclosed in this report, there were no other significant investments held by the Company as of 30 June 2024.

12. INTERIM DIVIDENDS

The Board does not recommend the distribution of any interim dividend for the six months ended June 30, 2024.

13. FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, as of June 30, 2024, we did not have other plans for material investments and capital assets.

14. CHARGES ON ASSETS

As of June 30, 2024, we did not pledge any assets for fund raising and we had some charges on our assets which are disclosed in Note 27 to the interim financial information.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of June 30, 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

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 ⁽⁴⁾
WANG Xing ⁽²⁾	Beneficiary and founder of a trust (L)	Trust	489,600,000	82.07%
			Class A Shares	
	Interest in controlled corporation (L)	Songtao Limited	489,600,000	82.07%
			Class A Shares	
	Interest in controlled corporation (L)	Crown Holdings	489,600,000	82.07%
			Class A Shares	
	Interest in controlled corporation (L)	Shared Patience	26,269,783	4.40%
			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	47,789,542	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	80,721,157	13.53%
			Class A Shares	
			31,928,843	0.57%
			Class B Shares	
	Interest in controlled corporation (L)	Day One Holdings Limited	80,721,157	13.53%
			Class A Shares	
		31,928,843	0.57%	
		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 ⁽⁴⁾
	Interest in controlled corporation (L)	Charmway Enterprises	80,721,157 Class A Shares	13.53%
			31,928,843 Class B Shares	0.57%
	Interest in controlled corporation (L)	Shared Vision	7,996,668 Class B Shares	0.14%
	Beneficial interest (L)	–	5,000,000 Class B Shares	0.09%
ORR Gordon Robert Halyburton	Beneficial interest (L)	–	72,914 Class B Shares	0.00%
LENG Xuesong	Beneficial interest (L)	–	3,230 Class B Shares	0.00%
SHUM Heung Yeung Harry	Beneficial interest (L)	–	72,914 Class B Shares	0.00%
Yang Marjorie Mun Tak	Beneficial interest (L)	–	25,721 Class B Shares	0.00%

Notes:

- (1) The letter “L” denotes the person’s Long Position in such Shares.
- (2) Crown Holdings is wholly owned by Songtao Limited. The entire interest in Songtao Limited is held through a trust which was established by Wang Xing (as settlor) for the benefit of Wang Xing and his family. Wang Xing is deemed to be interested in the 489,600,000 Class A Shares held by Crown Holdings under the SFO. Shared Patience and WAFO Global Inc. are wholly owned by Wang Xing. On March 24, 2023, 200 Class B ordinary shares of the Company were distributed to Guo 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 80,721,157 Class A Shares and 31,928,843 Class B Shares held by Charmway Enterprises under the SFO. Shared Vision is wholly owned by Mu Rongjun.
- (4) As at June 30, 2024, the Company had 6,221,488,863 issued Shares in total, comprising of 596,590,940 Class A Shares and 5,624,897,923 Class B Shares (including treasury shares (as defined under the Listing Rules)). The above calculation is based on the total number of relevant class of Shares as of June 30, 2024.

OTHER INFORMATION

Save as disclosed above, as of June 30, 2024, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of June 30, 2024, to the best knowledge of the Directors, the following persons had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Substantial Shareholder	Capacity/Nature of interest ⁽¹⁾	Number and class of Shares held	Approximate percentage of interest in each class of Shares ⁽⁴⁾
<i>Class A Shares – Wang Xing</i>			
Crown Holdings ⁽²⁾	Beneficial interest (L)	489,600,000 Class A Shares	82.07%
Shared Patience ⁽²⁾	Beneficial interest (L)	26,269,783 Class A Shares	4.40%
Songtao Limited ⁽²⁾	Interest in controlled corporation (L)	489,600,000 Class A Shares	82.07%
TMF (Cayman) Ltd. ⁽²⁾	Trustee (L)	489,600,000 Class A Shares	82.07%
Wang Xing ⁽²⁾	Beneficiary and founder of a trust ⁽²⁾ (L)	489,600,000 Class A Shares	82.07%
	Interest in controlled corporation ⁽²⁾ (L)	489,600,000 Class A Shares	82.07%
		26,269,783 Class A Shares	4.40%

OTHER INFORMATION

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)	80,721,157 Class A Shares	13.53%
Day One Holdings Limited ⁽³⁾	Interest in controlled corporation (L)	80,721,157 Class A Shares	13.53%
TMF (Cayman) Ltd. ⁽³⁾	Trustee (L)	80,721,157 Class A Shares	13.53%
Mu Rongjun ⁽³⁾	Beneficiary and founder of a trust ⁽³⁾ (L)	80,721,157 Class A Shares	13.53%
<i>Class B Shares</i>			
BlackRock, Inc.	Interest in controlled corporation (L)	335,404,944 Class B Shares	5.96%
	Interest in controlled corporation (S)	235,300 Class B Shares	0.00%
Brown Brothers Harriman & Co.	Approved lending agent (L)	317,872,163 Class B Shares	5.65%

Notes:

- (1) The letter “L” denotes the person’s Long Position in such Shares, and the letter “S” denotes the person’s Short Position in such Shares.
- (2) Crown Holdings is wholly owned by Songtao Limited which is in turn wholly owned by TMF (Cayman) Ltd. The entire interest in Songtao Limited is held by TMF (Cayman) Ltd. as trustee for a trust established by Wang Xing (as settlor) for the benefit of Wang Xing and his family. Wang Xing is deemed to be interested in the 489,600,000 Class A Shares held by Crown Holdings under the SFO. Shared Patience is wholly owned by Wang Xing.
- (3) Charmway Enterprises is wholly owned by Day One Holdings Limited which is in turn wholly owned by TMF (Cayman) Ltd. The entire interest in Day One Holdings Limited is held by TMF (Cayman) Ltd. as trustee for a trust established by Mu Rongjun (as settlor) for the benefit of Mu Rongjun and his family. Mu Rongjun is deemed to be interested in the 80,721,157 Class A Shares held by Charmway Enterprises under the SFO.
- (4) As at June 30, 2024, the Company had 6,221,488,863 issued Shares in total, comprising of 596,590,940 Class A Shares and 5,624,897,923 Class B Shares (including treasury shares (as defined under the Listing Rules)). The above calculation is based on the total number of relevant class of Shares as of June 30, 2024.

Save as disclosed above, as at June 30, 2024, the Directors and the chief executives of the Company are not aware of any other person, other than the Directors whose interests are set out in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations” had an interest or short position in the shares and underlying shares which would fall to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

OTHER INFORMATION

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, 2024, 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, 2024, 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, 2024		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	7.87%	489,600,000	7.84%	489,600,000	7.84%	489,600,000
Charmway Enterprises	112,650,000	1.81%	112,650,000	1.80%	112,650,000	1.80%	112,650,000	1.80%
2027 CB Bondholders	0	0.00%	26,734,628	0.43%	0	0.00%	26,734,628	0.43%
2028 CB Bondholders	0	0.00%	0	0.00%	27,030,158	0.43%	27,030,158	0.43%
Other Shareholders	5,619,238,863	90.32%	5,619,238,863	89.93%	5,619,238,863	89.93%	5,619,238,863	89.55%
Total:	6,221,488,863	100.00%	6,248,223,491	100.00%	6,248,519,021	100.00%	6,275,253,649	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, 2024. 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 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 and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Shareholders. 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.

OTHER INFORMATION

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 Director and other employee participants under the Pre-IPO ESOP during the Reporting Period:

Name	Date of Grant	Vesting Period ⁽¹⁾	Exercise Price	Number of Shares underlying options outstanding as of January 1, 2024	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, 2024
Director								
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
Other grantees save for Director								
Other employees	May 31, 2006 to August 1, 2018	0.5 to 6 years	US\$0.000017 – US\$5.18	15,186,846	1,055,818	1,120	0	14,129,908
Total				<u>20,186,846</u>	<u>1,055,818</u>	<u>1,120</u>	<u>0</u>	<u>19,129,908</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 under the Pre-IPO ESOP during the Reporting Period:

Name	Date of Grant	Vesting Period	Number of Shares underlying RSUs				Number of Shares underlying RSUs as of June 30, 2024
			outstanding as of January 1, 2024	RSUs vested during the Reporting Period	RSUs cancelled during the Reporting Period	RSUs lapsed during the Reporting Period	
Employees	December 29, 2010 to August 2, 2018	0 to 6 years	1,073,069	1,071,069	0	0	2,000
Total			<u>1,073,069</u>	<u>1,071,069</u>	<u>0</u>	<u>0</u>	<u>2,000</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 was further amended as approved by the Board on May 17, 2024 to incorporate changes which accommodate the treasury shares regime under the Listing Rules that came into effect on June 11, 2024. 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 eligible persons with the opportunity to acquire proprietary interests in the Company and to encourage eligible persons to work towards enhancing the value of the 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 eligible persons.

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.

OTHER INFORMATION

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

The table below shows the details of movements of outstanding share options granted under the Post-IPO Share Option Scheme during the Reporting Period:

Name	Date of Grant	Vesting Period	Exercise Period	Exercise Price	Number of Shares underlying options outstanding as of January 1, 2024	Number of Shares underlying options granted during the Reporting Period	Number of options exercised during the Reporting Period	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, 2024
Employees	July 5, 2019	4 years	June 30, 2020 to July 5, 2029	HK\$69.1	380,000	0	0	0	0	380,000
	April 24, 2020	5.2 years	June 30, 2020 to April 24, 2030	HK\$100.15	678,000	0	0	0	0	678,000
	July 20, 2020	4 years	June 30, 2021 to July 20, 2030	HK\$195.98	648,198	0	0	20,214	0	627,984
	March 25, 2024	9.5 years	March 24, 2029 to March 25, 2034	HK\$93.3	0	56,113,263 ⁽¹⁾	0	0	0	56,113,263
Total					<u>1,706,198</u>	<u>56,113,263</u>	<u>0</u>	<u>20,214</u>	<u>0</u>	<u>57,799,247</u>

Notes:

- (1) The closing price of Class B Shares is HKD88.25 per Share on March 22, 2024, being the business day immediately before the date on which the share options were granted. The fair value of share options at the grant date is HKD46.74. For relevant accounting standard and policy adopted in respect of fair value of share options granted, please refer to Note 2.1.15(a) to the consolidated financial statements in the annual report of the Company for the financial year ended December 31, 2023 and Note 29 to the interim financial information.
- (2) The grant of share options mentioned above during the Reporting Period were made without any performance targets.

(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 was further amended as approved by the Board on May 17, 2024 to incorporate changes which accommodate the treasury shares regime under the Listing Rules that came into effect on June 11, 2024. The Post-IPO Share Award Scheme shall be valid and effective for a period of ten years commencing on the Listing Date. The purposes of the Post-IPO Share Award Scheme are (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 the details of movements of outstanding RSUs granted to Directors under the Post-IPO Share Award Scheme during the Reporting Period:

Name	Date of Grant	Vesting Period	Number of RSUs					Outstanding as of June 30, 2024
			Outstanding as of January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	
ORR Gordon Robert Halyburton	September 23, 2022 ⁽¹⁾	12.5% to vest in each quarter commencing from December 20, 2022 until September 20, 2024	4,844	0	3,228	0	0	1,616
LENG Xuesong	September 23, 2022 ⁽¹⁾	12.5% to vest in each quarter commencing from December 20, 2022 until September 20, 2024	4,844	0	3,228	0	0	1,616
SHUM Heung Yeung Harry	September 23, 2022 ⁽¹⁾	12.5% to vest in each quarter commencing from December 20, 2022 until September 20, 2024	4,844	0	3,228	0	0	1,616
YANG Marjorie Mun Tak	July 24, 2023 ⁽²⁾	8.33% to vest in each quarter commencing from September 30, 2023 until June 30, 2026	21,435	0	4,286	0	0	17,149
Total			<u>35,967</u>	<u>0</u>	<u>13,970</u>	<u>0</u>	<u>0</u>	<u>21,997</u>

OTHER INFORMATION

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, may be satisfied through issue of new Class B Shares or on-market purchase of the Class B Shares. For more details, please refer to the announcements and the circular of the Company dated May 25, June 8, and June 30, 2023, respectively.
- (2) RSUs granted to Ms. Yang Marjorie Mun Tak on July 24, 2023, was funded by new Class B Shares issued and to be issued under the Scheme Limit, which was approved by Shareholders at the annual general meeting of the Company on June 30, 2023.
- (3) For Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong, Dr. Shum Heung Yeung Harry and Ms. Yang Marjorie Mun Tak, 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 HKD105.30, HKD105.30, HKD105.30 and HKD103.95, respectively.
- (4) 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 June 30, 2024
			Outstanding as of January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	
Employees ⁽¹⁾	2019	4 years	68,800	0	35,000	7,500	0	26,300
	2020	4 to 5.2 years	7,916,144	0	6,119,143	377,328	0	1,419,673
	2021	2 to 6 years	16,865,997	0	5,528,734	1,213,492	0	10,123,771
	2022	1 to 6 years	35,196,664	0	16,251,910	1,924,378	0	17,020,376
	2023	2 months to 4 years	58,261,362	0	14,723,152	3,295,902	0	40,242,308
	2024	2 to 10 years	0	65,864,987	37,240	1,977,826	0	63,849,921
Service providers ⁽²⁾	2020	4 years	11,890	0	11,265	0	0	625
	2021	2 to 6 years	453,826	0	116,433	0	0	337,393
	2022	2 to 4 years	44,449	0	13,704	5,646	0	25,099
	2023	1 to 4 years	64,357	0	9,310	0	0	55,047
	2024	2 to 4 years	0	71,835	0	0	0	71,835
Total			<u>118,883,489</u>	<u>65,936,822</u>	<u>42,845,891</u>	<u>8,802,072</u>	<u>0</u>	<u>133,172,348</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 HKD104.1777 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 HKD104.4260 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 RSUs as at the Date of Grant per RSU
Employees				
March 25, 2024	25 months to 46 months from the date of grant	5,718,686	HK\$88.25	HK\$93.30
April 2, 2024	24 months to 120 months from the date of grant	60,146,301	HK\$96.8	HK\$101.40
Service providers				
April 2, 2024	24 months to 48 months from the date of grant	71,835	HK\$96.8	HK\$101.40

For relevant accounting standard and policy adopted in respect of fair value of RSUs granted, please refer to Note 2.1.15(b) to the consolidated financial statements in the annual report of the Company for the financial year ended December 31, 2023. 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, 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, 2024, 609,351,099 and 62,401,365 underlying Class B Shares will be available for grants under the Scheme Limit and Service Provider Sublimit, respectively. As at June 30, 2024, 490,026,099 and 62,329,530 underlying Class B Shares will be available for grants under the Scheme Limit and Service Provider Sublimit, respectively.

The number of Class B Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Reporting Period divided by the weighted average number of Class B Shares in issue (excluding treasury shares) for the Reporting Period, is 2.17%.

OTHER INFORMATION

As at the Date of this Interim Report, the total number of Shares available for issue under the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme is 661,831,199, representing approximately 10.84% of the total number of issued Shares (excluding treasury shares (as defined under the Listing Rules)), comprising:

- (i) 488,171,227 Shares which may be issued in respect of Options or RSUs to be granted under the Scheme Limit;
- (ii) 57,799,247 Shares which may be issued upon exercise of outstanding Options; and
- (iii) 115,860,725 Shares which may be issued in respect of outstanding RSUs.

WEIGHTED VOTING RIGHTS

The Company is controlled through weighted voting rights. Each Class A Share has ten 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 44.51% 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 80,721,157 Class A Shares, representing approximately 6.96% 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 596,590,940 Class B Shares, representing approximately 10.61% the total number of issued Class B Shares as at the Date of this Interim Report.

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 14, 2024 at the AGM, the Company has adopted the Eighth Amended and Restated Memorandum of Association and Articles of Association for the purpose of, among others, (i) bringing the Articles of Association in line with the Listing Rules which mandate the electronic dissemination of corporate communications by listed issuers to their securities holders from December 31, 2023 onwards; and (ii) make other house-keeping amendments to clarify, update and/or modify certain provisions of the Articles of Association in accordance with, or to better align with the applicable laws.

For further details, please refer to the announcement of the Company dated March 22, 2024 and the circular of the Company dated May 23, 2024.

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 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, 2024. 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 Group and enables more effective and efficient overall strategic planning for the Group. 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.

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 as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all Directors, the Directors have respectively confirmed their compliance with the required standards as set out in the Model Code during the six months ended June 30, 2024.

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

During the six months ended June 30, 2024 and up to the Date of this Interim Report, the Company repurchased a total of 222,110,000 Class B Shares on the Stock Exchange at the aggregate consideration of HK\$23,325,869,463.77 before expenses. The repurchase was effected to benefit the Company and create value to its Shareholders. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price Paid per Share		Aggregate Consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January	44,131,100	77.05	68.20	3,199,839,636.20
April	35,076,000	115.40	97.55	3,587,699,016.24
May	3,301,200	119.00	109.70	386,160,958.11
June	58,824,700	120.00	107.90	6,772,817,761.52
July	80,777,000	120.10	105.20	9,379,352,091.70
Total	222,110,000			23,325,869,463.77

During the Reporting Period, the number of Class B Shares in issue was reduced by 82,508,300 as a result of the cancellations of the same number of Shares Repurchased in January, April and May 2024. Upon such aforesaid cancellations, Mr. Mu Rongjun, as a WVR beneficiary, simultaneously converted an aggregate of 7,928,843 Class A Shares into Class B Shares on a one-to-one ratio pursuant to Rule 8A.21 of the Listing Rules, such that the proportion of Shares carrying WVR shall not be increased, pursuant to the requirements under Rules 8A.13 and 8A.15 of the Listing Rules.

As of June 30, 2024, 35,066,100 of the Shares Repurchased are held as treasury shares (as defined under the Listing Rules) by the Company, which are intended to be used for which are intended to be used in accordance with the applicable rules and regulations, including but not limited to resale for cash, transfer to satisfy share grants under share schemes and cancellation.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including sale of treasury shares (as defined under the Listing Rules)) during the six months ended June 30, 2024 and up to the Date of this Interim Report.

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

Below is the change 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, 2023:

Mr. Neil Nanpeng Shen retired as a non-executive Director with effect from June 14, 2024, due to other business commitments.

Ms. Yang Marjorie Mun Tak was appointed as a member of the Audit Committee on March 22, 2024.

Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong and Dr. Shum Heung Yeung Harry have each entered into the appointment letter with the Company on August 30, 2024. Pursuant to which each of them are entitled to receive (a) a cash compensation of USD150,000 (HKD1,170,000 based on fixed exchange rate of 7.8) per annum, payable in arrears in quarterly installments; (b) subject to conditions as may be determined by the Company from time to time, the terms of the relevant share incentive schemes adopted by the Company, the discretion of the Board and the relevant provision of the Listing Rules, a share based compensation in the amount of USD150,000 (HKD1,170,000 based on fixed exchange rate of 7.8) per annum for a total of three (3) years. The Director's emoluments were determined after considering the valuable insights and global visions provided by the independent non-executive Directors and with reference to emoluments of independent non-executive directors of industry peers and their duties and responsibilities.

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.

OTHER INFORMATION

BIOGRAPHICAL INFORMATION OF THE DIRECTORS

At the AGM, Mr. Wang Xing and Mr. Mu Rongjun were re-elected as the executive Directors. For details, please refer to the announcement of the Company dated June 14, 2024 and circular of the Company dated May 23, 2024. The biographical details of the Directors are set forth below.

Executive Directors

Wang Xing (王興), aged 45, is the founder, an executive Director, the Chief Executive Officer and Chairman of the Board. Wang Xing is responsible for the overall strategic planning, business direction and management of the Company. He oversees the senior management team. Wang Xing founded meituan.com in 2010 and currently holds directorship in various subsidiaries, Consolidated Affiliated Entities and operating entities of the Company.

Wang Xing has over 16 years of managerial and operational experience in the internet industry. Prior to co-founding the Company, he co-founded xiaonei.com (校內網), China's first college social network website in December 2005 and worked there as chief executive officer from December 2005 to April 2007. xiaonei.com (校內網) was sold to China InterActive Corp in October 2006 which was later renamed as Renren Inc. (NYSE Ticker: RENN). Wang Xing also co-founded fanfou.com (飯否網), a social media company specializing in microblogging, in May 2007 and was responsible for the management and operation of this company from May 2007 to July 2009. Wang Xing has served as a director of Li Auto Inc. (NASDAQ Ticker: LI) since July 2019 and Li Auto Inc. was listed on the 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 44, is a co-founder, an executive Director and a Senior Vice President of the Company. He is responsible for the financial services and corporate affairs of the Company.

Mu Rongjun has over 16 years of managerial and operational experience in the internet industry. Prior to co-founding the Company, he worked as senior software engineer and project manager in Baidu, Inc. (NASDAQ Ticker: BIDU), the leading Chinese language internet search provider, from July 2005 to May 2007. Mu Rongjun was also a co-founder and the engineering director of fanfou.com (飯否網), a social media company specializing in microblogging, from May 2007 to July 2009.

Mu Rongjun received his bachelor's degree in automation engineering from Tsinghua University in July 2002 and his master's degree in computer science and technology from Tsinghua University in July 2005.

Non-executive Director

Independent Non-executive Directors

Orr Gordon Robert Halyburton, aged 62, is an independent non-executive Director. He was appointed as Director in September 2018 and is responsible for providing independent advice on financial and accounting affairs and corporate governance matters, and other matters subject to the Board guidance and approval.

Orr Gordon Robert Halyburton joined McKinsey & Company in 1986 and served as senior partner of McKinsey & Company from July 1998 until August 2015 when he retired. He was a member of McKinsey's global shareholder board from July 2003 until June 2015.

Orr Gordon Robert Halyburton acquired extensive corporate governance experience during his position as a senior partner of McKinsey & Company, as well as a director and member of board committees in Lenovo Group Limited (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.

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 and a non-executive director of Fidelity China Special Situations PLC (LSE Stock Code: FCSS) since January 2023. He is also the vice chairman of China-Britain Business Council. He was the independent non-executive director of Sondrel (Holdings) PLC (LSE Stock Code: SND) from October 2022 to January 2024.

Leng Xuesong (冷雪松), aged 55, is an independent non-executive Director. He was appointed as Director in September 2018 and is responsible for providing independent advice on finance, executive compensation and corporate governance matters, and other matters subject to the Board guidance and approval.

Leng Xuesong joined Warburg Pincus, an international private equity firm, in September 1999 as an associate and served as managing director when he left in August 2007. From September 2007 to December 2014, he served as managing director at General Atlantic LLC, where he focused on investment opportunities in North Asia. In January 2015, Leng Xuesong founded Lupin Capital, a China-focused private equity fund.

OTHER INFORMATION

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.

Shum Heung Yeung Harry (沈向洋), aged 57, is an independent non-executive Director. He was appointed as Director in September 2018 and is responsible for providing independent advice on technology innovation, the global technology and internet industry trends, and other matters subject to the Board guidance and approval.

Shum Heung Yeung Harry joined Microsoft Research in November 1996 as a researcher based in Redmond, Washington. In November 1998, he moved to Beijing as one of the founding members of Microsoft Research China (later renamed Microsoft Research Asia) and spent nine years there first as a researcher, subsequently moving on to become managing director of Microsoft Research Asia and a distinguished engineer of Microsoft Corporation. From October 2007 to November 2013, Shum Heung Yeung Harry served as the corporate vice president responsible for Bing search product development. From November 2013 to February 2020, he served as the executive vice president of Microsoft Corporation. He has been an independent non-executive director of Youdao, Inc. (NYSE Ticker: DAO) since October 2019 and an independent non-executive director of China Vanke Co., Ltd. (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 72, is an independent non-executive Director. She was appointed as Director in June 2023 and responsible for providing independent advice on the Company's business development and corporate governance matters, and bring a broader perspective to the Board.

Yang Marjorie Mun Tak has been the chairwoman of Esquel Group since April 1995, the appointed representative of Hong Kong, China, to the APEC Business Advisory Council since December 2017 and the co-chairwoman of the advisory board of Computer Science and Artificial Intelligence Lab at the Massachusetts Institute of Technology since March 2015. She has also been the chairperson of the Steering Committee of Coolthink@JC created and funded by The Hong Kong Jockey Club Charities Trust since April 2016. She also serves on Harvard University's Global Advisory Council and the Tsinghua University School of Economics and Management advisory board since August 2012 and October 2003, respectively.

Yang Marjorie Mun Tak has been an Executive Board member of the International Chamber of Commerce since July 2022. She has been an independent non-executive director of Budweiser Brewing Company APAC Limited (HKEx Stock Code: 1876) since July 2019, and was an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited, a subsidiary of HSBC Holdings plc (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\$82.4 million of the net proceeds of the 2027 Bonds and 2028 Bonds have been utilised for technology innovations, and as of June 30, 2024 and December 31, 2023, US\$158.8 million and US\$241.2 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\$1.7 billion 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, 2024 and December 31, 2023, US\$1.5 billion and US\$3.3 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, 2024, 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 four independent non-executive Directors, namely, Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong, Dr. Shum Heung Yeung Harry and Ms. Yang Marjorie Mun Tak. 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, 2024. 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, 2024 has been reviewed by the Audit Committee and by the Company's external auditor in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the International Auditing and Assurance Standards Board.

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

Save for the repurchase of Shares following the end of the Reporting Period as set out in the section headed "Purchase, Sale or Redemption of the Company's Listed Securities or Sale of Treasury Shares" in this Interim Report, there were no significant events that might affect the Company since June 30, 2024 and up to the Date of this Interim Report.



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 56 to 110, which comprises the interim condensed consolidated statement of financial position of Meituan (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2024 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, August 28, 2024

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2024

	Note	Unaudited	
		Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
Revenues	5, 6	155,526,961	126,582,096
Including: Interest revenue		1,095,116	625,776
Cost of revenues	7	<u>(95,940,377)</u>	<u>(81,366,666)</u>
Gross profit		59,586,584	45,215,430
Selling and marketing expenses	7	(28,720,750)	(24,986,265)
Research and development expenses	7	(10,339,833)	(10,454,563)
General and administrative expenses	7	(4,993,254)	(4,134,001)
Net provisions for impairment losses on financial and contract assets		(451,817)	(450,611)
Fair value changes of other financial investments at fair value through profit or loss	16	(637,153)	267,790
Other gains, net	8	<u>2,022,504</u>	<u>2,840,940</u>
Operating profit	5	16,466,281	8,298,720
Finance income	9	624,249	401,608
Finance costs	9	(607,236)	(707,482)
Share of profits of investments accounted for using the equity method	10	<u>655,401</u>	<u>72,647</u>
Profit before income tax		17,138,695	8,065,493
Income tax expenses	11	<u>(417,378)</u>	<u>(18,383)</u>
Profit for the period		<u>16,721,317</u>	<u>8,047,110</u>
Profit for the period attributable to:			
Equity holders of the Company		16,720,459	8,046,103
Non-controlling interests		<u>858</u>	<u>1,007</u>
		<u>16,721,317</u>	<u>8,047,110</u>
Earnings per share for profit for the period attributable to the equity holders of the Company	12		
Basic earnings per share (RMB)		<u>2.70</u>	<u>1.30</u>
Diluted earnings per share (RMB)		<u>2.58</u>	<u>1.21</u>

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2024

	Note	Unaudited	
		2024	2023
		RMB'000	RMB'000
Profit for the period		16,721,317	8,047,110
Other comprehensive income, net of tax:			
<i>Items that may be reclassified to profit or loss</i>			
Share of other comprehensive (loss)/income of investments accounted for using the equity method	10, 23	(3,599)	4,835
Fair value changes of debt instruments at fair value through other comprehensive income	23	(48,551)	165,128
Net (reversal)/provisions for impairment losses on debt instruments at fair value through other comprehensive income	23	(74,843)	11,122
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences	23	761,967	628,799
Share of other comprehensive (loss)/income of investments accounted for using the equity method	10, 23	(30,694)	36,438
Fair value changes of other financial investments at fair value through other comprehensive income	17, 23	<u>(185,045)</u>	<u>(224,750)</u>
Other comprehensive income for the period		<u>419,235</u>	<u>621,572</u>
Total comprehensive income for the period		<u><u>17,140,552</u></u>	<u><u>8,668,682</u></u>
Total comprehensive income for the period attributable to:			
Equity holders of the Company		17,139,694	8,667,675
Non-controlling interests		<u>858</u>	<u>1,007</u>
		<u><u>17,140,552</u></u>	<u><u>8,668,682</u></u>

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2024

		Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	13	29,493,278	25,977,845
Intangible assets	14	30,311,940	30,397,947
Deferred tax assets	15(a)	1,846,994	1,914,449
Long-term treasury investments	18	9,621,042	8,527,142
Other financial investments at fair value through profit or loss	16	18,565,047	18,481,104
Investments accounted for using the equity method	10	19,481,806	18,289,183
Other financial investments at fair value through other comprehensive income	17	2,275,197	2,314,536
Prepayments, deposits and other assets	19	3,695,391	4,011,247
		<u>115,290,695</u>	<u>109,913,453</u>
Current assets			
Inventories	20	1,421,295	1,304,595
Trade receivables	21	2,934,479	2,742,999
Prepayments, deposits and other assets	19	13,547,766	14,534,923
Short-term treasury investments	18	78,548,049	111,820,679
Restricted cash		19,111,918	19,373,229
Cash and cash equivalents		54,704,168	33,339,754
		<u>170,267,675</u>	<u>183,116,179</u>
Total assets		<u><u>285,558,370</u></u>	<u><u>293,029,632</u></u>
EQUITY			
Share capital	22	417	418
Share premium	22	325,916,058	325,578,612
Treasury shares	22	(6,314,176)	–
Shares held for shares award scheme	22	(1)	–
Other reserves	23	(150,530)	2,051,062
Accumulated losses		<u>(158,896,426)</u>	<u>(175,616,885)</u>
Equity attributable to equity holders of the Company		<u>160,555,342</u>	152,013,207
Non-controlling interests		<u>(55,982)</u>	<u>(56,840)</u>
Total equity		<u><u>160,499,360</u></u>	<u><u>151,956,367</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2024

		Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	15(b)	939,422	968,230
Financial liabilities at fair value through profit or loss		657,010	378,720
Borrowings	27	816,894	610,103
Notes payable	28	25,190,723	34,610,966
Lease liabilities		3,180,050	3,598,252
Other non-current liabilities		18,962	32,899
		<u>30,803,061</u>	<u>40,199,170</u>
Current liabilities			
Trade payables	25	23,021,223	22,980,506
Payables to merchants		24,753,978	23,798,004
Advances from transacting users		8,816,187	8,547,635
Other payables and accruals	26	18,051,645	17,942,215
Borrowings	27	698,790	19,321,793
Notes payable	28	10,765,105	–
Deferred revenues	24	5,606,663	5,598,132
Lease liabilities		2,398,698	2,479,785
Income tax liabilities		143,660	206,025
		<u>94,255,949</u>	<u>100,874,095</u>
Total liabilities		<u>125,059,010</u>	<u>141,073,265</u>
Total equity and liabilities		<u>285,558,370</u>	<u>293,029,632</u>

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.

On behalf of the Board

Wang Xing
Director

Mu Rongjun
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

		Unaudited								
		Share capital	Share premium	Treasury shares	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	RMB'000
	As of January 1, 2024	418	325,578,612	-	-	2,051,062	(175,616,885)	152,013,207	(56,840)	151,956,367
	Comprehensive income									
	Profit for the period	-	-	-	-	-	16,720,459	16,720,459	858	16,721,317
	Other comprehensive income, net of tax									
	Share of other comprehensive loss of investments accounted for using the equity method	10, 23	-	-	-	(34,293)	-	(34,293)	-	(34,293)
	Fair value changes of other financial investments at fair value through other comprehensive income	17, 23	-	-	-	(185,045)	-	(185,045)	-	(185,045)
	Fair value changes of debt instruments at fair value through other comprehensive income	23	-	-	-	(48,551)	-	(48,551)	-	(48,551)
	Net reversal for impairment losses on debt instruments at fair value through other comprehensive income	23	-	-	-	(74,843)	-	(74,843)	-	(74,843)
	Currency translation differences	23	-	-	-	761,967	-	761,967	-	761,967
	Total comprehensive income					419,235	16,720,459	17,139,694	858	17,140,552
	Share of other changes in net assets of associates	10, 23	-	-	-	205,230	-	205,230	-	205,230
	Transaction with owners in their capacity as owners									
	Equity-settled share-based payments	23, 29	-	-	-	3,925,394	-	3,925,394	-	3,925,394
	Shares held for shares award scheme	22	4	-	(4)	-	-	-	-	-
	Repurchase of ordinary shares	22	-	-	(12,917,466)	-	-	(12,917,466)	-	(12,917,466)
	Cancellation of ordinary shares	22	(6)	(6,605,936)	6,603,290	-	-	(2,652)	-	(2,652)
	Exercise of share options and RSUs vesting	22, 23	1	6,943,382	-	3	(6,920,435)	22,951	-	22,951
	Tax benefit from share-based payments	23	-	-	-	168,984	-	168,984	-	168,984
	Total transaction with owners in their capacity as owners		(1)	337,446	(6,314,176)	(1)	(2,826,057)	(8,802,789)	-	(8,802,789)
	As of June 30, 2024	417	325,916,058	(6,314,176)	(1)	(150,530)	(158,896,426)	160,555,342	(55,982)	160,499,360

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

Unaudited									
	Note	Share capital RMB'000	Share premium RMB'000	Shares held for shares award scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Equity attributable to equity holders of the Company RMB'000	Non- controlling interests RMB'000	Total RMB'000
As of January 1, 2023		415	316,743,344	-	1,484,187	(189,466,336)	128,761,610	(55,893)	128,705,717
Comprehensive income									
Profit for the period		-	-	-	-	8,046,103	8,046,103	1,007	8,047,110
Other comprehensive income, net of tax									
Share of other comprehensive income of investments accounted for using the equity method	10, 23	-	-	-	41,273	-	41,273	-	41,273
Fair value changes of other financial investments at fair value through other comprehensive income	17, 23	-	-	-	(224,750)	-	(224,750)	-	(224,750)
Fair value changes of debt instruments at fair value through other comprehensive income	23	-	-	-	165,128	-	165,128	-	165,128
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	23	-	-	-	11,122	-	11,122	-	11,122
Currency translation differences	23	-	-	-	628,799	-	628,799	-	628,799
Total comprehensive income		-	-	-	621,572	8,046,103	8,667,675	1,007	8,668,682
Share of other changes in net assets of associates	10, 23	-	-	-	160,231	-	160,231	-	160,231
Transaction with owners in their capacity as owners									
Equity-settled share-based payments	23, 29	-	-	-	4,392,782	-	4,392,782	-	4,392,782
Shares held for shares award scheme	22	2	-	(2)	-	-	-	-	-
Exercise of share options and RSUs vesting	22, 23	1	6,071,220	1	(6,051,521)	-	19,701	-	19,701
Tax benefit from share-based payments	23	-	-	-	91,172	-	91,172	-	91,172
Total transaction with owners in their capacity as owners		3	6,071,220	(1)	(1,567,567)	-	4,503,655	-	4,503,655
As of June 30, 2023		418	322,814,564	(1)	698,423	(181,420,233)	142,093,171	(54,886)	142,038,285

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	25,292,946	19,060,031
Income tax paid	(254,609)	(143,608)
Net cash flows generated from operating activities	<u>25,038,337</u>	<u>18,916,423</u>
Cash flows from investing activities		
Purchases and prepayments of property, plant and equipment and intangible assets	(5,770,528)	(1,942,244)
Proceeds from disposals of property, plant and equipment and intangible assets	286,851	125,144
Acquisitions of businesses, net of cash acquired	(36,158)	(8,903)
Purchases of treasury investments and others	(92,087,727)	(63,973,924)
Sales or maturities of treasury investments and others	124,225,353	55,256,758
Purchases of investments accounted for using the equity method	–	(60,000)
Proceeds from disposals of investments in associates and others	13,547	90,052
Purchases and prepayments of other financial investments at fair value	(631,301)	(1,704,397)
Gains received from treasury investments and other financial instruments	2,536,156	945,721
Dividends received	35,682	18,510
Loans payments to investees and others	–	(200,000)
Loans repayments from investees and others	–	905,028
Net cash flows generated from/(used in) investing activities	<u>28,571,875</u>	<u>(10,548,255)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Cash flows from financing activities		
Proceeds from borrowings	2,306,776	8,357,508
Repayments of borrowings	(20,791,985)	(8,749,119)
Finance costs paid	(219,468)	(220,563)
Proceeds from exercise of share options	24,644	116,877
Payments of lease liabilities	(1,559,332)	(1,480,645)
Receipt amount in other financial liabilities	278,290	278,720
Repurchase and cancellation of ordinary shares	(12,452,616)	-
Net cash flows used in financing activities	<u>(32,413,691)</u>	<u>(1,697,222)</u>
Net increase in cash and cash equivalents	21,196,521	6,670,946
Cash and cash equivalents at the beginning of the period	33,339,754	20,158,606
Exchange gains on cash and cash equivalents	167,893	173,486
Cash and cash equivalents at the end of the period	<u>54,704,168</u>	<u>27,003,038</u>

The accompanying notes on pages 64 to 110 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, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s Class B shares have been listed on the Main Board of the Hong Kong Stock Exchange since September 20, 2018.

The Company is an investment holding company. The Company and its subsidiaries, together with structured entities (collectively, the “Group”), offers diversified daily goods and services in the broader retail by leveraging technology.

The interim condensed consolidated financial information comprises the interim condensed consolidated statement of financial position as of June 30, 2024, the interim condensed consolidated income statement and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months then ended, and selected explanatory notes (the “Interim Financial Information”). The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The Interim Financial Information does not include all the notes of the type normally included in the annual financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards, as set out in the 2023 annual report of the Group dated March 22, 2024 (the “2023 Financial Statements”).

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those followed in the preparation of the 2023 Financial Statements, except for the adoption of new and amended standards as set out below.

NOTES TO THE INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION *(Continued)*

(a) New amendments adopted by the Group

The Group has applied the following new amendments for the first time commencing January 1, 2024:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The adoption of the above new amendments did not have any significant financial impact on the interim condensed consolidated financial statements.

(b) New standards and amendments not yet adopted by the Group

The following new standards and amendments to standards have not come into effect for the financial year beginning on January 1, 2024 and have not been early adopted by the Group in preparing the interim condensed consolidated financial statements. As of the date of approval of this Interim Financial Information, the Group is still in the process of assessing the effects of adopting these new standards and amendments to standards and has not identified any significant effect on its financial statements. The Group will continue to assess the effects of these new and amended standards.

		Effective for financial year beginning on or after
Amendments to IAS 28 and IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Amendment to IFRS accounting standards	Annual Improvements – Volume 11 IFRS accounting standards	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim Financial Information requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2023 Financial Statements.

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 2023 Financial Statements.

There have been no changes in the risk management policies during the six months ended June 30, 2024.

(b) Fair value estimation

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the interim condensed consolidated financial statements. To provide an indication about the reliability of the inputs used in determining the fair values, the Group has classified its financial instruments into three levels prescribed under the accounting standards.

The Group analyses its financial instruments carried at fair value by level of the inputs to valuation techniques used to measure the fair values. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

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, 2024 and December 31, 2023.

	Unaudited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
As of June 30, 2024				
Financial assets				
Treasury investments at fair value through profit or loss (Note 18)	–	–	76,171,457	76,171,457
Treasury investments at fair value through other comprehensive income (Note 18)	–	5,443,986	4,625,535	10,069,521
Loan receivables at fair value through other comprehensive income (Note 19)	–	–	5,186,976	5,186,976
Other financial investments at fair value through profit or loss (Note 16)	–	–	18,565,047	18,565,047
Other financial investments at fair value through other comprehensive income (Note 17)	738,197*	–	1,537,000	2,275,197
	<u>738,197</u>	<u>5,443,986</u>	<u>106,086,015</u>	<u>112,268,198</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	657,010	657,010
	<u>–</u>	<u>–</u>	<u>657,010</u>	<u>657,010</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, 2023				
Financial assets				
Treasury investments at fair value through profit or loss (Note 18)	–	–	91,193,316	91,193,316
Treasury investments at fair value through other comprehensive income (Note 18)	–	7,963,958	12,630,261	20,594,219
Loan receivables at fair value through other comprehensive income (Note 19)	–	–	7,798,413	7,798,413
Other financial investments at fair value through profit or loss (Note 16)	–	–	18,481,104	18,481,104
Other financial investments at fair value through other comprehensive income (Note 17)	901,536*	–	1,413,000	2,314,536
	<u>901,536</u>	<u>7,963,958</u>	<u>131,516,094</u>	<u>140,381,588</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>

* This presents investments in listed entities with observable quoted price.

4 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Fair value estimation *(Continued)*

(ii) Valuation techniques used to determine fair values

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to measure financial instruments of level 2 and level 3 include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- The latest round financing, i.e. the prior transaction price or the third-party pricing information; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There was no change to valuation techniques in use during the six months ended June 30, 2024.

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, 2024 and 2023. The Group determines transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

	Unaudited					
	Treasury investments at fair value	Treasury investments at fair value through comprehensive income	Loan receivables at fair value through comprehensive income	Other financial investments at fair value through comprehensive income	Other financial investments at fair value through comprehensive income	Financial liabilities at fair value through comprehensive income
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2024	91,193,316	12,630,261	7,798,413	18,481,104	1,413,000	378,720
Additions	90,553,915	600,025	58,879,275	512,301	124,000	278,290
Deductions	(107,561,622)	(8,912,269)	(61,510,706)	(9,971)	-	-
Changes in fair values	1,502,796	216,632	19,994	(637,153)	-	-
Currency translation differences	483,052	90,886	-	218,766	-	-
As of June 30, 2024	<u>76,171,457</u>	<u>4,625,535</u>	<u>5,186,976</u>	<u>18,565,047</u>	<u>1,537,000</u>	<u>657,010</u>
Net unrealised gains/(losses) for the period	<u>777,502</u>	<u>81,185</u>	<u>19,994</u>	<u>(637,153)</u>	<u>-</u>	<u>-</u>

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, 2023	77,845,116	6,307,707	7,124,305	15,073,013	1,413,000	100,000
Additions	47,245,602	7,598,583	64,826,745	1,996,632	-	278,720
Deductions	(45,489,298)	(1,082,923)	(65,061,256)	(85,065)	-	-
Transfers, net	-	-	-	(400,261)	-	-
Changes in fair values	1,715,243	133,201	(8,619)	267,790	-	-
Currency translation differences	645,535	109,922	-	221,061	-	-
As of June 30, 2023	81,962,198	13,066,490	6,881,175	17,073,170	1,413,000	378,720
Net unrealised gains/(losses) for the period	1,324,633	109,780	(8,619)	257,739	-	-

(iv) Valuation process, inputs and relationships to fair value

The Group has a team that manages the valuation of financial instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair values of the Group's level 2 and level 3 instruments. External valuation experts will be involved when necessary.

The Group's level 3 instruments are listed in the table in Note 4(b)(iii). As these instruments are not traded in active markets, their fair values have been determined using various applicable valuation techniques, including discounted cash flow, market approach, etc.

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, 2024 RMB'000 (Unaudited)	as of December 31, 2023 RMB'000 (Audited)		As of June 30, 2024	As of December 31, 2023	
Other financial investments at fair value	20,102,047	19,894,104	Expected volatility	37%-59%	31%-65%	Note (i)
			Discount for lack of marketability ("DLOM")	10%-20%	15%-30%	The higher the DLOM, the lower the fair value
Treasury investments at fair value through profit or loss	76,171,457	91,193,316	Expected rate of return	0.00%~9.21%	0.00%-9.34%	The higher the expected rate of return, the higher the fair value
Treasury investments at fair value through other comprehensive income	4,625,535	12,630,261	Expected rate of return	0.14%~6.72%	0.94%-4.17%	The higher the expected rate of return, the higher the fair value
Loan receivables at fair value through other comprehensive income	5,186,976	7,798,413	Note (ii)	Note (ii)	Note (ii)	The higher the risk-adjusted discount rate, the lower the fair value
Financial liabilities at fair value through profit or loss	657,010	378,720	Note (iii)	Note (iii)	Note (iii)	Note (iii)

4 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Fair value estimation *(Continued)*

(iv) Valuation process, inputs and relationships to fair value (Continued)

Note (i): Other financial investments at fair value

The unobservable inputs of expected volatility is used in the valuation of other financial investments at fair value. The relationship between them is uncertain.

Note (ii): Loan receivables at fair value through other comprehensive income

For loan receivables at fair value through other comprehensive income, the fair values are determined based on discounted cash flow model using unobservable discount rates that reflect credit risk and market risk.

Note (iii): Financial liabilities at fair value through profit or loss

In December 2022, the Group established and consolidated a limited partnership investment fund (“the Fund”) with limited life. The Fund invested in private companies in the form of ordinary shares or preferred shares that are measured at fair value through profit or loss. The Group designates the returns to other limited partners as financial liabilities at fair value through profit or loss. These returns are calculated based on the fair value of underlying investments and the predetermined distribution mechanism of returns set out in the agreement of the Fund.

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 chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resource and assessing performance of the operating segments, mainly includes the executive Directors of the Company that make strategic decisions. The Group evaluated its operating segments separately or aggregately, and determined that it has reportable segments as follows.

The CODM assesses the performance of the operating segments mainly based on revenues and operating profit or loss of each operating segment. Thus, segment result would present revenues, cost of revenues and operating expenses, and operating profit or loss for each segment, which is in line with CODM's performance review. There were no material inter-segment sales during the six months ended June 30, 2024 and 2023.

The revenues from customers reported to CODM are measured as revenues in each segment. The operating profit or loss in each segment reported to CODM are measured as cost of revenues and operating expenses deducted from its revenues. Certain unallocated items are not allocated to each segment as they are not directly relevant to the operating results used in the performance measurement and resource allocation by the CODM.

Core local commerce

The Core local commerce segment includes food delivery, Meituan Instashopping, in-store, hotel and travel businesses. The food delivery and Meituan Instashopping businesses primarily help consumers place orders of food and grocery prepared by merchants through the Group's online tools, mainly various of mobile apps, and offers On-demand Delivery services. The in-store, hotel and travel businesses primarily help consumers purchase local consumer services provided by merchants in numerous in-store categories or make reservations for hotels, attraction ticketing and transportation ticketing. Revenues from the Core local commerce segment primarily consist of (a) delivery services from both merchants and consumers, (b) commission from technology service charged to merchants and third-party agent partners, and (c) online marketing services in various formats provided to merchants. The cost of revenues and operating expenses for the Core local commerce segment primarily consist of (a) delivery related costs, (b) promotion, advertising and user incentives, and (c) employee benefits expenses.

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 SEGMENT REPORTING (Continued)

5.1 Description of segments and principal activities (Continued)

New initiatives

The Group continually develops various New initiatives, including Meituan Select, Xiaoxiang Supermarket, B2B food distribution (“Kuailv”) etc., to satisfy consumers’ diverse needs in different consumption scenarios. Revenues from the New initiatives segment primarily consist of (a) sales of goods primarily from B2B food distribution (“Kuailv”) and Xiaoxiang Supermarket, and (b) various services rendered by various businesses such as Meituan Select, bike sharing, e-moped sharing, power banks and micro-credit. The cost of revenues and operating expenses for the New initiatives segment primarily consist of (a) transaction costs, (b) other outsourcing costs, (c) employee benefits expenses, and (d) promotion, advertising and user incentives.

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use such information to allocate resources to or to evaluate the performance of the operating segments.

The Group’s revenues are mainly generated in the PRC.

The segment information provided to the Group’s CODM for the reportable segments for the relevant periods is as follows:

	Unaudited			
	Six months ended June 30, 2024			
	Core local commerce RMB’000	New initiatives RMB’000	Unallocated items* RMB’000	Total RMB’000
Delivery services	44,086,329	–	–	44,086,329
Commission	42,142,408	1,340,143	–	43,482,551
Online marketing services	22,570,149	180,597	–	22,750,746
Other services and sales (including interest revenue)	<u>6,508,679</u>	<u>38,698,656</u>	–	<u>45,207,335</u>
Total revenues	115,307,565	40,219,396	–	155,526,961
Cost of revenues, operating expenses and unallocated items	<u>(90,375,133)</u>	<u>(44,290,654)</u>	<u>(4,394,893)</u>	<u>(139,060,680)</u>
Operating profit/(loss)	<u><u>24,932,432</u></u>	<u><u>(4,071,258)</u></u>	<u><u>(4,394,893)</u></u>	<u><u>16,466,281</u></u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 SEGMENT REPORTING (Continued)

5.1 Description of segments and principal activities (Continued)

	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>

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

There is no concentration risk as no revenue from a single external customer was more than 10% of the Group's total revenues for the six months ended June 30, 2024 and 2023.

The reconciliation from operating profit to profit before income tax during the six months ended June 30, 2024 and 2023 is shown in the interim condensed consolidated income statement.

5.2 Segment assets

As of June 30, 2024 and December 31, 2023, substantially all of the non-current assets of the Group were located in the PRC.

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 REVENUES BY TYPE

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Delivery services	44,086,329	37,280,261
Commission	43,482,551	35,155,530
Online marketing services	22,750,746	18,089,994
Other services and sales (including interest revenue)	45,207,335	36,056,311
	<u>155,526,961</u>	<u>126,582,096</u>

Further analysis of revenues disaggregation is included in Note 5.

7 EXPENSES BY NATURE

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Delivery related costs	48,034,761	40,305,534
Employee benefits expenses	22,361,745	20,724,480
Transaction costs (Note (i))	22,147,932	18,023,151
Promotion, advertising and user incentives	16,600,385	14,899,067
Other outsourcing costs	15,337,227	12,448,143
Depreciation of property, plant and equipment (Note 13)	3,818,732	3,840,638
Amortisation of intangible assets (Note 14)	118,457	191,480
Auditor's remuneration		
– Audit and audit-related services	16,518	16,957
– Non-audit services	3,289	1,072

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

8 OTHER GAINS, NET

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Fair value changes and gains from treasury investments	2,147,663	2,042,838
Foreign exchange (losses)/gains, net	(166,024)	99,720
Others	40,865	698,382
	<u>2,022,504</u>	<u>2,840,940</u>

9 FINANCE INCOME AND COSTS

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	<u>624,249</u>	<u>401,608</u>
Finance costs		
Interest expenses on bank borrowings and notes payable	(499,870)	(575,495)
Interest in respect of lease liabilities	(107,311)	(131,987)
Others	(55)	–
	<u>(607,236)</u>	<u>(707,482)</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Associates (a)	19,481,806	18,289,183
Joint ventures	–	–
	<u>19,481,806</u>	<u>18,289,183</u>

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

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Investments in associates		
– listed entities	17,520,602	16,321,321
– unlisted entities	<u>1,961,204</u>	<u>1,967,862</u>
	<u>19,481,806</u>	<u>18,289,183</u>

The quoted fair value of the investments in listed entities was RMB19,036 million and RMB36,429 million as of June 30, 2024 and December 31, 2023, respectively.

	Unaudited Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
At the beginning of the period	18,289,183	16,568,451
Share of profits of investments accounted for using the equity method	655,401	72,647
Share of other changes in equity	172,235	204,149
Dilution losses	(81,303)	–
Dividends from associates	(15,341)	(13,729)
Impairment provision	–	(185,564)
Currency translation differences	<u>461,631</u>	<u>499,365</u>
At the end of the period	<u>19,481,806</u>	<u>17,145,319</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

11 TAXATION

(a) Value Added Tax

The Group is mainly subject to VAT rate of 6% for services revenues or 13% for revenues of inventories sales, and relevant surcharges on VAT payments according to mainland China tax law.

(b) Income tax

Cayman Islands

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on their income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in the British Virgin Islands are not subject to tax on their income or capital gains. Additionally, the British Virgin Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million.

Mainland China corporate income tax ("CIT")

CIT provision was made on the estimated assessable profit of entities within the Group incorporated in mainland China and was calculated in accordance with the relevant regulations of mainland China after considering the available tax benefits from refunds and allowances. The general mainland China CIT rate was 25% during the six months ended June 30, 2024 and 2023.

Certain subsidiaries of the Group in mainland China are subject to "high and new technology enterprises", whose preferential income tax rate was 15% for the six months ended June 30, 2024 and 2023. Certain mainland China subsidiaries located in western region and engaged in certain encouraged industries were eligible for a preferential income tax rate of 15% for the six months ended June 30, 2024 and 2023. In addition, certain mainland China subsidiaries of the Group are subject to "small and thin-profit enterprises" under the CIT Law, whose preferential income tax rate was 20% for the six months ended June 30, 2024 and 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION

11 TAXATION (Continued)

(b) Income tax (Continued)

Withholding tax on undistributed dividends

Pursuant to the CIT Law, a 10% withholding tax is levied on dividends declared by companies established in mainland China to foreign investors effective from January 1, 2008. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between mainland China and the jurisdiction of the foreign investors. However, the 5% withholding tax rate does not automatically apply and certain requirements must be satisfied.

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Current income tax expenses	(290,362)	(110,941)
Deferred income tax (expenses)/credits (Note 15)	<u>(127,016)</u>	<u>92,558</u>
Total income tax expenses	<u><u>(417,378)</u></u>	<u><u>(18,383)</u></u>

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

12 EARNINGS PER SHARE

Basic earnings per share for the six months ended June 30, 2024 and 2023 were calculated by dividing the profit attributable to the Company's equity holders by the weighted average number of ordinary shares outstanding during the reporting period.

	Unaudited	
	Six months ended June 30,	
	2024	2023
Profit for the period attributable to the equity holders of the Company (RMB'000)	16,720,459	8,046,103
Weighted average number of ordinary shares outstanding (thousands)	<u>6,195,147</u>	<u>6,193,279</u>
Basic earnings per share (RMB)	<u><u>2.70</u></u>	<u><u>1.30</u></u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

12 EARNINGS PER SHARE *(Continued)*

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

	Unaudited	
	Six months ended June 30,	
	2024	2023
Profit for the period attributable to the equity holders of the Company (RMB'000)	16,720,459	8,046,103
Dilutive effect arising from share options and RSUs granted by associates (RMB'000)	<u>(573,182)</u>	<u>(472,340)</u>
Profit for the period attributable to the equity holders of the Company used as the numerator in calculating diluted earnings per share (RMB'000)	<u>16,147,277</u>	<u>7,573,763</u>
Weighted average number of ordinary shares outstanding (thousands)	6,195,147	6,193,279
Adjustments for the dilutive impact of share options and RSUs (thousands)	<u>62,590</u>	<u>85,019</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share (thousands)	<u>6,257,737</u>	<u>6,278,298</u>
Diluted earnings per share (RMB)	<u>2.58</u>	<u>1.21</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

13 PROPERTY, PLANT AND EQUIPMENT

	Unaudited					Total RMB'000
	Electronic 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, 2024						
Cost	16,194,832	8,826,992	1,770,228	16,963,677	3,977,767	47,733,496
Accumulated depreciation and impairment	(8,326,271)	(6,688,339)	(7,598)	(4,584,261)	(2,149,182)	(21,755,651)
Net book amount	<u>7,868,561</u>	<u>2,138,653</u>	<u>1,762,630</u>	<u>12,379,416</u>	<u>1,828,585</u>	<u>25,977,845</u>
Six months ended June 30, 2024						
Opening net book amount	7,868,561	2,138,653	1,762,630	12,379,416	1,828,585	25,977,845
Additions	4,320,947	-	2,178,683	1,142,732	153,542	7,795,904
Transfers	(115,626)	1,490,662	(1,747,314)	-	372,278	-
Disposals	(34,751)	(67,283)	(3,510)	(192,038)	(92,145)	(389,727)
Depreciation charges	(1,279,925)	(622,438)	-	(1,509,567)	(479,430)	(3,891,360)
Impairment charges	-	-	-	-	(87)	(87)
Currency translation differences	389	-	-	314	-	703
Ending net book amount	<u>10,759,595</u>	<u>2,939,594</u>	<u>2,190,489</u>	<u>11,820,857</u>	<u>1,782,743</u>	<u>29,493,278</u>
As of June 30, 2024						
Cost	19,927,770	8,059,527	2,192,443	17,190,411	4,517,153	51,887,304
Accumulated depreciation and impairment	(9,168,175)	(5,119,933)	(1,954)	(5,369,554)	(2,734,410)	(22,394,026)
Net book amount	<u>10,759,595</u>	<u>2,939,594</u>	<u>2,190,489</u>	<u>11,820,857</u>	<u>1,782,743</u>	<u>29,493,278</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Unaudited					
	Electronic equipment RMB'000	Bikes and electric mopeds RMB'000	Assets under construction RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2023						
Cost	12,166,263	9,391,090	1,250,535	15,227,521	3,204,135	41,239,544
Accumulated depreciation and impairment	(7,214,796)	(6,683,432)	(86,840)	(3,583,263)	(1,469,954)	(19,038,285)
Net book amount	<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)*

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

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Cost of revenues	2,511,912	2,703,495
Selling and marketing expenses	886,159	752,620
Research and development expenses	277,130	343,960
General and administrative expenses	143,531	40,563
Assets under construction	72,628	70,276
	<u>3,891,360</u>	<u>3,910,914</u>

(a) Leases

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

	Unaudited	Audited
	As of	As of
	June 30, 2024	December 31, 2023
	RMB'000	RMB'000
Land use rights	6,507,660	6,579,764
Offices	3,689,843	4,043,206
Others	1,623,354	1,756,446
	<u>11,820,857</u>	<u>12,379,416</u>

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

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Depreciation charges of right-of-use assets	1,509,567	1,362,572
Interest expenses (included in finance costs)	107,311	131,987

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, 2024				
Cost	27,975,138	7,731,891	2,066,631	37,773,660
Accumulated amortisation and impairment	(201,587)	(5,206,260)	(1,967,866)	(7,375,713)
Net book amount	<u>27,773,551</u>	<u>2,525,631</u>	<u>98,765</u>	<u>30,397,947</u>
Six months ended June 30, 2024				
Opening net book amount	27,773,551	2,525,631	98,765	30,397,947
Additions	-	-	32,767	32,767
Amortisation charges	-	(85,681)	(33,093)	(118,774)
Ending net book amount	<u>27,773,551</u>	<u>2,439,950</u>	<u>98,439</u>	<u>30,311,940</u>
As of June 30, 2024				
Cost	27,975,138	7,731,891	2,096,516	37,803,545
Accumulated amortisation and impairment	(201,587)	(5,291,941)	(1,998,077)	(7,491,605)
Net book amount	<u>27,773,551</u>	<u>2,439,950</u>	<u>98,439</u>	<u>30,311,940</u>

As of June 30, 2024, 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, 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>

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

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Cost of revenues	13,801	47,010
Selling and marketing expenses	1,384	42,706
Research and development expenses	16,899	13,741
General and administrative expenses	86,373	88,023
Assets under construction	317	–
	<u>118,774</u>	<u>191,480</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

15 DEFERRED INCOME TAXES

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

(a) Deferred tax assets

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
The balance comprises temporary differences attributable to:		
– Tax losses	2,417,846	2,669,381
– Lease liabilities	1,212,178	1,310,968
– Others	155,582	111,242
Total gross deferred tax assets	<u>3,785,606</u>	<u>4,091,591</u>
Set-off of deferred tax assets pursuant to set-off provisions	<u>(1,938,612)</u>	<u>(2,177,142)</u>
Net deferred tax assets	<u><u>1,846,994</u></u>	<u><u>1,914,449</u></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			
	Tax losses	Lease liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2024	2,669,381	1,310,968	111,242	4,091,591
(Charged)/credited to the interim condensed consolidated income statement	(322,176)	(98,790)	34,174	(386,792)
Credited to other reserves	70,641	–	10,166	80,807
As of June 30, 2024	2,417,846	1,212,178	155,582	3,785,606
As of January 1, 2023	1,836,236	1,050,416	405,282	3,291,934
Credited/(charged) to the interim condensed consolidated income statement	216,649	36,039	(64,976)	187,712
Credited to other reserves	56,599	–	224	56,823
As of June 30, 2023	2,109,484	1,086,455	340,530	3,536,469

The Group only recognises deferred tax assets for cumulative tax losses if it is probable that future taxable income will be available to utilise those tax losses. Management will continue to assess the recognition of deferred tax assets in future reporting periods. As of June 30, 2024 and December 31, 2023, the Group did not recognise deferred tax assets of RMB13,450 million and RMB14,290 million in respect of cumulative tax losses amounting to RMB81,458 million and RMB88,482 million including the tax losses arising from the excess deduction of share-based payments. These tax losses will expire from 2024 to 2028, and the expiration of tax losses of certain subsidiaries of the Group may extend to 2033.

NOTES TO THE INTERIM FINANCIAL INFORMATION

15 DEFERRED INCOME TAXES *(Continued)*

(b) Deferred tax liabilities

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
The balance comprises temporary differences attributable to:		
– Other intangible assets arising from business combinations	(361,587)	(374,250)
– Investments accounted for using the equity method or at fair value	(1,062,495)	(1,088,421)
– Right-of-use assets	(1,199,890)	(1,296,868)
– Others	(254,062)	(385,833)
Total gross deferred tax liabilities	<u>(2,878,034)</u>	<u>(3,145,372)</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	<u>1,938,612</u>	<u>2,177,142</u>
Net deferred tax liabilities	<u><u>(939,422)</u></u>	<u><u>(968,230)</u></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	Investments accounted for using the equity method or at fair value	Right-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2024	(374,250)	(1,088,421)	(1,296,868)	(385,833)	(3,145,372)
Credited to the interim condensed consolidated income statement	12,663	50,051	96,978	100,084	259,776
Credited/(charged) to other reserves	–	(24,125)	–	31,687	7,562
As of June 30, 2024	<u>(361,587)</u>	<u>(1,062,495)</u>	<u>(1,199,890)</u>	<u>(254,062)</u>	<u>(2,878,034)</u>
As of January 1, 2023	(410,827)	(999,646)	(1,048,294)	(182,164)	(2,640,931)
(Charged)/credited to the interim condensed consolidated income statement	23,914	(48,918)	(36,320)	(33,830)	(95,154)
Charged to other reserves	–	(31,467)	–	(12,653)	(44,120)
As of June 30, 2023	<u>(386,913)</u>	<u>(1,080,031)</u>	<u>(1,084,614)</u>	<u>(228,647)</u>	<u>(2,780,205)</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, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Associates (a)	10,677,735	10,719,380
Other investees (b)	7,887,312	7,761,724
	<u>18,565,047</u>	<u>18,481,104</u>

(a) Associates

	Unaudited Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
At the beginning of the period	10,719,380	7,901,487
Additions	475,301	1,248,097
Changes in fair values	(609,487)	107,869
Disposals	(9,971)	(85,065)
Currency translation differences	102,512	91,087
At the end of the period	<u>10,677,735</u>	<u>9,263,475</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,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	7,761,724	7,171,526
Additions	37,000	748,535
Changes in fair values	(27,666)	159,921
Transfers, net	–	(400,261)
Currency translation differences	116,254	129,974
At the end of the period	<u>7,887,312</u>	<u>7,809,695</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.

17 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Equity investments in listed entities	738,197	901,536
Equity investments in unlisted entities	1,537,000	1,413,000
	<u>2,275,197</u>	<u>2,314,536</u>

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	2,314,536	2,321,865
Addition	124,000	–
Changes in fair values	(185,045)	(224,750)
Transfers, net	–	400,261
Currency translation differences	21,706	34,425
At the end of the period	<u>2,275,197</u>	<u>2,531,801</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

18 TREASURY INVESTMENTS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Long-term treasury investments at		
– Amortised cost	767,732	729,656
– Fair value through profit or loss	<u>8,853,310</u>	<u>7,797,486</u>
	<u>9,621,042</u>	<u>8,527,142</u>
Short-term treasury investments at		
– Amortised cost	1,160,381	7,830,630
– Fair value through profit or loss	67,318,147	83,395,830
– Fair value through other comprehensive income	<u>10,069,521</u>	<u>20,594,219</u>
	<u>78,548,049</u>	<u>111,820,679</u>

Treasury investments at amortised cost were term deposits. Treasury investments at fair value through profit or loss were primarily wealth management products on which the principal and returns were not guaranteed. Treasury investments at fair value through other comprehensive income were large-denomination negotiable certificates of term deposits and other financial products.

NOTES TO THE INTERIM FINANCIAL INFORMATION

19 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Non-current		
Loan receivables (Note (i))	1,948,102	2,375,377
Rental deposits	454,257	449,792
Prepayments for PP&E and other assets	340,395	813,390
Others	952,637	372,688
	<u>3,695,391</u>	<u>4,011,247</u>
Current		
Loan receivables (Note (i))	4,564,439	6,043,377
Contract assets	1,986,081	2,115,482
Prepayments to merchants	1,608,651	1,711,802
Deductible value-added tax	1,177,285	1,303,839
Prepayments on behalf of third parties	1,139,311	891,442
Receivables upon share-based payments vesting or exercise	1,121,332	623,089
Prepayments for goods or services	938,320	685,739
Deposits in third-party payment processors	227,716	360,971
Amounts due from related parties (Note 32)	96,277	70,211
Others	688,354	728,971
	<u>13,547,766</u>	<u>14,534,923</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, 2024 and December 31, 2023, 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, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Finished goods	1,382,304	1,238,098
Raw materials	76,501	101,712
	<u>1,458,805</u>	<u>1,339,810</u>
Less: provisions for impairment	<u>(37,510)</u>	<u>(35,215)</u>
	<u><u>1,421,295</u></u>	<u><u>1,304,595</u></u>

Inventories recognised in profit or loss during the six months ended June 30, 2024 amounted to RMB18,324 million.

21 TRADE RECEIVABLES

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Trade receivables	3,249,077	3,034,648
Less: allowance for impairment	<u>(314,598)</u>	<u>(291,649)</u>
	<u><u>2,934,479</u></u>	<u><u>2,742,999</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,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	(291,649)	(315,226)
Credit loss allowance recognised, net	(40,726)	(21,092)
Write-offs	17,777	1,505
At the end of the period	<u>(314,598)</u>	<u>(334,813)</u>

The Group considered that the carrying amounts of the trade receivables approximated their fair value as of June 30, 2024 and December 31, 2023.

The Group allows a credit period of 30 to 180 days to its customers. Aging analysis of trade receivables (net of allowance for impairment of trade receivables) based on invoice date is as follows:

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Trade receivables		
Within 3 months	2,628,638	2,411,778
3 to 6 months	246,994	250,334
6 months to 1 year	45,367	66,861
Over 1 year	13,480	14,026
	<u>2,934,479</u>	<u>2,742,999</u>

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

The maximum exposure to credit risk as of June 30, 2024 and December 31, 2023 was the carrying value of the trade receivables. The Group did not hold any collateral as security.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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

As of June 30, 2024 and 2023, the total number of authorised shares of the Company is 10,000,000,000 with par value of USD0.00001 per share, comprising of 735,568,783 Class A Shares and 9,264,431,217 Class B Shares, respectively. Each Class A Share will entitle the holder to exercise ten votes, and each Class B Share will entitle the holder to exercise one vote, respectively, on any resolution tabled at the Company's general meetings, except for resolutions with respect to a limited number of reserved matters, in relation to which each Share is entitled to one vote. Class A Shares may be converted into Class B Shares on a one to one ratio. The weighted voting rights attached to the Company's Class A Shares will cease when none of the holders of the Class A Shares have beneficial ownership of any of our Class A Shares.

Issued and fully paid:

	Number of ordinary shares '000	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Shares held for shares award scheme RMB'000
As of January 1, 2024	6,244,549	418	325,578,612	-	-
Exercise of share options and RSUs vesting	1,056	1	6,943,382	-	3
Repurchase of ordinary shares (Note (i))	-	-	-	(12,917,466)	-
Cancellation of ordinary shares (Note (i))	(82,508)	(6)	(6,605,936)	6,603,290	-
Shares held for shares award scheme	58,567	4	-	-	(4)
As of June 30, 2024	6,221,664	417	325,916,058	(6,314,176)	(1)
As of January 1, 2023	6,193,151	415	316,743,344	-	-
Exercise of share options and RSUs vesting	9,292	1	6,071,220	-	1
Shares held for shares award scheme	39,860	2	-	-	(2)
As of June 30, 2023	6,242,303	418	322,814,564	-	(1)

As of June 30, 2024, there were 596,590,940 Class A Shares amongst the total issued Shares of the Company and the remainders were Class B Shares (including treasury shares).

Note (i): During the six months ended June 30, 2024, the Company repurchased 141,333,000 of Class B Shares in the open market, out of which, 82,508,300 shares has been cancelled as of June 30, 2024. The repurchase prices ranged from HKD68.20 to HK120.00 per share, with an average price of HKD98.68 per share.

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, 2024	20	9,976,464	(10,430,194)	1,513,938	990,834	2,051,062
Equity-settled share-based payments	-	3,925,394	-	-	-	3,925,394
Exercise of share options and RSUs vesting	-	(6,920,435)	-	-	-	(6,920,435)
Share of changes in net assets of associates	-	-	-	-	170,937	170,937
Fair value changes of and net provisions for impairment losses on financial assets	-	-	-	-	(308,439)	(308,439)
Tax benefit from share-based payments	-	-	-	-	168,984	168,984
Currency translation differences	-	-	761,967	-	-	761,967
As of June 30, 2024	20	6,981,423	(9,668,227)	1,513,938	1,022,316	(150,530)

	Unaudited					
	Capital reserve RMB'000	Share-based payments RMB'000	Currency translation differences RMB'000	Conversion option of convertible bonds RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2023	20	10,322,138	(10,705,249)	1,513,938	353,340	1,484,187
Equity-settled share-based payments	-	4,392,782	-	-	-	4,392,782
Exercise of share options and RSUs vesting	-	(6,051,521)	-	-	-	(6,051,521)
Share of changes in net assets of associates	-	-	-	-	201,504	201,504
Fair value changes of and net provisions for impairment losses on financial assets	-	-	-	-	(48,500)	(48,500)
Tax benefit from share-based payments	-	-	-	-	91,172	91,172
Currency translation differences	-	-	628,799	-	-	628,799
As of June 30, 2023	20	8,663,399	(10,076,450)	1,513,938	597,516	698,423

NOTES TO THE INTERIM FINANCIAL INFORMATION

24 DEFERRED REVENUES

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Online marketing services and others	5,529,406	5,538,424
Various packages for bike-sharing and e-moped sharing services	<u>77,257</u>	<u>59,708</u>
	<u><u>5,606,663</u></u>	<u><u>5,598,132</u></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,	
	2024 RMB'000	2023 RMB'000
Revenues recognised that was included in the deferred revenues balance at the beginning of the period		
Online marketing services and others	3,843,000	3,362,473
Various packages for bike-sharing and e-moped sharing services	<u>59,708</u>	<u>40,182</u>
	<u><u>3,902,708</u></u>	<u><u>3,402,655</u></u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

25 TRADE PAYABLES

As of June 30, 2024 and December 31, 2023, the aging analysis of the trade payables based on invoice date is as follows:

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Trade payables		
Within 3 months	22,328,250	22,467,344
3 to 6 months	219,536	194,288
6 months to 1 year	219,210	129,805
Over 1 year	254,227	189,069
	<u>23,021,223</u>	<u>22,980,506</u>

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

26 OTHER PAYABLES AND ACCRUALS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Deposits from merchants and transacting users	6,163,606	5,941,154
Employee payroll and benefits payables	4,326,603	6,468,239
Amounts collected on behalf of third parties	2,103,679	1,846,855
Taxes and surcharges payables	1,752,900	738,151
Customer advances	827,466	778,055
Accrued expenses	578,055	624,740
Payables for repurchase of ordinary shares	468,010	–
Amounts due to related parties (Note 32)	257,169	360,139
Others	1,574,157	1,184,882
	<u>18,051,645</u>	<u>17,942,215</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

27 BORROWINGS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Included in non-current liabilities:		
RMB bank borrowings – secured (Note (i))	<u>816,894</u>	<u>610,103</u>
Included in current liabilities:		
RMB bank borrowings – unsecured	<u>698,790</u>	<u>19,321,793</u>

Note (i): As of June 30, 2024, the Group's land use rights with an original book value and a net book value of RMB6,920 million and RMB6,508 million respectively (December 31, 2023: RMB6,738 million and RMB6,398 million, respectively) had been charged as collateral for borrowings.

28 NOTES PAYABLE

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Included in non-current liabilities:		
Non-current portion of long-term USD senior notes (a)	14,546,201	14,112,131
Non-current portion of long-term USD convertible bonds (b)	<u>10,644,522</u>	<u>20,498,835</u>
	<u>25,190,723</u>	<u>34,610,966</u>
Included in current liabilities:		
Current portion of long-term USD convertible bonds (b)	10,696,065	–
Current portion of long-term USD senior notes (a)	<u>69,040</u>	<u>67,009</u>
	<u>10,765,105</u>	<u>67,009</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

28 NOTES PAYABLE (Continued)

The notes payable were repayable as follows:

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Within 1 year	10,765,105	67,009
Between 1 and 2 years	16,108,088	15,581,442
Between 2 and 5 years	–	10,216,809
More than 5 years	<u>9,082,635</u>	<u>8,812,715</u>
	<u>35,955,828</u>	<u>34,677,975</u>

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

- (a) On October 29, 2020, the Company issued senior notes on the Hong Kong Stock Exchange which were comprised of 2.125% senior notes in the aggregate principal amount of US\$750 million due October 28, 2025 and 3.05% senior notes in the aggregate principal amount of US\$1,250 million due October 28, 2030.

As of June 30, 2024, the fair value of the senior notes was RMB13,097 million (December 31, 2023: RMB12,498 million). The respective fair values were assessed based on the quoted market price of these senior notes at the end of each reporting period.

The undue interests accrued for long-term USD senior notes of RMB67 million was included in other payables and accruals as of December 31, 2023.

- (b) On April 27, 2021, the Company completed the issuance of US\$1,483,600,000 zero coupon convertible bonds (“Series 1 Bonds”) due on April 27, 2027 and US\$1,500,000,000 zero coupon convertible bonds (“Series 2 Bonds”) due on April 27, 2028 (together, the “Bonds”) to third party professional investors (the “Bondholders”).

The Bonds will, at the option of the Bondholders, be convertible on or after June 7, 2021 up to the 10 days prior to the Maturity date (both days inclusive) into Class B ordinary shares of the Company at a conversion price of HK\$431.24 per Class B share, subject to adjustments. The Company will, at the option of the Bondholders, redeem all or some only of such Bondholder’s Series 1 Bonds on April 27, 2025 at 100.37% of the principal amount of the Series 1 Bonds, and redeem all or some only of such Bondholder’s Series 2 Bonds on April 27, 2026 at 101.28% of the principal amount of the Series 2 Bonds.

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, 2024 and 2023 is set out below:

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	20,498,835	19,742,317
Interest expenses	216,047	204,827
Currency translation differences	625,705	749,277
At the end of the period	<u>21,340,587</u>	<u>20,696,421</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, 2024 and December 31, 2023.

As of June 30, 2024, the total fair value of the Bonds was RMB20,189 million (December 31, 2023: RMB18,839 million). Such fair values were assessed based on the quoted market price of these Bonds at the end of each reporting period.

NOTES TO THE INTERIM FINANCIAL INFORMATION

29 SHARE-BASED PAYMENTS

As of June 30, 2024, there was a total of 490,026,099 share options and RSUs available for further grant under all schemes of the Company.

Share options

Share options granted typically expire in 10 years from the respective grant dates, and vest in tranches from the vesting commence date over the vesting period, on condition that participants remain in service without any performance requirements.

The share options may not be exercised until vested subject to the terms of the award agreement and are exercisable for a maximum period of 10 years after the date of grant.

Movements in the number of share options and their related weighted average exercise prices are as follows:

	Unaudited	
	Number of share options	Weighted average exercise price per share option (HKD)
Outstanding as of January 1, 2024	21,893,044	37.14
Granted during the period	56,113,263	93.30
Forfeited during the period	(21,334)	186.10
Exercised during the period	<u>(1,055,818)</u>	23.91
Outstanding as of June 30, 2024	<u>76,929,155</u>	78.25
Vested and exercisable as of June 30, 2024	<u>20,584,101</u>	36.65
Outstanding as of January 1, 2023	27,067,581	38.31
Granted during the period	–	–
Forfeited during the period	(1,764,160)	49.22
Exercised during the period	<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

The weighted average remaining contractual life of outstanding share options was 8.0 years as of June 30, 2024 (December 31, 2023: 3.7 years). The weighted average price of the shares at the time these share options were exercised was HKD80.85 per share (equivalent to approximately RMB74.55 per share) for the six months ended June 30, 2024.

NOTES TO THE INTERIM FINANCIAL INFORMATION

29 SHARE-BASED PAYMENTS *(Continued)*

Fair value of share options

The Group has used Black-Scholes model to determine the fair value of the share option as of the grant date. Significant estimates on assumptions are made by the management. Key assumptions for the six months ended June 30, 2024 are set as below. There was no option granted for the six months ended June 30, 2023.

	Unaudited Six months ended June 30, 2024
Risk-free interest rates	3.4%-3.5%
Expected volatility	43.6%-44.3%
Fair value of share options per share (HKD)	46.74
Exercise price (HKD)	93.30

The weighted average fair value of granted options was HKD46.74 per share for the six months ended June 30, 2024.

RSUs

The Company also grants RSUs to employee participants and service providers under the Post-IPO Share Award Scheme. The RSUs awarded vest in tranches from the vesting commence date over a certain service period. Once the vesting conditions of RSUs are met, the RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer.

NOTES TO THE INTERIM FINANCIAL INFORMATION

29 SHARE-BASED PAYMENTS *(Continued)*

RSUs *(Continued)*

Movements in the number of RSUs and the respective weighted average grant date fair value are as follows:

	Unaudited	Weighted
	Number of	average grant
	RSUs	date fair value
		per RSU
		(HKD)
Outstanding as of January 1, 2024	119,992,525	167.29
Granted during the period	65,936,822	100.70
Vested during the period	(43,930,930)	169.62
Forfeited during the period	<u>(8,802,072)</u>	159.12
Outstanding as of June 30, 2024	<u>133,196,345</u>	134.10
Outstanding as of January 1, 2023	132,202,319	188.60
Granted during the period	50,471,719	132.66
Vested during the period	(37,615,243)	177.77
Forfeited during the period	<u>(19,271,272)</u>	122.58
Outstanding as of June 30, 2023	<u>125,787,523</u>	179.50

The fair value of each RSU at the grant dates is determined by reference to the fair value of the underlying ordinary shares on the date of grant.

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 interim condensed consolidated income statement or the interim condensed consolidated statement of financial position respectively:

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
RSUs	3,742,627	4,396,726
Share options	182,767	(3,944)
Total share-based payments charges	3,925,394	4,392,782
Amount capitalised	(5,055)	(5,294)
Share-based compensation expenses	<u>3,920,339</u>	<u>4,387,488</u>

30 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended June 30, 2024 and 2023.

31 CAPITAL COMMITMENTS

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Purchase of property, plant and equipment	6,301,244	10,483,811
Investments	893,612	1,167,823
	<u>7,194,856</u>	<u>11,651,634</u>

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control or joint control the other party or to exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subjected to common control or joint control. Members of key management and their close family members are also considered as related parties of the Group.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the Directors of the Company, the related party transactions were carried out in the ordinary course of business and at terms negotiated between the Group and the respective related parties.

(a) Names of and the Group's relationship with related parties

The following companies are significant related parties of the Group that had transactions with the Group during the six months ended June 30, 2024 and 2023, and/or balances with the Group as of June 30, 2024 and December 31, 2023.

Name of related parties	Relationship
Dalian Tongda Enterprise Management Co., Ltd.	Associate of the Group
Guangxi Dossen Hotel Management Group Co., Ltd.	Associate of the Group
Tianjin Maoyan and its subsidiaries	Associate of the Group

(b) Significant transactions with related parties

		Unaudited	
		Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
(i)	Sales of services		
	Associates of the Group	<u>216,900</u>	<u>217,613</u>
(ii)	Purchases of goods and services		
	Associates of the Group	<u>669,105</u>	<u>646,776</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

32 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
(i) Due from related parties Associates of the Group	<u>96,277</u>	<u>70,211</u>
(ii) Due to related parties Associates of the Group	<u>257,169</u>	<u>360,139</u>

(d) Key management compensation

	Unaudited Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Fees	1,001	748
Basic salaries and bonuses	12,720	11,423
Pension costs and other employee benefits	449	400
Share-based compensation expenses	<u>365,394</u>	<u>121,799</u>
	<u>379,564</u>	<u>134,370</u>

33 CONTINGENCIES

The Group did not have any material contingent liabilities as of June 30, 2024.

34 SUBSEQUENT EVENTS

The Company repurchased 80,777,000 of Class B Shares in the open market in July 2024. Such Class B Shares were repurchased at prices ranging from HKD105.20 to HKD120.10 per share.

Save as aforesaid, there were no other material subsequent events during the period from July 1, 2024 to the approval date of the Interim Financial Information by the Board on August 28, 2024.

“AGM”	the annual general meeting of the Company held on June 14, 2024
“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
“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
“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

DEFINITIONS

“CG Code”	the corporate governance code as set out in Appendix C1 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
“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”, or “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 28, 2024
“Director(s)”	the director(s) of the Company
“Eighth Amended and Restated Memorandum and Articles of Association”	the eighth amended and restated Memorandum and Articles of Association of the Company passed by the Shareholders at the AGM
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company and its subsidiaries and Consolidated Affiliated Entities from time to time
“HKD counter”	the HKD 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
“Hong Kong dollars”, “HK dollars”, “HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“IFRS Accounting Standards”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“IPO”	initial public offering
“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

DEFINITIONS

“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
“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)信息技术有限公司), 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 C3 to the Listing Rules
“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
“Option(s)”, “option(s)” or “share option(s)”	a right granted to subscribe for Class B Shares
“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 and May 17, 2024
“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 and May 17, 2024
“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, 2024
“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
“Scheme Limit”	the limit on grant(s) of share option(s) and/or award(s) over new Shares under all share schemes of the Company approved by the Shareholders, which must not exceed 624,212,527 (being 10% of the total number of issued Shares as at the date of the Shareholders’ approval of the Scheme Limit)
“service provider(s)”	shall have the same meaning as set out in Rule 17.03A of the Listing Rule and permitted under the Post-IPO Share Award Scheme
“Service Provider Sublimit”	a sublimit under the Scheme Limit for share options and/or awards over new shares of the Company under all share schemes adopted by the Company granted to the service providers, which must not exceed 62,421,252 (being 1% of the total number of issued Shares as at the date of the Shareholders’ approval of the Service Provider Sublimit)
“Shanghai Hanhai”	Hanhai 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

DEFINITIONS

“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
“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
“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
“Shareholder(s)”	holder(s) of the Share(s)
“Shares Repurchased”	has the meaning ascribed to it in the section headed “Purchase, Sale or Redemption of the Company’s Listed Securities or Sale of Treasury Shares” in this interim report
“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
“Tencent”	Tencent Holdings Limited (HKEx Stock Code: 700), or Tencent Holdings Limited and/or its subsidiaries, as the case may be

“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
“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 e-moped sharing businesses, 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