美团点评
Meituan Dianping

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

Stock Code: 3690

2018

Interim Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Wang Xing (王興) *(Chairman of the Board)*
Mu Rongjun (穆榮均)
Wang Huiwen (王慧文)

Non-Executive Directors

Lau Chi Ping Martin (劉熾平)
Neil Nanpeng Shen (沈南鵬)

Independent Non-Executive Directors

Orr Gordon Robert Halyburton
Leng Xuesong (冷雪松)
Shum Heung Yeung Harry (沈向洋)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Leng Xuesong (冷雪松) *(Chairman)*
Shum Heung Yeung Harry (沈向洋)
Wang Huiwen (王慧文)

CORPORATE GOVERNANCE COMMITTEE

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

JOINT COMPANY SECRETARIES

Wang Yixiang (王翼翔)
Lau Yee Wa (劉綺華)

AUTHORIZED REPRESENTATIVES

Wang Xing (王興)
Wang Huiwen (王慧文)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

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China Merchants Bank, Beijing Branch,
Shouti Sub-branch

STOCK CODE

3690

COMPANY WEBSITE

about.meituan.com

KEY HIGHLIGHTS

FINANCIAL SUMMARY

	Unaudited Six months ended June 30, 2018 Amount	2018 As a percentage of revenue	2017 Amount	2017 As a percentage of revenue
	(RMB in thousands, except for percentages)			
Revenues	**26,347,827**	**100.0%**	13,778,813	100.0%
Gross profit	**6,052,723**	**23.0%**	5,434,878	39.4%
Operating loss	**(3,899,841)**	**(14.8%)**	(1,250,117)	(9.1%)
Loss before income tax	**(28,647,756)**	**(108.7%)**	(12,391,840)	(89.9%)
Loss for the period	**(28,781,287)**	**(109.2%)**	(12,437,158)	(90.3%)
Non-IFRS measures:				
Adjusted EBITDA	**(2,707,325)**	**(10.3%)**	(493,451)	(3.6%)
Adjusted net loss	**(4,191,375)**	**(15.9%)**	(511,956)	(3.7%)

	Unaudited Six months ended June 30, 2018 Food delivery	2018 In-store, hotel & travel	2018 New initiatives and others	2017 Food delivery	2017 In-store, hotel & travel	2017 New initiatives and others
	(RMB in thousands except for percentages)					
Revenues	**15,964,328**	**6,810,499**	**3,573,000**	8,363,303	4,727,033	688,477
Gross profit/(loss)	**1,945,401**	**6,089,978**	**(1,982,656)**	805,441	4,183,770	445,667
Gross margin	**12.2%**	**89.4%**	**(55.5%)**	9.6%	88.5%	64.7%

OPERATING METRICS

	Six months ended June 30, 2018	Six months ended June 30, 2017	Year-over-year change
	(RMB in billions)		(in percentages)
Gross transaction volume:			
Food delivery	**122.7**	62.3	97.0
In-store, hotel & travel	**82.8**	74.9	10.6
New initiatives and others	**26.4**	11.8	123.1
Total	**231.9**	149.0	55.6

	Twelve months ended June 30, 2018	Twelve months ended June 30, 2017	Year-over-year change
	(in millions)		(in percentages)
Number of Transacting Users	**356.9**	274.6	30.0
Number of Active Merchants	**5.1**	3.4	51.6

	Twelve months ended June 30, 2018	Twelve months ended June 30, 2017	Year-over-year change
			(in percentages)
Average number of transactions per annual Transacting User	**21.4**	15.5	38.1

	Six months ended June 30, 2018	Six months ended June 30, 2017	Year-over-year change
	(in millions)		(in percentages)
Number of Food Delivery transactions	**2,773.6**	1,531.5	81.1
Number of domestic hotel room nights	**133.5**	89.4	49.3

CHAIRMAN'S STATEMENT

Dear All, I am pleased to present our interim report for the six months ended 30 June 2018 to our shareholders.

OPERATING SUMMARY

- The total Gross Transaction Volume (GTV) on our platform grew by 55.6% in the first half of 2018 to RMB 231.9 billion from RMB 149.0 billion in the same period of 2017.
- Annual Transacting Users on our platform in the twelve months ended June 30, 2018 grew by 30.0% to 356.9 million from 274.6 million in the twelve months ended June 30, 2017. On average, the annual number of transactions each Transacting User made on our platform increased to 21.4 transactions in the twelve months ended June 30, 2018 from 15.5 transactions in the twelve months ended June 30, 2017.
- Annual Active Merchants on our platform grew by 51.6% to 5.1 million in the twelve months ended June 30, 2018 from 3.4 million in the twelve months ended June 30, 2017.
- The overall monetization rate in the six months ended June 30, 2018 increased to 11.4% from 9.3% in the same period of 2017.

FINANCIAL SUMMARY

- Our total revenues increased by 91.2% to RMB 26.3 billion in the first half of 2018 from RMB 13.8 billion in the same period of 2017. We have achieved strong revenue growth across all major business segments.
- Total gross profit increased to RMB 6.1 billion in the first half of 2018 from RMB 5.4 billion in the same period of 2017. We have continued to make gross margin improvement in our core businesses such as food delivery and in store, hotel & travel.
- Selling and marketing expenses as a percentage of total revenues decreased to 25.5% in the first half of 2018 from 31.7% in the same period of 2017, attributable to economies of scale and healthy operating leverage.
- Negative adjusted EBITDA increased to RMB2.7 billion and adjusted net loss increased to RMB4.2 billion in the first half of 2018, primarily due to increase in investments into the new initiatives to explore and capture future business opportunities along our value chain.

BUSINESS HIGHLIGHTS BY SEGMENT

Food Delivery:

We are excited about the continuous strong growth momentum and financial improvement in our food delivery business. The daily average number of food delivery transactions increased by 81.1% to 15.3 million in the first half of 2018 from 8.5 million in the same period of 2017. GTV of food delivery business increased by 97.0% to RMB122.7 billion in the first half of 2018 from RMB 62.3 billion in the same period of 2017. Monetization rate was 13.0% in the first half of 2018 as compared to 13.4% in the first half of 2017. As a result, revenues from food delivery increased by 90.9% to RMB 16.0 billion in the first half of 2018 from RMB 8.4 billion in the same period of 2017. Gross profit from food delivery increased by 141.5% to RMB 1.9 billion in the first half of 2018 from RMB 805.4 million in the same period of 2017. Our delivery rider cost per order further declined attributable to the continuous expansion of our delivery network, improvement of order density and enhancement of our AI-powered intelligent dispatch system. Our gross margin for food delivery in the first half of 2018 expanded to 12.2% from 9.6% in the same period of 2017.

In-store, hotel & travel

We have continued to strengthen our leadership in in-store, hotel & travel businesses and improved the level of monetization during the first half of 2018. While GTV of in-store, hotel & travel businesses grew by 10.6% to RMB 82.8 billion in the first half of 2018 from RMB 74.9 billion in the same period of last year, the overall monetization rate increased to 8.2% from 6.3% attributable to an increasing portion of online marketing revenue. As a result, revenues from in-store, hotel & travel businesses in the first half of 2018 increased by 44.1% to RMB 6.8 billion from RMB 4.7 billion in the same period of 2017. The gross profit increased to RMB 6.1 billion in the first half of 2018 from RMB 4.2 billion in the same period of 2017 while gross margin increased to 89.4% from 88.5%.

In the first half of 2018, we continued to enhance our platform capabilities, helping merchants market their services more efficiently and providing more service offerings to consumers with better user experience. The number of annual Active Merchants and average revenue per Active Merchant of in-store and travel business both increased year over year. Especially, revenues from online marketing services increased significantly as a result of increase in the number of online marketing Active Merchants.

Our domestic room nights increased by 49% to 133.5 million in the six months of 2018 from 89.4 million in the same period of 2017. In addition, the average daily rate of the domestic room nights sold on the platform continued to increase healthily.

New initiatives and others

We have continued to make investments in new initiatives and believe this is important to help us expand the platform by offering more services to consumers and merchants, especially along the value chain of food industry. GTV from new initiatives and others grew by 123.1% to RMB 26.3 billion in the first half of 2018 from RMB 11.8 billion in the same period of 2017, while monetization rate increased to 13.6% from 5.8%. As a result, revenues from new initiatives and others in the first half of 2018 increased significantly by 419.0% to RMB 3.6 billion from RMB 0.7 billion in the same period of 2017.

Our services to merchants in this segment mainly consist of 1) cloud-based ERP systems, which could enable restaurants to digitize their operations and effectively improve their operational efficiencies, and 2) business-to-business food supply chain solutions, which aggregate the demand from various restaurants and help them obtain supply more efficiently and cost effectively. We are leveraging the relationship we have built with restaurant merchants in our food delivery and in-shore dining services to further drive the adoption and penetration of these services on our platform.

Our services to consumers in this segment primarily include 1) grocery and other non-food delivery, which could leverage our massive user base and existing world's largest intra-city on-demand delivery network, and 2) the pilot car-hailing service in 2 cities for business model exploration. We do not plan to further expand the car-hailing service based on current market dynamics.

We began to include Mobike in our new initiatives since the acquisition in April, 2018. As a high-frequency and location-based service, Mobike is complementary to our existing suite of services and can create more touchpoints with consumers and enhance user stickiness. We are currently in the process of integrating Mobike into our platform and optimizing the deployment and maintenance of the bike fleet to improve its operational efficiency.

APPRECIATION

We remain excited and steadfast in our mission of using technology to help people eat better, live better. On behalf of the Board, I would like to express our sincere gratitude to our consumers, merchants and partners for their trust in our platform, our delivery riders for their reliable and efficient services, our entire staff and management team for their outstanding contributions, and our shareholders for your continuous support.

Wang Xing
Chairman and Chief Executive Officer

Hong Kong, September 28, 2018

FIRST HALF OF 2018 COMPARED TO FIRST HALF OF 2017

The following table sets forth the comparative figures for the first half of 2018 and the first half of 2017:

	Unaudited	
	Six months ended	
	June 30, 2018	June 30, 2017
	(RMB in thousands)	
Revenues	**26,347,827**	13,778,813
Cost of revenues	**(20,295,104)**	(8,343,935)
Gross profit	**6,052,723**	5,434,878
Selling and marketing expenses	**(6,714,583)**	(4,362,901)
Research and development expenses	**(3,086,577)**	(1,470,346)
General and administrative expenses	**(1,663,491)**	(732,532)
Fair value changes on investments measured at fair value through profit or loss	**1,186,282**	(252,177)
Other gains, net	**325,805**	132,961
Operating loss	**(3,899,841)**	(1,250,117)
Finance income	**109,169**	12,814
Finance costs	**(13,839)**	(3,246)
Fair value changes of convertible redeemable preferred shares	**(24,850,095)**	(11,191,863)
Share of gains of investments accounted for using equity method	**6,850**	40,572
Loss before income tax	**(28,647,756)**	(12,391,840)
Income tax expenses	**(133,531)**	(45,318)
Loss for the period	**(28,781,287)**	(12,437,158)
Non-IFRS measures:		
Adjusted EBITDA	**(2,707,325)**	(493,451)
Adjusted net loss	**(4,191,375)**	(511,956)

Revenues

Our revenues increased by 91.2% from RMB13.8 billion in the first half of 2017 to RMB26.3 billion in the first half of 2018. The increase was primarily driven by (i) the increase in Gross Transaction Volume on our platform from RMB149.0 billion in the first half of 2017 to RMB231.9 billion in the first half of 2018 which was driven by the increase in the number of Transacting Users and their purchase frequency, and increase in the number of Active Merchants, and (ii) the increase in monetization rate from 9.3% in the first half of 2017 to 11.4% in the first half of 2018.

The following tables set forth our revenues by segment and by type both in absolute amount and as a percentage of our total revenues in the first half of 2018 and the first half of 2017:

Revenues by Segment

	Unaudited Six months ended June 30, 2018		June 30, 2017	
	Amount	**As a percentage of total revenues**	Amount	As a percentage of total revenues
	(RMB in thousands, except for percentages)			
Revenues				
Food delivery	**15,964,328**	**60.6%**	8,363,303	60.7%
In-store, hotel & travel	**6,810,499**	**25.8%**	4,727,033	34.3%
New initiatives and others	**3,573,000**	**13.6%**	688,477	5.0%
Total	**26,347,827**	**100.0%**	13,778,813	100.0%

Our revenues from the food delivery segment increased by 90.9% from RMB8.4 billion in the first half of 2017 to RMB16.0 billion in the first half of 2018, primarily due to significant increase in the number of transactions which is resulted from (i) the increase in both food delivery user base and average purchase frequency per user, (ii) the organic growth of demand from merchants.

Our revenues from the in-store, hotel & travel segment increased by 44.1% from RMB4.7 billion in the first half of 2017 to RMB6.8 billion in the first half of 2018, primarily due to (i) the increase in the number of Active Merchants as well as the average revenue per Active Merchant of our in-store and travel businesses, and (ii) the increase in the number of domestic room nights we sold and the increase of Gross Transaction Volume per room night.

Our revenues from the new initiatives and others segment increased by 419.0% from RMB0.7 billion in the first half of 2017 to RMB3.6 billion in the first half of 2018, primarily due to the increases in revenues from services to merchants, such as supply chain management and cloud-based ERP systems, and services to consumers, such as non-food delivery service and gorcery, as well as bike-sharing service.

Revenues by Type

	Unaudited Six months ended June 30, 2018		June 30, 2017	
	Amount	As a percentage of total revenue	Amount	As a percentage of total revenue
	(RMB in thousands, except for percentages)			
Revenues				
Commission	**20,293,739**	**77.0%**	11,513,166	83.6%
Online Marketing Services	**3,596,000**	**13.6%**	1,883,727	13.7%
Other Services and Sales	**2,458,088**	**9.4%**	381,920	2.7%
Total	**26,347,827**	**100.0%**	13,778,813	100.0%

Our commission increased by 76.3% from RMB11.5 billion in the first half of 2017 to RMB20.3 billion in the first half of 2018, primarily due to increases in the Gross Transaction Volume on our platform from RMB149.0 billion in the first half of 2017 to RMB231.9 billion in the first half of 2018, which was in turn driven by increases in (i) the number of Transacting Users, (ii) the number of Active Merchants, (iii) the purchase frequency of Transacting Users, and increase in the monetization rate from 9.3% in the first half of 2017 to 11.4% in the first half of 2018.

Our online marketing revenues increased by 90.9% from RMB1.9 billion in the first half of 2017 to RMB3.6 billion in the first half of 2018, primarily due to increase in the number of online marketing active merchants.

Our revenues for other services and sales increased by 543.6% from RMB0.4 billion in the first half of 2017 to RMB2.5 billion in the first half of 2018, primarily due to the expansion of our services offerings during the period.

Cost of Revenues

Our cost of revenues increased by 143.2% from RMB8.3 billion in the first half of 2017 to RMB20.3 billion in the first half of 2018. The increase was caused by our revenue growth in the first half of 2018, especially the strong revenue growth of our food delivery segment, as well as our new initiatives and other services.

The following table sets forth our cost of revenues by segment in the first half of 2018 and the first half of 2017:

	Unaudited Six months ended			
	June 30, 2018		June 30, 2017	
	Amount	As a percentage of total cost of revenues	Amount	As a percentage of total cost of revenues
	(RMB in thousands, except for percentages)			
Cost of revenues				
Food delivery	**14,018,927**	**69.1%**	7,557,862	90.6%
In-store, hotel & travel	**720,521**	**3.6%**	543,263	6.5%
New initiatives and others	**5,555,656**	**27.3%**	242,810	2.9%
Total	**20,295,104**	**100.0%**	8,343,935	100.0%

Cost of revenues for our food delivery business increased by 85.5% from RMB7.6 billion in the first half of 2017 to RMB14.0 billion in the first half of 2018, primarily due to the increases in food delivery rider costs as a result of the increase in the number of food deliveries made by us.

Cost of revenues for our in-store, hotel & travel business increased by 32.6% from RMB0.5 billion in the first half of 2017 to RMB0.7 billion in the first half of 2018. The increase was primarily due to increase in online traffic costs and payment processing costs, which was generally in line with the revenue growth, and increases in other outsourcing labor costs, employee benefits expenses and depreciation of property, plant and equipment.

Cost of revenues for the new initiatives and others business increased from RMB0.2 billion in the first half of 2017 to RMB5.6 billion in the first half of 2018, primarily due to increases in car-hailing driver related costs, depreciation of property, plant and equipment primarily as a result of our acquisition of Mobike, increase in other outsourcing labor costs due to expansion of our non-food delivery services, and cost of goods sold and payment processing costs as a result of the growth of other sales and services.

Gross Profit and Gross Margin

The following table sets forth our gross profit both in absolute amount and as a percentage of revenues, or gross margin, by segment for the periods indicated:

	Unaudited Six months ended			
	June 30, 2018		June 30, 2017	
	Amount	As a percentage of total revenues	Amount	As a percentage of total revenues
	(RMB in thousands, except for percentages)			
Gross Profit				
Food delivery	**1,945,401**	**12.2%**	805,441	9.6%
In-store, hotel & travel	**6,089,978**	**89.4%**	4,183,770	88.5%
New initiatives and others	**(1,982,656)**	**(55.5)%**	445,667	64.7%
Total	**6,052,723**	**23.0%**	5,434,878	39.4%

As a result of the foregoing, our gross profits in the first half of 2017 and 2018 were RMB5.4 billion and RMB6.1 billion, respectively, and our gross margin was 39.4% and 23.0%, respectively. The decrease of our gross margin was primarily due to the change of mix of our revenues caused by the launch of new product and service categories within the new initiatives and others segment.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 53.9% from RMB4.4 billion in the first half of 2017 to RMB6.7 billion in the first half of 2018, primarily due to the increases in Transaction User incentives, promotion and advertising expenses, and employee benefits expenses. Transacting Users incentives increased by 46.3% from RMB1.6 billion in the first half of 2017 to RMB2.4 billion in the first half of 2018 as we continued to drive the rapid growth of the food delivery segment in the first half of 2018. Promotion and advertising expenses increased by 67.9% from RMB794.1 million in the first half of 2017 to RMB1.3 billion in the first half of 2018 primarily due to the increase in our marketing and branding campaigns. Employee benefits expenses increased from RMB1.6 billion in the first half of 2017 to RMB2.2 billion in the first half of 2018 due to our expansion of the selling and marketing teams to support the expansion of the food delivery and new initiatives and others services.

Research and Development Expenses

Our research and development expenses increased by 109.9% from RMB1.5 billion in the first half of 2017 to RMB3.1 billion in the first half of 2018, primarily due to the increase in employee benefits expenses from RMB1.4 billion in the first half of 2017 to RMB2.9 billion in the first half of 2018 as a result of the increases in the headcount of our research and development personnel to support our business growth and increase in the average salaries and benefits of our research and development personnel.

General and Administrative Expenses

Our general and administrative expenses increased by 127.1% from RMB732.5 million in the first half of 2017 to RMB1.7 billion in the first half of 2018, primarily due to (i) the increase in employee benefits expenses from RMB419.8 million in the first half of 2017 to RMB994.4 million in the first half of 2018 as a result of the increases in headcount and the average salaries and benefits of our administrative personnel, and (ii) the increase in provision of doubtful amounts of our micro loan business due to business expansion as well as the adoption of IFRS 9.

Fair Value Changes on Investments Measured at Fair Value Through Profit or Loss

Our fair value changes on investments measured at fair value through profit or loss increased by 1.4 billion in the first half of 2018 compare to the same period of 2017, primarily due to fair value gains from our investee companies.

Other Gains, Net

Our other gains, net changed from a gain of RMB133.0 million in the first half of 2017 to a gain of RMB325.8 million in the first half of 2018, primarily due to increased income from short-term investments measured at amortized cost and increase in government subsidies.

Operating Loss

As a result of the foregoing, our operating loss in the first half of 2018 was RMB3.9 billion, increased by 212.0% from RMB1.3 billion in the first half of 2017.

Finance Income/(Costs), Net

We had net finance income of RMB95.3 million in the first half of 2018, compared to net finance income of RMB9.6 million in the first half of 2017, primarily due to increased interest earnings from bank deposits.

Fair Value Changes of Convertible Redeemable Preferred Shares

Fair value changes of convertible redeemable preferred shares increased from a loss of RMB11.2 billion in the first half of 2017 to a loss of RMB24.9 billion in the first half of 2018, resulting from changes in the valuation of our Company.

Loss Before Income Tax

Primarily as a result of the foregoing, our loss before income tax in the first half of 2018 was RMB28.6 billion, increased by 131.2% from RMB12.4 billion in the first half of 2017.

Income tax expenses

We had income tax expenses of RMB133.5 million in the first half of 2018, compared to income tax expenses of RMB45.3 million in the first half of 2017, primarily due to increase in the withholding income tax from the disposal of one of our investee companies.

Loss For the Period

As a result of the foregoing, we had losses of RMB12.4 billion and RMB28.8 billion in the first half of 2017 and the first half of 2018, respectively.

Non-IFRS Measures: Adjusted EBITDA And Adjusted Net Loss

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

The following tables set forth the reconciliations of our non-IFRS financial measures for the first half of 2017 and first half of 2018 to the nearest measures prepared in accordance with IFRS.

	Unaudited Six months ended	
	June 30, 2018	June 30, 2017
	(RMB in thousands)	
Operating Loss	**(3,899,841)**	(1,250,117)
Add:		
Fair value changes on investments measured at fair value through profit or loss	**(1,186,282)**	252,177
Other (gains), net	**(325,805)**	(132,961)
Depreciation of property, plant and equipment	**1,547,220**	142,345
Amortization of intangible assets	**475,125**	215,224
Share-based compensation expenses	**682,258**	279,881
Adjusted EBITDA	**(2,707,325)**	(493,451)
Loss for the period	**(28,781,287)**	(12,437,158)
Add:		
Fair value changes of convertible redeemable preferred shares	**24,850,095**	11,191,863
Share-based compensation expenses	**682,258**	279,881
Fair value (gains)/losses on investments[1]	**(1,190,490)**	291,045
(Gains)/losses on disposal of investments and subsidiaries[2]	**(29,968)**	—
Amortization of intangible assets resulting from acquisitions	**278,017**	162,413
Adjusted net loss	**(4,191,375)**	(511,956)

1 Represents unrealized gains or losses from fair value change on investments, including (i) fair value changes on investments measured at fair value through profit or loss; (ii) dilution gain; (iii) change in fair value from contingent consideration; and (iv) change in fair value from put and call option for Maoyan.

2 Represents realized gains or losses from disposal of investments.

Liquidity and Capital Resources

We had historically funded our cash requirements principally from capital contribution from shareholders and financing through issuance and sale of preferred shares in private placement transactions. We had cash and cash equivalents of RMB5.0 billion and RMB26.3 billion as of June 30, 2017 and June 30, 2018, respectively.

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

	Unaudited Six months ended June 30, 2018	June 30, 2017
	(RMB in thousands)	
Net cash used in operating activities	**(5,513,676)**	(1,442,802)
Net cash generated from/(used in) investing activities	**12,627,023**	(3,061,049)
Net cash (used in)/generated from financing activities	**(466,934)**	157,147
Net increase/(decrease) in cash and cash equivalents	**6,646,413**	(4,346,704)
Cash and cash equivalents at the beginning of the year	**19,408,839**	9,376,575
Exchange gain/(loss) on cash and cash equivalents	**221,594**	(65,952)
Cash and cash equivalents at the end of the period	**26,276,846**	4,963,919

Net Cash Used In Operating Activities

Net cash used in operating activities primarily consists of our loss for the period and non-cash items, such as depreciation and amortization, and adjusted by changes in working capital.

For the first half of 2018, net cash used in operating activities amounted to RMB5.5 billion, which was primarily attributable to our loss before income tax from continuing operations of RMB28.6 billion, as adjusted by (i) non-cash items, which primarily comprised fair value changes of convertible redeemable preferred shares of RMB24.9 billion and depreciation and amortization of RMB 2.0 billion; and (ii) changes in working capital, which primarily comprised an increase in prepayments, deposits and other assets of RMB1.5 billion, an increase in trade payables of RMB 0.9 billion, a decrease in payables to merchants of RMB1.3 billion, and a decrease in deposit due to transacting users of RMB1.4 billion.

Net Cash Generated From Investing Activities

For the first half of 2018, net cash generated from investing activities was RMB12.6 billion, which was mainly attributable to proceeds from disposals of short-term investments of RMB38.9 billion, proceeds from disposal of investments measured at fair value through profit or loss of RMB 2.6 billion, partially offset by purchase of short-term investments of RMB21.1 billion and payments for business combinations, net of cash acquired of RMB6.9 billion and purchase of investments measured at fair value through profit or loss of RMB1.0 billion.

Net Cash Used In Financing Activities

For the first half of 2018, net cash used in financing activities was RMB0.5 billion, which primarily comprised repurchase of ordinary shares of RMB853.4 million and repayments of borrowings of RMB440.0 million, and payment for acquisition of non-controlling interests of RMB176.3 million, partially offset by proceeds from borrowings of RMB1,005.0 million.

Gearing ratio

As of June 30, 2018, our gearing ratio, calculated as total borrowings divided by total equity attributable to equity holders of the Company was approximately -1.5%.

INDEBTEDNESS

Borrowings

As of June 30, 2018, we had total borrowings of RMB1,117.0 million. The maturity profile of our borrowings are disclosed in Note 27 to the interim financial report.

Convertible Redeemable Preferred Shares

As of June 30, 2018, the convertible redeemable preferred shares had fair value of RMB135.1 billion.

CONTINGENT LIABILITIES

As of June 30, 2018, we did not have any material contingent liabilities.

CAPITAL EXPENDITURE AND LONG-TERM INVESTMENTS

	Unaudited Six months ended	
	June 30, 2018	June 30, 2017
	(RMB in thousands)	
Purchase of property, plant and equipment	**847,162**	210,071
Purchase of intangible assets	**9,045**	4,149
Payments for business combinations	**6,872,126**	86,093
Acquisition of investments accounted for using the equity method	**135,875**	606,218
Acquisition of investments measured at fair value	**1,023,616**	46,189
Total	**8,887,824**	952,720

The increase of RMB7.9 billion in our total capital expenditures and long-term investments from the first half of 2017 to the first half of 2018 was primarily due to the increase in payment for business combinations of RMB6.8 billion as a result of our acquisition of Mobike.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of June 30, 2018, we had no off-balance sheet commitments other than off-balance sheet financial guarantee contracts of RMB1,132.4 million.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended June 30, 2018, we did not have any other material acquisitions or disposals of subsidiaries and affiliated companies except for the acquisition of Mobike, which has been disclosed in Note 31 to the interim financial report.

EMPLOYEE AND REMUNERATION POLICY

As of June 30, 2018, we had 51,207 full-time employees. Substantially all of our employees are based in China, primarily at our headquarters in Beijing and Shanghai, with the rest in Xiamen, Shijiazhuang, Yangzhou, Chengdu and other cities.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our recruiting and retention strategy, we offer employees competitive salaries, performance-based cash bonuses and certain other incentives. The total remuneration expenses, for the first half of 2018 were RMB6,516.9 million.

FOREIGN EXCHANGE RISK

The functional currency of the Company is US Dollar whereas functional currency of the subsidiaries operating in the PRC is Renminbi. As of June 30, 2018, our cash and cash equivalent balance was denominated in US Dollar and Renminbi. We manage foreign exchange risk by performing regular reviews of our net foreign exchange exposures and try to minimize these exposures through natural hedges, wherever possible and may enter into forward foreign exchange contracts, when necessary. We operate mainly in the PRC with most of the transactions settled in RMB, management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities denominated in the currencies other than the respective functional currencies of our entities. As of June 30, 2018, we did not have significant foreign currency exposure from our operations.

SIGNIFICANT INVESTMENT HELD

During the first half of 2018, save as disclosed in the prospectus of the Company dated September 7, 2018 (the "**Prospectus**"), we had no significant investment held.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus, the Company will use approximately 20% of the net proceeds from the Global Offering, selectively pursue acquisitions or investments in assets and businesses which are complementary to our business and are in line with our strategies. As of June 30, 2018, the Company had not identified or pursued any acquisition target.

PLEDGE OF ASSETS

As of June 30, 2018, RMB300 million and USD116.7 million were pledged to China Merchants Bank Co., Ltd as guarantee.

INTERIM DIVIDENDS

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2018.

OTHER INFORMATION

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

As the Company was not listed on the Stock Exchange as at June 30, 2018, section 352 of the SFO and the Model Code were not applicable to the Directors or chief executives of the Company as at June 30, 2018.

As at the Listing Date, the interests and/or short positions (as applicable) of our Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to our Company and the Stock Exchange, will be as follows:

(i) Interest in Shares of the Company

Name of Director or chief executive	Nature of interest	Relevant company	Number and class of securities	Approximate percentage of interest in each class of shares of the Company[2]
WANG Xing[3]	Beneficiary and founder of a Trust (L)	Trust	489,600,000 Class A Shares	66.56%
	Interest in controlled corporation (L)	Songtao Limited	489,600,000 Class A Shares	66.56%
	Interest in controlled corporation (L)	Crown Holdings Asia Limited	489,600,000 Class A Shares	66.56%
	Interest in controlled corporation (L)	Shared Patience Inc.	83,588,783 Class A Shares	11.36%
MU Rongjun[4]	Beneficiary and founder of a Trust (L)	Trust	118,650,000 Class A Shares	16.13%
	Interest in controlled corporation (L)	Day One Holdings Limited	118,650,000 Class A Shares	16.13%
	Interest in controlled corporation (L)	Charmway Enterprises Company Limited	118,650,000 Class A Shares	16.13%
	Interest in controlled corporation (L)	Shared Vision Investment Limited	7,330,000 Class A Shares	1.00%
	Beneficial interest	—	3,000,000 Class B Shares	0.06%

Name of Director or chief executive	Nature of interest	Relevant company	Number and class of securities	Approximate percentage of interest in each class of shares of the Company[2]
WANG Huiwen[5]	Interest in controlled corporation (L)	Kevin Sunny Holding Limited	36,400,000 Class A Shares	4.95%
	Beneficial interest	—	17,428,600 Class B Shares	0.37%
Neil Nanpeng Shen[6]	Interest in controlled corporations (L)	Sequoia Capital China Funds and Sequoia Capital Global Growth Funds	573,097,093 Class B Shares	12.05%

Notes:

(1) The letter "L" denotes the person's Long Position in such Shares.

(2) The table above is calculated on the basis of 5,491,255,065 Shares.

(3) 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 is wholly-owned by Wang Xing.

(4) 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 118,650,000 Class A Shares held by Charmway Enterprises under the SFO. Shared Vision is wholly-owned by Mu Rongjun. Mu Rongjun is granted RSUs equivalent to 1,000,000 Shares and options with respect to 2,000,000 Shares.

(5) Kenny Sunny is wholly-owned by Wang Huiwen. Wang Huiwen is granted RSUs equivalent to 11,550,000 Shares, and options with respect to 5,878,600 Shares.

(6) Sequoia Capital China Funds refers to Sequoia Capital China I, L.P., Sequoia Capital China Partners Fund I, L.P., Sequoia Capital China Principals Fund I, L.P., Sequoia Capital China II, L.P., Sequoia Capital China Partners Fund II, L.P., Sequoia Capital China Principals Fund II, L.P., Sequoia Capital 2010 CV Holdco, Ltd., SCC Venture V Holdco I, Ltd., SCC Venture VI Holdco, Ltd., SCC Venture VI Holdco B, Ltd., SCC Growth 2010-Top Holdco, Ltd., Sequoia Capital 2010 CGF Holdco, Ltd., SCC Growth IV Holdco A, Ltd., SCC Growth IV 2017-E, L.P. and SCC Growth IV 2017-D, L.P. (which hold approximately 1.22%, 0.14%, 0.19%, 3.71%, 0.09%, 0.62%, 0.95%, 0.01%, 0.05%, 0.01%, 1.12%, 0.47%, 0.02%, 0.25% and 0.42%, respectively, of the outstanding Shares), and Sequoia Capital Global Growth Funds refers to Sequoia Capital Global Growth Fund, L.P., Sequoia Capital Global Growth Principals Fund, L.P. and SC GGFII Holdco, Ltd. (which hold approximately 0.50%, 0.01% and 0.65%, respectively, of the outstanding Shares). The Sequoia Capital China Funds and the Sequoia Capital Global Growth Funds may act together with respect of the holding, disposal and casting of vote rights of the Shares. Accordingly, the Sequoia Capital China Funds and the Sequoia Capital Global Growth Funds together control a 10.44% interest in the share capital of the Company (or 12.05% of the total issued Class B Shares) and as a result, each of the Sequoia Capital China Funds and each of the Sequoia Capital Global Growth Funds is deemed to be interested in such 10.44% interest in the share capital of the Company (or 12.05% of the total issued Class B Shares).

The general partner of each of Sequoia Capital China I, L.P., Sequoia Capital China Partners Fund I, L.P. and Sequoia Capital China Principals Fund I, L.P. is Sequoia Capital China Management I, L.P. ("SCC Management I"). The general partner of each of Sequoia Capital China II, L.P., Sequoia Capital China Partners Fund II, L.P. and Sequoia Capital China Principals Fund II, L.P. is Sequoia Capital China Management II, L.P. ("SCC Management II"). The sole shareholder of Sequoia Capital 2010 CV Holdco, Ltd. is Sequoia Capital China Venture 2010 Fund, L.P., whose general partner is SC China Venture 2010 Management, L.P. ("SCCV 2010 Management"). The sole shareholder of SCC Venture V Holdco I, Ltd. is Sequoia Capital China Venture Fund V, L.P., whose general partner is SC China Venture V Management, L.P. ("SCCV V Management"). The sole shareholder of each of SCC Venture VI Holdco, Ltd. and SCC Venture VI Holdco B, Ltd. is Sequoia Capital China Venture Fund VI, L.P., whose general partner is SC China Venture VI Management, L.P. ("SCCV VI Management"). The controlling shareholder of SCC Growth 2010-Top Holdco, Ltd. and the sole shareholder of Sequoia Capital 2010 CGF Holdco, Ltd. is Sequoia Capital China Growth 2010 Fund, L.P. ("China Growth Fund 2010"), whose general partner is SC China Growth 2010 Management, L.P. ("SCCGF 2010 Management"). In respect of the casting of votes held by China Growth Fund 2010 in SCC Growth 2010-Top Holdco, Ltd., China Growth Fund 2010 is accustomed to act in accordance with the instructions of Sequoia Capital China Growth Fund I, L.P. The sole shareholder of SCC Growth IV Holdco A, Ltd. is Sequoia Capital China Growth Fund IV, L.P., whose general partner is SC China Growth IV Management, L.P. ("SCCGF IV Management" and, together with SCC Management I, SCC Management II, SCCV 2010 Management, SCCV V Management, SCCV VI Management and SCCGF 2010 Management, collectively, the "General Partners"). The general partner of each of SCC Growth IV 2017-E, L.P. and SCC Growth IV 2017-D, L.P. is SCCGF IV Management. The general partner of each of the General Partners is SC China Holding Limited, which is a wholly-owned subsidiary of SNP China Enterprises Limited. Neil Nanpeng Shen is the sole shareholder of SNP China Enterprises Limited. Therefore, Neil Nanpeng Shen is deemed to be interested in the 10.44% interest in the share capital of the Company (or 12.05% of the total issued Class B Shares).

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

As the Company was not listed on the Stock Exchange as at June 30, 2018, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the Company as at June 30, 2018. As at the Listing Date, so far as the Directors are aware, the following persons (other than our Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares or debentures of the Company which were required to be notified to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were required pursuant to section 336 of the SFO to be entered in the register referred to therein:

Name of Substantial Shareholder	Capacity/Nature of interest	Number and class of shares held[1]	Approximate percentage of interest in each class of shares of the Company[1]
Class A Shares – Wang Xing			
Crown Holdings Asia Limited[2]	Beneficial interest	489,600,000 Class A Shares	66.56%
Share Patience Inc. [2]	Beneficial interest	83,588,783 Class A Shares	11.36%
Songtao Limited[2]	Interest in controlled corporation	489,600,000 Class A Shares	66.56%
TMF (Cayman) Ltd.	Trustee	489,600,000 Class A Shares	66.56%
Wang Xing	Beneficiary of a trust[2]	489,600,000 Class A Shares	66.56%
	Founder of a trust[2]	489,600,000 Class A Shares	66.56%
	Interest in controlled corporation[2]	83,588,783 Class A Shares	11.36%
Class A Shares – Mu Rongjun			
Charmway Enterprises Company Limited[3]	Beneficial interest	118,650,000 Class A Shares	16.13%
Shared Vision Investment Limited[3]	Beneficial interest	7,330,000 Class A Shares	1.00%
Day One Holdings Limited[3]	Interest in a controlled corporation	118,650,000 Class A Shares	16.13%
TMF (Cayman) Ltd.	Trustee	118,650,000 Class A Shares	16.13%

Name of Substantial Shareholder	Capacity/Nature of interest	Number and class of shares held[1]	Approximate percentage of interest in each class of shares of the Company[1]
Mu Rongjun	Beneficiary of a trust[3]	118,650,000 Class A Shares	16.13%
	Founder of a trust[3]	118,650,000 Class A Shares	16.13%
	Interest in controlled corporation[3]	7,330,000 Class A Shares	1.00%
Class B Shares – Tencent			
Huai River Investment Limited[4]	Beneficial interest	623,420,905 Class B Shares	13.11%
Tencent Mobility Limited[4] [5]	Beneficial interest	391,703,555 Class B Shares	8.24%
Morespark Limited[4]	Beneficial interest	8,850,245 Class B Shares	0.19%
Great Summer Limited[4]	Beneficial interest	25,000,000 Class B Shares	0.53%
TPP Follow-on I Holding B Limited[4]	Beneficial interest	3,150,931 Class B Shares	0.07%
TPP Follow-on I Holding C Limited[4]	Beneficial interest	4,473,024 Class B Shares	0.09%
Class B Shares – Sequoia			
Sequoia Capital China Funds and Sequoia Capital Global Growth Funds[6]	Beneficial interest	573,097,093 Class B Shares	12.05%

Notes:

(1) The calculation is based on the total number of relevant class of Shares in issue as at the Listing Date.

(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 118,650,000 Class A Shares held by Charmway Enterprises under the SFO. Shared Vision is wholly-owned by Mu Rongjun.

(4) Huai River Investment Limited, a company incorporated under the laws of the British Virgin Islands, Tencent Mobility Limited, a company incorporated under the laws of Hong Kong, Morespark Limited, a company incorporated under the laws of Hong Kong and Great Summer Limited, a company incorporated under the laws of the British Virgin Islands, are direct wholly-owned subsidiaries of Tencent. TPP Follow-on I Holding B Limited and TPP Follow-on I Holding C Limited, companies incorporated under the laws of the Cayman Islands, are beneficially owned by Tencent.

(5) Include Shares subscribed by Tencent Mobility Limited as a cornerstone investor through exercising the Tencent Anti-dilution Option, assuming the Offer Price of HK$66 per Share, being the mid point of the indicative Offer Price range of HK$60 to HK$72.

(6) Includes Shares held by: (1) Sequoia Capital China I, L.P., Sequoia Capital China Partners Fund I, L.P., Sequoia Capital China Principals Fund I, L.P., Sequoia Capital China II, L.P., Sequoia Capital China Partners Fund II, L.P., Sequoia Capital China Principals Fund II, L.P., Sequoia Capital 2010 CV Holdco, Ltd., SCC Venture V Holdco I, Ltd., SCC Venture VI Holdco, Ltd., SCC Venture VI Holdco B, Ltd., SCC Growth 2010-Top Holdco, Ltd., Sequoia Capital 2010 CGF Holdco, Ltd., SCC Growth IV Holdco A, Ltd., SCC Growth IV 2017-E, L.P. and SCC Growth IV 2017-D, L.P. (collectively referred to as the "Sequoia Capital China Funds"), which hold approximately 1.22%, 0.14%, 0.19%, 3.71%, 0.09%, 0.62%, 0.95%, 0.01%, 0.05%, 0.01%, 1.12%, 0.47%, 0.02%, 0.25% and 0.42%, respectively, of the outstanding Shares; and (2) Sequoia Capital Global Growth Fund, L.P., Sequoia Capital Global Growth Principals Fund, L.P. and SC GGFII Holdco, Ltd. (collectively referred to as the "Sequoia Capital Global Growth Funds"), which hold approximately 0.50%, 0.01% and 0.65%, respectively, of the outstanding Shares. The Sequoia Capital China Funds and the Sequoia Capital Global Growth Funds may act together with respect of the holding, disposal and casting of vote rights of the Shares. Accordingly, the Sequoia Capital China Funds and the Sequoia Capital Global Growth Funds together control a 10.44% interest in the share capital of the Company (or 12.05% of the total issued Class B Shares) and as a result, each of the Sequoia Capital China Funds and each of the Sequoia Capital Global Growth Funds is deemed to be interested in such 10.44% interest in the share capital of the Company (or 12.05% of the total issued Class B Shares).

The general partner of each of Sequoia Capital China I, L.P., Sequoia Capital China Partners Fund I, L.P. and Sequoia Capital China Principals Fund I, L.P. is Sequoia Capital China Management I, L.P. ("SCC Management I"). The general partner of each of Sequoia Capital China II, L.P., Sequoia Capital China Partners Fund II, L.P. and Sequoia Capital China Principals Fund II, L.P. is Sequoia Capital China Management II, L.P. ("SCC Management II"). The sole shareholder of Sequoia Capital 2010 CV Holdco, Ltd. is Sequoia Capital China Venture 2010 Fund, L.P., ("China Venture 2010 Fund") whose general partner is SC China Venture 2010 Management, L.P. ("SCCV 2010 Management"). The sole shareholder of SCC Venture V Holdco I, Ltd. is Sequoia Capital China Venture Fund V, L.P. ("China Venture Fund V"), whose general partner is SC China Venture V Management, L.P. ("SCCV V Management"). The sole shareholder of each of SCC Venture VI Holdco, Ltd. and SCC Venture VI Holdco B, Ltd. is Sequoia Capital China Venture Fund VI, L.P. ("China Venture Fund VI"), whose general partner is SC China Venture VI Management, L.P. ("SCCV VI Management"). The controlling shareholder of SCC Growth 2010-Top Holdco, Ltd. and the sole shareholder of Sequoia Capital 2010 CGF Holdco, Ltd. is Sequoia Capital China Growth 2010 Fund, L.P. ("China Growth Fund 2010"), whose general partner is SC China Growth 2010 Management, L.P. ("SCCGF 2010 Management"). In respect of the casting of votes held by China Growth Fund 2010 in SCC Growth 2010-Top Holdco, Ltd., China Growth Fund 2010 is accustomed to act in accordance with the instructions of Sequoia Capital China Growth Fund I, L.P. ("China Growth Fund I"). The sole shareholder of SCC Growth IV Holdco A, Ltd. is Sequoia Capital China Growth Fund IV, L.P. ("China Growth Fund IV"), whose general partner is SC China Growth IV Management, L.P. ("SCCGF IV Management" and, together with SCC Management I, SCC Management II, SCCV 2010 Management, SCCV V Management, SCCV VI Management and SCCGF 2010 Management, collectively, the "General Partners"). The general partner of each of SCC Growth IV 2017-E, L.P. and SCC Growth IV 2017-D, L.P. is SCCGF IV Management. The general partner of each of the General Partners is SC China Holding Limited, which is a wholly-owned subsidiary of SNP China Enterprises Limited. Neil Nanpeng Shen is the sole shareholder of SNP China Enterprises Limited. In addition, China Growth Fund IV is interested in more than 33.3% limited partnership interest in SCC Growth IV 2017-D, L.P., Neil Nanpeng Shen is interested in more than 33.3% limited partnership interest in Sequoia Capital China Partners Fund I, L.P., and Joy Halo Limited is interested in more than 33.3% limited partnership interest in SCC Growth IV 2017-E, L.P. Each of Gopher Global Secondary Opportunities Fund II LP (which is controlled by its general partner, Gopher Global Secondary Opportunities Fund II GP Limited) and Gopher China Special Opportunity Fund V LP (which is controlled by its general partner, Gopher China Special Opportunity Fund V GP Limited) is interested in more than 33.3% of Joy Halo Limited. Each of Gopher Global Secondary Opportunities Fund II GP Limited and Gopher China Special Opportunity Fund V GP Limited is wholly-owned by Gopher GP Holdings Limited, which is wholly-owned by Gopher Fund Holdings Limited, which is in turn wholly-owned by Noah Holdings Limited (a company incorporated in Cayman Islands whose shares are listed on the New York Stock Exchange). Therefore, each of China Venture 2010 Fund, China Venture Fund V, China Venture Fund VI, China Growth Fund I, China Growth Fund 2010, China Growth Fund IV, the General Partners, SC China Holding Limited, SNP China Enterprises Limited, Neil Nanpeng Shen, Joy Halo Limited, Gopher Global Secondary Opportunities Fund II LP, Gopher Global Secondary Opportunities Fund II GP Limited, Gopher China Special Opportunity Fund V LP, Gopher China Special Opportunity Fund V GP Limited, Gopher GP Holdings Limited, Gopher Fund Holdings Limited and Noah Holdings Limited is deemed to be interested in the 9.27% interest in the share capital of the Company (or 10.70% of the total issued Class B Shares).

The general partner of Sequoia Capital Global Growth Fund, L.P. and Sequoia Capital Global Growth Principals Fund, L.P. is SCGGF Management, L.P., whose general partner is SC US (TTGP), Ltd. Therefore, each of SCGGF Management, L.P. and SC US (TTGP), Ltd. is deemed to be interested in the 0.52% interest in the share capital of the Company (or 0.60% of the total issued Class B Shares).

The controlling shareholder of SC GGFII Holdco, Ltd. is Sequoia Capital Global Growth Fund II, L.P. The general partner of Sequoia Capital Global Growth Fund II, L.P is SC Global Growth II Management, L.P., whose general partner is SC US (TTGP), Ltd. Therefore, each of Sequoia Capital Global Growth Fund II, L.P., SC Global Growth II Management, L.P. and SC US (TTGP), Ltd. is deemed to be interested in the 0.65% interest in the share capital of the Company (or 0.75% of the total issued Class B Shares).

INTERESTS AND SHORT POSITIONS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

Save as set out above, as of the date of this interim report, our Directors were not aware of any persons who would, and taking no account of any Shares which may be issued pursuant to the exercise of the options granted under the pre-IPO employee share option plan (the "**Pre-IPO ESOP**"), the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme, be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such capital.

PRE-IPO ESOP

A Pre-IPO ESOP was approved and adopted by all the shareholders of the Company on October 6, 2015 as amended from time to time. The purpose of the ESOP is to promote the success and enhance the value of the Company by linking the personal interests of the Directors, employees and consultants to those of the shareholders of the Company and by providing such individuals with an incentive for outstanding performance to generate superior returns to the shareholders of the Company. The Pre-IPO ESOP is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of Directors, employees and consultants upon whose judgment, interest, contribution and special effort the successful conduct of the Company's operation is largely dependent.

As at June 30, 2018, an aggregate of 435,398,123 share options and restricted stock units ("RSU") were granted to eligible participants pursuant to the Pre-IPO ESOP. Details of the Pre-IPO ESOP are set out in Note 28 to the unaudited interim condensed consolidated financial statements.

As at June 30, 2018, no share options and RSUs had been granted to the Directors and other connected persons.

POST-IPO SHARE OPTION SCHEME

A post-IPO employee share option scheme (the "**Post-IPO Share Option Scheme**") was approved and adopted by all the shareholders of the Company on August 30, 2018 as amended from time to time. The terms of the Post-IPO Share Option Scheme are governed by Chapter 17 of the Listing Rules. The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and Shareholders as a whole. The Post-IPO ESOP will provide our Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants. As at June 30, 2018, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme since its adoption.

POST-IPO SHARE AWARD SCHEME

The Company has also adopted a share award scheme (the "**Post-IPO Share Award Scheme**") pursuant to the written resolutions of the Shareholders passed on August 30, 2018.

The purpose of the Post-IPO Share Award Scheme is to align the interests of an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate (an “Eligible Person” and, collectively, “Eligible Persons”) with those of the Group through ownership of Class B Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of the Group.

As at June 30, 2018, no RSUs had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Award Scheme since its adoption.

WEIGHTED VOTING RIGHTS

The Company is controlled through weighted voting rights. Each Class A Share has 10 votes per share and each Class B Share has one vote per share except with respect to resolutions regarding a limited number of Reserved Matters, where each Share has one vote. The Company’s WVR structure will enable 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 will 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 our 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, Mu Rongjun and Wang Huiwen. Wang Xing beneficially owned 573,188,783 Class A Shares, representing approximately 47.3% of the voting rights in the Company with respect to shareholder resolutions relating to matters other than the Reserved Matters. The Class A Shares beneficially owned by Wang Xing 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 125,980,000 Class A Shares, representing approximately 10.4% of the voting rights in the Company with respect to shareholder resolutions relating to matters other than the Reserved Matters. The Class A Shares beneficially owned by Mu Rongjun are held by (i) 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; and (ii) Shared Vision, a company directly wholly-owned by Mu Rongjun. Wang Huiwen beneficially owned 36,400,000 Class A Shares, representing approximately 3.0% of the voting rights in the Company with respect to shareholder resolutions relating to matters other than the Reserved Matters. The Class A Shares beneficially owned by Wang Huiwen are held by Kevin Sunny, a company directly wholly-owned by Wang Huiwen.

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 issued 735,568,783 Class B Shares under the Global Offering, representing approximately 15.47% the total number of issued and outstanding Class B Shares.

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 the WVR Beneficiary is: (1) deceased; (2) no longer a member of our 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 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company was incorporated in the Cayman Islands on September 25, 2015 with limited liability, and the shares of the Company were listed on the Main Board of the Stock Exchange on September 20, 2018.

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.

As the shares of the Company were not yet listed on the Stock Exchange as of June 30, 2018, the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules were not applicable to the Company during the first half of 2018.

The Company has adopted the principles and code provisions of the CG Code set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

Save for code provision A.2.1, the Company has complied with all the code provisions set out in the CG Code where applicable throughout the period from the Listing Date up to the date of this interim report.

Pursuant to code provision A.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 a 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 when it is appropriate by taking into account the circumstances of the Group as a whole.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding the Directors' dealings in the securities of the Company. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company since the Listing Date. As the shares of the Company were not yet listed on the Stock Exchange as of June 30, 2018, the Model Code was not applicable to the Company during the first half of 2018.

Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the provision of the Model Code throughout the period from the Listing Date up to the date of this interim report.

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

Since the Company was not listed on the Stock Exchange during the first half of 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the first half of 2018.

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION

The Company is not aware of any changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Prospectus of the Company.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

With the Shares of the Company listed on the Stock Exchange on September 20, 2018, the net proceeds from the Global Offering were approximately HK$32,555 million, which will be utilized for the purposes as set out in the prospectus of the Company dated September 7, 2018.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2018. 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, PricewatershouseCoopers.

The interim financial report of the Group for the six months ended June 30, 2018 has been reviewed by the Audit Committee of the Company and by the Company's external auditor in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA.

OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has also established a Corporate Governance Committee, a Nomination Committee and a Remuneration Committee.

OTHER INFORMATION

CORPORATE GOVERNANCE COMMITTEE

The Company has established the Corporate Governance Committee of the Company (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.

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

Given that the Corporate Governance Committee has recently been established upon the Listing, the Corporate Governance Committee has not yet performed any work as at the date of this interim report.

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 and February 6, 2016. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services, including internet content provision services. In addition, 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**"). Currently none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on 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.

Efforts and Actions Undertaken to Comply with the Qualification Requirements

Despite the lack of clear guidance or interpretation on the Qualification Requirements, 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 any 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) Meituan Limited and Xigua Limited have been incorporated in Hong Kong in 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; and

(c) Xigua Limited, the company's Hong Kong subsidiary, has purchased three domain names outside of the PRC for display and promotion of our services since June 2015.

OTHER INFORMATION

In addition, we are in the process of constructing our overseas website primarily for introducing our business to users. We plan to utilize this website to help overseas investors better understand its products and business, and this website will have links to re-direct the users to our domestic website.

In our consultation with the MIIT, the MIIT encouraged us to establish overseas company to gradually build up our track record of overseas telecommunications business operations and accumulate the experience in providing value-added telecommunications services in overseas markets. The MIIT also confirmed that such steps may be generally deemed to be one of the factors to prove that the Qualification Requirements are fulfilled, subject to a substantive examination by the MIIT in accordance with the approval procedures under PRC laws and regulations. The Company's PRC Legal Advisor is of the opinion that the steps taken by the Company are reasonable, appropriate and sufficient to demonstrate compliance with the Qualification Requirements.

We will, as applicable and when necessary, disclose the progress of our overseas business plans and any updates to the Qualification Requirements in our annual and interim reports to inform Shareholders and other investors after the Listing. We will also make periodic inquiries to relevant PRC authorities to understand any new regulatory development and assess whether our level of overseas experience is sufficient to meet the Qualification Requirements.

MATERIAL LITIGATION

As of June 30, 2018, 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 Company listed on the Main board of the Hong Kong stock exchange, no significant events affecting the Company occurred since the end of reporting date and up to the date of this interim report.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Meituan Dianping
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 36 to 93, which comprises the interim condensed consolidated statement of financial position of Meituan Dianping (the "Company") and its subsidiaries (together, the "Group") as of June 30, 2018 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 a summary of significant accounting policies and other 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,
September 28, 2018

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended June 30, 2018 RMB'000	 2017 RMB'000
Revenues	6	**26,347,827**	13,778,813
Cost of revenues	7	**(20,295,104)**	(8,343,935)
Gross profit		**6,052,723**	5,434,878
Selling and marketing expenses	7	**(6,714,583)**	(4,362,901)
Research and development expenses	7	**(3,086,577)**	(1,470,346)
General and administrative expenses	7	**(1,663,491)**	(732,532)
Fair value changes on investments measured at fair value through profit or loss	16	**1,186,282**	(252,177)
Other gains, net	8	**325,805**	132,961
Operating loss		**(3,899,841)**	(1,250,117)
Finance income	9	**109,169**	12,814
Finance costs	9	**(13,839)**	(3,246)
Fair value changes of convertible redeemable preferred shares	24	**(24,850,095)**	(11,191,863)
Share of gains of investments accounted for using equity method		**6,850**	40,572
Loss before income tax		**(28,647,756)**	(12,391,840)
Income tax expenses	11	**(133,531)**	(45,318)
Loss for the period		**(28,781,287)**	(12,437,158)
Loss for the period attributable to:			
Equity holders of the Company		**(28,756,854)**	(12,403,508)
Non-controlling interests		**(24,433)**	(33,650)
		(28,781,287)	(12,437,158)
		RMB	RMB
Loss per share for loss for the period attributable to the equity holders for the company			
Basic and diluted loss per share	12	**(18.53)**	(8.21)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

		Unaudited	
		Six months ended June 30,	
		2018	2017
	Note	**RMB'000**	RMB'000
Other comprehensive (loss)/income:			
Items that may not be reclassified to profit or loss			
Currency translation differences	22	**(3,018,348)**	1,310,215
Preferred shares fair value change due to own credit risk	24	**(186,013)**	—
Other comprehensive (loss)/income for the period, net of tax		**(3,204,361)**	1,310,215
Total comprehensive loss for the period		**(31,985,648)**	(11,126,943)
Total comprehensive loss for the period is attributable to:			
Equity holders of the Company		**(31,961,215)**	(11,093,293)
Non-controlling interests		**(24,433)**	(33,650)
		(31,985,648)	(11,126,943)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**5,642,097**	915,682
Intangible assets	14	**35,786,637**	19,852,974
Deferred tax assets	15	**237,561**	243,263
Investments accounted for using the equity method	10	**2,082,917**	1,952,175
Financial assets at fair value through profit or loss	16	**5,057,868**	5,919,594
Prepayments, deposits and other assets	18	**584,540**	312,340
		49,391,620	29,196,028
Current assets			
Inventories	19	**306,776**	88,374
Trade receivables	20	**474,547**	432,494
Financial assets at fair value through profit or loss	16	**—**	25,099
Prepayments, deposits and other assets	18	**6,655,557**	4,186,391
Short-term investments	17	**7,901,373**	25,838,177
Restricted cash		**4,909,606**	4,458,761
Cash and cash equivalents		**26,276,846**	19,408,839
		46,524,705	54,438,135
Total assets		**95,916,325**	83,634,163
EQUITY			
Share capital	21	**100**	98
Share premium	21	**9,059,177**	9,338,529
Other reserves	22	**(2,723,272)**	466,103
Accumulated losses		**(78,709,329)**	(50,363,846)
Equity attributable to equity holders of the Company		**(72,373,324)**	(40,559,116)
Non-controlling interests		**59,437**	57,734
Total equity		**(72,313,887)**	(40,501,382)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	15	**1,029,521**	1,050,119
Deferred revenues	23	**722,367**	833,500
Redemption liabilities		**10,463**	316,264
Convertible redeemable preferred shares	24	**135,117,864**	101,418,292
Other non-current liabilities		**8,341**	—
		136,888,556	103,618,175
Current liabilities			
Trade payables	25	**4,033,477**	2,666,799
Payables to merchants		**8,041,216**	9,363,873
Advance from transacting users		**2,911,624**	2,290,160
Deposit from transacting users	31	**6,686,578**	—
Other payables and accruals	26	**5,930,191**	3,920,323
Borrowings	27	**1,117,000**	162,000
Deferred revenues	23	**2,621,570**	2,114,215
		31,341,656	20,517,370
Total liabilities		**168,230,212**	124,135,545
Total equity and liabilities		**95,916,325**	83,634,163

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to equity holders of the Company						
		Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
(Unaudited)								
As of January 1, 2018		98	9,338,529	466,103	(50,363,846)	(40,559,116)	57,734	(40,501,382)
Adjustment on adoption of IFRS9, net of tax		—	—	(423,731)	411,371	(12,360)	—	(12,360)
As of January 1, 2018		98	9,338,529	42,372	(49,952,475)	(40,571,476)	57,734	(40,513,742)
Comprehensive loss								
Loss for the period		—	—	—	(28,756,854)	(28,756,854)	(24,433)	(28,781,287)
Other comprehensive loss								
Items that may not be reclassified to profit or loss								
Preferred shares fair value change due to own credit risk		—	—	(186,013)	—	(186,013)	—	(186,013)
Currency translation differences		—	—	(3,018,348)	—	(3,018,348)	—	(3,018,348)
Total comprehensive loss		—	—	(3,204,361)	(28,756,854)	(31,961,215)	(24,433)	(31,985,648)
Transaction with owners in their capacity as owners								
Business combination	31	—	—	231,736	—	231,736	—	231,736
Repurchase of ordinary shares	21	(2)	(811,142)	—	—	(811,144)	—	(811,144)
Share-based compensation expenses	28	—	—	633,598	—	633,598	—	633,598
Exercise of option and RSU vesting		4	561,097	(475,680)	—	85,421	—	85,421
Transaction with non-controlling interests		—	—	49,063	—	49,063	26,070	75,133
Cancellation of ordinary shares	21	—	(29,307)	—	—	(29,307)		(29,307)
Currency translation differences		—	—	—	—	—	66	66
Total transaction with owners in their capacity as owners		2	(279,352)	438,717	—	159,367	26,136	185,503
As of June 30, 2018		100	9,059,177	(2,723,272)	(78,709,329)	(72,373,324)	59,437	(72,313,887)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to equity holders of the Company						
		Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
(Unaudited)								
As of January 1, 2017		93	8,567,622	(2,742,872)	(31,447,229)	(25,622,386)	47,035	(25,575,351)
Comprehensive loss								
Loss for the period		—	—	—	(12,403,508)	(12,403,508)	(33,650)	(12,437,158)
Other comprehensive loss								
Items that may not be reclassified to profit or loss								
Currency translation differences		—	—	1,310,215	—	1,310,215	—	1,310,215
Total comprehensive loss		—	—	1,310,215	(12,403,508)	(11,093,293)	(33,650)	(11,126,943)
Transaction with owners in their capacity as owners								
Business combinations		—	—	—	—	—	12,948	12,948
Repurchase of ordinary shares		—	(63,968)	—	—	(63,968)	—	(63,968)
Share-based compensation expenses	28	—	—	249,191	—	249,191	—	249,191
Exercise of option and RSU vesting		4	990,835	(814,670)	—	176,169	—	176,169
Share of equity movement in an associate		—	—	82,829	—	82,829	—	82,829
Transaction with non-controlling interests		—	—	(10,928)	—	(10,928)	—	(10,928)
Total transaction with owners in their capacity as owners		4	926,867	(493,578)	—	433,293	12,948	446,241
As of June 30, 2017		97	9,494,489	(1,926,235)	(43,850,737)	(36,282,386)	26,333	(36,256,053)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Unaudited Six months ended June 30, 2018 RMB'000	2017 RMB'000
Cash flows from operating activities			
Cash used in operations		**(5,472,692)**	(1,427,531)
Income tax paid		**(40,984)**	(15,271)
Net cash flows used in operating activities		**(5,513,676)**	(1,442,802)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(847,162)**	(210,071)
Proceeds from disposals of property, plant and equipment		**5,003**	1,353
Purchase of intangible assets		**(9,045)**	(4,149)
Payments for business combinations, net of cash acquired	26, 31	**(6,872,126)**	(86,093)
Purchase of short-term investments		**(21,105,794)**	(34,751,496)
Proceeds from disposals of short-term investments		**38,918,734**	32,485,011
Acquisition of investments accounted for using the equity method		**(135,875)**	(606,218)
Proceeds from disposal of investments accounted for using the equity method		**887,885**	—
Acquisition of investments measured at fair value		**(1,023,616)**	(46,189)
Proceeds from disposal of investments measured at fair value		**2,566,010**	—
Interest income received		**180,133**	156,803
Dividends received		**63,426**	—
Increase in prepayment for investments		**(550)**	—
Net cash flows generated/(used in) from investing activities		**12,627,023**	(3,061,049)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Unaudited Six months ended June 30, 2018 RMB'000	2017 RMB'000
Cash flows from financing activities			
Proceeds from borrowings		**1,005,000**	150,000
Repayments of borrowings		**(440,000)**	(1,000)
Finance costs paid		**(17,524)**	(2,711)
Exercise of option and RSU vesting		**15,211**	104,710
Repurchase of ordinary shares		**(853,360)**	(93,852)
Payment for acquisition of non-controlling interests		**(176,261)**	—
Net cash flows generated from/(used in) financing activities		**(466,934)**	157,147
Net increase/(decrease) in cash and cash equivalents		**6,646,413**	(4,346,704)
Cash and cash equivalents at the beginning of the period		**19,408,839**	9,376,575
Exchange gain/(loss) on cash and cash equivalents		**221,594**	(65,952)
Cash and cash equivalents at the end of the period		**26,276,846**	4,963,919

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Meituan Dianping (formerly known as Internet Plus Holdings Ltd.) (the "Company") was incorporated in the Cayman Islands on September 25, 2015 as an exempted company with limited liability. The registered office is at PO Box 309, Ugland House, Grand Cayman, KYl-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the "Group"), provides platform which uses technology to connect consumers and merchants and offer diversified daily services, including food delivery, in-store dining, hotel and travel booking and other services.

The interim condensed consolidated financial information comprises the interim condensed consolidated balance sheet as of June 30, 2018, the interim condensed consolidated income statements and the interim condensed consolidated statements 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 period then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). The Interim Financial Information is presented in Renminbi ("RMB"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This condensed consolidated interim financial report for the six months period ended June 30, 2018 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The Interim Financial Information does not include all the notes of the type normally included in an annual financial statements. Accordingly, it should be read in conjunction with the Group's financial information as set out in the accountant's report (the "Accountant's Report") included in Appendix I to the prospectus of the Group in connection with the initial public offering of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") dated September 20, 2018.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Accountant's Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Significant accounting policies *(Continued)*

(a) New standards and amendments not yet adopted by the management of the Group

A number of new standards and amendments to existing standards have been issued but are not yet effective for the period ended June 30, 2018, and have not been early adopted by the Group's management. These new standards and amendments are set out below:

	Effective for accounting year beginning on or after
IAS19 - Employee benefits on plan amendment, curtailment or settlement	January 1, 2019
IFRS 16 - Leases	January 1, 2019
IFRIC 23 - Uncertainty over income tax treatments	January 1, 2019
Amendments to IAS 28 - 'Investments in associates', on long term interests in associates and joint ventures	January 1, 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2019
Amendment to IFRS 9 - Financial instruments on prepayment features with negative compensation	January 1, 2019
Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Except as disclosed below, the Group is in the process of assessing potential impact of the above other new standards and amendments to standards that is relevant to the Group upon initial application. According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Group's financial positions and results of operations upon adopting the above new standards amendments to existing standards. The management of the Group plans to adopt these new standards and amendments to existing standards when they become effective.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Significant accounting policies *(Continued)*

(a) New standards and amendments not yet adopted by the management of the Group

(i) IFRS 16

IFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on statement of financial position for lessees. The Group is a lessee of various properties which are currently classified as operating leases. The Group's current accounting policy for such leases under which operating lease payment is accounted for in the consolidated statements of comprehensive income when incurred and the Group's future operating lease commitments are not reflected in the consolidated balance sheets but are disclosed in Note 30. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognize certain leases outside of the balance sheet. Instead, almost all leases must be recognized in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated statements of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statements of financial position. As for the financial performance impact in the consolidated income statements, the operating lease expenses will decrease, while depreciation and amortization and the interest expense will increase. The new standard is not expected to apply until the financial year 2019.

The directors anticipate that the application of IFRS 16 in the future will result in an increase in financial assets and financial liabilities, which is likely to have significant impact on the Group's financial position. However, the directors anticipate that the net impact on the Group's financial performance is limited.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk, and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

3.1 Financial risk factors

The interim condensed consolidated financial information do 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 Accountant's Report.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, short-term investment measured at amortized cost, trade receivables, prepayments, deposits and other assets, and financial assets at fair value through profit or loss. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets. The Group is also exposed to credit risk in relation to its financial guarantee contracts.

To manage risk arising from cash and cash equivalents, restricted cash, short-term investments measured at amortized cost, the Group only transacts with state-owned or reputable financial institutions in mainland China and reputable international financial institutions outside of mainland China. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are immaterial.

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 150 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. In view of the sound collection history of receivables due from them. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 3 years past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For prepayments, deposits and other assets (excluding loan receivables, tax prepayments), management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables and prepayments to merchants based on historical settlement records and past experiences.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counter party's ability to meet its obligations
- actual or expected significant changes in the operating results of the counter party
- significant increases in credit risk on other financial instruments of the same counter party
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the counter party, including changes in the payment status of borrower in the group and changes in the operating results of the counter party.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Credit risk (Continued)

Category	Group definition of category		Basis for recognition of expected credit loss provision
	Other receivables excluding loan receivables and prepayments to merchants	Prepayment to merchants	
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime	
Underperforming	There is a significant increase in credit risk is presumed if repayment are 30 days past due	The Group terminate its corporation with merchants	Lifetime expected losses
Non-performing	Repayments are 360 days past due	The Group terminate its corporation with merchants for more than 60 days	Lifetime expected losses
Write-off	Repayments are 3 years past due and there is no reasonable expectation of recovery	The Group terminate its corporation with merchants for more than 3 years and there is no reasonable expectation of recovery	Asset is write-off

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Credit risk (Continued)

To manage risk arising from loan receivables and financial guarantee contracts, standardized credit management procedures are performed. For pre-approval investigation, the Group optimizes the review process by using big data technology through its platform and system, including credit analysis, assessment of collectability of borrowers, monitoring the cash flow status of the merchants, possibility of misconduct and fraudulent activities. In terms of credit examining management, specific policies and procedures are established to assess loans offering. For subsequent monitoring, the Group monitor the cash flow and operation status of each borrowers. Once the loan was issued, all borrowers would be assessed by fraud examination model to prevent fraudulent behaviors. In post-loan supervision, the Group establishes risk monitoring alert system through periodical monitoring. The estimation of credit exposure for risk management purposes is complex and requires use of models as the exposure varies with changes in market conditions, expected cash flows and passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default corrections between counterparties. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"). This is consistent with the general approach used for the purposes of measuring ECL under IFRS 9. The maximum credit risk from financial guarantee contracts as of June 30, 2018 was RMB1,132 million, the majority of which were not credit-impaired on initial recognition and not significant increase in credit risk subsequently. The Group has recognized guarantee liability at each of the reporting date.

i) ECL model for loan receivables, as summarized below:

- The loan receivables that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.
- If a significant increase in credit risk (as defined below) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis.
- If the financial instrument is credit-impaired (as defined below), the financial instrument is then moved to 'Stage 3'. The expected credit loss is measured on lifetime basis.
- In Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortized cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Credit risk (Continued)

i) ECL model for loan receivables, as summarized below: *(Continued)*

The impairment of loan receivables was provided based on the 'three-stages' model by referring to the changes in credit quality since initial recognition.

The key judgments and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

(1) Significant increase in credit risk (SICR)

The Group considers loan receivables to have experienced a significant increase in credit risk when backstop criteria has been met. A backstop is applied and the loan receivables considered to have experienced a significant increase in credit risk if the borrower is past due more than 1 day on its contractual payments.

(2) Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, when the borrower is more than 90 days past due on its contractual payments. This has been applied to all loan receivables held by the Group.

(3) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The expected credit loss is measured on either a 12-month ("12M") or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD, and LGD.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each portfolio. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summarized. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Credit risk (Continued)

i) ECL model for loan receivables, as summarized below: *(Continued)*

(4) Forward-looking information incorporated in the ECL models

The calculation of ECL incorporate forward-looking information. The Group has performed historical analysis and identified the per capita disposable income of urban residents as the key economic variables impacting credit risk and expected credit losses.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

(5) Grouping of instruments for losses measured on a collective basis

For ECL provisions modeled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

ii) Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 or 3 due to loan receivables experiencing significant increases (or decreases) of credit risk in the period, and the subsequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognized, as well as releases for loan receivables derecognized in the period;
- Loan receivables derecognized and write-offs of allowances related to assets that were written off during the period.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Credit risk (Continued)

ii) Loss allowance *(Continued)*

The following tables explain the changes in the loss allowance for loan receivables between the beginning and the end of the period due to these factors:

	Stage 1 12-month ECL RMB'000 (Unaudited)	Stage 2 Lifetime ECL RMB'000 (Unaudited)	Stage 3 Lifetime ECL RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Loss allowance as of December 31,2017	(19,230)	(27,673)	(10,171)	(57,074)
Transfers:				
Transfer from Stage 1 to Stage 2	468	(28,439)	—	(27,971)
Transfer from Stage 1 to Stage 3	248	—	(22,725)	(22,477)
Transfer from Stage 2 to Stage 1	(50)	2,379	—	2,329
Transfer from Stage 2 to Stage 3	—	25,819	(35,798)	(9,979)
Transfer from Stage 3 to Stage 1	—	—	4	4
Transfer from Stage 3 to Stage 2	—	(8)	9	1
Loan receivables derecognized during the period other than write-off	26,776	14,917	550	42,243
New loan receivables originated/purchased	(44,572)	(24,260)	—	(68,832)
Write-off	—	—	45,999	45,999
Loss allowance as of June 30, 2018	(36,360)	(37,265)	(22,132)	(95,757)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Credit risk (Continued)

ii) Loss allowance *(Continued)*

The gross carrying amount of the loan receivables explains their significance to the changes in the loss allowance as discussed above:

	Stage 1 12-month ECL RMB'000 (Unaudited)	Stage 2 Lifetime ECL RMB'000 (Unaudited)	Stage 3 Lifetime ECL RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Gross carrying amount as of December 31,2017	1,726,744	38,764	10,171	1,775,679
Transfers:				
Transfer from Stage 1 to Stage 2	(35,974)	35,974	—	—
Transfer from Stage 1 to Stage 3	(22,725)	—	22,725	—
Transfer from Stage 2 to Stage 1	4,320	(4,320)	—	—
Transfer from Stage 2 to Stage 3	—	(35,798)	35,798	—
Transfer from Stage 3 to Stage 1	4	—	(4)	—
Transfer from Stage 3 to Stage 2	—	9	(9)	—
Loan receivables derecognized during the period other than write-off	(2,264,874)	(19,715)	(550)	(2,285,139)
New loan receivables originated/purchased	3,215,830	32,267	—	3,248,097
Write-off	—	—	(45,999)	(45,999)
Gross carrying amount as of June 30, 2018	2,623,325	47,181	22,132	2,692,638

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Credit risk (Continued)

iii) Write-off policy

The Group writes off loan receivables, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity.

The Group may write-off loan receivables that are still subject to enforcement activity.

iv) Modification

The Group rarely modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximizing recovery. The Group considers the impact from such modification is not significant.

3.2 Fair value estimation

3.2.1 Fair value hierarchy

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

The table below analyses the Group's financial instruments carried at fair value as of December 31, 2017 and June 30, 2018 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.2.1 Fair value hierarchy (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value as of December 31, 2017.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of December 31, 2017				
Financial assets				
Short-term investments at fair value through profit or loss (Note 17)	—	—	17,030,574	17,030,574
Financial assets at fair value through profit or loss (Note 16)	1,839,373*	—	4,105,320	5,944,693
	1,839,373*	—	21,135,894	22,975,267
Financial liabilities				
Convertible redeemable preferred shares (Note 24)	—	—	101,418,292	101,418,292

The following table presents the Group's assets and liabilities that are measured at fair value as of June 30, 2018.

	Level 1 RMB'000 (Unaudited)	**Level 2 RMB'000 (Unaudited)**	**Level 3 RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
As of June 30, 2018				
Financial assets				
Short-term investments at fair value through profit or loss (Note 17)	—	—	**6,121,980**	**6,121,980**
Financial assets at fair value through profit or loss (Note 16)	**1,791,848***	—	**3,266,020**	**5,057,868**
	1,791,848*	—	**9,388,000**	**11,179,848**
Financial liabilities				
Convertible redeemable preferred shares (Note 24)	—	—	**135,117,864**	**135,117,864**

* This presents an investment of listed company with observable quoted price.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the end of the reporting period.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Fair value estimation *(Continued)*

3.2.2 Valuation techniques used to determine fair values

The fair value of the unquoted equity investments has been determined using valuation techniques such as comparable company valuation multiples, recent transaction prices of the same or similar instruments, with appropriate adjustments made where applicable, for example, for lack of liquidity using option pricing models. The valuation requires management to make certain assumptions about unobservable inputs to the model, which mainly include historical volatility and estimated time period prior to the listing of the unquoted equity instruments, etc.

The carrying amount of the Group's financial assets, including cash and cash equivalents, restricted cash, trade receivables, prepayments, deposits and other assets, short-term investments at amortized cost and the Group's financial liabilities, including borrowings, trade payables, payables to merchants, deposit from transacting users, advance from transacting users, other payables and accruals, redemption liabilities, and other non-current liabilities,approximate their fair values.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Fair value estimation *(Continued)*

3.2.3 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items including short-term investments at fair value through profit or loss, investments in unlisted companies, put and call option for Maoyan and contingent consideration for the six months ended June 30, 2017 and 2018.

	Financial assets at fair value through profit or loss			
	Short-term investments at fair value through profit or loss RMB'000	Investments in unlisted companies RMB'000	Put and call option for Maoyan RMB'000	Total RMB'000
(Unaudited)				
At January 1, 2017	12,607,872	3,227,965	624,000	16,459,837
Acquisitions	34,751,496	46,189	—	34,797,685
Business combinations	7,000	—	—	7,000
Disposal/Settled	(32,641,814)	—	—	(32,641,814)
Decrease from associates transfer to subsidiaries	—	(50)	—	(50)
Change in fair value	156,803	24,169	(41,000)	139,972
Currency translation differences	(228,626)	(49,116)	—	(277,742)
At June 30, 2017	14,652,731	3,249,157	583,000	18,484,888
Net unrealized gains/(losses) for the period	39,985	24,169	(41,000)	23,154

	Financial assets at fair value through profit or loss			
	Short-term investments at fair value through profit or loss RMB'000	Investments in unlisted companies RMB'000	Contingent consideration RMB'000	Total RMB'000
(Unaudited)				
At January 1, 2018	17,030,574	4,080,221	25,099	21,135,894
Acquisitions	17,847,492	1,023,616	—	18,871,108
Business combinations	380,000	12,880	—	392,880
Disposal/Settled	(28,902,399)	(3,094,736)	(29,307)	(32,026,442)
Change in fair value	104,010	1,233,807	4,208	1,342,025
Currency translation differences	(337,697)	10,232	—	(327,465)
At June 30, 2018	6,121,980	3,266,020	—	9,388,000
Net unrealized gains for the period	25,033	91,733	—	116,766

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Fair value estimation *(Continued)*

3.2.4 Valuation process, inputs and relationships to fair value

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

The valuation of the level 3 instruments mainly included Preferred Shares, short-term investments at fair value through profit or loss and investments at fair value through profit or loss. As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows and market approach etc.

Description	Fair value at December 31, 2017 RMB'000	Fair value at June 30, 2018 RMB'000	Un-observable inputs	Range of inputs at December 31, 2017	Range of inputs at June 30, 2018	Relationship of unobservable inputs to fair value
Investment in unlisted companies	4,080,221	**3,266,020**	Expected volatility	40%-48%	**40%-48%**	The higher the expected volatility, the lower the fair value
			Discount for lack of marketability ("DLOM")	10%-20%	**10%-20%**	The higher the DLOM, the lower the fair value
Short-term investments at fair value through profit or loss	17,030,574	**6,121,980**	Expected rate of return	1.62%-4.9%	**2.33%-6.6%**	The higher the expected rate of return, the higher the fair value
Contingent consideration	25,099	—	Discount rate	28%	**N/A**	The higher the discount rate, the lower the fair value
			DLOM	13%	**N/A**	The higher the DLOM, the lower the fair value
			Expected Volatility	40%	**N/A**	The higher the expected volatility, the lower the fair value

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim Financial Information requires 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 management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Accountant's Report.

5 SEGMENT REPORTING

5.1 Segment reporting

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the Group determined that it has operating segments as follows:

The CODM assesses the performance of the operating segments mainly based on segment revenues and cost of revenues of each operating segment. Thus, segment result would present revenues, cost of revenues and gross profit for each segment, which is in line with CODM's performance review.

Food delivery

The food delivery segment offers food ordering and delivery service through the Group's platform. Revenues from the food delivery segment are primarily derived from (a) platform service to merchants to display the food information and connect transacting users; (b) delivery service; (c) online marketing services in various advertising formats provided to merchants.

In-store, hotel & travel

The in-store, hotel & travel segment offers merchants to sell vouchers, coupons, tickets and reservations on the Group's platform. Revenues from the in-store, hotel & travel segment are primarily derived from (a) commissions from merchants for vouchers, coupons, tickets and reservations sold on our platform; and (b) online marketing services to merchants, including performance-based and display-based marketing services, as well as marketing services provided under annual plans.

5 SEGMENT REPORTING *(Continued)*

5.1 Segment reporting *(Continued)*

New initiatives and others

Revenues from the new initiatives and others segments are primarily derived from (a) non-food delivery services; (b) supply chain solutions to merchants; (c) integrated payment services; (d) cloud-based ERP systems; (e) small and medium-sized merchants financing services; (f) local transportation services; (g) other products and services.

The CODM assesses the performance of operating segments mainly based on segment revenues and segment cost of revenues. The revenues from external customers reported to CODM are measured as segment revenues, which is the revenues derived from customers in each segment.

The Group's cost of revenues for the food delivery segment primarily consists of (a) food delivery rider costs; (b) payment processing costs; (c) employee benefits expenses; (d) depreciation of property, plant and equipment; and (e) bandwidth and server custody fees.

The Group's cost of revenues for the in-store, hotel & travel segment primarily consists of (a) payment processing costs; (b) employee benefits expenses; (c) depreciation of property, plant and equipment; (d) online traffic costs; and (e) other outsourcing labor costs.

The Company's cost of revenues for the new initiatives and others segment primarily consists of (a) car-hailing driver costs; (b) depreciation of property, plant and equipment; (c) other outsourcing labor costs; (d) cost of goods sold; (e) payment processing costs.

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

The revenue is mainly generated in China.

5 SEGMENT REPORTING *(Continued)*

5.1 Segment reporting *(Continued)*

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

	Six months ended June 30, 2018 (unaudited)			
	Food delivery	In-store, hotel & travel	New initiatives and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Commission	15,219,665	4,060,551	1,013,523	20,293,739
Online marketing services	703,842	2,729,072	163,086	3,596,000
Other services and sales	40,821	20,876	2,396,391	2,458,088
Revenues in total	15,964,328	6,810,499	3,573,000	26,347,827
Cost of Revenues	(14,018,927)	(720,521)	(5,555,656)	(20,295,104)
Gross profit/(loss)	1,945,401	6,089,978	(1,982,656)	6,052,723
Gross margin	12%	89%	-55%	23%

	Six months ended June 30, 2017 (unaudited)			
	Food delivery	In-store, hotel & travel	New initiatives and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Commission	8,138,117	3,220,393	154,656	11,513,166
Online marketing services	213,399	1,469,143	201,185	1,883,727
Other services and sales	11,787	37,497	332,636	381,920
Revenues in total	8,363,303	4,727,033	688,477	13,778,813
Cost of Revenues	(7,557,862)	(543,263)	(242,810)	(8,343,935)
Gross profit	805,441	4,183,770	445,667	5,434,878
Gross margin	10%	89%	65%	39%

5 SEGMENT REPORTING *(Continued)*

5.1 Segment reporting *(Continued)*

The reconciliation of gross profit to loss before income tax of individual period during the six months ended June 30, 2017 and 2018 is shown in the consolidated income statements.

There is no concentration risk as no revenue from a single external customer was more than 10% of the Group's total revenue for the six months ended June 30, 2017 and 2018.

5.2 Segment assets

As of December 31, 2017 and June 30, 2018, substantially all of the non-current assets of the Group were located in the PRC.

6 REVENUES BY TYPE

	Unaudited Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
Commission	**20,293,739**	11,513,166
Online marketing services	**3,596,000**	1,883,727
Other services and sales	**2,458,088**	381,920
	26,347,827	13,778,813

The total incentives recorded as reduction of revenue are RMB 0.7 billion and RMB 1.9 billion for the six months ended June 30, 2017 and 2018.

Further disaggregation of revenues are included in Note 5.

7 EXPENSES BY NATURE

	Unaudited Six months ended June 30, 2018 RMB'000	2017 RMB'000
Food delivery rider costs	**13,042,195**	7,172,635
Employee benefits expenses	**6,516,927**	3,550,052
Car-hailing driver related costs	**2,095,477**	27,373
Other outsourcing labor costs	**829,453**	30,981
Transacting user incentives	**2,387,057**	1,631,168
Promotion and advertising	**1,332,936**	794,094
Depreciation of property, plant and equipment	**1,547,220**	142,345
Amortization of intangible assets	**475,125**	215,224
Payment processing costs	**731,954**	386,015
Cost of goods sold	**508,696**	46,230
Rental, facility and utilities	**347,453**	188,697
Professional fees	**149,655**	60,256
Bandwidth and server custody fees	**188,488**	112,260
Tax surcharge expenses	**104,835**	93,815
Online traffic costs	**89,339**	68,811
Provision for doubtful accounts	**80,781**	(16,263)
Auditor's remuneration	**12,524**	9,678
Others (Note i)	**1,319,640**	396,343
Total cost of revenues, selling and marketing expenses, research and development expenses and general and administrative expenses	**31,759,755**	14,909,714

(i) Others mainly comprise travelling and entertainment expenses, message and verification fees, bike reallocation fees and bike maintenance fees.

8 OTHER GAINS, NET

	Unaudited Six months ended June 30, 2018 RMB'000	 2017 RMB'000
Fair value changes of short-term investments measured at fair value through profit or loss	**104,010**	156,803
Interest income from short-term investments measured at amortized cost	**76,123**	—
Gains from the disposal of investments	**29,968**	—
Dilution gain	—	2,132
Change in fair value from contingent consideration	**4,208**	—
Foreign exchange loss	**(25,064)**	(4,547)
Government subsidies	**95,312**	13,239
Change in fair value from put and call option for Maoyan	—	(41,000)
Others	**41,248**	6,334
	325,805	132,961

9 FINANCE INCOME/(COSTS)

	Unaudited Six months ended June 30, 2018 RMB'000	 2017 RMB'000
Finance income		
Interest income from bank deposits	**109,169**	12,814
Finance costs		
Bank charges and others	**(13,839)**	(3,246)

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Associates	**2,069,684**	1,939,107
Joint ventures	**13,233**	13,068
	2,082,917	1,952,175

11 INCOME TAX EXPENSES

The income tax expenses of the Group during all the periods presented are analyzed as follows:

	Unaudited Six months ended June 30,	
	2018 RMB'000 (Unaudited)	2017 RMB'000
Current income tax	**(333,014)**	(15,271)
Deferred income tax (Note15)	**199,483**	(30,047)
Total income tax expenses - Net	**(133,531)**	(45,318)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the six months ended June 30, 2017 and 2018, being the tax rate of the major subsidiaries of the Group.

11 INCOME TAX EXPENSES *(Continued)*

The difference is analyzed as follows:

	Unaudited Six months ended June 30, 2018 RMB'000	Unaudited Six months ended June 30, 2017 RMB'000
Loss before tax	**(28,647,756)**	(12,391,840)
Tax calculated at statutory income tax rate of 25% in mainland China	**7,161,939**	3,097,960
Tax effects of:		
– Different tax rates available to different jurisdictions	**(6,324,376)**	(2,851,004)
– Preferential income tax rates applicable to subsidiaries	**195,719**	75,430
– Expenses not deductible for income tax purposes	**(2,014)**	(598)
– Super deduction for research and development expenses	**—**	9,123
– Utilization of previously unrecognized tax losses	**160,888**	107,491
– Tax losses for which no deferred income tax assets were recognized	**(1,156,153)**	(183,185)
– Temporary differences utilized/(for which no deferred income tax assets was recognized), net	**(169,534)**	(300,535)
Total income tax expenses	**(133,531)**	(45,318)

Income tax expense is recognized based on management's best knowledge of the income tax rates that would be applicable to the full financial year.

12 LOSS PER SHARE

(a) Basic loss per share for the six months ended June 30, 2017 and 2018 were calculated by dividing the loss attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the reporting period.

	Unaudited Six months ended June 30, 2018	Unaudited Six months ended June 30, 2017
Loss attributable to equity holders of the Company (RMB'000)	**(28,756,854)**	(12,403,508)
Weighted average number of shares in issue (thousand)	**1,551,913**	1,510,880
Loss per share (RMB)	**(18.53)**	(8.21)

12 LOSS PER SHARE *(Continued)*

(b) Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: Preferred Shares, share options and RSUs. As the Group incurred losses for the six months ended June 30, 2017 and 2018, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, diluted loss per share for the six months ended June 30, 2017 and 2018 were the same as basic loss per share of the respective periods.

13 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment RMB'000	Furniture and appliances RMB'000	Bike and vehicle RMB'000	Leasehold improvements RMB'000	Assets under construction RMB'000	Total RMB'000
(Unaudited)						
Cost						
At January 1, 2018	1,429,448	20,579	—	131,720	13,178	1,594,925
Additions	837,820	4,109	39,779	1,545	57,348	940,601
Business combinations (Note 31)	8,936	40,523	5,111,531	9,750	178,458	5,349,198
Disposal	(23,051)	(149)	(1,390)	(2,417)	—	(27,007)
Transfers	—	215	14,034	19,050	(33,299)	—
Currency translation differences	(1)	51	3,972	—	—	4,022
At June 30, 2018	2,253,152	65,328	5,167,926	159,648	215,685	7,861,739
Accumulated depreciation						
At January 1, 2018	(602,067)	(17,230)	—	(59,946)	—	(679,243)
Depreciation	(263,301)	(5,994)	(1,266,226)	(11,699)	—	(1,547,220)
Disposal	4,430	2,405	483	665	—	7,983
Currency translation differences	—	1	(1,163)	—	—	(1,162)
At June 30, 2018	(860,938)	(20,818)	(1,266,906)	(70,980)	—	(2,219,642)
Net carrying amount						
At January 1, 2018	827,381	3,349	—	71,774	13,178	915,682
At June 30, 2018	1,392,214	44,510	3,901,020	88,668	215,685	5,642,097

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Computer equipment RMB'000	Furniture and appliances RMB'000	Leasehold improvements RMB'000	Assets under construction RMB'000	Total RMB'000
(Unaudited)					
Cost					
At January 1, 2017	732,839	19,730	119,196	4,158	875,923
Additions	174,742	140	5,138	1,150	181,170
Business combinations	49	—	175	—	224
Disposal	(10,233)	(285)	(1,305)	—	(11,823)
Transfers	—	—	3,556	(3,556)	—
At June 30, 2017	897,397	19,585	126,760	1,752	1,045,494
Accumulated depreciation					
At January 1, 2017	(312,265)	(16,004)	(36,424)	—	(364,693)
Depreciation	(129,163)	(849)	(12,333)	—	(142,345)
Disposal	5,913	103	411	—	6,427
At June 30, 2017	(435,515)	(16,750)	(48,346)	—	(500,611)
Net carrying amount					
At January 1, 2017	420,574	3,726	82,772	4,158	511,230
At June 30, 2017	461,882	2,835	78,414	1,752	544,883

14 INTANGIBLE ASSETS

	Trade name RMB'000	User generated content RMB'000	Software and others RMB'000	Online payment license RMB'000	Technology and licenses RMB'000	User list RMB'000	Supplier relationship RMB'000	Goodwill RMB'000	Total RMB'000
(Unaudited)									
Cost									
At January 1, 2018	3,406,300	490,000	1,321,837	390,000	186,360	67,000	28,700	15,025,019	20,915,216
Additions	—	—	9,045	—	—	—	—	—	9,045
Business combinations (Note 31)	1,600,000	—	478,265	—	660,000	840,000	—	12,821,478	16,399,743
At June 30, 2018	5,006,300	490,000	1,809,147	390,000	846,360	907,000	28,700	27,846,497	37,324,004
Accumulated amortization									
At January 1, 2018	(309,145)	(220,500)	(201,111)	(36,833)	(100,812)	(30,150)	(3,433)	—	(901,984)
Amortization	(108,210)	(49,000)	(197,108)	(13,000)	(57,097)	(48,700)	(2,010)	—	(475,125)
At June 30, 2018	(417,355)	(269,500)	(398,219)	(49,833)	(157,909)	(78,850)	(5,443)	—	(1,377,109)
Impairment									
At January 1, 2018 and June 30, 2018	(1,510)	—	—	—	(3,238)	—	(88)	(155,422)	(160,258)
Net carrying amount									
At January 1, 2018	3,095,645	269,500	1,120,726	353,167	82,310	36,850	25,179	14,869,597	19,852,974
At June 30, 2018	4,587,435	220,500	1,410,928	340,167	685,213	828,150	23,169	27,691,075	35,786,637

The Company normally performs goodwill impairment test in the fourth quarter of each year, and there is no indicator for impairment of goodwill as of June 30, 2018. For details of goodwill impairment assessment for the year ended 31 December 2017, please refer to the Accountant's Report.

14 INTANGIBLE ASSETS *(Continued)*

	Trade name RMB'000	User generated content RMB'000	Software and others RMB'000	Online payment license RMB'000	Technology and licenses RMB'000	User list RMB'000	Supplier relationship RMB'000	Goodwill RMB'000	Total RMB'000
(Unaudited)									
Cost									
At January 1, 2017	3,408,400	490,000	34,244	390,000	188,460	67,000	7,300	15,096,924	19,682,328
Additions	—	—	1,285,298	—	—	—	—	—	1,285,298
Business combinations	—	—	—	—	—	—	21,400	58,166	79,566
At June 30, 2017	3,408,400	490,000	1,319,542	390,000	188,460	67,000	28,700	15,155,090	21,047,192
Accumulated amortization									
At January 1, 2017	(172,640)	(122,500)	(10,728)	(10,833)	(52,443)	(16,750)	(602)	—	(386,496)
Amortization	(68,480)	(49,000)	(52,811)	(13,000)	(24,412)	(6,700)	(821)	—	(215,224)
Disposal	—	—	—	—	—	—	—	—	—
At June 30, 2017	(241,120)	(171,500)	(63,539)	(23,833)	(76,855)	(23,450)	(1,423)	—	(601,720)
Impairment									
At January 1, 2017	(1,050)	—	—	—	(2,433)	—	(88)	(143,421)	(146,992)
Additions	—	—	—	—	—	—	—	—	—
At June 30, 2017	(1,050)	—	—	—	(2,433)	—	(88)	(143,421)	(146,992)
Net carrying amount									
At January 1, 2017	3,234,710	367,500	23,516	379,167	133,584	50,250	6,610	14,953,503	19,148,840
At June 30, 2017	3,166,230	318,500	1,256,003	366,167	109,172	43,550	27,189	15,011,669	20,298,480

15 DEFERRED INCOME TAXES

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

(a) Deferred tax assets

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
The balance comprises temporary differences attributable to:		
– Tax losses	**1,473,329**	768,674
– Others	**10,393**	10,723
Total gross deferred tax assets	**1,483,722**	779,397
Set-off of deferred tax assets pursuant to set-off provisions	**(1,246,161)**	(536,134)
Net deferred tax assets	**237,561**	243,263

(b) Deferred tax liabilities

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
The balance comprises temporary differences attributable to:		
– Intangible assets arising from business combinations	**(1,304,347)**	(582,895)
– Investments using the equity method or at fair value	**(285,109)**	(418,791)
– Deferred revenue	**(686,226)**	(584,567)
Total gross deferred tax liabilities	**(2,275,682)**	(1,586,253)
Set-off of deferred tax liabilities pursuant to set-off provisions	**1,246,161**	536,134
Net deferred tax liabilities	**(1,029,521)**	(1,050,119)

15 DEFERRED INCOME TAXES *(Continued)*

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

	Tax losses RMB'000	Others RMB'000	Total RMB'000
(Unaudited)			
At January 1, 2018	**768,674**	**10,723**	**779,397**
Business combinations	**599,743**	**—**	**599,743**
Credited/(charged) to consolidated income statements	**104,912**	**(330)**	**104,582**
At June 30, 2018	**1,473,329**	**10,393**	**1,483,722**
(Unaudited)			
At January 1, 2017	904,349	2,973	907,322
Credited/(charged) to consolidated income statements	61,049	3,536	64,585
At June 30, 2017	965,398	6,509	971,907

The movement on the gross deferred income tax liabilities is as follows:

	Intangible asset RMB'000	Investments using the equity method or at fair value RMB'000	Deferred revenue RMB'000	Total RMB'000
(Unaudited)				
At January 1, 2018	**(582,895)**	**(418,791)**	**(584,567)**	**(1,586,253)**
Business combinations	**(775,000)**	**—**	**(10,467)**	**(785,467)**
Credited/(charged) to consolidated income statement	**53,548**	**132,545**	**(91,192)**	**94,901**
Credited to other comprehensive loss	**—**	**1,137**	**—**	**1,137**
At June 30, 2018	**(1,304,347)**	**(285,109)**	**(686,226)**	**(2,275,682)**
(Unaudited)				
At January 1, 2017	(628,247)	(836,975)	(216,703)	(1,681,925)
Business combinations	(5,350)	—	—	(5,350)
Credited/(charged) to consolidated income statement	24,633	(20,479)	(98,786)	(94,632)
Credited to other comprehensive loss	—	1,505	—	1,505
At June 30, 2017	(608,964)	(855,949)	(315,489)	(1,780,402)

15 DEFERRED INCOME TAXES *(Continued)*

The Group only recognizes deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As of December 31, 2017 and June 30, 2018, the Group did not recognize deferred income tax assets of RMB2,921 million and RMB3,858 million in respect of cumulative tax losses amounting to RMB11,807 million and RMB17,724 million. These tax losses will expire from 2018 to 2022.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Non-current		
Investments at fair value through profit or loss (Note a)	**5,057,868**	5,919,594
Current		
Contingent consideration	**—**	25,099
	5,057,868	5,944,693

a) Investments at fair value through profit or loss

	Unaudited Six months ended June 30, 2018 RMB'000	Unaudited Six months ended June 30, 2017 RMB'000
At the beginning of the year	**5,919,594**	4,945,886
Additions (Note i)	**1,023,616**	46,189
Business combinations	**12,880**	—
Change in fair value (Note ii)	**1,186,282**	(252,177)
Disposal (Note ii)	**(3,094,736)**	—
Step acquisition from an associates to a subsidiary	**—**	(50)
Currency translation differences	**10,232**	(49,116)
At the end of the period	**5,057,868**	4,690,732

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

a) Investments at fair value through profit or loss *(Continued)*

i) The Group invested in seven private companies both in mainland China and overseas and had made additional investments in investees with total consideration of RMB1,024 million in the six months ended June 30, 2018. These investee companies are generally members of the broader "ecosystem" related to the Group's core business.

ii) During the six months ended June 30, 2018, the Group disposed or partially disposed five investments with a total consideration of approximately RMB 3,124 million. A fair value gain of RMB1,186 million was recognised during the reporting period.

iii) The Group made investment in some convertible redeemable preferred shares or ordinary shares with preferential rights issued by private investee companies. The Group maintained significant influence in these companies. The Group also has interests in certain investee companies in form of ordinary shares without significant influence, which are managed and their performance are evaluated on a fair value basis. The Company designated these instruments as financial assets at fair value through profit or loss.

17 SHORT-TERM INVESTMENTS

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Short-term investments measured at		
– Fair value through profit or loss	**6,121,980**	17,030,574
– Amortized cost	**1,779,393**	8,807,603
	7,901,373	25,838,177

Short-term investments measured at amortized cost are USD zero coupon certificate of deposit and term deposit above 3 months and within 1 year. Short-term investments measured at fair value through profit or loss are wealth management products.

18 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Non-current		
Loan receivables (Note i)	**37,870**	137,968
Long term receivables	**80,966**	83,778
Rental deposits	**130,940**	85,785
Receivables from investment disposal (Note ii)	**272,753**	—
Prepayment for assets under construction	**59,177**	—
Prepayment for investments	**2,834**	2,284
Others	—	2,525
	584,540	312,340
Current		
Tax prepayments	**2,746,141**	829,659
Receivables from third-party payment service providers	**109,367**	45,705
Deposits	**152,344**	83,285
Loan receivables (Note i)	**2,559,011**	1,592,997
Prepayments to merchants	**185,920**	107,808
Amounts due from related parties (Note 32)	**88,252**	89,216
Receivables from investment disposal	—	887,885
Others	**814,522**	549,836
	6,655,557	4,186,391

18 PREPAYMENTS, DEPOSITS AND OTHER ASSETS *(Continued)*

Note i) Loan receivables are derived from merchants financing business and consumer finance business. Loan receivables are recorded initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. The loan periods extended by the Group to the merchants or individuals generally range from 3 months to 18 months. Breakdown for loan receivables included both current and non-current portion as follows:

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Unsecured loan receivables	2,692,638	1,775,679
Less: allowance for impairment	(95,756)	(44,714)
	2,596,882	1,730,965

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

	Unaudited Six months ended June 30,	
	2018 RMB'000	2017 RMB'000
At the beginning of the year	(57,074)	(3,314)
Provision	(84,682)	(13,630)
Receivables written off during the period as uncollectable	45,999	4,474
At the end of the period	(95,757)	(12,470)

For loan receivables outstanding at January 1, 2018, adjustments of RMB 12,360 thousand of provisions for loan receivables was recognized in the opening accumulated losses upon adoption of IFRS 9.

Note ii) This is mainly from the receivable balances related to the disposal of investments at fair value through profit or loss.

The balances of prepayments, deposits and other assets other than loan receivable, prepayment for assets under construction and tax prepayments, which are subject to ECL model are all within performing stage with credit losses are limited to 12 months expected loss, which are not material(Note 3.1(a)).

As of December 31, 2017 and June 30, 2018, the carrying value of prepayments, deposits and other assets was primarily denominated in RMB.

19 INVENTORIES

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Spare parts	**95,801**	—
Merchandise	**210,975**	88,374
	306,776	88,374

20 TRADE RECEIVABLES

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Trade receivables	**529,575**	461,955
Less: allowance for impairment	**(55,028)**	(29,461)
	474,547	432,494

As of December 31, 2017, individually significant receivables have been separately assessed for impairment. Allowance was set up against impaired receivables arising from credit default of several customers who are in financial difficulties.

Beginning from January 1, 2018, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

20 TRADE RECEIVABLES *(Continued)*

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

	Unaudited Six months ended June 30, 2018 RMB'000	Unaudited Six months ended June 30, 2017 RMB'000
At the beginning of the year	**(29,461)**	(47,693)
Provision	**(36,137)**	(14,015)
Reversal	**7,147**	13,184
Receivables written off during the period as uncollectable	**3,423**	18,718
At the end of the period	**(55,028)**	(29,806)

The directors of the Group considered that the carrying amounts of the trade receivables balances approximated their fair value as of December 31, 2017 and June 30, 2018.

The Group allows a credit period of 90 to 150 days to its customers. Aging analysis of trade receivables (net off allowance for impairment of trade receivables) based on invoice date is as follows:

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Trade receivables		
Up to 3 months	**309,407**	283,649
3 to 6 months	**112,266**	84,428
6 months to 1 year	**44,029**	56,958
Over 1 year	**8,845**	7,459
	474,547	432,494

21 SHARE CAPITAL AND SHARE PREMIUM

Issued:

	Number of ordinary shares '000	Nominal value of ordinary shares USD'000	Share capital RMB'000	Share premium RMB'000	Total RMB'000
(Unaudited)					
At January 1, 2018	**1,548,664**	**15**	**98**	**9,338,529**	**9,338,627**
Exercise of option and RSU vesting	**54,490**	**1**	**4**	**561,097**	**561,101**
Repurchase of ordinary shares	**(24,667)**	—	**(2)**	**(811,142)**	**(811,144)**
Cancellation of ordinary shares	**(1,005)**	—	—	**(29,307)**	**(29,307)**
At June 30, 2018	**1,577,482**	**16**	**100**	**9,059,177**	**9,059,277**
(Unaudited)					
At January 1, 2017	1,483,996	14	93	8,567,622	8,567,715
Exercise of option and RSU vesting	63,216	1	4	990,835	990,839
Repurchase of ordinary shares	(3,580)	—	—	(63,968)	(63,968)
At June 30, 2017	1,543,632	15	97	9,494,489	9,494,586

22 OTHER RESERVES

	Capital reserve RMB'000	Share-based compensation reserve RMB'000	Currency translation reserve RMB'000	Others RMB'000	Total RMB'000
(Unaudited)					
As of December 31, 2017	20	1,232,234	(500,154)	(265,997)	466,103
Adjustment on adoption of IFRS9 (net of tax)	—	—	—	(423,731)	(423,731)
As of January 1, 2018	20	1,232,234	(500,154)	(689,728)	42,372
Business combinations	—	231,736	—	—	231,736
Share-based compensation expenses	—	633,598	—	—	633,598
Exercise of option and RSU vesting	—	(475,680)	—	—	(475,680)
Transaction with non-controlling interests	—	—	—	49,063	49,063
Preferred shares fair value change due to own credit risk	—	—	—	(186,013)	(186,013)
Currency translation differences	—	—	(3,018,348)	—	(3,018,348)
As of June 30, 2018	20	1,621,888	(3,518,502)	(826,678)	(2,723,272)
(Unaudited)					
As of January 1, 2017	20	1,556,384	(3,929,640)	(369,636)	(2,742,872)
Share-based compensation expenses	—	249,191	—	—	249,191
Exercise of option and RSU vesting	—	(814,670)	—	—	(814,670)
Transaction with non-controlling interests	—	—	—	(10,928)	(10,928)
Share of equity movement in an associate	—	—	—	82,829	82,829
Currency translation differences	—	—	1,310,215	—	1,310,215
As of June 30, 2017	20	990,905	(2,619,425)	(297,735)	(1,926,235)

23 DEFERRED REVENUES

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Non-Current		
Business cooperation agreement with Maoyan	**722,367**	833,500
Current		
Online marketing services	**2,366,216**	1,891,948
Business cooperation agreement with Maoyan	**222,267**	222,267
Others	**33,087**	—
	2,621,570	2,114,215
	3,343,937	2,947,715

24 CONVERTIBLE REDEEMABLE PREFERRED SHARES

On October 5, 2016, the Company issued a total of 1,954,217,809 shares of Series A-1 through A-11 Preferred Shares.

In November 2015, the Company issued Series B Preferred Shares at an issue price of USD3.86 per share. Series B Preferred Shares were continuously issued beginning from November 2015 to August 2016 and total 801,039,606 shares were issued.

In October 2017, the Company issued Series C Preferred Shares at an issue price of USD5.59 per share. Total of 733,575,936 shares were issued.

In April 2018, the Company issued 167,703,791 shares of Series A-12 Preferred Shares in connection with the acquisition of mobike Ltd("Mobike") (Note 31).

Upon issuance of Series A-12 Preferred shares, a total of 2,121,921,600 shares were issued (Series A-1 through A-12, "Series A Preferred Shares").

The key terms of all series of Preferred Shares are set out in the Accountant's Report.

After the completion of the Global Offering, all of our convertible redeemable preferred shares were converted to our Class B Shares. The fair value of each of convertible redeemable preferred shares is equivalent to the fair value of each of our ordinary shares on the conversion date, which is the Offer Price in the Global Offering.

The movements of the convertible redeemable preferred share are set out as below:

	RMB'000
	(Unaudited)
At January 1, 2018	101,418,292
Issuance of Series A-12 preferred shares	5,888,472
Change in fair value	24,850,095
Includes: change in fair value due to own credit risk	186,013
Currency translation differences	2,774,992
At June 30, 2018	135,117,864
At January 1, 2017	63,687,007
Change in fair value	11,191,863
Currency translation differences	(1,648,053)
At June 30, 2017	73,230,817

24 CONVERTIBLE REDEEMABLE PREFERRED SHARES *(Continued)*

The Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted option-pricing method and equity allocation model to determine the fair value of the convertible redeemable preferred shares. Key assumptions are set as below:

	Unaudited As of June 30,	
	2018	2017
Discount rate	**23%**	25%
Risk-free interest rate	**2.79%**	2.25%
DLOM	**4%**	15%
Volatility	**40%**	40%

Discount rate was estimated by weighted average cost of capital as of each appraisal date. The Group estimated the risk-free interest rate based on the yield of US Treasury Strips with a maturity life equal to period from the respective appraisal dates to expected liquidation date. Volatility was estimated at the dates of appraisal based on average of historical volatilities of the comparable companies in the same industry for a period from the respective appraisal dates to expected liquidation date. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of Series A, B, and C on each appraisal date.

25 TRADE PAYABLES

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Trade payables	**4,033,477**	2,666,799

As of December 31, 2017 and June 30, 2018, the aging analysis of the trade payables based on invoice date were as follows:

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Trade payables		
Up to 3 months	**3,278,982**	1,995,402
3 to 6 months	**554,374**	662,168
6 months to 1 year	**194,894**	2,523
Over 1 year	**5,227**	6,706
	4,033,477	2,666,799

26 OTHER PAYABLES AND ACCRUALS

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Salaries and benefits payable	**1,867,377**	1,691,320
Payables for acquisition (a)	**1,812,265**	37,305
Deposits	**989,368**	665,013
Tax payable	**649,062**	828,014
Accrued expenses	**217,071**	239,217
Amounts due to related parties (Note 32)	**107,212**	212,984
Others	**287,836**	246,470
	5,930,191	3,920,323

(a) As of June 30, 2018, the majority of the balance of payables for acquisition is withholding tax which will be settled once the tax filing process completed by Mobike's original shareholders.

27 BORROWINGS

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Bank loan - secured	**767,000**	162,000
Bank loan - unsecured	**350,000**	—
	1,117,000	162,000

Bank borrowings of RMB617 million and RMB500 million will be repayable in 2018 and 2019 and bear annual average interest rate of 5.537% (In 2017: 4.785%). The amount of RMB482 million borrowing is secured by oversea letter of guarantee with the amount of USD116.7 million. The amount of RMB285 million borrowing is secured by structured deposit with the amount of RMB300 million. Both oversea letter of guarantee and structured deposit are pledged to China Merchants Bank Co., Ltd. For the six months ended June 30, 2018, the weighted average effective interest rate was 5.607% (In 2017: 7.324%).

28 SHARE-BASED PAYMENTS

For background of share-based payments, please refer to the Accountant's Report.

On October 5, 2015, the board of directors of the Company approved the establishment of the Company's 2015 Share Incentive Plan ("2015 Share Incentive Plan"), an equity-settled share-based compensation plan with the purpose of attracting, motivating, retaining and rewarding certain employees, consultants, and directors. The 2015 Share Incentive Plan is valid and effective for 10 years from the date of approval by the board of directors. The Group has initially reserved 598,483,347 ordinary shares under the 2015 Share Incentive Plan, and permits the awards of options and RSUs of the Company's ordinary shares.

As of June 30, 2018, the Group has authorised and reserved a total of 683,038,063 ordinary shares under the 2015 Share Incentive Plan for awards of options and RSUs of the Company's ordinary shares.

Share options

Options granted typically expire in 10 years from the respective grant dates. For previously granted options that were near its expiration date (i.e., 10 years after grant date) in 2016 and 2017, their expiration date was extended to October 5, 2025. The options have graded vesting terms, and vest in tranches from the grant date over 4 years, on condition that employees remain in service without any performance requirements.

The options may be exercised at any time after they have vested subject to the terms of the award agreement and are exercisable for a maximum period of 10 years after the date of grant.

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

	Number of share options	Weighted average exercise price per share option (USD)
(Unaudited)		
Outstanding as of December 31, 2017	121,961,415	1.94
Granted during the period	4,728,565	2.90
Mobike option replacement (Note i)	21,290,122	1.34
Forfeited during the period	(4,572,824)	1.57
Exercised during the period	(36,414,391)	0.54
Outstanding as of June 30, 2018	**106,992,887**	**2.36**
Vested and exercisable as of June 30, 2018	**37,192,401**	**1.12**
(Unaudited)		
Outstanding as of December 31, 2016	159,405,915	1.14
Granted during the period	4,564,000	3.86
Forfeited during the period	(5,403,668)	2.65
Exercised during the period	(46,192,138)	0.41
Outstanding as of June 30, 2017	112,374,109	1.47
Vested and exercisable as of June 30, 2017	67,572,138	0.65

i) On April 4, 2018, the Company acquired Mobike (Note 31) and assumed all the outstanding incentive share awards of Mobike (the "Mobike option replacement"). The number and types of the shares issuable upon the exercise of the Mobike option replacement, and the applicable exercise price for share options were adjusted according to the same term as the 2015 Share Incentive Plan. After the replacement awards were issued, Mobike's original incentive plan ceased to operate.

28 SHARE-BASED PAYMENTS *(Continued)*

Share options *(Continued)*

A total of 21,290,122 share options were assumed by the Group in the acquisition of Mobike. The Mobike option replacement has been analysed to determine whether the awards relate to pre-combination or post-combination services or both. To the extent Mobike option replacement is for pre-combination services, a portion of the value of the awards has been allocated to the consideration transferred for the acquiree. To the extent the Mobike option replacement is for post-combination services, the value of the awards is recognized as compensation expenses attributable to post-combination services.

The incremental fair value, calculated as the difference between the fair value of share option award assumed by the Group in the Mobike option replacement and the fair value of the outstanding incentive share awards of Mobike as of the acquisition date, has been included in the measurement of the amount recognized for the services received over the remainder of the vesting period, and is recognized in the Group's consolidated income statements as share-based compensation expenses.

The weighted average remaining contractual life of outstanding share options was 7 years and 8 years as of December 31, 2017 and June 30, 2018, respectively.

Fair value of share options

The Group has used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted option-pricing model and equity allocation model to determine the fair value of the underlying ordinary shares. Key assumptions, such as discount rate and projections of future performance, are determined by the Group with best estimate.

Based on fair value of the underlying ordinary shares, the Group has used Black-Scholes model to determine the fair value of the share option as of the grant date. Key assumptions are set as below:

	Unaudited Six months ended June 30,	
	2018	2017
Risk-free interest rates	**3.2% - 3.8%**	2.2% - 3.1%
Expected term - years	**2.8-6.4**	6.3-6.4
Expected volatility	**45% - 50%**	40% - 55%
Fair value of ordinary shares (USD)	**5.18-5.49**	2.87-3.62
Exercise price (USD)	**0-3.86**	3.86
Dividend yield	**—**	—

The weighted average fair value of granted options was USD1.58 and USD4.14 per share, for the six months ended June 30, 2017 and 2018, respectively.

28 SHARE-BASED PAYMENTS *(Continued)*

RSUs

The Company also grants RSUs to the Company's employees, consultants, and directors under the 2015 Incentive Share Plan. The RSUs awarded vest in tranches from the grant date over a certain service period, on condition that employees remain in service without any performance requirements. Once the vesting conditions underlying the respective RSUs are met, the RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer.

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

	Number of RSUs	Weighted average grant date fair value per RSU (USD)
(Unaudited)		
Outstanding as of December 31, 2017	114,505,992	3.34
Granted during the period	14,328,965	4.77
Vested during the period	(18,075,533)	3.14
Forfeited during the period	(4,187,485)	3.48
Outstanding as of June 30, 2018	**106,571,939**	**3.56**
(Unaudited)		
Outstanding as of December 31, 2016	71,260,265	2.39
Granted during the period	15,399,030	3.14
Vested during the period	(17,023,318)	2.25
Forfeited during the period	(7,598,831)	2.37
Outstanding as of June 30, 2017	62,037,146	2.62

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.

28 SHARE-BASED PAYMENTS *(Continued)*

RSUs *(Continued)*

The total share-based compensation expenses recognized in the consolidated income statements are RMB280 million and RMB682 million for the six months ended June 30, 2017 and 2018, respectively. The following table sets forth a breakdown of the share-based compensation expenses by nature:

	Unaudited Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
Share options	**136,045**	51,206
RSUs	**497,553**	197,985
Incremental fair value for repurchase of ordinary shares	**48,660**	29,882
Others	**—**	808
	682,258	279,881

29 DIVIDENDS

No dividends have been paid or declared by the Company during each of the six months ended June 30, 2017 and 2018.

30 COMMITMENTS

a) Capital commitments

	Unaudited As of June 30, 2018	Audited As of December 31, 2017
	RMB'000	RMB'000
Within 1 year	**16,372**	24,368
1 – 2 years	**650**	2,535
	17,022	26,903

30 COMMITMENTS *(Continued)*

b) Operating lease commitments

The Group leases office under non-cancelable operating lease agreements. Future minimum lease payments under non-cancelable operating lease agreements with initial terms of 1 year or more consist of the following:

	Unaudited As of April 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
Within 1 year	**456,092**	268,529
1 – 5 years	**538,979**	529,647
Over 5 years	**215,301**	299,185
	1,210,372	1,097,361

31 BUSINESS COMBINATIONS

Acquisition of Mobike

On April 4, 2018, the Company and Tollan Holdings Limited ("Tollan Holdings"), a wholly-owned subsidiary of the Company, completed a transaction to acquire 100% of the equity interests of mobike Ltd. ("Mobike"), an unlisted entity mainly operates in the PRC and connects users to dockless bikes via a mobile application.

The goodwill of approximately RMB12,821 million arising from the acquisition is attributable to business cooperation expected to be derived from combining with the operations of the Group. None of the goodwill recognized is expected to be deductible for income tax purposes. The following table summarizes the consideration paid for the acquisition of Mobike, the fair value of assets acquired and liabilities assumed.

31 BUSINESS COMBINATIONS *(Continued)*

Acquisition of Mobike *(Continued)*

	April 4, 2018 RMB'000
Cash Consideration	9,443,771
Issuance of preferred shares (167.7 million shares) (Note 24) (i)	5,888,472
Option replacement (ii)	231,736
Total consideration paid by the Company	15,563,979
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	834,532
Restricted cash	392,374
Short-term investments	380,000
Inventories	159,115
Trade receivables	21,550
Financial assets at fair value through profit or loss	12,880
Intangible assets	
– Trade name	1,600,000
– User list	840,000
– Technology	660,000
– Others	478,265
Property, plant and equipment	5,349,198
Prepayments, deposits and other assets	1,918,191
Deferred tax assets	599,743
Trade payables	(414,715)
Borrowings	(390,000)
Advance from transacting users	(497,907)
Other payables and accruals	(246,945)
Other non-current liabilities	(8,080)
Deferred revenue	(35,176)
Deposit from transacting users (iii)	(8,125,057)
Deferred tax liabilities	(785,467)
Total identifiable net assets	2,742,501
Goodwill	12,821,478
	15,563,979

31 BUSINESS COMBINATIONS *(Continue)*

Note i) The share consideration paid by the Group for the acquisition of Mobike was comprised of the Company's Series A-12 preferred shares. The fair value of the share consideration was determined using the per share fair value of Series A-12 preferred share as of the acquisition date, using the option-pricing method and equity allocation model.

Note ii) Pursuant to the share purchase agreement for the acquisition of Mobike, all outstanding awards, vested or unvested, that were awarded under the Mobike's current incentive plan were assumed by the Group under the 2015 Share Incentive Plan. This represents the portion of the awards related to precombination services and were therefore allocated to consideration paid by the Company.

The revenue included in the consolidated income statements since April 4, 2018 contributed by Mobike was RMB472 million. Mobike also contributed a loss of RMB1,511 million over the same period. The acquisition-related costs were not significant and had been charged to general and administrative expenses in the consolidated income statements for the 6 months ended June 30, 2018.

Note iii) Deposit from transacting users are the deposits received from transacting users of bike-sharing services, which are redeemable at any time upon the requests from transacting users.

Had Mobike been consolidated from January 1, 2018, the consolidated income statements for the period ended June 30, 2018 would show pro-forma revenue of RMB26,613 million and a loss of RMB30,553 million.

32 RELATED PARTY TRANSACTIONS

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

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 normal course of business and at terms negotiated between the Group and the respective related parties.

32 RELATED PARTY TRANSACTIONS *(Continue)*

a) Names and relationships 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, 2017 and 2018, and/or balances with the Group as of December 31, 2017 and June 30, 2018.

Name of related parties	Relationship
Tencent Group	One of the Company's shareholders
Tianjin Maoyan and its subsidiaries	Associate of the Group
Changsha Xiangjiang Longzhu Private Equity Investment Fund Enterprise (Limited Partnership)	Associate of the Group
Wang Xing	Core connected person
Mu Rongjun	Core connected person

b) Significant transactions with related parties

	Unaudited Six months ended June 30, 2018 RMB'000	2017 RMB'000
(i) Sales of service		
Associate of the Group	**198,218**	186,491
(ii) Purchase of service		
One of the Company's shareholders	**301,545**	182,468
Associate of the Group	**3,685**	—
	305,230	182,468
(iii) Sales of investments		
Associate of the Group	**38,776**	—

32 RELATED PARTY TRANSACTIONS *(Continue)*

c) Balances with related parties

	Unaudited As of June 30, 2018 RMB'000	Audited As of December 31, 2017 RMB'000
(i) Other receivables from related parties		
Associate of the Group	—	31,240
One of the Company's shareholders	78,252	47,976
Core connected person	10,000	10,000
	88,252	89,216
(ii) Other payables to related parties		
Associate of the Group	65,634	194,194
One of the Company's shareholders	41,578	18,790
	107,212	212,984

d) Key Management compensation

	Unaudited Six months ended June 30,	
	2018 RMB'000	2017 RMB'000
Wages, Salaries and bonuses	6,184	6,693
Pension Costs and other employee benefits	179	219
Share-based compensation expenses	64,402	24,949
Others	—	27
	70,765	31,888

33 CONTINGENCIES

The Group did not have any material contingent liabilities as of June 30, 2018.

"Articles" or "Articles of Association"	the articles of association of the Company adopted on August 30, 2018 with effect from Listing, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"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 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 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
"Cayman Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended or supplemented from time to time
"Charmway Enterprises"	Charmway Enterprises Company Limited, a limited liability company incorporated under the laws of the BVI which is controlled by Mu Rongjun
"Chengdu Meigengmei"	Chengdu Meigengmei Information Technology Co., Ltd. (成都美更美信息技術有限公司), 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 shares of the share capital of the Company with a par value of US$0.00001 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company's general meeting, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share

"Class B Shares"	class B ordinary shares of the share capital of the Company with a par value of US$0.00001 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company's general meeting
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", "the Company"	Meituan Dianping (美團點評) (formerly known as Internet Plus Holdings Ltd.), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 25, 2015, or Meituan Dianping (美團點評) and its subsidiaries and Consolidated Affiliated Entities, as the case may be
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely, the Onshore Holdcos and their respective subsidiaries (each a "Consolidated Affiliated Entity")
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Wang Xing and the directly and indirectly held companies through which Wang Xing has an interest in the Company
"Crown Holdings"	Crown Holdings Asia Limited, a limited liability company incorporated under the laws of the BVI which is controlled by Wang Xing
"Director(s)"	the director(s) of the Company
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group" or "the Group", "we", "us", or "our"	the Company and its subsidiaries and Consolidated Affiliated Entities from time to time
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%)
"Hong Kong Securities and Futures Ordinance" or "SFO"	the Securities 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"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"International Offer Shares"	the 456,255,000 Class B Shares being initially offered for subscription at the Offer Price under the International Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option
"International Offering"	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from the registration requirement under the U.S. Securities Act, in each case on and subject to the terms and conditions of the International Underwriting Agreement
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering and expected to be entered into by, among others, the Company, the Joint Global Coordinators and the International Underwriters on or about the Price Determination Date
"Internet Plus HK"	Internet Plus (Hong Kong) Limited (互聯網加 (香港) 有限公司), a limited liability company incorporated under the laws of Hong Kong on November 27, 2015 and our direct wholly-owned subsidiary
"Kevin Sunny"	Kevin Sunny Holding Limited, a limited liability company incorporated under the laws of the BVI on May 22, 2018 which is wholly owned by Wang Huiwen
"Listing"	the listing of the Class B Shares on the Main Board of the Stock Exchange
"Listing Date"	the date, expected to be on or about September 20, 2018, on which the Class B Shares are listed and on which dealings in the Class B Shares are first permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Meituan Finance"	Beijing Meituan Finance Technology Co., Ltd. (北京美團金融科技有限公司), 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 adopted on August 30, 2018 as amended from time to time
"Mobike"	mobike Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands on April 2, 2015 and our direct wholly-owned subsidiary
"Mobike Beijing"	Mobike (Beijing) Information Technology Co., Ltd. (摩拜(北京) 信息技術有限公司), a limited liability company incorporated under the laws of the PRC on January 12, 2016 and our indirect wholly-owned subsidiary
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Offer Price"	the final price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$72 and expected to be not less than HK$60, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, being Class B Shares of the Company, together, where relevant, with any additional Class B Shares to be issued by the Company pursuant to the exercise of the Over-allotment Option
"Onshore Holdcos," each a "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
"Over-allotment Option"	the option expected to be granted by the Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), pursuant to which the Company may be required to issue up to an additional 72,040,200 Class B Shares (representing not more than approximately 15% of the number of Offer Shares initially being offered under the Global Offering) at the Offer Price, to, amongst other things, cover over-allocations in the International Offering, if any

"PRC Legal Advisor"	Han Kun Law Offices, legal advisor to the Company as to PRC laws
"Pre-IPO ESOP"	employee stock incentive scheme adopted by the Company dated October 6, 2015 as amended from time to time
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"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
"SFC"	the Securities and Futures Commission of Hong Kong
"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 Lutuan"	Shanghai Lutuan Technology Co., Ltd. (上海路團科技有限公司), a limited liability company incorporated under the laws of the PRC on January 12, 2017 and our Consolidated Affiliated Entity
"Shanghai Sankuai Technology"	Shanghai Sankuai Technology Co., Ltd. (上海三快科技有限公司), a limited liability company incorporated under the laws of the PRC on September 19, 2012 and our Consolidated Affiliated Entity
"Share(s)"	the Class A Shares and Class B Shares in the share capital of the Company, as the context so requires
"Shareholder(s)"	holder(s) of the Share(s)
"Shared Patience"	Shared Patience Inc., a limited liability company incorporated under the laws of the BVI which is wholly owned by Wang Xing
"Shared Vision"	Shared Vision Investment Limited, a limited liability company incorporated under the laws of the BVI which is wholly owned by Mu Rongjun
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules

"Tianjin Antechu Technology"	Tianjin Antechu Technology Co., Ltd. (天津安特廚科技有限公司), a limited liability company incorporated under the laws of the PRC on January 17, 2018 and our Consolidated Affiliated Entity
"Tencent"	Tencent Holdings Limited (HKEx Stock Code: 700), or Tencent Holdings Limited and/or its subsidiaries, as the case may be
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"weighted voting right"	has the meaning ascribed to it in the Listing Rules
"WVR Beneficiaries"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Wang Xing, Mu Rongjun and Wang Huiwen, being the holders of the Class A Shares, entitling each to weighted voting rights
"%"	per cent

GLOSSARY

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