



Meituan

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

Stock Code: 3690



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Xing (王興) (*Chairman of the Board*)

Mr. Mu Rongjun (穆榮均)

Mr. Wang Huiwen (王慧文)

Non-Executive Directors

Mr. Lau Chi Ping Martin (劉熾平)

Mr. Neil Nanpeng Shen (沈南鵬)

Independent Non-Executive Directors

Mr. Orr Gordon Robert Halyburton

Mr. Leng Xuesong (冷雪松)

Dr. Shum Heung Yeung Harry (沈向洋)

AUDIT COMMITTEE

Mr. Orr Gordon Robert Halyburton (*Chairman*)

Mr. Leng Xuesong (冷雪松)

Dr. Shum Heung Yeung Harry (沈向洋)

REMUNERATION COMMITTEE

Mr. Leng Xuesong (冷雪松) (*Chairman*)

Dr. Shum Heung Yeung Harry (沈向洋)

Mr. Mu Rongjun (穆榮均)

NOMINATION COMMITTEE

Mr. Leng Xuesong (冷雪松) (*Chairman*)

Mr. Shum Heung Yeung Harry (沈向洋)

Mr. Wang Huiwen (王慧文)

CORPORATE GOVERNANCE COMMITTEE

Mr. Leng Xuesong (冷雪松) (*Chairman*)

Dr. Shum Heung Yeung Harry (沈向洋)

Mr. Orr Gordon Robert Halyburton

JOINT COMPANY SECRETARIES

Ms. Xu Sijia (徐思嘉)

Ms. Lau Yee Wa (劉綺華)

AUTHORIZED REPRESENTATIVES

Mr. Wang Xing (王興)

Mr. Wang Huiwen (王慧文)

AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered PIE Auditor*
22/F, Prince's Building
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As to the PRC law:

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As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP
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COMPLIANCE ADVISOR

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HONG KONG SHARE REGISTRAR

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183 Queen's Road East
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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PO Box 1093, Boundary Hall
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Grand Cayman, KY1-1102
Cayman Islands

PRINCIPAL BANKER

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No. 168 Xizhimenwai Street
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Beijing
China

STOCK CODE

3690

COMPANY'S WEBSITE

about.meituan.com

KEY HIGHLIGHTS

FINANCIAL SUMMARY

	Unaudited Three Months Ended		Unaudited Three Months Ended		Year-over- year change
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
Revenues	50,938,363	100.0%	43,759,232	100.0%	16.4%
Operating loss	(492,838)	(1.0%)	(3,251,705)	(7.4%)	(84.8%)
Loss for the period	(1,116,027)	(2.2%)	(3,356,375)	(7.7%)	(66.7%)
Non-IFRS Measures:					
Adjusted EBITDA	3,802,741	7.5%	(1,239,986)	(2.8%)	NA
Adjusted net profit/(loss)	2,057,773	4.0%	(2,217,141)	(5.1%)	NA

	Unaudited Six Months Ended		Unaudited Six Months Ended		Year-over- year change
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
Revenues	97,207,117	100.0%	80,775,494	100.0%	20.3%
Operating loss	(6,077,080)	(6.3%)	(8,018,712)	(9.9%)	(24.2%)
Loss for the period	(6,818,593)	(7.0%)	(8,202,637)	(10.2%)	(16.9%)
Non-IFRS Measures:					
Adjusted EBITDA	1,961,970	2.0%	(3,622,669)	(4.5%)	NA
Adjusted net loss	(1,528,479)	(1.6%)	(6,108,858)	(7.6%)	(75.0%)

FINANCIAL INFORMATION BY SEGMENT

Starting from this quarter, our chief operating decision makers (“CODMs”) started to review information under a new reporting structure, and segment reporting is updated to conform to this change. We think the new segment disclosure better reflects our business strategies, the development phases of various businesses and the financial performance, and better aligns with our resource allocation. Our updated reportable segments comprise:

- Core local commerce, which mainly includes the former Food delivery and In-store, hotel & travel segments, as well as Meituan Instashopping (美团閃購), alternative accommodations and transportation ticketing; and
- New initiatives, which mainly includes Meituan Select (美团優選), Meituan Grocery (美团買菜), B2B food distribution (快驢), ride sharing, bike sharing, e-moped sharing, power banks, RMS and other new initiatives.

Comparative figures were reclassified to conform to this presentation.

	Unaudited			Total
	Three Months Ended June 30, 2022			
	Core local commerce	New initiatives	Unallocated items ¹	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	15,950,770	–	–	15,950,770
Commission	12,478,501	315,518	–	12,794,019
Online marketing services	7,295,796	20,891	–	7,316,687
Other services and sales (including interest revenue)	1,054,176	13,822,711	–	14,876,887
Total revenues	36,779,243	14,159,120	–	50,938,363
Cost of revenues, operating expenses and unallocated items	(28,518,250)	(20,948,666)	(1,964,285)	(51,431,201)
Including: Delivery related costs	(17,181,440)	–	–	(17,181,440)
Operating (loss)/profit	8,260,993	(6,789,546)	(1,964,285)	(492,838)

¹ Unallocated items mainly include (i) share-based compensation expenses, (ii) amortisation of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, (iv) other gains, net and (v) certain corporate administrative expenses and other miscellaneous items. They are not allocated to individual segments.

KEY HIGHLIGHTS

	Unaudited			Total
	Three Months Ended June 30, 2021			
	Core local commerce	New initiatives	Unallocated items	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	13,861,207	–	–	13,861,207
Commission	12,170,487	418,123	–	12,588,610
Online marketing services	7,194,528	21,168	–	7,215,696
Other services and sales (including interest revenue)	468,840	9,624,879	–	10,093,719
Total revenues	33,695,062	10,064,170	–	43,759,232
Cost of revenues, operating expenses and unallocated items	(27,780,591)	(18,849,606)	(380,740)	(47,010,937)
Including: Delivery related costs	(16,395,387)	–	–	(16,395,387)
Operating (loss)/profit	5,914,471	(8,785,436)	(380,740)	(3,251,705)

	Year-over-year change			Total
	Core local commerce	New initiatives	Unallocated items	
	<i>(Percentages %)</i>			
Revenues:				
Delivery services	15.1	NA	NA	15.1
Commission	2.5	(24.5)	NA	1.6
Online marketing services	1.4	(1.3)	NA	1.4
Other services and sales (including interest revenue)	124.8	43.6	NA	47.4
Total revenues	9.2	40.7	NA	16.4
Cost of revenues, operating expenses and unallocated items	2.7	11.1	415.9	9.4
Including: Delivery related costs	4.8	NA	NA	4.8
Operating (loss)/profit	39.7	(22.7)	415.9	(84.8)

KEY HIGHLIGHTS

	Unaudited			Total
	Six Months Ended June 30, 2022			
	Core local commerce	New initiatives	Unallocated items	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	30,183,979	–	–	30,183,979
Commission	24,427,225	665,677	–	25,092,902
Online marketing services	14,300,720	34,849	–	14,335,569
Other services and sales (including interest revenue)	2,046,905	25,547,762	–	27,594,667
Total revenues	70,958,829	26,248,288	–	97,207,117
Cost of revenues, operating expenses and unallocated items	(57,992,695)	(41,491,118)	(3,800,384)	(103,284,197)
Including: Delivery related costs	(35,416,474)	–	–	(35,416,474)
Operating (loss)/profit	12,966,134	(15,242,830)	(3,800,384)	(6,077,080)

	Unaudited			Total
	Six Months Ended June 30, 2021			
	Core local commerce	New initiatives	Unallocated items	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	26,719,916	–	–	26,719,916
Commission	21,918,674	807,958	–	22,726,632
Online marketing services	12,846,396	34,435	–	12,880,831
Other services and sales (including interest revenue)	957,841	17,490,274	–	18,448,115
Total revenues	62,442,827	18,332,667	–	80,775,494
Cost of revenues, operating expenses and unallocated items	(52,900,164)	(34,861,521)	(1,032,521)	(88,794,206)
Including: Delivery related costs	(32,707,764)	–	–	(32,707,764)
Operating (loss)/profit	9,542,663	(16,528,854)	(1,032,521)	(8,018,712)

KEY HIGHLIGHTS

	Core local commerce	Year-over-year change		Total
		New initiatives	Unallocated items	
Revenues:				
Delivery services	13.0	NA	NA	13.0
Commission	11.4	(17.6)	NA	10.4
Online marketing services	11.3	1.2	NA	11.3
Other services and sales (including interest revenue)	113.7	46.1	NA	49.6
Total revenues	13.6	43.2	NA	20.3
Cost of revenues, operating expenses and unallocated items	9.6	19.0	268.1	16.3
Including: Delivery related costs	8.3	NA	NA	8.3
Operating (loss)/profit	35.9	(7.8)	268.1	(24.2)

OPERATING METRICS

	Twelve Months Ended		Year-over-year change
	June 30, 2022	June 30, 2021	
Number of Transacting Users	684.7	628.4	8.9%
Number of Active Merchants	9.2	7.7	18.5%
	<i>(units, except for percentages)</i>		
Average number of transactions per annual Transacting User	38.1	32.8	16.2%
	Three Months Ended		Year-over-year change
	June 30, 2022	June 30, 2021	
Number of On-demand Delivery transactions ²	4,102.4	3,814.1	7.6%

² Number of On-demand Delivery transactions include number of transactions from food delivery and Meituan Instashopping businesses.

To our Shareholders:

In the first half of 2022, the world continued to face impacts and challenges from the pandemic. As China continues to counter COVID-19 resurgence and to achieve dynamic zero-COVID goals, we align our business operations with the policies and guidance of authorities. Our comprehensive on-demand delivery network allows consumers to stock up food, drinks, grocery and daily necessities at short notice under strict control measures. Meanwhile, we assist small- and medium-sized merchants withstand difficulties and solve their pain-points through better product and service offerings, and digital solutions. As we adhere to our “Retail + Technology” strategy, we expanded our consumer touchpoint to the broader rural areas and less developed markets and provided rural residents with extended variety and quantities of value-for-money products. Meanwhile, we have developed cutting-edge technology such as autonomous delivery vehicles and drones, which will allow us to operate innovatively in the future. Going forward, we will build on the mutual trust forged strongly among consumers, merchants, couriers, and all other industry participants, and fulfill our mission that “We help people eat better, live better”.

I am pleased to present the Group's interim results for the six months ended June 30, 2022.

BUSINESS REVIEW

Reportable Segment Update

Starting from this quarter, our chief operating decision makers (“CODMs”) started to review information under a new reporting structure, and segment reporting is updated to conform to this change. We think the new segment disclosure better reflects our business strategies, the development phases of various businesses and the financial performance, and better aligns with our resource allocation. The first segment is Core local commerce, which includes the former Food delivery and In-store, hotel & travel segments, as well as Meituan Instashopping (美团閃購), alternative accommodations and transportation ticketing. The second segment, New initiatives, includes Meituan Select (美团優選), Meituan Grocery (美团買菜), B2B food distribution (快驢), ride sharing, bike sharing, e-moped sharing, power banks, RMS and other new initiatives. Food delivery and in-store, hotel & travel both have proven monetisation models, as well as industry-leading positions. Meituan Instashopping not only shares the user base and the existing on-demand delivery network of food delivery, but also has a clear path to profitability and similar unit economics model. Alternative accommodations and transportation ticketing are classified into hotel & travel as they belong to the same broader industry and have mature business models. On the other hand, all the businesses in New initiatives require iterations on business models and more resources. Our management will periodically review their developments, and dynamically adjust resource allocation and strategies.

CHAIRMAN'S STATEMENT

Company Financial Highlights

During the three months ended June 30, 2022 (“this quarter”), our revenues increased by 16.4% to RMB50.9 billion from RMB43.8 billion for the same period of 2021. Our Core local commerce segment achieved an operating profit of RMB8.3 billion for the second quarter of 2022, up from RMB5.9 billion for the same period of 2021, while the operating loss for our New initiatives segment narrowed on both year-over-year and quarter-over-quarter basis to RMB6.8 billion for the second quarter of 2022. Adjusted EBITDA and adjusted net profit were RMB3.8 billion and RMB2.1 billion for this quarter, turning from loss positions to profit positions on both year-over-year and quarter-over-quarter basis. We held cash and cash equivalents of RMB25.5 billion and short-term treasury investments of RMB82.0 billion as of June 30, 2022.

Company Business Highlights

Core Local Commerce

In the second quarter of 2022, we achieved 9.2% revenue growth for the Core local commerce segment, despite negative impacts from the spread of Omicron. Operating profit increased by 39.7% year over year to RMB8.3 billion, and operating margin improved to 22.5%.

During this quarter, the total orders of our food delivery and Meituan Instashopping businesses increased by 7.6% year over year. Our food delivery business was negatively impacted by the pandemic and the control measures, especially in some tier-1 cities, which usually contribute higher percentages of the total food delivery order volume. Order volume was heavily affected in April and May but swiftly recovered in June as the pandemic became effectively under control. Our food delivery business was resilient in spite of external challenges, and our high-frequency users contributed even higher order volume during the quarter. Food delivery has been recognised as an important source to get food. In Omicron-affected regions, we did our best to fulfill consumer needs, and launched multiple measures to ensure supply and delivery capacity. For example, we launched the community group meals and emergency helper services in Shanghai, and increased our delivery capacity and ensured cross-city deliveries for consumers in Beijing. On the merchant side, we rapidly onboarded many fine dining and high-end restaurants and helped them launch food delivery services on Meituan. In Shanghai, we launched our first “Must-Order” list in June, allowing consumers to enjoy high-quality food at home, while helping restaurants increase food delivery order volume. Going forward, we will launch “Must-Order” lists in more key cities nationwide. When dine-ins were restricted, food delivery became an important revenue driver for restaurant merchants and helped them recover after the pandemic subsided. We also continued to provide support measures, offering commission discounts to small- and medium-sized merchants who have experienced difficulties in business operations due to the pandemic, and assisting them with online operations. Moreover, we collaborated with certain restaurants to register their employees as couriers, which effectively stabilised their personal income while supplementing our delivery capacity during the pandemic. All these measures showcased our strong organisational and execution capabilities, and further helped accelerate the digital transformation of the traditional offline restaurant industry.

Meituan Instashopping continued its rapid growth trajectory, with daily average orders reaching 4.3 million in the second quarter of 2022. Growths in user base and transaction frequency led to a notable increase in the order volume. During this quarter, the spread of Omicron catalysed an increase in consumer reliance on on-demand delivery, especially in case of imminence control measures when consumers have to quickly stock up groceries

CHAIRMAN'S STATEMENT

and daily necessities from local stores at short notice. Average ticket size increased as a result of this surging demand, and led to improvement in the unit economics. We continued to onboard more merchants across different categories, and acutely captured the emerging consumption trends to offer more diverse selections to our consumers. Leveraging our strong and flexible delivery network, we effectively met the increasing demand of consumers, and on-demand retail has become a new form of online shopping. During this quarter, we worked with well-known brands to launch shopping festivals and marketing campaigns, through which we not only deepened the merchant penetration and our collaborations, but also helped stimulate local consumption recovery. In addition, we introduced more Meituan InstaStore (美团閃電倉) into our supply, launched city-wide pharmacy services, and extended delivery distance for medicines. All these measures successfully enhanced consumer mindshare on Meituan Instashopping that delivers everything to their doorsteps.

The in-store, hotel & travel business was heavily impacted by the COVID resurgence, with revenues decreasing meaningfully in the second quarter of 2022. During April and May, offline operations of many merchants were significantly affected by the spread of Omicron in many mid- and high-tier cities, including Shanghai and Beijing. Nevertheless, our business began to recover in June, as control measures were relaxed, and we supported local governments to distribute consumption vouchers to further stimulate economic recovery.

For in-store dining, as offline operations were largely impacted in Shanghai, Beijing and many other cities, we were dedicated to help restaurant merchants withstand the difficulties. We offered discounted online marketing services to temporarily closed restaurants, introduced food delivery options and self-pickup services to merchants, including many fine-dining restaurants, and launched themed promotions to boost consumption recovery. We also took this opportunity to expand and refine our own products and services, facilitate the growth of light meals, and help accelerate the digital transformation of the overall industry.

For other in-store services, although group activities and gathering events were negatively affected, consumption trend evolved dynamically and new consumption categories emerged. For example, as outdoor activities became more popular, we promptly adjusted our platform's offerings and services to cope with the new trend, allowing consumers to efficiently find the products and services needed when browsing on our platform. Fitness, pets and life services also maintained strong growth during this quarter. We are confident on the post-pandemic recovery of local services and the consumption growth. Our strong brand awareness among both consumers and merchants, our unparalleled execution capability, and our deep industry insights will render us growth potential in the long run.

For hotel & travel, the spread of Omicron and strict control measures in April and May caused sharp decline in travel activities, and our domestic room nights experienced notable decrease before a gradual recovery in June. High-star hotels were more heavily impacted than low-star hotels, yet we continued to optimise supply, improve service qualities and upgrade packaged deals in the high-star domain. For alternative accommodations, we onboarded more supplies from Airbnb after their announcement to exit the China domestic market, and we guided the hosts through a smooth transition on our platform.

CHAIRMAN'S STATEMENT

New Initiatives

In the second quarter of 2022, revenues from the New initiatives segment increased 40.7% year over year to RMB14.2 billion, mainly driven by growths from the goods retail businesses. Operating loss narrowed on the sequential basis to RMB6.8 billion, while operating margin improved to negative 48.0%, primarily attributable to improvement in operating efficiency from the goods retail businesses.

For Meituan Select, we continued to focus on high-quality growth and operating efficiency improvement. We partnered with more brands and further expanded our product selections to provide consumers with more high-quality and value-for-money products. Through these partnerships, we also helped evoke some traditional local brands to innovate and launch their products online so that they can reach a broader consumer base. Moreover, we enhanced our direct sourcing, centralised procurement, and sorting solutions to improve supply chain efficiency, and we further optimised our cold-chain logistics across the entire supply chain to ensure stable offerings of frozen products during summer. In the regions that were impacted by the COVID resurgence and extreme weather conditions, such as Shanghai, Jilin, and Guangdong, we actively supported local governments to ensure sufficient supplies of necessities for consumers and fulfilled our social responsibilities.

For Meituan Grocery, both quarterly Transacting Users and order volume broke records in the second quarter of 2022. We are proud that Meituan Grocery played an important role to ensure supplies of daily necessities for consumers during the COVID resurgence. We responded to the pandemic in Shanghai by quickly locking in sufficient product supply from major suppliers, increasing volume of direct sourcing, and preparing in advance on alternative suppliers. We also accumulated know-hows from our operational experience in Shanghai and quickly launched similar models in Beijing when the city was under strict control measures. We supported Shanghai government with the resumption of work and productions after the COVID situation became under control. Looking forward, we will continue to optimise supply and fulfillment and strive to bring better experience to consumers.

Although the pandemic has brought short-term difficulties, we are confident that as it becomes under control, local consumption will recover and our Core local commerce segment will resume its normal growth trajectory. Leveraging our strong on-demand delivery network, we will continue to provide meals, groceries, necessities, and medicines for consumers. We will also cope with the evolving consumer demand on local goods and services and further strengthen consumer mindshare. Meanwhile, we will assist local merchants to recover, especially those small- and medium-sized merchants, through better products and solutions that can effectively help them improve operating efficiency. Our investment in New initiatives, especially the goods retail businesses, also allows us to reach broader consumers and bring more convenience to people's lives. We will continue to execute our strategy of "Retail + Technology" while providing more diverse, value-for-money goods and services. We are fully committed to accelerating the digital transformation of the retail industry and creating more value for our society.

CHAIRMAN'S STATEMENT

APPRECIATION

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

Wang Xing

Chairman

Hong Kong, August 26, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE SECOND QUARTER OF 2022 COMPARED TO THE SECOND QUARTER OF 2021

The following table sets forth the comparative figures for the second quarter of 2022 and 2021:

	Unaudited Three Months Ended	
	June 30, 2022	June 30, 2021
	<i>(RMB in thousands)</i>	
Revenues	50,938,363	43,759,232
Including: Interest revenue	303,317	341,468
Cost of revenues	<u>(35,363,935)</u>	<u>(31,245,861)</u>
Gross profit	15,574,428	12,513,371
Selling and marketing expenses	(8,986,036)	(10,848,627)
Research and development expenses	(5,203,533)	(3,900,794)
General and administrative expenses	(2,503,552)	(2,053,024)
Net provisions for impairment losses on financial and contract assets	(50,437)	(104,355)
Fair value changes of other financial investments at fair value through profit or loss	(292,183)	164,748
Other gains, net	<u>968,475</u>	<u>976,976</u>
Operating loss	(492,838)	(3,251,705)
Finance income	190,412	112,118
Finance costs	(418,612)	(263,269)
Share of (losses)/gains of investments accounted for using the equity method	<u>(400,052)</u>	<u>38,251</u>
Loss before income tax	(1,121,090)	(3,364,605)
Income tax credits	<u>5,063</u>	<u>8,230</u>
Loss for the period	<u>(1,116,027)</u>	<u>(3,356,375)</u>
Non-IFRS measures:		
Adjusted EBITDA	3,802,741	(1,239,986)
Adjusted net profit/(loss)	2,057,773	(2,217,141)

MANAGEMENT DISCUSSION AND ANALYSIS

Revenues

Our revenues increased by 16.4% to RMB50.9 billion for the second quarter of 2022 from RMB43.8 billion for the same period of 2021. The increase was mainly driven by the steady revenue growth of our Core local commerce segment and the strong revenue growth of our New initiatives segment, especially the goods retail businesses.

The following table sets forth our revenues by segment and type in absolute amount for the second quarter of 2022 and 2021:

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

Revenues	Unaudited Three Months Ended June 30, 2021		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Delivery services	13,861,207	–	13,861,207
Commission	12,170,487	418,123	12,588,610
Online marketing services	7,194,528	21,168	7,215,696
Other services and sales (including interest revenue)	468,840	9,624,879	10,093,719
Total	33,695,062	10,064,170	43,759,232

MANAGEMENT DISCUSSION AND ANALYSIS

Our revenues from the Core local commerce segment increased by 9.2% to RMB36.8 billion for the second quarter of 2022 from RMB33.7 billion for the same period of 2021. The growth in delivery services revenue on a year-over-year basis was mainly driven by the increase in the number of transactions and the efficient Transacting Users incentives strategy resulting in the decreased amount of revenue deduction in our food delivery and Meituan Instashopping businesses. The increase in commission revenue on a year-over-year basis was primarily attributable to the increase in the number of transactions and the average order value in our food delivery and Meituan Instashopping businesses, partially offset by decreased GTV from our in-store, hotel & travel businesses due to the negative impacts of Omicron spread in this quarter. The increase in online marketing services revenue on a year-over-year basis was mainly attributable to the increase in the number of quarterly online marketing Active Merchants, partially offset by the decrease in average online marketing spending of our in-store services Active Merchants as a result of Omicron spread.

Our revenues from the New initiatives segment increased by 40.7% to RMB14.2 billion for the second quarter of 2022 from RMB10.1 billion for the same period of 2021, mainly due to the development of our goods retail businesses.

Costs and Expenses

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

	Unaudited Three Months Ended			
	June 30, 2022	As a percentage of revenues	June 30, 2021	As a percentage of revenues
	Amount		Amount	
	<i>(RMB in thousands, except for percentages)</i>			
Costs and Expenses:				
Cost of revenues	35,363,935	69.4%	31,245,861	71.4%
Selling and marketing expenses	8,986,036	17.6%	10,848,627	24.8%
Research and development expenses	5,203,533	10.2%	3,900,794	8.9%
General and administrative expenses	2,503,552	4.9%	2,053,024	4.7%
Net provisions for impairment losses on financial and contract assets	50,437	0.1%	104,355	0.2%

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Revenues

Our cost of revenues increased by 13.2% to RMB35.4 billion for the second quarter of 2022 from RMB31.2 billion for the same period of 2021, and decreased by 2.0 percentage points to 69.4% from 71.4% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to the expanded investment in our goods retail businesses and an increase in delivery related costs which was in line with the increase in the number of transactions of food delivery and Meituan Instashopping businesses. The decrease in cost of revenues as a percentage of revenues was mainly due to the improved gross margin of our food delivery, Meituan Instashopping and goods retail businesses.

Selling and Marketing Expenses

Our selling and marketing expenses was RMB9.0 billion for the second quarter of 2022 and RMB10.8 billion for the same period of 2021, and decreased by 7.2 percentage points to 17.6% from 24.8% as a percentage of revenues on a year-over-year basis. Both the decreases in amount and as a percentage of revenues were primarily attributable to the restrained Transacting User incentives and other marketing expenses across various businesses.

Research and Development Expenses

Our research and development expenses increased to RMB5.2 billion for the second quarter of 2022 from RMB3.9 billion for the same period of 2021, and increased by 1.3 percentage points to 10.2% from 8.9% as a percentage of revenues on a year-over-year basis. The increases in both amount and as a percentage of revenues were mainly attributable to the increase in employee benefits expenses.

General and Administrative Expenses

Our general and administrative expenses increased to RMB2.5 billion for the second quarter of 2022 from RMB2.1 billion for the same period of 2021, and increased by 0.2 percentage points to 4.9% from 4.7% as a percentage of revenues on a year-over-year basis. The increases in both amount and as a percentage of revenues were mainly attributable to the increase in employee benefits expenses.

Net Provisions for Impairment Losses on Financial and Contract Assets

Our net provisions for impairment losses on financial and contract assets decreased to RMB50.4 million for the second quarter of 2022 from RMB104.4 million for the same period of 2021, which reflected the changes in expected credit losses for financial assets.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Our fair value changes of other financial investments at fair value through profit or loss was a loss of RMB292.2 million for the second quarter of 2022, compared to a gain of RMB164.7 million for the same period of 2021. The loss for this quarter was mainly driven by the fluctuation in the fair value of our investment portfolio.

Other Gains, Net

Our other gains, net for the second quarter of 2022 decreased by 0.9%, or RMB8.5 million, to RMB968.5 million compared to RMB977.0 million for the same period of 2021.

Operating Loss

As a result of the foregoing, our operating loss and margin for the second quarter of 2022 was RMB492.8 million and negative 1.0% respectively, compared to operating loss and margin of RMB3.3 billion and negative 7.4% for the same period of 2021.

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

	Unaudited Three Months Ended			
	June 30, 2022		June 30, 2021	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues
	<i>(RMB in thousands, except for percentages)</i>			
Core local commerce	8,260,993	22.5%	5,914,471	17.6%
New initiatives	(6,789,546)	(48.0%)	(8,785,436)	(87.3%)
Unallocated items	<u>(1,964,285)</u>	NA	<u>(380,740)</u>	NA
Total operating loss	<u>(492,838)</u>	(1.0%)	<u>(3,251,705)</u>	(7.4%)

Our operating profit from the Core local commerce segment increased by 39.7% to RMB8.3 billion for the second quarter of 2022 from RMB5.9 billion for the same period of 2021 and the operating margin increased by 4.9 percentage points to 22.5% from 17.6% on a year-over-year basis. Both the increases in operating profit and operating margin were mainly attributable to our reduction in Transacting User incentives and other marketing expenses as a result of Omicron spread, and the increases in the number of transactions and the average order value of our food delivery and Meituan Instashopping businesses, which resulted in higher gross profit and margin. The operating profit margin of the in-store, hotel & travel businesses also had a slight increase due to our focus on cost and expense control as well as operating efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

Our operating loss from the New initiatives segment decreased to RMB6.8 billion for the second quarter of 2022 from RMB8.8 billion for the same period of 2021, and the operating margin for this segment improved by 39.3 percentage points to negative 48.0% from negative 87.3% on a year-over-year basis. Both the improvements of operating loss and operating margin were primarily attributable to the continued narrowing of operating loss of our goods retail businesses resulting from the improved operating efficiency.

Share of (losses)/gains of investments accounted for using the equity method

Our share of (losses)/gains of investments accounted for using the equity method was a loss of RMB400.1 million for the second quarter of 2022, compared to a gain of RMB38.3 million for the same period of 2021. The loss for this quarter was primarily due to the share of losses of our certain equity investee.

Income Tax Credits

We had income tax credits of RMB5.1 million for the second quarter of 2022, compared to income tax credits of RMB8.2 million for the same period of 2021.

Loss for the Period

As a result of the foregoing, we had loss of RMB1.1 billion for the second quarter of 2022, compared to loss of RMB3.4 billion for the same period of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

2. THE SECOND QUARTER OF 2022 COMPARED TO THE FIRST QUARTER OF 2022

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

	Unaudited	
	Three Months Ended	
	June 30, 2022	March 31, 2022
	<i>(RMB in thousands)</i>	
Revenues	50,938,363	46,268,754
Including: Interest revenue	303,317	223,293
Cost of revenues	<u>(35,363,935)</u>	<u>(35,528,467)</u>
Gross profit	15,574,428	10,740,287
Selling and marketing expenses	(8,986,036)	(9,105,728)
Research and development expenses	(5,203,533)	(4,879,033)
General and administrative expenses	(2,503,552)	(2,312,289)
Net provisions for impairment losses on financial and contract assets	(50,437)	(153,316)
Fair value changes of other financial investments at fair value through profit or loss	(292,183)	(802,894)
Other gains, net	<u>968,475</u>	<u>928,731</u>
Operating loss	(492,838)	(5,584,242)
Finance income	190,412	110,359
Finance costs	(418,612)	(330,317)
Share of (losses)/gains of investments accounted for using the equity method	<u>(400,052)</u>	<u>46,411</u>
Loss before income tax	(1,121,090)	(5,757,789)
Income tax credits	<u>5,063</u>	<u>55,223</u>
Loss for the period	<u>(1,116,027)</u>	<u>(5,702,566)</u>
Non-IFRS measures:		
Adjusted EBITDA	3,802,741	(1,840,771)
Adjusted net profit/(loss)	2,057,773	(3,586,252)

MANAGEMENT DISCUSSION AND ANALYSIS

Revenues

Our revenues increased by 10.1% to RMB50.9 billion for the second quarter of 2022 from RMB46.3 billion for the first quarter of 2022. The increase was primarily due to the steady increase in our Core local commerce segment and New initiatives segment in this quarter.

The following table sets forth our revenues by segment and type in absolute amount for the second quarter of 2022 and the first quarter of 2022:

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

Revenues	Unaudited		
	Three Months Ended March 31, 2022		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Delivery services	14,233,209	–	14,233,209
Commission	11,948,724	350,159	12,298,883
Online marketing services	7,004,924	13,958	7,018,882
Other services and sales (including interest revenue)	992,729	11,725,051	12,717,780
Total	34,179,586	12,089,168	46,268,754

MANAGEMENT DISCUSSION AND ANALYSIS

Our revenues from the Core local commerce segment increased by 7.6% to RMB36.8 billion for the second quarter of 2022 from RMB34.2 billion for the first quarter of 2022. The increase in delivery services revenue on a quarter-over-quarter basis was primarily attributable to the increase in the number of transactions of our food delivery and Meituan Instashopping businesses. The increase in commission revenue on a quarter-over-quarter basis was mainly due to the increase in the number of transaction of our food delivery and Meituan Instashopping businesses, partially offset by the decreased GTV from our in-store, hotel & travel businesses due to the negative impacts of Omicron spread in this quarter. For the online marketing services revenue, the increase on a quarter-over-quarter basis was mainly attributable to the increased average revenue and the number of quarterly online marketing Active Merchants due to the seasonality for our food delivery and Meituan Instashopping businesses, partially offset by the decreased online marketing services revenue from our in-store services business due to the Omicron spread.

Our revenues from the New initiatives segment increased by 17.1% to RMB14.2 billion for the second quarter of 2022 from RMB12.1 billion for the first quarter of 2022, mainly due to rapid revenue growth in our goods retail businesses due to consumers' growing demands to stock up groceries during the Omicron spread.

Costs and Expenses

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

	Unaudited Three Months Ended			
	June 30, 2022	As a percentage of revenues	March 31, 2022	As a percentage of revenues
	Amount		Amount	
	<i>(RMB in thousands, except for percentages)</i>			
Costs and Expenses:				
Cost of revenues	35,363,935	69.4%	35,528,467	76.8%
Selling and marketing expenses	8,986,036	17.6%	9,105,728	19.7%
Research and development expenses	5,203,533	10.2%	4,879,033	10.5%
General and administrative expenses	2,503,552	4.9%	2,312,289	5.0%
Net provisions for impairment losses on financial and contract assets	50,437	0.1%	153,316	0.3%

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Revenues

Our cost of revenues decreased by 0.5% to RMB35.4 billion for the second quarter of 2022 from RMB35.5 billion for the first quarter of 2022, and decreased by 7.4 percentage points to 69.4% from 76.8% as a percentage of revenues. The decrease in amount was primarily attributable to decreased delivery related costs resulted from lower delivery cost per order due to seasonality, partially offset by increased cost of inventories sold from our goods retail businesses in line with their revenues growth. The decrease in cost of revenues as a percentage of revenues was mainly due to the reduction of seasonal couriers' incentives which improved gross margin of our food delivery and Meituan Instashopping businesses.

Selling and Marketing Expenses

Our selling and marketing expenses decreased to RMB9.0 billion for the second quarter of 2022 from RMB9.1 billion for the first quarter of 2022, and decreased by 2.1 percentage points to 17.6% from 19.7% as a percentage of revenues on a quarter-over-quarter basis. Both the decreases in amount and as a percentage of revenues were attributable to the restrained promotion and advertising expenses.

Research and Development Expenses

Our research and development expenses increased to RMB5.2 billion for the second quarter of 2022 from RMB4.9 billion for the first quarter of 2022, and decreased by 0.3 percentage points to 10.2% from 10.5% as a percentage of revenues. The increase in amount was primarily driven by the increase in employee benefits expenses, while the decrease as a percentage of revenues was attributable to improved operating leverage.

General and Administrative Expenses

Our general and administrative expenses increased to RMB2.5 billion for the second quarter of 2022 from RMB2.3 billion for the first quarter of 2022, and was 4.9% as a percentage of revenues for the second quarter of 2022, flat on a quarter-over-quarter basis.

Net Provisions for Impairment Losses on Financial and Contract Assets

Our net provisions for impairment losses on financial and contract assets decreased to RMB50.4 million for the second quarter of 2022 from RMB153.3 million for the first quarter of 2022, reflecting the changes in expected credit losses for financial assets.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Our fair value changes of other financial investments at fair value through profit or loss was a loss of RMB292.2 million for the second quarter of 2022, compared to a loss of RMB802.9 million for the first quarter of 2022. The change of loss amount on a quarter-over-quarter basis was mainly driven by the fluctuation in the fair value of our investment portfolio.

Other Gains, Net

Our other gains, net for the second quarter of 2022 increased by RMB39.7 million to RMB968.5 million compared to the first quarter of 2022, which was mainly attributable to the increased foreign exchange gains resulted from depreciation of Renminbi against U.S. dollar.

Operating Loss

As a result of the foregoing, our operating loss and margin for the second quarter of 2022 was RMB492.8 million and negative 1.0% respectively, compared to operating loss and margin of RMB5.6 billion and negative 12.1% for the first quarter of 2022.

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

	Unaudited Three Months Ended			
	June 30, 2022	As a percentage of revenues	March 31, 2022	As a percentage of revenues
	Amount		Amount	
	<i>(RMB in thousands, except for percentages)</i>			
Core local commerce	8,260,993	22.5%	4,705,141	13.8%
New initiatives	(6,789,546)	(48.0%)	(8,453,284)	(69.9%)
Unallocated items	<u>(1,964,285)</u>	NA	<u>(1,836,099)</u>	NA
Total operating loss	<u>(492,838)</u>	(1.0%)	<u>(5,584,242)</u>	(12.1%)

Our operating profit from the Core local commerce segment increased to RMB8.3 billion for the second quarter of 2022 from RMB4.7 billion for the first quarter of 2022. The operating margin for this segment increased by 8.7 percentage points to 22.5% from 13.8% on a quarter-over-quarter basis. The increase in operating profit was mainly attributable to improved gross profit of food delivery and Meituan Instashopping businesses, partially offset by the decreased operating profit of in-store, hotel & travel businesses due to the negative impacts from Omicron spread. The increase in operating margin was mainly attributable to the improved gross margin of our food delivery and Meituan Instashopping businesses as a result of lower delivery cost per order due to seasonality and our improved operating efficiency resulting from cost and expense control for our in-store, hotel & travel businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

Our operating loss from the New initiatives segment decreased to RMB6.8 billion for the second quarter of 2022 from RMB8.5 billion for the first quarter of 2022, and the operating margin for this segment improved by 21.9 percentage points to negative 48.0% from negative 69.9% on a quarter-over-quarter basis. The decrease in operating loss was mainly attributable to the improved gross profit of our goods retail businesses and effective cost and expense control in other new initiatives. The increase in operating margin was mainly attributable to the continued improvement of operating efficiency in our goods retail businesses.

Share of (losses)/gains of investments accounted for using the equity method

Our share of (losses)/gains of investments accounted for using the equity method was a loss of RMB400.1 million for the second quarter of 2022, compared to a gain of RMB46.4 million for the first quarter of 2022. The loss for this quarter was primarily due to the share of losses of our certain equity investee.

Income Tax Credits

We had income tax credits of RMB5.1 million for the second quarter of 2022, compared to RMB55.2 million for the first quarter of 2022, which was primarily due to the decreased deferred income tax credits arising from fair value loss of certain investments.

Loss for the Period

As a result of the foregoing, we had loss of RMB1.1 billion for the second quarter of 2022, compared to loss of RMB5.7 billion for the first quarter of 2022.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

The following tables set forth the reconciliations of our non-IFRS measures for the three months ended June 30, 2022 and 2021, the three months ended March 31, 2022, and the six months ended June 30, 2022 and 2021 to the nearest measures prepared in accordance with IFRS.

	Unaudited		
	June 30, 2022	Three Months Ended June 30, 2021	March 31, 2022
	<i>(RMB in thousands)</i>		
Loss for the period	(1,116,027)	(3,356,375)	(5,702,566)
Adjusted for:			
Share-based compensation expenses	2,357,747	1,140,658	1,618,334
Net losses/(gains) from investments (Note i)	541,795	(151,949)	575,657
Impairment and expense provision/(reversal)	239,590	(97)	–
Amortisation of intangible assets resulting from acquisitions	117,940	125,637	117,680
Tax effects on non-IFRS adjustments	(83,272)	24,985	(195,357)
Adjusted net profit/(loss)	2,057,773	(2,217,141)	(3,586,252)
Adjusted for:			
Income tax expenses/(credits), except for tax effects on non-IFRS adjustments	78,209	(33,215)	140,134
Share of losses/(gains) of investments accounted for using the equity method not adjusted for adjusted net profit/(loss)	37,989	(38,251)	26,926
Finance income	(190,412)	(112,118)	(110,359)
Finance costs	418,612	263,269	330,317
Other gains, net not adjusted for adjusted net profit/(loss)	(856,024)	(989,775)	(774,831)
Amortisation of software and others	16,920	76,215	14,354
Depreciation on property, plant and equipment	2,239,674	1,811,030	2,118,940
Adjusted EBITDA	3,802,741	(1,239,986)	(1,840,771)

- (i) Net losses/(gains) from investments mainly include fair value changes related to investees, gains or losses on disposal of investees or subsidiaries and certain share of gains or losses of investments accounted for using the equity method.

MANAGEMENT DISCUSSION AND ANALYSIS

	Unaudited	
	Six Months Ended	
	June 30, 2022	June 30, 2021
	<i>(RMB in thousands)</i>	
Loss for the period	(6,818,593)	(8,202,637)
Adjusted for:		
Share-based compensation expenses	3,976,081	2,078,560
Net losses/(gains) from investments	1,117,452	(194,732)
Impairment and expense provision/(reversal)	239,590	(56,832)
Amortisation of intangible assets resulting from acquisitions	235,620	251,274
Tax effects on non-IFRS adjustments	(278,629)	15,509
Adjusted net loss	(1,528,479)	(6,108,858)
Adjusted for:		
Income tax expenses/(credits), except for tax effects on non-IFRS adjustments	218,343	(34,694)
Share of losses/(gains) of investments accounted for using the equity method not adjusted for adjusted net loss	64,915	(36,238)
Finance income	(300,771)	(189,973)
Finance costs	748,929	429,321
Other gains, net not adjusted for adjusted net loss	(1,630,855)	(1,367,144)
Amortisation of software and others	31,274	152,818
Depreciation on property, plant and equipment	4,358,614	3,532,099
Adjusted EBITDA	1,961,970	(3,622,669)

MANAGEMENT DISCUSSION AND ANALYSIS

4. LIQUIDITY AND CAPITAL RESOURCES

Historically, our demand for cash was principally funded by capital contribution from Shareholders and financing through issuance and sale of equity and debt securities. We held cash and cash equivalents of RMB25.5 billion and short-term treasury investments of RMB82.0 billion as of June 30, 2022.

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

	Unaudited Three Months Ended June 30, 2022	Unaudited Six Months Ended June 30, 2022
	<i>(RMB in thousands)</i>	
Net cash flows generated from/(used in) operating activities	9,233,028	(2,044,865)
Net cash flows used in investing activities	(18,832,154)	(7,446,679)
Net cash flows (used in)/generated from financing activities	(778,803)	2,058,056
Net decrease in cash and cash equivalents	(10,377,929)	(7,433,488)
Cash and cash equivalents at the beginning of the period	35,405,971	32,513,428
Exchange gains on cash and cash equivalents	508,964	457,066
Cash and cash equivalents at the end of the period	25,537,006	25,537,006

Net Cash Flows Generated from Operating Activities

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

For the second quarter of 2022, net cash flows generated from operating activities was RMB9.2 billion, which was primarily attributable to our loss before income tax, as adjusted by (i) depreciation and amortisation and share-based compensation expenses, partially offset by fair value changes and gains related to treasury investments, and (ii) the changes in working capital, which primarily consisted of certain increased current liabilities in line with the business development.

Net Cash Flows Used in Investing Activities

For the second quarter of 2022, net cash flows used in investing activities was RMB18.8 billion, which was mainly attributable to net cash flows used in treasury investments, purchase of property, plant and equipment and investments in some entities.

MANAGEMENT DISCUSSION AND ANALYSIS

Net Cash Flows Used in Financing Activities

For the second quarter of 2022, net cash flows used in financing activities was RMB778.8 million, which was mainly attributable to the payments of lease liabilities.

Gearing Ratio

As of June 30, 2022, our gearing ratio, calculated as total borrowings and notes payable divided by total equity attributable to equity holders of the Company, was approximately 49%.

5. INDEBTEDNESS

As of June 30, 2022, we had total borrowings and notes payable of RMB60.7 billion. The details of our borrowings and notes payable are disclosed in Note 28 and Note 29 to the interim financial information, respectively.

6. CONTINGENT LIABILITIES

As of June 30, 2022, we did not have any material contingent liabilities.

7. CAPITAL EXPENDITURES AND LONG-TERM INVESTMENTS

Purchases and prepayments of property, plant and equipment and intangible assets
Purchases of other financial investments at fair value
Total

Unaudited Six Months Ended	
June 30, 2022	June 30, 2021
<i>(RMB in thousands)</i>	
3,222,881	5,544,776
2,161,400	1,691,595
<u>5,384,281</u>	<u>7,236,371</u>

MANAGEMENT DISCUSSION AND ANALYSIS

8. OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of June 30, 2022, we had some capital commitments which are disclosed in Note 32 to the interim financial information.

9. MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended June 30, 2022, we did not have any material acquisitions or disposals of subsidiaries, associates, joint ventures and affiliated companies.

10. EMPLOYEE AND REMUNERATION POLICY

As of June 30, 2022, we had 90,472 full-time employees. Substantially all of our employees are based in China, primarily at our headquarters in Beijing and Shanghai, with the rest in Shijiazhuang, Chengdu, Wuhan, Shenzhen and other cities.

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 2022 were RMB20.5 billion.

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

11. FOREIGN EXCHANGE RISK

The functional currency of the Company is US dollars whereas the functional currency of the subsidiaries operating in the PRC is Renminbi. As of June 30, 2022, our cash and cash equivalents balance was mainly denominated in US dollars and Renminbi. We manage foreign exchange risk by performing regular reviews of our net foreign exchange exposures and try to minimise these exposures through natural hedges, wherever possible and may enter into forward foreign exchange contracts, when necessary. We operate mainly in the PRC with most of the transactions settled in Renminbi. The management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities denominated in the currencies other than the respective functional currencies of our entities. As of June 30, 2022, we did not have significant foreign currency exposure from our operations.

MANAGEMENT DISCUSSION AND ANALYSIS

12. SIGNIFICANT INVESTMENT HELD

As of June 30, 2022, we had no significant investment held.

13. PLEDGE OF ASSETS

As of June 30, 2022, we did not pledge any asset for fund raising.

14. INTERIM DIVIDENDS

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2022.

15. FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, as of June 30, 2022, we did not have other plans for material investments and capital assets.

16. CHARGES ON ASSETS

As of June 30, 2022, we had some charges on our assets which are disclosed in Note 14 to the interim financial information.

OTHER INFORMATION

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

As of June 30, 2022, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules were as follows:

Interests of Directors and Chief Executives in the Company

Name of Director or chief executive	Nature of interest ⁽¹⁾	Relevant company	Number and class of securities	Approximate percentage of interest in each class of Shares ⁽⁷⁾
WANG Xing ⁽²⁾	Beneficiary and founder of a Trust (L)	Trust	489,600,000 Class A Shares	72.19%
	Interest in controlled corporation (L)	Songtao Limited	489,600,000 Class A Shares	72.19%
	Interest in controlled corporation (L)	Crown Holdings	489,600,000 Class A Shares	72.19%
	Interest in controlled corporation (L)	Shared Patience	26,269,783 Class A Shares	3.87%
			318 Class B Shares	0.00%
	Interest in controlled corporation (L)	WAFO Global Inc.	1,121 Class B Shares	0.00%
	Interest in controlled corporation (L)	WangXing Foundation	47,826,542 Class B Shares	0.87%
MU Rongjun ⁽³⁾	Beneficiary and founder of a Trust (L)	Trust	118,650,000 Class A Shares	17.49%
	Interest in controlled corporation (L)	Day One Holdings Limited	118,650,000 Class A Shares	17.49%
	Interest in controlled corporation (L)	Charmway Enterprises	118,650,000 Class A Shares	17.49%
	Interest in controlled corporation (L)	Shared Vision	7,330,000 Class A Shares	1.08%
			666,668 Class B Shares	0.01%
	Beneficial interest (L)	-	5,166,665 Class B Shares	0.09%

OTHER INFORMATION

Name of Director or chief executive	Nature of interest ⁽¹⁾	Relevant company	Number and class of securities	Approximate percentage of interest in each class of Shares ⁽⁷⁾
WANG Huiwen ⁽⁴⁾	Beneficiary and founder of a Trust (L)	Trust	36,400,000	5.37%
			Class A Shares	2,134,660
	Interest in controlled corporation (L)	Aim Mars Investment Limited	36,400,000	5.37%
			Class A Shares	2,134,660
	Interest in controlled corporation (L)	Kevin Sunny	36,400,000	5.37%
			Class A Shares	2,134,660
Interest in controlled corporation (L)	Galileo Space Limited	5,321,335	0.10%	
SHEN Nanpeng Neil ⁽⁵⁾	Beneficial interest (L)	–	12,073,805	0.22%
			Class B Shares	
	Interest in controlled corporations (L)	Sequoia Capital China Funds, Sequoia Capital Global Growth Funds and Other Controlled Entities	159,978,054	2.91%
			Class B Shares	
Beneficial interest (L)	–	15,849,425	0.29%	
		Class B Shares		
ORR Gordon Robert Halyburton ⁽⁶⁾	Beneficial interest (L)	–	60,000	0.00%
LENG Xuesong ⁽⁶⁾	Beneficial interest (L)	–	60,000	0.00%
			Class B Shares	
SHUM Heung Yeung Harry ⁽⁶⁾	Beneficial interest (L)	–	60,000	0.00%
			Class B Shares	

OTHER INFORMATION

Notes:

- 1) The letter “L” denotes the person’s Long Position in such Shares.
- 2) Crown Holdings is wholly owned by Songtao Limited. The entire interest in Songtao Limited is held through a trust which was established by Wang Xing (as settlor) for the benefit of Wang Xing and his family. Wang Xing is deemed to be interested in the 489,600,000 Class A Shares held by Crown Holdings under the SFO. Shared Patience and WAFO Global Inc. are wholly owned by Wang Xing.
- 3) Charmway Enterprises is wholly owned by Day One Holdings Limited. The entire interest in Day One Holdings Limited is held through a trust which was established by Mu Rongjun (as settlor) for the benefit of Mu Rongjun and his family. Mu Rongjun is deemed to be interested in the 118,650,000 Class A Shares held by Charmway Enterprises under the SFO. Shared Vision is wholly owned by Mu Rongjun. Mu Rongjun was granted RSUs equivalent to 1,000,000 Class B Shares and options with respect to 5,000,000 Class B Shares under the Pre-IPO ESOP subject to vesting/exercise. As at June 30, 2022, 833,335 Class B Shares were issued to Shared Vision with respect to the vesting of 833,335 RSUs granted to Mu Rongjun under the Pre-IPO ESOP. Mu Rongjun subsequently sold 166,667 Class B ordinary shares on June 30, 2022.
- 4) Kevin Sunny is wholly owned by Aim Mars Investment Limited. The entire interest in Aim Mars Investment Limited is held through a trust established by Wang Huiwen (as settlor) for the benefit of Wang Huiwen and his family. Wang Huiwen is deemed to be interested in the 36,400,000 Class A Shares held by Aim Mars Investment Limited under the SFO. Galileo Space Limited is wholly-controlled by Wang Huiwen. Wang Huiwen was granted RSUs equivalent to 15,700,000 Class B Shares, and options with respect to 7,578,600 Class B Shares under the Pre-IPO ESOP. As at June 30, 2022, (i) 972,160 Class B Shares were issued to Kevin Sunny with respect to the exercise of 972,160 share options; and 1,162,500 Class B Shares were issued to Kevin Sunny with respect to the vesting 1,162,500 RSUs under the Pre-IPO ESOP; (ii) 1,550,500 Class B Shares were issued to Galileo Space Limited with respect to the exercise of 1,550,500 share options; and 6,770,835 Class B Shares were issued to Galileo Space Limited with respect to the vesting 6,770,835 RSUs under the Pre-IPO ESOP; (iii) 748,800 Class B Shares were issued to Mr. Wang with respect to the exercise of 748,000 share options under the Pre-IPO ESOP and the shares underlying these exercised share options were sold on the same day;
- 5) Sequoia Capital China Funds refers to Sequoia Capital China I, L.P., Sequoia Capital China Partners Fund I, L.P., Sequoia Capital China Principals Fund I, L.P., Sequoia Capital China II, L.P., Sequoia Capital China Partners Fund II, L.P., Sequoia Capital China Principals Fund II, L.P., Sequoia Capital 2010 CV Holdco, Ltd., SCC Venture V Holdco I, Ltd., SCC Venture VI Holdco, Ltd., SCC Venture VI Holdco B, Ltd., SCC Growth 2010-Top Holdco, Ltd., SCC Growth IV Holdco A, Ltd. and Sequoia Capital China Growth Fund IV, L.P. (which hold approximately 0.29%, 0.03%, 0.05%, 0.90%, 0.02%, 0.15%, 0.23%, 0.002%, 0.007%, 0.007%, 0.35%, 0.03% and 0.02%, respectively, of the outstanding Shares), and Sequoia Capital Global Growth Funds refers to Sequoia Capital Global Growth Fund, L.P., Sequoia Capital Global Growth Principals Fund, L.P. and SC GGFII Holdco, Ltd. (which hold approximately 0.21%, 0.01% and 0.29%, respectively, of the outstanding Shares). The Sequoia Capital China Funds and the Sequoia Capital Global Growth Funds may act together with respect of the holding, disposal and casting of voting rights of the Shares.

The general partner of each of Sequoia Capital China I, L.P., Sequoia Capital China Partners Fund I, L.P. and Sequoia Capital China Principals Fund I, L.P. is Sequoia Capital China Management I, L.P. (“**SCC Management I**”). The general partner of each of Sequoia Capital China II, L.P., Sequoia Capital China Partners Fund II, L.P. and Sequoia Capital China Principals Fund II, L.P. is Sequoia Capital China Management II, L.P. (“**SCC Management II**”). The sole shareholder of Sequoia Capital 2010 CV Holdco, Ltd. is Sequoia Capital China Venture 2010 Fund, L.P., whose general partner is SC China Venture 2010 Management, L.P. (“**SCCV 2010 Management**”). The sole shareholder of SCC Venture V Holdco I, Ltd. is Sequoia Capital China Venture Fund V, L.P., whose general partner is SC China Venture V Management, L.P. (“**SCCV**”).

V Management”). The sole shareholder of each of SCC Venture VI Holdco, Ltd. and SCC Venture VI Holdco B, Ltd. is Sequoia Capital China Venture Fund VI, L.P., whose general partner is SC China Venture VI Management, L.P. (“**SCCV VI Management**”). The controlling shareholder of SCC Growth 2010-Top Holdco, Ltd. is Sequoia Capital China Growth 2010 Fund, L.P. (“**China Growth Fund 2010**”), whose general partner is SC China Growth 2010 Management, L.P. (“**SCCGF 2010 Management**”). In respect of the casting of votes held by China Growth Fund 2010 in SCC Growth 2010-Top Holdco, Ltd., China Growth Fund 2010 is accustomed to act in accordance with the instructions of Sequoia Capital China Growth Fund I, L.P, whose general partner is Sequoia Capital China Growth Fund Management I, L.P. (“**SCCGF Management I**”). The sole shareholder of SCC Growth IV Holdco A, Ltd. is Sequoia Capital China Growth Fund IV, L.P., whose general partner is SC China Growth IV Management, L.P. (“**SCCGF IV Management**” and, together with SCC Management I, SCC Management II, SCCV 2010 Management, SCCV V Management, SCCV VI Management, SCCGF 2010 Management and SCCGF Management I, collectively, the “**General Partners**”). The general partner of each of the General Partners is SC China Holding Limited, which is a wholly owned subsidiary of SNP China Enterprises Limited. Neil Nanpeng Shen is the sole shareholder of SNP China Enterprises Limited, and has a beneficial interest of 15,849,425 Class B Shares. Other Controlled Entities refers to URM Management Limited and N&J Investment Holdings Limited (which hold approximately 0.0014% and 0.16%, respectively, of the outstanding Shares) and are controlled by Neil Nanpeng Shen.

In view of the above, the Sequoia Capital China Funds and the Sequoia Capital Global Growth Funds are deemed to be interested in the Shares held by each other and by Neil Nanpeng Shen and Other Controlled Entities and vice versa; and is therefore each deemed to be interested in 3.02% interest in the share capital of the Company (or 3.39% of the total issued Class B Shares).

- 6) Each of the independent non-executive Directors, namely Orr Gordon Robert Halyburton, Leng Xuesong and Shum Heung Yeung Harry was granted RSUs equivalent to 60,000 Class B Shares under the Post-IPO Share Award Scheme.
- 7) As at June 30, 2022, the Company had 6,184,691,900 issued Shares in total, comprising of 678,249,783 Class A Shares and 5,506,442,117 Class B Shares. The above calculation is based on the total number of relevant class of Shares or the total number of Shares in issue as of June 30, 2022.

Interests of Directors and Chief Executives in Associated Corporations of the Company

None of the Directors or chief executives of the Company had interests and short positions in shares, underlying shares or debentures in associated corporations of the Company as of June 30, 2022.

Save as disclosed above, as of June 30, 2022, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

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

As of June 30, 2022, to the best knowledge of the Directors, the following persons had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Substantial Shareholder	Capacity/Nature of interest ⁽¹⁾	Number and class of Shares held	Approximate percentage of interest in each class of Shares ⁽⁵⁾
<i>Class A Shares – Wang Xing</i>			
Crown Holdings ⁽²⁾	Beneficial interest (L)	489,600,000 Class A Shares	72.19%
Share Patience ⁽²⁾	Beneficial interest (L)	26,269,783 Class A Shares	3.87%
Songtao Limited ⁽²⁾	Interest in controlled corporation (L)	489,600,000 Class A Shares	72.19%
TMF (Cayman) Ltd.	Trustee(L)	489,600,000 Class A Shares	72.19%
Wang Xing	Beneficiary of a trust ⁽²⁾ (L)	489,600,000 Class A Shares	72.19%
	Founder of a trust ⁽²⁾ (L)	489,600,000 Class A Shares	72.19%
	Interest in controlled corporation ⁽²⁾ (L)	26,269,783 Class A Shares	3.87%
<i>Class A Shares – Mu Rongjun</i>			
Charmway Enterprises ⁽³⁾	Beneficial interest (L)	118,650,000 Class A Shares	17.49%
Shared Vision ⁽³⁾	Beneficial interest (L)	7,330,000 Class A Shares	1.08%
Day One Holdings Limited ⁽³⁾	Interest in controlled corporation (L)	118,650,000 Class A Shares	17.49%
TMF (Cayman) Ltd.	Trustee (L)	118,650,000 Class A Shares	17.49%

OTHER INFORMATION

Name of Substantial Shareholder	Capacity/Nature of interest ⁽¹⁾	Number and class of Shares held	Approximate percentage of interest in each class of Shares ⁽⁶⁾
Mu Rongjun	Beneficiary of a trust ⁽³⁾ (L)	118,650,000 Class A Shares	17.49%
	Founder of a trust ⁽³⁾ (L)	118,650,000 Class A Shares	17.49%
	Interest in controlled corporation ⁽³⁾ (L)	7,330,000 Class A Shares	1.08%
<i>Class B Shares – Tencent</i>			
Huai River Investment Limited ⁽⁴⁾	Beneficial interest (L)	623,420,905 Class B Shares	11.32%
Tencent Mobility Limited ⁽⁴⁾	Beneficial interest (L)	395,308,305 Class B Shares	7.18%
Morespark Limited ⁽⁴⁾	Beneficial interest (L)	8,850,245 Class B Shares	0.16%
Great Summer Limited ⁽⁴⁾	Beneficial interest (L)	25,000,000 Class B Shares	0.45%
THL A Limited ⁽⁴⁾	Beneficial interest (L)	949,444 Class B Shares	0.02%
THL A25 Limited ⁽⁴⁾	Beneficial interest (L)	33,673 Class B Shares	0.00%
Distribution Pool Limited ⁽⁴⁾	Beneficial interest (L)	1,018,420 Class B Shares	0.02%

Notes:

- 1) The letter “L” denotes the person’s Long Position in such Shares.
- 2) Crown Holdings is wholly owned by Songtao Limited which is in turn wholly owned by TMF (Cayman) Ltd. The entire interest in Songtao Limited is held by TMF (Cayman) Ltd. as trustee for a trust established by Wang Xing (as settlor) for the benefit of Wang Xing and his family. Wang Xing is deemed to be interested in the 489,600,000 Class A Shares held by Crown Holdings under the SFO. Shared Patience is wholly owned by Wang Xing.
- 3) Charmway Enterprises is wholly owned by Day One Holdings Limited which is in turn wholly owned by TMF (Cayman) Ltd. The entire interest in Day One Holdings Limited is held by TMF (Cayman) Ltd. as trustee for a trust established by Mu Rongjun (as settlor) for the benefit of Mu Rongjun and his family. Mu Rongjun is deemed to be interested in the 118,650,000 Class A Shares held by Charmway Enterprises under the SFO. Shared Vision is wholly owned by Mu Rongjun.

OTHER INFORMATION

- 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, THL A Limited, THL A25 Limited and Distribution Pool Limited, companies incorporated under the laws of the British Virgin Islands, are direct wholly owned subsidiaries of Tencent.
- 5) As at June 30, 2022, the Company had 6,184,691,900 issued Shares in total, comprising of 678,249,783 Class A Shares and 5,506,442,117 Class B Shares. The above calculation is based on the total number of relevant class of Shares or the total number of Shares in issue as of June 30, 2022.

DILUTION EFFECT OF THE CONVERSION OF CONVERTIBLE BOND

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

As of June 30, 2022, none of the convertible bonds under 2027 Bonds and 2028 Bonds has been redeemed or exercised. If all outstanding 2027 Bonds and 2028 Bonds were converted as at June 30, 2022, the dilutive impact on the then number of issued shares of the Company and the respective shareholdings of the substantial shareholders of the Company will be as follows:

Shareholders	As at the date of June 30, 2022		Assuming the 2027 Bonds are fully converted into Class B Shares (subject to adjustment) at the initial 2027 CB Conversion Price of HK\$431.24 per Share		Assuming the 2028 Bonds are fully converted into Class B Shares (subject to adjustment) at the initial 2028 CB Conversion Price of HK\$431.24 per Share		Assuming the 2027 Bonds and the 2028 Bonds are fully converted into Class B Shares (subject to adjustment) at the initial 2027 CB Conversion Price of HK\$431.24 per Share and 2028 CB Conversion Price of HK\$431.24 per Share, respectively	
	Number of Shares	Approximately %	Number of Shares	Approximately %	Number of Shares	Approximately %	Number of Shares	Approximately %
Crown Holdings	489,600,000	7.92%	489,600,000	7.88%	489,600,000	7.88%	489,600,000	7.85%
Charmway Enterprises	118,650,000	1.92%	118,650,000	1.91%	118,650,000	1.91%	118,650,000	1.90%
Huai River Investment Limited	623,420,905	10.08%	623,420,905	10.04%	623,420,905	10.04%	623,420,905	9.99%
2027 CB Bondholders	0	0.00%	26,734,628	0.43%	0	0.00%	26,734,628	0.43%
2028 CB Bondholders	0	0.00%	0	0.00%	27,030,158	0.44%	27,030,158	0.43%
Other Shareholders	4,953,020,995	80.09%	4,953,020,995	79.74%	4,953,020,995	79.74%	4,953,020,995	79.39%
Total:	6,184,691,900	100.00%	6,211,426,528	100.00%	6,211,722,058	100.00%	6,238,456,686	100.00%

OTHER INFORMATION

Due to the loss for the six months ended June 30, 2022, the conversion of the convertible bonds would have anti-dilutive effect on the diluted loss per share. Therefore, basic and diluted loss per share for the six months ended June 30, 2022 were the same.

To the best of the Directors' knowledge, having made all reasonable enquiries, having considered the financial position of the Group, the Directors expect that the Company will be able to meet its redemption obligations under all outstanding 2027 Bonds and 2028 Bonds when they become due.

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

PRE-IPO ESOP

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

OTHER INFORMATION

Outstanding Share Options Granted under the Pre-IPO ESOP

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

Name	Date of Grant	Vesting Period ⁽¹⁾	Exercise Price	Number of Shares underlying options outstanding as of January 1, 2022	Number of options exercised during the Reporting Period and the exercise price	Weighted average price of Class B Shares immediately before the date of exercise	Number of options lapsed during the Reporting Period	Number of options cancelled during the Reporting Period	Number of Shares underlying options outstanding as of June 30, 2022
Directors									
Mu Rongjun	July 1, 2017 to July 1, 2018	6 years	US\$3.86 – US\$5.18	5,000,000	0	0	0	0	5,000,000
Wang Huiwen	February 1, 2015 to July 1, 2018	4-6 years	US\$1.005 – US\$5.18	5,055,940	748,800 US\$1.005	HKD154.0115	0	0	4,307,140
Other Employees	May 31, 2006 to August 1, 2018	0.5 to 6 years	US\$0.000017 – US\$5.18	25,088,805	4,004,444 US\$0.000017- US\$5.18	HKD179.5091	358	29,004	21,054,999
Total				<u>35,144,745</u>	<u>4,753,244</u>	<u>HKD175.4923</u>	<u>358</u>	<u>29,004</u>	<u>30,362,139</u>

Note:

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

OTHER INFORMATION

Outstanding RSUs Granted under the Pre-IPO ESOP

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

Name	Date of Grant	Vesting Period	Number of Shares underlying RSUs outstanding as of January 1, 2022	RSUs vested during the Reporting Period	RSUs cancelled during the Reporting Period	RSUs lapsed during the Reporting Period	Number of Shares underlying RSUs outstanding as of June 30, 2022
Directors							
Mu Rongjun	July 1, 2017	6 years	333,332	166,667	0	0	166,665
Wang Huiwen	January 1, 2016 to July 1, 2018	4 to 6 years	7,766,665	0	0	0	7,766,665
Other Employees							
	December 29, 2010 to August 2, 2018	0 to 6 years	16,542,342	10,274,376	355,643	0	5,912,323
Total			24,642,339	10,441,043	355,643	0	13,845,653

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 then shareholders of the Company on August 30, 2018 as amended from time to time. The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date. 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 the Company and Shareholders as a whole. The Post-IPO ESOP will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

OTHER INFORMATION

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

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

Name	Date of Grant	Closing price of the Shares immediately before the date on which the options were granted	Vesting Period	Exercise Price	Number of Shares underlying options outstanding as of January 1, 2022	Number of Shares underlying options granted during the Reporting Period	Number of options exercised during the Reporting Period and the exercise price	Weighted Average		Number of options lapses during the Reporting Period	Number of options cancelled during the Reporting Period	Number of Shares underlying options outstanding as of June 30, 2022
								Class B Shares immediately before the date of exercise	price of			
Other Employees	July 5, 2019	HK\$70.0	4 years ⁽¹⁾	HK\$69.1	710,000	0	0	0	0	0	0	710,000
Other Employees	April 24, 2020	HK\$100.0	5.2 years ⁽²⁾	HK\$100.15	904,000	0	0	0	0	0	0	904,000
Other Employees	July 20, 2020	HK\$191.1	4 years ⁽³⁾	HK\$195.98	1,251,602	0	0	0	14,294	128,644	1,108,664	
Total					2,865,602	0	0	0	14,294	128,644	2,722,664	

Notes:

- (1) The share options are exercisable in instalments from the commencement of the relevant vesting period until July 5, 2029. Subject to the terms of the Post-IPO Share Option Scheme and the share option award agreements signed by the grantees, the first 25% of the options can be exercised 1 year after the grant date, and each 25% of the total options will become exercisable in each subsequent year.
- (2) The share options are exercisable in instalments from the commencement of the relevant vesting period until April 24, 2030. Subject to the terms of the Post-IPO Share Option Scheme and the share option award agreements signed by the grantees, the first 1/6 of the options can be exercised on June 30, 2020 and each 1/6 of the total options will become exercisable in each subsequent year.
- (3) The share options are exercisable in instalments from the commencement of the relevant vesting period until July 20, 2030. Subject to the terms of the Post-IPO Share Option Scheme and the share option award agreements signed by the grantees, the first 10% of the options can be exercised on June 30, 2021, 20% of the options can be exercised on June 30, 2022, 30% of the options can be exercised on June 30, 2023, 40% of the options can be exercised on June 30, 2024.
- (4) There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

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 then 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.

The Post-IPO Share Award Scheme shall terminate on the earlier of:

- (i) the end of the period of ten years commencing on the Listing Date except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the Post-IPO Share Award Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Post-IPO Share Award Scheme; and
- (ii) such date of early termination as determined by the Board, provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO Share Award Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the Award Shares already granted to a selected participant.

OTHER INFORMATION

Outstanding RSUs Granted under the Post-IPO Share Award Scheme

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

Name	Date of Grant	Vesting Period	Number of Shares underlying RSUs outstanding as of January 1, 2022	Number of Shares underlying RSUs granted during the Reporting Period	Number of Shares underlying RSUs vested during the Reporting Period	Number of Shares underlying RSUs cancelled during the Reporting Period	Number of Shares underlying RSUs lapsed during the Reporting Period	Number of Shares underlying RSUs outstanding as of June 30, 2022
Directors								
Orr Gordon Robert Halyburton	November 23, 2018	6.25% to vest in each quarter commencing from December 20, 2018 until September 20, 2022	11,250	0	7,500	0	0	3,750
Leng Xuesong	November 23, 2018	6.25% to vest in each quarter commencing from December 20, 2018 until September 20, 2022	11,250	0	7,500	0	0	3,750
Shum Heung Yeung Harry	November 23, 2018	6.25% to vest in each quarter commencing from December 20, 2018 until September 20, 2022	11,250	0	7,500	0	0	3,750
Other Employees	October 4, 2018 to June 22, 2022	1 to 6 years	100,697,964	47,065,624	23,038,444	5,720,804	0	119,004,340
Total			<u>100,731,714</u>	<u>47,065,624</u>	<u>23,060,944</u>	<u>5,720,804</u>	<u>0</u>	<u>119,015,590</u>

WEIGHTED VOTING RIGHTS

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

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

As at the Date of this Interim Report, the WVR Beneficiaries are Wang Xing, Mu Rongjun and Wang Huiwen. Wang Xing beneficially owned 515,869,783 Class A Shares, representing approximately 41.97% of the voting rights in the Company with respect to Shareholders' resolutions relating to matters other than the Reserved Matters. The Class A Shares beneficially owned by Wang Xing are held by (i) Crown Holdings, a company indirectly wholly owned by a trust established by Wang Xing (as settlor) for the benefit of Wang Xing and his family; and (ii) Shared Patience, a company directly wholly owned by Wang Xing. Mu Rongjun beneficially owned 125,980,000 Class A Shares, representing approximately 10.25% of the voting rights in the Company with respect to Shareholders' resolutions relating to matters other than the Reserved Matters. The Class A Shares beneficially owned by Mu Rongjun are held by (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 2.96% of the voting rights in the Company with respect to Shareholders' resolutions relating to matters other than the Reserved Matters. The Class A Shares beneficially owned by Wang Huiwen are held by Kevin Sunny, a company indirectly wholly owned by a trust established by Wang Huiwen (as settlor) for the benefit of Wang Huiwen and his family.

Class A Shares may be converted into Class B Shares on a one to one ratio. As at the Date of this Interim Report, upon the conversion of all the issued and outstanding Class A Shares into Class B Shares, the Company will issue 678,249,783 Class B Shares, representing approximately 12.31% the total number of issued Class B Shares as at the Date of this Interim Report.

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

- (i) upon the occurrence of any of the circumstances set out in Listing Rule 8A.17, in particular where a WVR Beneficiary is: (1) deceased; (2) no longer a member of the Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;

OTHER INFORMATION

- (ii) when the Class A Shareholders have transferred to another person the beneficial ownership of, or economic interest in, all of the Class A Shares or the control over the voting rights attached to them, other than in the circumstances permitted by Listing Rule 8A.18;
- (iii) where a vehicle holding Class A Shares on behalf of a WVR Beneficiary no longer complies with Listing Rule 8A.18(2); or
- (iv) when all of the Class A Shares have been converted to Class B Shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

Save for code provision C.2.1, the Company has complied with all the code provisions as set out in the CG Code where applicable during the six months ended June 30, 2022. Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have separate chairman and chief executive officer and Mr. Wang Xing currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Company and enables more effective and efficient overall strategic planning for the Company. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time by taking into account the circumstances of the Company as a whole.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the six months ended June 30, 2022.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the six months ended June 30, 2022.

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

Below is the changes of Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2021 Annual Report:

- (1) Lau Chi Ping Martin, a non-executive director of the Company, ceased to be a director of Tencent Music Entertainment Group (formerly known as China Music Corporation) (NYSE Ticker: TME) since May 2022 and ceased to be a director of DiDi Global Inc. (NYSE Ticker: DIDI, which was delisted in June 2022) since April 2022;
- (2) Leng Xuesong, an independent non-executive director of the Company, ceased to be an independent director of China Index Holdings Limited (NASDAQ Ticker: CIH) since May 2022; and
- (3) Noah Holdings Limited (NYSE Ticker: NOAH), of which Neil Nanpeng Shen has been a non-executive director since January 2016, was listed on the Stock Exchange on July 13, 2022 (HKEx Stock Code: 6686) and carrying on business in Hong Kong as Noah Holdings Private Wealth and Asset Management Limited.

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

BIOGRAPHICAL INFORMATION OF THE DIRECTORS

During the Annual General Meeting of the Company dated May 18, 2022, Wang Xing and Mu Rongjun were re-elected as the executive Directors, and Shum Heung Yeung Harry as the independent non-executive Director of the Company. For details, please refer the announcements and circular of the Company dated May 18 and April 26, 2022. Please refer to below biographical details of the directors.

Executive Directors

Wang Xing (王興), aged 43, is a Co-founder, an executive Director, the Chief Executive Officer and Chairman of the Board. Wang Xing is responsible for the overall strategic planning, business direction and management of the Company. He oversees the senior management team. Wang Xing founded meituan.com in 2010 and currently holds directorship in various subsidiaries, Consolidated Affiliated Entities and operating entities of the Company.

Wang Xing has over 11 years of managerial and operational experience in the internet industry. Prior to co-founding the Company, he co-founded xiaonei.com (校內網), China's first college social network website in December 2005 and worked there as chief executive officer from December 2005 to April 2007. xiaonei.com (校內網) was sold to China InterActive Corp in October 2006 which was later renamed as Renren Inc. (NYSE Ticker: RENN). Wang Xing also co-founded fanfou.com (飯否網), a social media company specializing in microblogging, in May 2007 and was responsible for the management and operation of this company from May 2007 to July 2009. Wang Xing has served as a director of Li Auto Inc. (NASDAQ Ticker: LI) since July 2019 and Li Auto Inc. was listed on the Stock Exchange since August 12, 2021 (HKEx Stock Code: 2015) of which Wang Xing was appointed as its non-executive director.

OTHER INFORMATION

Wang Xing received his bachelor's degree in electronic engineering from Tsinghua University in July 2001 and his master's degree in electrical engineering from University of Delaware in January 2005.

Mu Rongjun (穆榮均), aged 42, is a Co-founder, an executive Director and a Senior Vice President of the Company. He is responsible for the financial services and corporate affairs of the Company.

Mu Rongjun has over 11 years of managerial and operational experience in the internet industry. Prior to co-founding the Company, he worked as senior software engineer and project manager in Baidu, Inc. (NASDAQ Ticker: BIDU), the leading Chinese language internet search provider, from July 2005 to May 2007. Mu Rongjun was also a co-founder and the engineering director of fanfou.com (飯否網), a social media company specializing in microblogging, from May 2007 to July 2009.

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

Wang Huiwen (王慧文), aged 43, is a Co-founder and an executive Director of the Company. He is responsible for the on-demand delivery and certain new initiatives of the Company. After withdrawing from his day-to-day duties in the Company in December 2020, Wang Huiwen has continued to perform his director's duties by devoting himself to the strategic planning, organisational growth and talent development of the Company.

Wang Huiwen has over 11 years of managerial and operational experience in the internet industry. Prior to co-founding the Company, he co-founded xiaonei.com (校內網), China's first college social network website, in December 2005 and worked there as co-founder from December 2005 to October 2006. xiaonei.com (校內網) was sold to China InterActive Corp in October 2006 which was later renamed as Renren Inc. (NYSE Ticker: RENN). In January 2009, Wang Huiwen co-founded taofang.com (淘房網) and worked there from June 2008 to October 2010. Wang Huiwen has become an independent non-executive director of Kuaishou Technology (HKEx Stock Code: 1024) since February 2021.

Wang Huiwen received his bachelor's degree in electronic engineering from Tsinghua University in July 2001.

Non-executive Directors

Lau Chi Ping Martin (劉熾平), aged 49, is a non-executive Director. He was appointed as Director in October 2017 and is responsible for providing advice on business and investment strategies, general market trends, and other matters subject to the Board guidance and approval.

Lau Chi Ping Martin joined Tencent (HKEx Stock Code: 700) in February 2005 as the Chief Strategy and Investment Officer. In February 2006, Lau Chi Ping Martin was promoted as the president of Tencent to manage the day-to-day operation of Tencent. In March 2007, he was appointed as an executive director of Tencent. Prior to joining Tencent, Lau Chi Ping Martin was an executive director at Goldman Sachs (Asia) L.L.C.'s investment banking division and the Chief Operating Officer of its Telecom, Media and Technology Group. Prior to that, he worked at McKinsey & Company, Inc. as a management consultant.

OTHER INFORMATION

Lau Chi Ping Martin received a Bachelor of Science degree in Electrical Engineering from the University of Michigan in July 1994, a Master of Science degree in Electrical Engineering from Stanford University in July 1995 and an MBA degree from Kellogg Graduate School of Management, Northwestern University in June 1998.

In July 2011, Lau Chi Ping Martin was appointed as a non-executive director of Kingsoft Corporation Limited (HKEx Stock Code: 3888), an internet based software developer, distributor and software service provider listed in Hong Kong. In December 2017, Lau Chi Ping Martin was appointed as a director of Vipshop Holdings Limited (NYSE Ticker: VIPS), an online discount retailer company listed on the New York Stock Exchange. From March 2014 to December 2021, Lau Chi Ping Martin served as a director of JD.com, Inc. (NASDAQ Ticker: JD; HKEx Stock Code: 9618). From March 2014 to August 2020, Lau Chi Ping Martin served as a director of Leju Holdings Limited (NYSE Ticker: LEJU). From February 2015 to April 2022, Lau Chi Ping Martin served as a director of DiDi Global Inc. (NYSE Ticker: DIDI), a mobility technology platform which was listed on the New York Stock Exchange. From July 2016 to May 2022, Lau Chi Ping Martin served as a director of Tencent Music Entertainment Group (formerly known as China Music Corporation) (NYSE Ticker: TME).

Neil Nanpeng Shen (沈南鵬), aged 54, is a non-executive Director. He was appointed as Director in October 2015 and is responsible for providing advice on investment and business strategies, financial discipline, and other matters subject to the Board guidance and approval.

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

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

Neil Nanpeng Shen has been an independent non-executive director of Trip.com Group Ltd. (NASDAQ Ticker: TCOM; HKEx Stock Code: 9961), formerly Ctrip.com International, Ltd. (NASDAQ Ticker: CTRP) since October 2008, a non-executive director of Ninebot Limited (SHSE Stock Code: 689009) since July 2015, a non-executive director of Noah Holdings Limited (NYSE Ticker: NOAH; HKEx Stock Code: 6686) since January 2016, a non-executive director of BTG Hotels Group Co., Ltd. (SHSE Stock Code: 600258) since January 2017 and an independent non-executive director of Pinduoduo Inc. (NASDAQ Ticker: PDD) since April 2018.

Neil Nanpeng Shen served as a non-executive director of China Renaissance Holdings Limited (HKEx Stock Code: 1911) from June 2018 to June 2020 and a non-executive director of 360 Security Technology Inc. (SHSE Stock Code: 601360) from February 2018 to May 2020.

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Independent Non-executive Directors

Orr Gordon Robert Halyburton, aged 59, is an independent non-executive Director. He was appointed as Director in September 2018 is responsible for providing independent advice on financial and accounting affairs and corporate governance matters, and other matters subject to the Board guidance and approval.

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

Orr Gordon Robert Halyburton acquired extensive corporate governance experience during his position as a senior partner of McKinsey & Company, as well as a director and member of board committees in Lenovo Group Limited (HKEx Stock Code: 992) and Swire Pacific Limited (HKEx Stock Code: 00019 and 00087). His corporate governance experience includes, among others, (i) reviewing, monitoring and making recommendations as to the companies' policies, practices and compliance; (ii) proposing measures to ensure effective communication between the board and shareholders; (iii) opining on proposed connected transactions; and (iv) understanding requirements of the Listing Rules and directors' duty to act in the best interest of the company and the shareholders as a whole.

Orr Gordon Robert Halyburton received his bachelor's degree in engineering science from Oxford University in June 1984 and his master's degree in business administration from Harvard University in June 1986.

Orr Gordon Robert Halyburton has been an independent non-executive director of EQT AB (Stockholm Stock Code: EQT) since September 2019. He was appointed as a non-executive director of Lenovo Group Limited (HKEx Stock Code: 992) in September 2015 and redesignated as an independent non-executive director in September 2016. He has also been an independent non-executive director of Swire Pacific Limited (HKEx Stock Code: 00019 and 00087) since August 2015. He is also the vice chairman of China-Britain Business Council.

Leng Xuesong (冷雪松), aged 53, is an independent non-executive Director. He was appointed as Director in September 2018 and is responsible for providing independent advice on finance, executive compensation and corporate governance matters, and other matters subject to the Board guidance and approval.

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

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Leng Xuesong acquired extensive corporate governance experience through his position as managing director of private equity funds and as non-executive director of various listed companies in Hong Kong and the US. He has accumulated corporate governance experience in (i) reviewing, monitoring and providing recommendations as to the companies' policies and compliance; (ii) facilitating effective communication between the board and shareholders; and (iii) understanding requirements of the Listing Rules and directors' duty to act in the best interest of the company and the shareholders as a whole.

Leng Xuesong received his bachelor's degree in international industrial trade from Shanghai Jiao Tong University in July 1992 and his master's degree in business administration from the Wharton School of the University of Pennsylvania in May 1999.

Leng Xuesong served as non-executive director of China Huiyuan Juice Group Limited (HKEx Stock Code: 1886) from September 2006 to August 2007 and Zhongsheng Group Holdings Limited (HKEx Stock Code: 881) from August 2008 to June 2015. He served as non-executive director of Wuxi Pharmatech (Cayman) Inc. (NYSE Ticker: WX) from March 2008 to December 2015 and Soufun Holdings Ltd. (NYSE Ticker: SFUN) from September 2010 to December 2014. He also served as independent director of China Index Holdings Limited (NASDAQ Ticker: CIH) from July 2019 to May 2022.

Shum Heung Yeung Harry (沈向洋), aged 55, is an independent non-executive Director. He was appointed as Director in September 2018 and is responsible for providing independent advice on technology innovation, the global technology and internet industry trends, and other matters subject to the Board guidance and approval.

Shum Heung Yeung Harry joined Microsoft Research in November 1996 as a researcher based in Redmond, Washington. In November 1998, he moved to Beijing as one of the founding members of Microsoft Research China (later renamed Microsoft Research Asia) and spent nine years there first as a researcher, subsequently moving on to become managing director of Microsoft Research Asia and a distinguished engineer of Microsoft Corporation. From October 2007 to November 2013, Shum Heung Yeung Harry served as the corporate vice president responsible for Bing search product development. From November 2013 to February 2020, he served as the executive vice president of Microsoft Corporation. He has been an independent non-executive director of Youdao, Inc. (NYSE Ticker: DAO) since October 2019.

Shum Heung Yeung Harry has acquired corporate governance experience in his capacity as the executive vice president of Microsoft Corporation. His key corporate governance experience includes (i) making recommendations as to internal control systems and policies; (ii) regular communication with the board of directors; and (iii) implementing corporate governance measures.

Shum Heung Yeung Harry received his Ph.D. in Robotics from Carnegie Mellon University in August 1996. He was elected into the National Academy of Engineering of United States in February 2017.

OTHER INFORMATION

USE OF NET PROCEEDS

1. Use of Net Proceeds from Listing

The net proceeds from the IPO were approximately RMB28,516.2 million, after deducting the underwriting fees, commissions and related total expenses paid and payable by us in connection thereto (“IPO Proceeds”). As of June 30, 2022, we have utilised an amount of RMB26,954.0 million out of the IPO Proceeds in the manner set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. As of June 30, 2022, the unutilised net proceeds was in the amount of approximately RMB1,562.2 million. The Company intends to apply them in the same manner and proportion as stated in the Prospectus.

For the six months ended June 30, 2022, the Company applied the IPO Proceeds in the following manner:

	Use of proceeds as stated in the Prospectus <i>(in RMB'000)</i> <i>(approximate)</i>	Utilisation as of 31 December 2021 <i>(in RMB'000)</i> <i>(approximate)</i>	Utilisation as of 30 June 2022 <i>(in RMB'000)</i> <i>(approximate)</i>	Net proceeds unutilised as of 30 June 2022 <i>(in RMB'000)</i> <i>(approximate)</i>	Expected time of use
35% to upgrade our technology and enhance our research and development capabilities	9,980,661	6,093,626	8,418,464	1,562,197	by end of 2022
35% to develop new services and products	9,980,661	9,657,038	9,980,661	-	by end of 2022
20% to selectively pursue acquisitions or investments in assets and businesses which are complementary to our business and are in line with our strategies	5,703,235	5,392,801	5,703,235	-	by end of 2022
10% for working capital and general corporate purpose	2,851,617	1,808,786	2,851,617	-	by end of 2022
	<u>28,516,174</u>	<u>22,952,251</u>	<u>26,953,977</u>	<u>1,562,197</u>	

Since we are an offshore holding company, we will need to make capital contributions and loans to our PRC subsidiaries or through loans to our Consolidated Affiliated Entities such that the IPO Proceeds can be used in the manner described above. Such capital contributions and loans are subject to a number of limitations and approval processes under PRC laws and regulations. There are no costs associated with registering loans or capital contributions with relevant PRC authorities, other than nominal processing charges. Under PRC laws and regulations, the PRC governmental authorities are required to process such approvals, filings or registrations or deny our application within a prescribed period, which are usually less than 90 days. The actual time taken, however, may be longer due to administrative delay. We cannot assure you that we can obtain the approvals from the relevant governmental authorities, or complete the registration and filing procedures required to use the IPO Proceeds as described above, in each case on a timely basis, or at all. This is because PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the IPO Proceeds to make loans or additional capital contributions to our PRC subsidiaries or Consolidated Affiliated Entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

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

On April 27, 2021, the Company issued the 2027 Bonds and 2028 Bonds. The Company intends to use the net proceeds of the 2027 Bonds and 2028 Bonds, approximately US\$2,971.5 million in total, for technology innovations, including the research and development of autonomous delivery vehicles, drones delivery, and other cutting-edge technology, and general corporate purposes. As of June 30, 2022, approximately US\$743.5 million of the net proceeds of the 2027 Bonds and 2028 Bonds had been utilised for technology innovations and US\$2,228.0 million remained unutilised. The Company expects to fully utilise the residual amount of the net proceeds in accordance with such intended purposes within 5 years from the issuance of the 2027 Bonds and 2028 Bonds. There has been no change in the intended use of net proceeds as previously disclosed. For further details, please refer to the announcements of the Company dated April 20, 2021, April 27, 2021 and April 28, 2021.

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

The 2021 Placing and Subscription was completed on April 22, 2021. An aggregate of 187,000,000 placing Shares have been successfully placed to not less than six independent placees (the “2021 Placing and Subscription”) and accordingly 187,000,000 subscription Shares were allotted and issued by the Company to Tencent Mobility Limited. The net proceeds raised from the 2021 Placing and Subscription were approximately US\$6.6 billion. The Company intends to use the net proceeds for technology innovations, including the research and development of autonomous delivery vehicles, drones delivery, and other cutting-edge technology, and general corporate purposes. As of June 30, 2022, approximately US\$1,835.2 million of the net proceeds of the 2021 Placing and Subscription had been utilised for technology innovations and general corporate purposes and US\$4,740.9 million remained unutilised. The Company expects to fully utilise the residual amount of the net proceeds in accordance with such intended purposes within 5 years from the completion of the 2021 Placing and Subscription. There has been no change in the intended use of net proceeds as previously disclosed. For further details, please refer to the Company’s announcements Issuance dated April 20, 2021, April 27, 2021 and April 28, 2021.

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

The Tencent Subscription was completed on July 13, 2021 and an aggregate of 11,352,600 Shares were allotted and issued by the Company to Tencent Mobility Limited (the “Tencent Subscription”). The net proceeds raised from the Tencent Subscription were approximately US\$400.0 million. The Company intends to use the net proceeds for technology innovations, including the research and development of autonomous delivery vehicles, drones delivery, and other cutting-edge technology, and general corporate purposes. As of June 30, 2022, we have not utilised any of the net proceeds of the Tencent Subscription. The Company expects to fully utilise the residual amount of the net proceeds in accordance with such intended purposes within 5 years from the completion of the Tencent Subscription. There has been no change in the intended use of net proceeds as previously disclosed. For further details, please refer to the Company’s announcements dated April 20, 2021, April 27, 2021, April 28, 2021 and July 13, 2021.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board. The Audit Committee comprises three independent non-executive Directors, namely, Orr Gordon Robert Halyburton, Leng Xuesong and Shum Heung Yeung Harry. 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, 2022. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the external auditor of the Company, PricewaterhouseCoopers.

The interim financial information of the Group for the six months ended June 30, 2022 has been reviewed by the Audit Committee of the Company and by the Company’s external auditor in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA.

OTHER BOARD COMMITTEES

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

CORPORATE GOVERNANCE COMMITTEE

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

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

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

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

OTHER INFORMATION

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 and the existing Special Administrative Measures for Entry of Foreign Investment (Negative List) (2020 Version), which became effective on July 23, 2020, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing certain categories of value-added telecommunications services, including internet content provision services. In addition, 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 entire equity interests in enterprises which engage in the value-added telecommunications business. For the purposes of meeting the Qualification Requirements, we have established and accumulated overseas operation experience, for example:

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

OTHER INFORMATION

MATERIAL LITIGATION

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

EVENTS AFTER THE END OF REPORTING PERIOD

There were no material subsequent events during the period from June 30, 2022 to the approval date of the interim financial information by the Board on August 26, 2022.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Meituan

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 59 to 111, which comprises the consolidated statement of financial position of Meituan (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2022 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, August 26, 2022

CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2022

	Note	Unaudited	
		Six months ended June 30,	
		2022	2021
		RMB'000	RMB'000
Revenues	6, 7	97,207,117	80,775,494
Including: Interest revenue		526,610	516,790
Cost of revenues	8	(70,892,402)	(61,061,956)
Gross profit		26,314,715	19,713,538
Selling and marketing expenses	8	(18,091,764)	(18,055,035)
Research and development expenses	8	(10,082,566)	(7,378,084)
General and administrative expenses	8	(4,815,841)	(3,790,427)
Net provisions for impairment losses on financial and contract assets		(203,753)	(70,580)
Fair value changes of other financial investments at fair value through profit or loss	17	(1,095,077)	206,782
Other gains, net	9	1,897,206	1,355,094
Operating loss	6	(6,077,080)	(8,018,712)
Finance income	10	300,771	189,973
Finance costs	10	(748,929)	(429,321)
Share of (losses)/gains of investments accounted for using the equity method	11	(353,641)	36,238
Loss before income tax		(6,878,879)	(8,221,822)
Income tax credits	12	60,286	19,185
Loss for the period		(6,818,593)	(8,202,637)
(Loss)/profit for the period attributable to:			
Equity holders of the Company		(6,819,008)	(8,204,606)
Non-controlling interests		415	1,969
		(6,818,593)	(8,202,637)
Loss per share for loss for the period attributable to the equity holders of the Company	13		
Basic loss per share (RMB)		(1.11)	(1.38)
Diluted loss per share (RMB)		(1.11)	(1.38)

The accompanying notes on pages 67 to 111 are an integral part of this interim financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2022

	Note	Unaudited	
		Six months ended June 30,	
		2022	2021
		RMB'000	RMB'000
Other comprehensive income/(loss):			
<i>Items that may be reclassified to profit or loss</i>			
Share of other comprehensive income of investments accounted for using the equity method	11, 24	2,609	685
Fair value changes of debt instruments at fair value through other comprehensive income	24	(182,274)	23,858
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	24	63,705	56,392
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences	24	630,763	(1,085,847)
Share of other comprehensive income of investments accounted for using the equity method	11, 24	60,968	13,068
Fair value changes of other financial investments at fair value through other comprehensive income	18, 24	70,564	(9,548)
Other comprehensive income/(loss) for the period, net of tax		646,335	(1,001,392)
Total comprehensive loss for the period		(6,172,258)	(9,204,029)
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Company		(6,172,673)	(9,205,998)
Non-controlling interests		415	1,969
		(6,172,258)	(9,204,029)

The accompanying notes on pages 67 to 111 are an integral part of this interim financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2022

		Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	14	23,192,260	22,814,246
Intangible assets	15	30,874,011	31,048,814
Deferred tax assets	16(a)	1,218,371	1,378,468
Long-term treasury investments	19	12,005,926	4,010,442
Other financial investments at fair value through profit or loss	17	13,748,544	14,299,857
Investments accounted for using the equity method	11	15,306,458	13,868,788
Other financial investments at fair value through other comprehensive income	18	2,825,356	2,022,705
Prepayments, deposits and other assets	20	3,479,580	3,381,272
		<u>102,650,506</u>	<u>92,824,592</u>
Current assets			
Inventories	21	885,678	681,693
Trade receivables	22	2,264,161	1,793,035
Prepayments, deposits and other assets	20	16,434,690	15,281,586
Short-term treasury investments	19	82,002,121	84,282,016
Restricted cash		13,252,364	13,276,919
Cash and cash equivalents		25,537,006	32,513,428
		<u>140,376,020</u>	<u>147,828,677</u>
Total assets		<u>243,026,526</u>	<u>240,653,269</u>
EQUITY			
Share capital	23	415	411
Share premium	23	314,887,240	311,221,237
Shares held for shares award scheme	23	(1)	-
Other reserves	24	(1,706,027)	(2,866,675)
Accumulated losses		(189,560,539)	(182,741,531)
Equity attributable to equity holders of the Company		<u>123,621,088</u>	<u>125,613,442</u>
Non-controlling interests		<u>(56,265)</u>	<u>(56,680)</u>
Total equity		<u>123,564,823</u>	<u>125,556,762</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2022

	Note	Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	16(b)	774,309	895,691
Borrowings	28	17,472,962	12,219,667
Notes payable	29	32,183,012	30,383,378
Lease liabilities		2,823,276	2,994,226
Other non-current liabilities		64,042	10,588
		<u>53,317,601</u>	<u>46,503,550</u>
Current liabilities			
Trade payables	26	13,862,818	15,165,619
Payables to merchants		10,886,742	10,950,920
Advances from transacting users		5,172,867	5,171,054
Other payables and accruals	27	18,258,280	18,400,738
Borrowings	28	11,010,575	11,565,200
Deferred revenues	25	5,004,452	5,478,480
Lease liabilities		1,899,831	1,756,559
Income tax liabilities		48,537	104,387
		<u>66,144,102</u>	<u>68,592,957</u>
Total liabilities		<u>119,461,703</u>	<u>115,096,507</u>
Total equity and liabilities		<u>243,026,526</u>	<u>240,653,269</u>

The accompanying notes on pages 67 to 111 are an integral part of this interim financial information.

On behalf of the Board

Wang Xing
Director

Mu Rongjun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2022

		Unaudited						
Note	Share capital RMB'000	Share premium RMB'000	Shares held	Other reserves RMB'000	Accumulated losses RMB'000	Equity	Non-controlling interests RMB'000	Total RMB'000
			for shares award scheme RMB'000			attributable to equity holders of the Company RMB'000		
	411	311,221,237	-	(2,866,675)	(182,741,531)	125,613,442	(56,680)	125,556,762
Comprehensive loss								
	-	-	-	-	(6,819,008)	(6,819,008)	415	(6,818,593)
Other comprehensive income								
Share of other comprehensive income of investments accounted for using the equity method								
11, 24	-	-	-	63,577	-	63,577	-	63,577
Fair value changes of other financial investments at fair value through other comprehensive income								
18, 24	-	-	-	70,564	-	70,564	-	70,564
Fair value changes of debt instruments at fair value through other comprehensive income								
24	-	-	-	(182,274)	-	(182,274)	-	(182,274)
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income								
24	-	-	-	63,705	-	63,705	-	63,705
24	-	-	-	630,763	-	630,763	-	630,763
	-	-	-	646,335	(6,819,008)	(6,172,673)	415	(6,172,258)
Share of other changes in net assets of associates								
11, 24	-	-	-	144,893	-	144,893	-	144,893
Transaction with owners in their capacity as owners								
Equity-settled share-based payments								
24, 30	-	-	-	3,976,081	-	3,976,081	-	3,976,081
23	3	-	(3)	-	-	-	-	-
Exercise of share options and RSUs vesting								
23, 24	1	3,666,003	2	(3,573,521)	-	92,485	-	92,485
Tax benefit from share-based payments								
16, 24	-	-	-	(33,140)	-	(33,140)	-	(33,140)
	4	3,666,003	(1)	369,420	-	4,035,426	-	4,035,426
	415	314,887,240	(1)	(1,706,027)	(189,560,539)	123,621,088	(56,265)	123,564,823

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2022

		Unaudited							
	Note	Share capital RMB'000	Share premium RMB'000	Shares held for shares award scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Equity attributable to equity holders of the Company RMB'000	Non- controlling interests RMB'000	Total RMB'000
As of January 1, 2021		395	263,155,201	-	(6,262,066)	(159,200,503)	97,693,027	(58,752)	97,634,275
Comprehensive loss									
Loss for the period		-	-	-	-	(8,204,606)	(8,204,606)	1,969	(8,202,637)
Other comprehensive loss									
Share of other comprehensive income of investments accounted for using the equity method	11, 24	-	-	-	13,753	-	13,753	-	13,753
Fair value changes of other financial investments at fair value through other comprehensive income	18, 24	-	-	-	(9,548)	-	(9,548)	-	(9,548)
Fair value changes of debt instruments at fair value through other comprehensive income	24	-	-	-	23,858	-	23,858	-	23,858
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	24	-	-	-	56,392	-	56,392	-	56,392
Currency translation differences	24	-	-	-	(1,085,847)	-	(1,085,847)	-	(1,085,847)
Total comprehensive loss		-	-	-	(1,001,392)	(8,204,606)	(9,205,998)	1,969	(9,204,029)
Share of other changes in net assets of associates	11, 24	-	-	-	5,252	-	5,252	-	5,252
Transaction with owners in their capacity as owners									
Equity-settled share-based payments	24, 30	-	-	-	2,078,144	-	2,078,144	-	2,078,144
Shares held for shares award scheme	23	1	-	(1)	-	-	-	-	-
Exercise of share options and RSUs vesting	23, 24	2	1,993,499	-	(1,918,742)	-	74,759	-	74,759
Issuance of shares upon placement and subscription	23	12	42,694,258	-	-	-	42,694,270	-	42,694,270
Tax benefit from share-based payments	16, 24	-	-	-	32,494	-	32,494	-	32,494
Issuance of convertible bonds (equity component)	24, 29	-	-	-	1,513,938	-	1,513,938	-	1,513,938
Total transaction with owners in their capacity as owners		15	44,687,757	(1)	1,705,834	-	46,393,605	-	46,393,605
As of June 30, 2021		410	307,842,958	(1)	(5,552,372)	(167,405,109)	134,885,886	(56,783)	134,829,103

The accompanying notes on pages 67 to 111 are an integral part of this interim financial information.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2022

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Cash flows from operating activities		
Cash used in operations	(1,929,722)	(1,380,021)
Income tax paid	(115,143)	(169,679)
Net cash flows used in operating activities	(2,044,865)	(1,549,700)
Cash flows from investing activities		
Purchases and prepayments of property, plant and equipment and intangible assets	(3,222,881)	(5,544,776)
Proceeds from disposals of property, plant and equipment and intangible assets	120,825	39,394
Payments for acquisitions of businesses, net of cash acquired	(88,529)	–
Purchase of treasury investments	(116,848,252)	(254,715,588)
Sales or maturities of treasury investments	113,506,621	246,137,750
Proceeds from disposals of investments in associates and others	420	67,400
Purchases of other financial investments at fair value	(2,161,400)	(1,691,595)
Net cash outflow arising from disposals or deemed disposals of subsidiaries	(44,355)	(867,327)
Gains received from treasury investments and other financial instruments	573,508	599,022
Dividends received	49,666	16,972
Loans payments to investees and others	(216,914)	(470,483)
Loans repayments from investees and others	842,612	–
Collection of investments prepayments	42,000	–
Net cash flows used in investing activities	(7,446,679)	(16,429,231)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2022

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Cash flows from financing activities		
Proceeds from borrowings	7,163,269	13,630,748
Repayments of borrowings	(3,820,001)	(2,791,956)
Finance costs paid	(393,617)	(249,748)
Proceeds from exercise of share options	90,827	89,319
Payments of lease liabilities	(1,362,870)	(878,633)
Increase in other financial liabilities	380,448	791,400
Net proceeds from issuance of notes payable	–	19,304,945
Net proceeds from issuance of ordinary shares	–	42,694,270
Net cash flows generated from financing activities	2,058,056	72,590,345
Net (decrease)/increase in cash and cash equivalents	(7,433,488)	54,611,414
Cash and cash equivalents at the beginning of the period	32,513,428	17,093,559
Exchange gains/(losses) on cash and cash equivalents	457,066	(317,104)
Cash and cash equivalents at the end of the period	25,537,006	71,387,869

The accompanying notes on pages 67 to 111 are an integral part of this interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Meituan (“the Company”) was incorporated in the Cayman Islands on September 25, 2015 as an exempted company with limited liability under the laws of the Cayman Islands. The registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s Class B shares have been listed on the Main Board of the Hong Kong Stock Exchange since September 20, 2018.

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

The interim consolidated financial information comprises the consolidated statement of financial position as of June 30, 2022, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months 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 BASIS OF PREPARATION

This Interim Financial Information for the six months ended June 30, 2022 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 the annual financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards, as set out in the 2021 annual report of the Group dated March 25, 2022 (the “2021 Financial Statements”).

NOTES TO THE INTERIM FINANCIAL INFORMATION

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those followed in the preparation of the 2021 Financial Statements, except for the estimation of income tax (see note 12) and the adoption of new and amended standards as set out below.

(a) New amendments adopted by the Group

The Group has applied the following new amendments for the first time commencing January 1, 2022:

Amendments to IAS 16	Property, plant and equipment: proceeds before intended use
Amendments to IFRS 3	Reference to the conceptual framework
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020

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

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

The following new standards and amendments have been issued, but are not effective for the Group's financial year beginning on January 1, 2022 and have not been early adopted by the Group.

		Effective for financial year beginning on or after
Amendments to IAS 28 and IFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to IAS 1	Classification of liabilities as current or non-current	January 1, 2023
IFRS 17	Insurance contracts	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023

The Group is in the process of assessing potential impact of the above new standards and amendments that is relevant to the Group upon initial application. According to the preliminary assessment made by the directors of the Company ("Directors"), the management does not anticipate any significant impact on the Group's financial positions and results of operations upon adopting the above new standards and amendments except for the Amendments to IAS 12. The management of the Group plans to adopt these new standards and amendments when they become effective.

NOTES TO THE INTERIM FINANCIAL INFORMATION

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing the Interim Financial Information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2021 Financial Statements.

5 FINANCIAL RISK MANAGEMENT

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

(a) Financial risk factors

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial information as set out in the 2021 Financial Statements.

There have been no changes in the risk management policies during the six months ended June 30, 2022.

(b) Fair value estimation

(i) Fair value hierarchy

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (Continued)

(b) Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

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

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs)

The following tables present the Group's assets and liabilities that are measured at fair value as of June 30, 2022 and December 31, 2021.

	Unaudited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
As of June 30, 2022				
Financial assets				
Treasury investments at fair value through profit or loss (Note 19)	–	–	61,748,623	61,748,623
Treasury investments at fair value through other comprehensive income (Note 19)	–	4,962,397	5,725,380	10,687,777
Loan receivables at fair value through other comprehensive income (Note 20)	–	–	6,266,854	6,266,854
Other financial investments at fair value through profit or loss (Note 17)	–	–	13,748,544	13,748,544
Other financial investments at fair value through other comprehensive income (Note 18)	1,412,356*	–	1,413,000	2,825,356
	<u>1,412,356</u>	<u>4,962,397</u>	<u>88,902,401</u>	<u>95,277,154</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (Continued)

(b) Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

	Audited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
As of December 31, 2021				
Financial assets				
Treasury investments at fair value through profit or loss (Note 19)	–	–	59,712,781	59,712,781
Treasury investments at fair value through other comprehensive income (Note 19)	–	4,128,024	5,414,982	9,543,006
Loan receivables at fair value through other comprehensive income (Note 20)	–	–	4,210,835	4,210,835
Other financial investments at fair value through profit or loss (Note 17)	2,261,812*	–	12,038,045	14,299,857
Other financial investments at fair value through other comprehensive income (Note 18)	532,455*	–	1,490,250	2,022,705
	<u>2,794,267</u>	<u>4,128,024</u>	<u>82,866,893</u>	<u>89,789,184</u>

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

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to measure financial instruments include:

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

There was no change to valuation techniques in use during the six months ended June 30, 2022.

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (Continued)

(b) Fair value estimation (Continued)

(ii) Valuation techniques used to determine fair values (Continued)

All of the resulting fair value estimates are included in level 3, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

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

The following tables present the movement of level 3 items which use significant unobservable inputs in determining their fair values for the six months ended June 30, 2022 and 2021. The Group determines transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (Continued)

(b) Fair value estimation (Continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (Continued)

	Treasury investments at fair value through profit or loss RMB'000	Treasury investments at fair value through other comprehensive income RMB'000	Loan receivables at fair value through other comprehensive income RMB'000	Other financial investments at fair value through profit or loss RMB'000	Other financial investments at fair value through other comprehensive income RMB'000	Financial liabilities at fair value through profit or loss RMB'000
As of January 1, 2021	32,696,946	900,111	-	8,132,267	-	114,600
Additions	242,264,075	3,742,720	3,766,667	2,261,746	-	791,400
Deductions	(238,362,305)	(319,660)	(2,263,106)	(770,392)	-	(906,000)
Transfers	-	-	-	(1,068,094)	783,750	-
Changes in fair values	576,359	15,661	-	428,562	-	-
Currency translation differences	(688,848)	553	-	(38,594)	-	-
As of June 30, 2021	<u>36,486,227</u>	<u>4,339,385</u>	<u>1,503,561</u>	<u>8,945,495</u>	<u>783,750</u>	<u>-</u>
Net unrealised gains for the period	<u>159,237</u>	<u>19,479</u>	<u>-</u>	<u>428,562</u>	<u>-</u>	<u>-</u>

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

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

The Group's level 3 instruments are listed in the table in Note 5(b)(iii). As these instruments are not traded in active markets, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows and market approach.

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (Continued)

(b) Fair value estimation (Continued)

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

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair values	Fair values	Unobservable inputs	Range of inputs		Relationships of unobservable inputs to fair value
	as of June 30, 2022	as of December 31, 2021		As of June 30, 2022	As of December 31, 2021	
	RMB'000 (Unaudited)	RMB'000 (Audited)				
Other financial investments at fair value	15,161,544	13,528,295	Expected volatility	40% - 54%	40% - 78%	Depends on rights and restrictions of shares held by the Group
			Discount for lack of marketability ("DLOM")	15% - 29%	15% - 29%	The higher the DLOM, the lower the fair value
Treasury investments at fair value through profit or loss	61,748,623	59,712,781	Expected rate of return	0.00%-5.06%	0.00%-5.12%	The higher the expected rate of return, the higher the fair value
Treasury investments at fair value through other comprehensive income	5,725,380	5,414,982	Expected rate of return	1.45%-3.85%	1.45%-2.80%	The higher the expected rate of return, the higher the fair value
Loan receivables at fair value through other comprehensive income	6,266,854	4,210,835	Note i	Note i	Note i	The higher the risk-adjusted discount rate, the lower the fair value

Note i: Loan receivables at fair value through other comprehensive income

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 SEGMENT REPORTING

6.1 Description of segments and principal activities

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resource and assessing performance of the operating segments, mainly includes the executive Directors of the Company that make strategic decisions. The Group evaluated its operating segments separately or aggregately, and determined that it has reportable segments as follows.

The CODM assesses the performance of the operating segments mainly based on revenues and operating profit or loss of each operating segment. Thus, segment result would present revenues, cost of revenues and operating expenses, and operating profit or loss for each segment, which is in line with CODM's performance review. There were no material inter-segment sales during the six months ended June 30, 2022 and 2021.

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

Prior to April 1, 2022, the Group's reportable segments comprised of Food delivery, In-store, hotel & travel, and New initiatives and others. Starting from April 1, 2022, the CODM started to review information under a new reporting structure, and segment reporting is updated to conform to this change.

The updated reportable segments comprise (i) Core local commerce, which is aggregated by the former Food delivery and In-store, hotel & travel segments, as well as Meituan Instashopping, alternative accommodations and transportation ticketing. The businesses in Core local commerce have proven economics or similar business models; and (ii) New initiatives, which mainly includes Meituan Select, Meituan Grocery, B2B food distribution, ride sharing, bike sharing, e-moped sharing, power banks, RMS and other new initiatives. All the businesses in New initiatives require iterations on business models and more resources. The Group's management will periodically review their developments, and dynamically adjust resource allocation and strategies.

This change of segment disclosure better reflects the Group's updated business strategies, the development phases of various businesses and the financial performance, and better aligns with the Group's resource allocation. Accordingly, the Company updated the presentation of its reportable segments for prior period to conform to the current period's presentation.

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 SEGMENT REPORTING *(Continued)*

6.1 Description of segments and principal activities *(Continued)*

Core local commerce

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

New initiatives

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

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 SEGMENT REPORTING (Continued)

6.1 Description of segments and principal activities (Continued)

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

	Unaudited			Total RMB'000
	Core local commerce RMB'000	New initiatives RMB'000	Unallocated items* RMB'000	
Delivery services	30,183,979	–	–	30,183,979
Commission	24,427,225	665,677	–	25,092,902
Online marketing services	14,300,720	34,849	–	14,335,569
Other services and sales (including interest revenue)	2,046,905	25,547,762	–	27,594,667
Total revenues	70,958,829	26,248,288	–	97,207,117
Cost of revenues, operating expenses and unallocated items	(57,992,695)	(41,491,118)	(3,800,384)	(103,284,197)
Including: Delivery related costs	(35,416,474)	–	–	(35,416,474)
Operating (loss)/profit	12,966,134	(15,242,830)	(3,800,384)	(6,077,080)

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 SEGMENT REPORTING (Continued)

6.1 Description of segments and principal activities (Continued)

	Unaudited			
	Six months ended June 30, 2021			
	Core local commerce RMB'000	New initiatives RMB'000	Unallocated items* RMB'000	Total RMB'000
Delivery services	26,719,916	–	–	26,719,916
Commission	21,918,674	807,958	–	22,726,632
Online marketing services	12,846,396	34,435	–	12,880,831
Other services and sales (including interest revenue)	957,841	17,490,274	–	18,448,115
Total revenues	62,442,827	18,332,667	–	80,775,494
Cost of revenues, operating expenses and unallocated items	(52,900,164)	(34,861,521)	(1,032,521)	(88,794,206)
Including: Delivery related costs	(32,707,764)	–	–	(32,707,764)
Operating (loss)/profit	9,542,663	(16,528,854)	(1,032,521)	(8,018,712)

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

There is no concentration risk as no revenue from a single external customer was more than 10% of the Group's total revenues for the six months ended June 30, 2022 and 2021.

The reconciliation from operating loss to loss before income tax during the six months ended June 30, 2022 and 2021 is shown in the consolidated income statement.

6.2 Segment assets

As of June 30, 2022 and December 31, 2021, substantially all of the non-current assets of the Group were located in the PRC.

NOTES TO THE INTERIM FINANCIAL INFORMATION

7 REVENUES BY TYPE

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Delivery services	30,183,979	26,719,916
Commission	25,092,902	22,726,632
Online marketing services	14,335,569	12,880,831
Other services and sales (including interest revenue)	27,594,667	18,448,115
	<u>97,207,117</u>	<u>80,775,494</u>

Further disaggregation of revenues is included in Note 6.

8 EXPENSES BY NATURE

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Delivery related costs	35,416,474	32,707,764
Employee benefits expenses	20,458,424	15,558,485
Transaction costs (Note i)	14,577,218	11,179,691
Other outsourcing costs	10,391,639	7,922,657
Promotion, advertising and user incentives	8,637,292	10,337,653
Depreciation of property, plant and equipment	4,358,614	3,532,099
Amortisation of intangible assets	266,894	404,092
Auditor's remuneration		
– Audit and audit-related services	16,560	25,269
– Non-audit services	5,123	3,342

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

9 OTHER GAINS, NET

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Subsidies and tax preference	753,373	674,722
Fair value changes and gains from treasury investments	690,740	630,998
Foreign exchange gains, net	248,953	85,532
Others	204,140	(36,158)
	<u>1,897,206</u>	<u>1,355,094</u>

10 FINANCE INCOME/(COSTS)

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	<u>300,771</u>	<u>189,973</u>
Finance costs		
Interest expenses on bank borrowings and notes payable	(590,029)	(330,890)
Interest in respect of lease liabilities	(126,621)	(80,755)
Others	<u>(32,279)</u>	<u>(17,676)</u>
	<u>(748,929)</u>	<u>(429,321)</u>

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2022	2021
	RMB'000	RMB'000
Associates (a)	15,293,035	13,856,036
Joint ventures	<u>13,423</u>	<u>12,752</u>
	<u>15,306,458</u>	<u>13,868,788</u>

Included in the total amount, RMB12.0 billion of investments accounted for using the equity method is denominated in USD (December 31, 2021: RMB11.5 billion), and other balances were denominated in RMB.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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

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

	Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
Investments in associates		
– listed entities	13,486,477	11,573,568
– unlisted entities	1,806,558	2,282,468
	<u>15,293,035</u>	<u>13,856,036</u>

The quoted fair value of the investments in listed entities was RMB35,624 million and RMB27,228 million as of June 30, 2022 and December 31, 2021, respectively.

	Unaudited Six months ended June 30,	
	2022 RMB'000	2021 RMB'000
At the beginning of the period	13,856,036	13,167,893
Transfers (Note i)	1,009,246	–
Dividends from associates	(39,523)	(12,225)
Disposals	–	(6,651)
Share of (losses)/gains of investments accounted for using the equity method	(353,641)	36,238
Other reserves	210,012	19,005
Currency translation differences	610,905	(111,701)
At the end of the period	<u>15,293,035</u>	<u>13,092,559</u>

- (i) During the six months ended June 30, 2022, the Group's transfers represented the net results of transferring from/to other financial investments at fair value mainly due to obtaining significant influence over the investment.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

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

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

There were no individually material associates that are accounted for using the equity method as of June 30, 2022 and December 31, 2021. Aggregate amounts of the Group's share of (losses)/gains of individually immaterial associates accounted for using the equity method are as follows:

	Unaudited Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
– (Loss)/profit from operations	(353,641)	36,238
– Other comprehensive income	65,119	13,753
Total comprehensive (loss)/income	<u>(288,522)</u>	<u>49,991</u>

12 TAXATION

(a) Value Added Tax (“VAT”)

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

(b) Income tax

Cayman Islands

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

British Virgin Islands

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

Hong Kong

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the six months ended June 30, 2022 and 2021.

NOTES TO THE INTERIM FINANCIAL INFORMATION

12 TAXATION (Continued)

(b) Income tax (Continued)

PRC corporate income tax (“CIT”)

CIT provision was made on the estimated assessable profit of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% during the six months ended June 30, 2022 and 2021.

Certain subsidiaries of the Group in the PRC are subject to “high and new technology enterprises”, whose preferential income tax rate was 15% for the six months ended June 30, 2022 and 2021. Moreover, a subsidiary is entitled to the preferential policy of “2-year exemption and 3-year half rate concession”. Certain PRC subsidiaries located in western region and engaged in certain encouraged industries were eligible for a preferential income tax rate of 15% and started to apply such preferential income tax rate from January 1, 2022. In addition, certain PRC subsidiaries of the Group are subject to “small and thin-profit enterprises” under the CIT Law, whose preferential income tax rate was 20% for the six months ended June 30, 2022 and 2021.

Withholding tax on undistributed dividends

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

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Current income tax expenses	(130,351)	(114,426)
Deferred income tax credits (Note 16)	190,637	133,611
Total income tax credits	60,286	19,185

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

13 LOSS PER SHARE

- (a) Basic loss per share for the six months ended June 30, 2022 and 2021 were calculated by dividing the loss attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the reporting period.

	Unaudited Six months ended June 30,	
	2022	2021
Loss for the period attributable to the equity holders of the Company (RMB'000)	(6,819,008)	(8,204,606)
Weighted average number of ordinary shares in issue (thousands)	<u>6,136,974</u>	<u>5,957,039</u>
Basic loss per share (RMB)	<u>(1.11)</u>	<u>(1.38)</u>

- (b) Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: share options, RSUs and convertible bonds. As the Group incurred losses for the six months ended June 30, 2022 and 2021, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, diluted loss per share for the six months ended June 30, 2022 and 2021 was the same as basic loss per share.

NOTES TO THE INTERIM FINANCIAL INFORMATION

14 PROPERTY, PLANT AND EQUIPMENT

	Unaudited						Total RMB'000
	Computer equipment RMB'000	Bikes and electric mopeds RMB'000	Assets under construction RMB'000	Right-of- use assets RMB'000	Land use rights RMB'000	Others RMB'000	
As of January 1, 2022							
Cost	8,975,712	12,385,280	943,000	6,830,956	6,737,539	2,036,595	37,909,082
Accumulated depreciation and impairment	(5,082,724)	(6,952,738)	(524)	(2,109,953)	(58,563)	(890,334)	(15,094,836)
Net book amount	<u>3,892,988</u>	<u>5,432,542</u>	<u>942,476</u>	<u>4,721,003</u>	<u>6,678,976</u>	<u>1,146,261</u>	<u>22,814,246</u>
Six months ended June 30, 2022							
Opening net book amount	3,892,988	5,432,542	942,476	4,721,003	6,678,976	1,146,261	22,814,246
Additions	2,323,776	-	1,315,738	1,276,929	-	149,365	5,065,808
Transfers	3,672	645,327	(1,149,154)	-	-	500,155	-
Disposals	(5,003)	(61,665)	(85,005)	(67,021)	-	(56,539)	(275,233)
Depreciation charges	(1,052,806)	(1,713,139)	-	(1,264,479)	(70,276)	(304,765)	(4,405,465)
Impairment charges	(260)	-	(362)	-	-	(6,461)	(7,083)
Currency translation differences	-	-	-	(13)	-	-	(13)
Ending net book amount	<u>5,162,367</u>	<u>4,303,065</u>	<u>1,023,693</u>	<u>4,666,419</u>	<u>6,608,700</u>	<u>1,428,016</u>	<u>23,192,260</u>
As of June 30, 2022							
Cost	11,274,832	12,646,154	1,024,579	7,480,236	6,737,539	2,554,461	41,717,801
Accumulated depreciation and impairment	(6,112,465)	(8,343,089)	(886)	(2,813,817)	(128,839)	(1,126,445)	(18,525,541)
Net book amount	<u>5,162,367</u>	<u>4,303,065</u>	<u>1,023,693</u>	<u>4,666,419</u>	<u>6,608,700</u>	<u>1,428,016</u>	<u>23,192,260</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Unaudited					
	Computer equipment	Bikes and electric mopeds	Assets under construction	Right-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2021						
Cost	5,644,530	11,837,828	241,703	3,756,829	1,218,979	22,699,869
Accumulated depreciation and impairment	(3,520,901)	(3,784,637)	(546)	(1,031,912)	(444,708)	(8,782,704)
Net book amount	<u>2,123,629</u>	<u>8,053,191</u>	<u>241,157</u>	<u>2,724,917</u>	<u>774,271</u>	<u>13,917,165</u>
Six months ended June 30, 2021						
Opening net book amount	2,123,629	8,053,191	241,157	2,724,917	774,271	13,917,165
Additions	1,458,386	117,424	1,158,125	1,498,837	136,068	4,368,840
Transfers	-	597,338	(1,007,918)	-	410,580	-
Disposals	(11,098)	(12,311)	(3,756)	(43,237)	(33,851)	(104,253)
Depreciation charges	(732,164)	(1,709,906)	-	(872,457)	(217,572)	(3,532,099)
Impairment charges	-	-	(311)	-	(39,737)	(40,048)
Currency translation differences	-	-	-	(15)	-	(15)
Ending net book amount	<u>2,838,753</u>	<u>7,045,736</u>	<u>387,297</u>	<u>3,308,045</u>	<u>1,029,759</u>	<u>14,609,590</u>
As of June 30, 2021						
Cost	7,074,922	12,350,551	387,926	5,005,921	1,713,509	26,532,829
Accumulated depreciation and impairment	(4,236,169)	(5,304,815)	(629)	(1,697,876)	(683,750)	(11,923,239)
Net book amount	<u>2,838,753</u>	<u>7,045,736</u>	<u>387,297</u>	<u>3,308,045</u>	<u>1,029,759</u>	<u>14,609,590</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

As of June 30, 2022, the Group's land use rights with an original book value of RMB6,738 million (December 31, 2021: Nil) had been charged as collateral for borrowings which had not yet been withdrawn.

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

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Cost of revenues	3,268,515	2,832,853
Selling and marketing expenses	545,339	348,666
Research and development expenses	276,560	183,358
General and administrative expenses	268,200	167,222
Assets under construction	46,851	–
	<u>4,405,465</u>	<u>3,532,099</u>

(a) Leases (excluding land use rights)

The carrying amounts of right-of-use assets (excluding land use rights) by category are as follows:

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2022	2021
	RMB'000	RMB'000
Offices	2,779,306	2,937,030
Others	1,887,113	1,783,973
Total	<u>4,666,419</u>	<u>4,721,003</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

14 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) Leases (excluding land use rights) *(Continued)*

The consolidated income statement shows the following amounts relating to leases (excluding the depreciation of land use rights):

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Depreciation charge of right-of-use assets	1,264,479	872,457
Interest expenses (included in finance costs)	126,621	80,755

15 INTANGIBLE ASSETS

	Unaudited			Total RMB'000
	Goodwill RMB'000	Other intangible assets arising from business combinations RMB'000	Software and others RMB'000	
As of January 1, 2022				
Cost	27,932,090	7,714,630	1,956,232	37,602,952
Accumulated amortisation and impairment	(201,587)	(4,488,698)	(1,863,853)	(6,554,138)
Net book amount	<u>27,730,503</u>	<u>3,225,932</u>	<u>92,379</u>	<u>31,048,814</u>
Six months ended June 30, 2022				
Opening net book amount	27,730,503	3,225,932	92,379	31,048,814
Additions	43,048	15,630	33,413	92,091
Amortisation charges	–	(235,620)	(31,274)	(266,894)
Ending net book amount	<u>27,773,551</u>	<u>3,005,942</u>	<u>94,518</u>	<u>30,874,011</u>
As of June 30, 2022				
Cost	27,975,138	7,730,260	1,989,645	37,695,043
Accumulated amortisation and impairment	(201,587)	(4,724,318)	(1,895,127)	(6,821,032)
Net book amount	<u>27,773,551</u>	<u>3,005,942</u>	<u>94,518</u>	<u>30,874,011</u>

As of June 30, 2022, no indicators for impairment of goodwill have been identified.

NOTES TO THE INTERIM FINANCIAL INFORMATION

15 INTANGIBLE ASSETS (Continued)

	Unaudited			
	Goodwill	Other intangible assets arising from business combinations	Software and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2021				
Cost	27,849,022	7,671,830	1,892,709	37,413,561
Accumulated amortisation and impairment	(201,587)	(3,992,745)	(1,542,848)	(5,737,180)
Net book amount	<u>27,647,435</u>	<u>3,679,085</u>	<u>349,861</u>	<u>31,676,381</u>
Six months ended June 30, 2021				
Opening net book amount	27,647,435	3,679,085	349,861	31,676,381
Additions	–	–	29,945	29,945
Amortisation charges	–	(251,274)	(152,818)	(404,092)
Ending net book amount	<u>27,647,435</u>	<u>3,427,811</u>	<u>226,988</u>	<u>31,302,234</u>
As of June 30, 2021				
Cost	27,849,022	7,671,830	1,922,654	37,443,506
Accumulated amortisation and impairment	(201,587)	(4,244,019)	(1,695,666)	(6,141,272)
Net book amount	<u>27,647,435</u>	<u>3,427,811</u>	<u>226,988</u>	<u>31,302,234</u>

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

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
General and administrative expenses	88,325	87,602
Selling and marketing expenses	85,069	221,681
Cost of revenues	79,857	90,327
Research and development expenses	13,643	4,482
	<u>266,894</u>	<u>404,092</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

16 DEFERRED INCOME TAXES

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

(a) Deferred tax assets

	Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
The balance comprises temporary differences attributable to:		
– Tax losses	1,610,280	1,695,764
– Others	475,634	511,208
Total gross deferred tax assets	<u>2,085,914</u>	<u>2,206,972</u>
Set-off of deferred tax assets pursuant to set-off provisions	<u>(867,543)</u>	<u>(828,504)</u>
Net deferred tax assets	<u>1,218,371</u>	<u>1,378,468</u>

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

	Unaudited Tax losses RMB'000	Unaudited Others RMB'000	Total RMB'000
As of January 1, 2022	1,695,764	511,208	2,206,972
(Charged)/credited to consolidated income statement	18,957	(35,574)	(16,617)
Charged to consolidated statement of changes in equity	<u>(104,441)</u>	<u>–</u>	<u>(104,441)</u>
As of June 30, 2022	<u>1,610,280</u>	<u>475,634</u>	<u>2,085,914</u>
As of January 1, 2021	1,009,919	314,032	1,323,951
(Charged)/credited to consolidated income statement	(45,934)	98,331	52,397
Credited to consolidated statement of changes in equity	<u>32,494</u>	<u>–</u>	<u>32,494</u>
As of June 30, 2021	<u>996,479</u>	<u>412,363</u>	<u>1,408,842</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

16 DEFERRED INCOME TAXES (Continued)

(a) Deferred tax assets (Continued)

The Group only recognises deferred tax assets for cumulative tax losses if it is probable that future taxable income will be available to utilise those tax losses. Management will continue to assess the recognition of deferred tax assets in future reporting periods. As of June 30, 2022 and December 31, 2021, the Group did not recognise deferred tax assets of RMB16.2 billion and RMB13.7 billion in respect of cumulative tax losses amounting to RMB92.2 billion and RMB74.9 billion including the tax losses arising from the excess deduction of share-based payments. These tax losses will expire from 2022 to 2026, and certain subsidiaries of the Group may extend to 2031.

(b) Deferred tax liabilities

The balance comprises temporary differences attributable to:

	Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
– Other intangible assets arising from business combinations	(446,019)	(489,022)
– Investments accounted for using the equity method or at fair value	(933,490)	(1,051,129)
– Deferred revenues	(47,975)	(24,897)
– Others	(214,368)	(159,147)
Total gross deferred tax liabilities	<u>(1,641,852)</u>	<u>(1,724,195)</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	<u>867,543</u>	<u>828,504</u>
Net deferred tax liabilities	<u>(774,309)</u>	<u>(895,691)</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

16 DEFERRED INCOME TAXES (Continued)

(b) Deferred tax liabilities (Continued)

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

	Unaudited				
	Other intangible assets arising from business combinations RMB'000	Investments accounted for using the equity method or at fair value RMB'000	Deferred revenues RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2022	(489,022)	(1,051,129)	(24,897)	(159,147)	(1,724,195)
Credited/(charged) to consolidated income statement	45,348	193,681	(23,078)	(8,697)	207,254
Charged to consolidated statement of changes in equity	-	(76,042)	-	(46,524)	(122,566)
Business combination	(2,345)	-	-	-	(2,345)
As of June 30, 2022	(446,019)	(933,490)	(47,975)	(214,368)	(1,641,852)
As of January 1, 2021	(620,647)	(804,356)	(50,029)	(155,943)	(1,630,975)
Credited/(charged) to consolidated income statement	106,967	5,238	(24,780)	(24,965)	62,460
Credited to consolidated statement of changes in equity	-	6,851	-	-	6,851
As of June 30, 2021	(513,680)	(792,267)	(74,809)	(180,908)	(1,561,664)

The Company has undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Company is able to control the timing of distributions from subsidiaries and is not expected to distribute these profits in the foreseeable future.

NOTES TO THE INTERIM FINANCIAL INFORMATION

17 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
Associates (a)	7,026,484	4,453,450
Other investees (b)	6,722,060	9,846,407
	<u>13,748,544</u>	<u>14,299,857</u>

RMB5.3 billion of other financial investments at fair value through profit or loss was denominated in USD (December 31, 2021: RMB5.9 billion), and other balances were denominated in RMB.

(a) Associates

	Unaudited Six months ended June 30,	
	2022 RMB'000	2021 RMB'000
At the beginning of the period	4,453,450	2,690,100
Additions (Note i)	1,482,849	1,516,068
Changes in fair values	80,869	90,465
Disposals	(245,383)	(60,000)
Transfer (Note ii)	1,217,839	(783,750)
Currency translation differences	36,860	(2,235)
At the end of the period	<u>7,026,484</u>	<u>3,450,648</u>

- (i) During the six months ended June 30, 2022, the Group's additions to investments in associates at fair value through profit or loss mainly comprised the investments in unlisted entities with the aggregate amount of RMB1,483 million.
- (ii) During the six months ended June 30, 2022, the Group's transfer represented one investment with the carrying amount of approximately RMB1,218 million transferred from investments accounted for using the equity method, as a result of changing in the characteristics of the investment.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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

(b) Other investees

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the period	9,846,407	7,566,686
Additions (Note i)	588,674	745,678
Changes in fair values	(1,175,946)	116,317
Disposals	(599,970)	(710,392)
Transfers (Note ii)	(2,162,543)	(284,344)
Currency translation differences	225,438	(36,359)
At the end of the period	<u>6,722,060</u>	<u>7,397,586</u>

The Group also has interests in certain investee companies in the form of preferred or ordinary shares without significant influence, which are managed and whose performance are evaluated on a fair value basis. The Group designated these instruments as other financial investments at fair value through profit or loss.

- (i) During the six months ended June 30, 2022, the Group's additions to other investments mainly comprised the investments in unlisted entities with the aggregate amount of RMB589 million.
- (ii) During the six months ended June 30, 2022, the Group's transfers comprised a transfer to investments accounted for using the equity method after the Group changed the intention to hold the investment for strategic purpose, and another transfer to other financial investments at fair value through other comprehensive income as a result of conversion of the preferred shares into ordinary shares upon the investee's Initial Public Offering.

NOTES TO THE INTERIM FINANCIAL INFORMATION

18 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
Equity investments in listed entities	1,412,356	532,455
Equity investments in unlisted entities	<u>1,413,000</u>	<u>1,490,250</u>
	<u>2,825,356</u>	<u>2,022,705</u>

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

	Unaudited Six months ended June 30,	
	2022 RMB'000	2021 RMB'000
At the beginning of the period	2,022,705	605,918
Additions (Note i)	706,500	–
Changes in fair values	109,550	(9,548)
Transfers	(64,542)	1,068,094
Currency translation differences	<u>51,143</u>	<u>(6,215)</u>
At the end of the period	<u>2,825,356</u>	<u>1,658,249</u>

- (i) During the six months ended June 30, 2022, the Group's additions to other financial investments at fair value through other comprehensive income mainly comprised the investments in unlisted entities with the aggregate amount of RMB707 million.

NOTES TO THE INTERIM FINANCIAL INFORMATION

19 TREASURY INVESTMENTS

	Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
Long-term treasury investments at		
– Amortised cost	734,633	715,158
– Fair value through profit or loss	<u>11,271,293</u>	<u>3,295,284</u>
	<u>12,005,926</u>	<u>4,010,442</u>
Short-term treasury investments at		
– Amortised cost	20,837,014	18,321,513
– Fair value through profit or loss	50,477,330	56,417,497
– Fair value through other comprehensive income	<u>10,687,777</u>	<u>9,543,006</u>
	<u>82,002,121</u>	<u>84,282,016</u>

Treasury investments at amortised cost were primarily fixed rate certificates of deposit and term deposits. Treasury investments at fair value through profit or loss were wealth management products. Treasury investments at fair value through other comprehensive income were large-denomination negotiable certificates of term deposits and other financial products.

Treasury investments were denominated in the following currencies:

	Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
USD	49,300,179	54,654,850
RMB	<u>44,707,868</u>	<u>33,637,608</u>
	<u>94,008,047</u>	<u>88,292,458</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

20 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
Non-current		
Loan receivables (Note i)	1,555,923	1,021,951
Prepayments for PP&E	732,490	903,474
Rental deposits	425,282	409,322
Prepayments for investments	297,044	339,044
Deductible value-added tax	7,302	247,226
Others	461,539	460,255
	<u>3,479,580</u>	<u>3,381,272</u>
Current		
Loan receivables (Note i)	7,378,779	4,819,078
Receivables upon share-based payments vesting or exercise	3,641,759	2,258,425
Deductible value-added tax	1,192,681	3,056,071
Contract assets	982,888	930,984
Prepayments on behalf of third parties	651,811	402,626
Amounts due from related parties (Note 33)	512,303	516,492
Prepayments for purchased goods or services	433,776	469,608
Prepayments to merchants	397,170	568,026
Deposits in third-party payment processors	264,133	882,395
Others	979,390	1,377,881
	<u>16,434,690</u>	<u>15,281,586</u>

- (i) Loan receivables are derived from micro-credit business and are initially measured at fair value. Depending on the business models in which the loan receivables are held, the subsequent measurement could be at amortised cost or at fair value through other comprehensive income.

As of June 30, 2022 and December 31, 2021, the carrying value of prepayments, deposits and other assets was primarily denominated in RMB.

NOTES TO THE INTERIM FINANCIAL INFORMATION

21 INVENTORIES

Raw materials
Finished goods

Less: provision for impairment

Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
125,669	139,873
797,770	598,542
923,439	738,415
(37,761)	(56,722)
<u>885,678</u>	<u>681,693</u>

22 TRADE RECEIVABLES

Trade receivables
Less: Allowance for impairment

Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
2,539,337	2,019,029
(275,176)	(225,994)
<u>2,264,161</u>	<u>1,793,035</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

22 TRADE RECEIVABLES (Continued)

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

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the period	(225,994)	(166,570)
Provision	(56,498)	(41,870)
Reversal	4,688	13,639
Write-off	2,628	19,344
At the end of the period	<u>(275,176)</u>	<u>(175,457)</u>

The Group considered that the carrying amounts of the trade receivables approximated their fair value as of June 30, 2022 and December 31, 2021.

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

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2022	2021
	RMB'000	RMB'000
Trade receivables		
Up to 3 months	1,935,483	1,669,739
3 to 6 months	302,083	101,529
6 months to 1 year	19,248	17,861
Over 1 year	7,347	3,906
	<u>2,264,161</u>	<u>1,793,035</u>

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

The maximum exposure to credit risk as of June 30, 2022 and December 31, 2021 was the carrying value of the trade receivables. The Group did not hold any collateral as security.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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

As of June 30, 2022 and 2021, the authorised share capital of the Company comprises 10,000,000,000 ordinary shares with par value of USD0.00001 per share. The number of authorised share capital of Class A and Class B Share is 735,568,783 and 9,264,431,217, respectively. Each Class A Share will entitle the holder to exercise 10 votes, and each Class B Share will entitle the holder to exercise one vote, respectively, on any resolution tabled at the Company's general meetings, except for resolutions with respect to a limited number of reserved matters, in relation to which each Share is entitled to one vote.

Issued and fully paid:

	Number of ordinary shares '000	Share capital RMB'000	Share premium RMB'000	Shares held for shares award scheme RMB'000
As of January 1, 2022	6,136,145	411	311,221,237	–
Exercise of share options and RSUs vesting	8,126	1	3,666,003	2
Shares held for shares award scheme	43,126	3	–	(3)
As of June 30, 2022	6,187,397	415	314,887,240	(1)
As of January 1, 2021	5,885,649	395	263,155,201	–
Exercise of share options and RSUs vesting	30,656	2	1,993,499	–
Shares held for shares award scheme	9,809	1	–	(1)
Issuance of shares upon placement and subscription	187,000	12	42,694,258	–
As of June 30, 2021	6,113,114	410	307,842,958	(1)

As of June 30, 2022, there were 678,249,783 Class A Shares amongst the total issued Shares and the remainders were Class B Shares.

NOTES TO THE INTERIM FINANCIAL INFORMATION

24 OTHER RESERVES

	Unaudited					
	Capital reserve RMB'000	Share-based payments RMB'000	Currency translation differences RMB'000	Conversion option of convertible bonds RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2022	20	6,835,306	(11,899,519)	1,513,938	683,580	(2,866,675)
Equity-settled share-based payments	-	3,976,081	-	-	-	3,976,081
Exercise of share options and RSUs vesting	-	(3,573,521)	-	-	-	(3,573,521)
Share of changes in net assets of associates	-	-	-	-	208,470	208,470
Fair value changes of and net provisions for impairment losses on financial assets	-	-	-	-	(48,005)	(48,005)
Tax benefit from share-based payments	-	-	-	-	(33,140)	(33,140)
Currency translation differences	-	-	630,763	-	-	630,763
As of June 30, 2022	20	7,237,866	(11,268,756)	1,513,938	810,905	(1,706,027)

	Unaudited					
	Capital reserve RMB'000	Share-based payments RMB'000	Currency translation differences RMB'000	Conversion option of convertible bonds RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2021	20	4,150,291	(10,359,316)	-	(53,061)	(6,262,066)
Equity-settled share-based payments	-	2,078,144	-	-	-	2,078,144
Exercise of share options and RSUs vesting	-	(1,918,742)	-	-	-	(1,918,742)
Share of changes in net assets of associates	-	-	-	-	19,005	19,005
Issuance of convertible bonds (equity component) (Note 29)	-	-	-	1,513,938	-	1,513,938
Fair value changes of and net provisions for impairment losses on financial assets	-	-	-	-	70,702	70,702
Tax benefit from share-based payments	-	-	-	-	32,494	32,494
Currency translation differences	-	-	(1,085,847)	-	-	(1,085,847)
As of June 30, 2021	20	4,309,693	(11,445,163)	1,513,938	69,140	(5,552,372)

NOTES TO THE INTERIM FINANCIAL INFORMATION

25 DEFERRED REVENUES

	Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
Online marketing services and others	4,888,822	5,263,620
Business cooperation agreement with Maoyan	52,421	157,264
Various packages for bike-sharing and moped services	63,209	57,596
	<u>5,004,452</u>	<u>5,478,480</u>

The following table shows the amount of the revenues recognised in the current reporting period related to carried-forward deferred revenues:

	Unaudited Six months ended June 30,	
	2022 RMB'000	2021 RMB'000
Revenues recognised that was included in the deferred revenues balance at the beginning of the period		
Online marketing services and others	3,708,285	3,158,782
Business cooperation agreement with Maoyan (Note 33)	104,843	104,843
Various packages for bike-sharing and moped services	57,596	66,082
	<u>3,870,724</u>	<u>3,329,707</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

26 TRADE PAYABLES

As of June 30, 2022 and December 31, 2021, the aging analysis of the trade payables based on invoice date is as follows:

	Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
Trade payables		
Up to 3 months	13,460,124	14,906,908
3 to 6 months	163,985	146,690
6 months to 1 year	148,927	88,042
Over 1 year	89,782	23,979
	<u>13,862,818</u>	<u>15,165,619</u>

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

27 OTHER PAYABLES AND ACCRUALS

	Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
Deposits from merchants and transacting users	5,423,835	5,188,900
Employee payroll and benefits payables	4,118,124	5,862,949
Unpaid fine imposed pursuant to China's Anti-Monopoly Law	2,422,440	2,422,440
Taxes and surcharges payables	1,980,670	631,276
Amounts collected on behalf of third parties	1,830,667	1,835,104
Customer advances	619,973	682,029
Accrued expenses	610,001	671,597
Amounts due to related parties (Note 33)	445,023	280,620
Undue interests accrued for senior notes (Note 29)	63,496	60,320
Others	744,051	765,503
	<u>18,258,280</u>	<u>18,400,738</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

28 BORROWINGS

	Unaudited		Audited	
	As of June 30, 2022		As of December 31, 2021	
	Original amount	Amount	Original amount	Amount
	'000	RMB'000	'000	RMB'000
Included in non-current liabilities:				
USD bank borrowings (Note i)	USD2,603,475	17,472,962	USD1,916,600	12,219,667
		<u>17,472,962</u>		<u>12,219,667</u>
Included in current liabilities:				
RMB bank borrowings	RMB2,127,787	2,127,787	RMB2,140,000	2,140,000
USD bank borrowings (Note i)	USD1,323,537	8,882,788	USD1,478,300	9,425,200
		<u>11,010,575</u>		<u>11,565,200</u>

- (i) The floating rates of USD bank borrowings which were subject to LIBOR would be repriced quarterly or yearly according to the contract terms and would cease to be published after June 30, 2023. Replacement of the benchmark rates of these instruments from LIBOR to an alternative risk-free rates has not yet commenced and the management of the Company is currently assessing the impact from such replacement.

29 NOTES PAYABLE

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2022	2021
	RMB'000	RMB'000
Included in non-current liabilities:		
Non-current portion of long-term USD senior notes	13,355,430	12,682,188
Non-current portion of long-term USD convertible bonds (Note i)	18,827,582	17,701,190
	<u>32,183,012</u>	<u>30,383,378</u>
Included in current liabilities:		
Undue interests accrued for senior notes (Note 27)	63,496	60,320
	<u>32,246,508</u>	<u>30,443,698</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

29 NOTES PAYABLE (Continued)

The notes payable and undue interests were repayable as follows:

	Unaudited As of June 30, 2022 RMB'000	Audited As of December 31, 2021 RMB'000
Within 1 year (Note 27)	63,496	60,320
Between 2 and 5 years	23,839,721	22,459,694
More than 5 years	8,343,291	7,923,684
	<u>32,246,508</u>	<u>30,443,698</u>

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

As of June 30, 2022, the fair value of the senior notes was RMB10,830 million (December 31, 2021: RMB12,023 million). The respective fair values were assessed based on the quoted market price of these senior notes at the end of each reporting period.

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

Subsequent to the initial recognition, the liability component of the Bonds was carried at amortised cost using the effective interest rate method. The effective interest rates of the liability component of the Series 1 Bonds and the Series 2 Bonds were 1.94% per annum and 2.26% per annum, respectively.

The movement of the liability component and the equity component of the Bonds for the six months ended June 30, 2022 and 2021 is set out below:

	Unaudited RMB'000
The face value of the Bonds when initially issued	19,370,725
Issuance premium	105,953
Gross proceeds	19,476,678
Less: issuance costs	(184,635)
Net proceeds	19,292,043
Less: equity component for the conversion right (Note 24)	(1,513,938)
Liability component on initial recognition	17,778,105
Liability component as of January 1, 2022	17,701,190
Interest expenses	187,742
Currency translation differences	938,650
Liability component as of June 30, 2022	<u>18,827,582</u>

As of June 30, 2022, the total fair value of the Bonds was RMB17,248 million (December 31, 2021: RMB17,969 million). Such fair values were assessed based on the quoted market price of these Bonds at the end of each reporting period.

NOTES TO THE INTERIM FINANCIAL INFORMATION

30 SHARE-BASED PAYMENTS

As of June 30, 2022, there was a total of 568,477,222 ordinary shares remaining available for grant under the Post-IPO Share Option Scheme and Post-IPO Share Award Scheme for awards of share options and RSUs of the Company.

Share options

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

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

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

	Unaudited	Weighted average exercise price per share option (HKD)
	Number of share options	
Outstanding as of January 1, 2022	37,988,298	36.51
Forfeited during the period	(172,300)	167.99
Exercised during the period	(4,725,404)	21.55
Outstanding as of June 30, 2022	<u>33,090,594</u>	<u>37.96</u>
Vested and exercisable as of June 30, 2022	<u>22,851,182</u>	<u>31.02</u>
Outstanding as of January 1, 2021	50,893,174	33.95
Forfeited during the period	(517,654)	23.68
Exercised during the period	(3,072,414)	25.40
Outstanding as of June 30, 2021	<u>47,303,106</u>	<u>34.62</u>
Vested and exercisable as of June 30, 2021	<u>29,290,104</u>	<u>25.62</u>

The weighted average remaining contractual life of outstanding share options was 5 years as of June 30, 2022 (December 31, 2021: 5 years). The weighted average price of the shares at the time these share options were exercised was HKD175.49 per share (equivalent to approximately RMB144.41 per share) for the six months ended June 30, 2022.

NOTES TO THE INTERIM FINANCIAL INFORMATION

30 SHARE-BASED PAYMENTS (Continued)

Fair value of share options

There was no share option granted for the six months ended June 30, 2022 and 2021.

RSUs

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

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

	Unaudited Number of RSUs	Weighted average grant date fair value per RSU (HKD)
Outstanding as of January 1, 2022	125,367,125	173.66
Granted during the period	47,065,624	189.90
Vested during the period	(33,532,191)	122.86
Forfeited during the period	(6,076,447)	204.49
Outstanding as of June 30, 2022	<u>132,824,111</u>	<u>190.83</u>
Outstanding as of January 1, 2021	126,541,129	90.18
Granted during the period	10,482,368	317.34
Vested during the period	(34,193,681)	66.01
Forfeited during the period	(3,176,963)	149.42
Outstanding as of June 30, 2021	<u>99,652,853</u>	<u>120.47</u>

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

30 SHARE-BASED PAYMENTS (Continued)

RSUs (Continued)

The total share-based compensation expenses recognised in the consolidated income statement were RMB4.0 billion and RMB2.1 billion for the six months ended June 30, 2022 and 2021, respectively. The following table sets forth a breakdown of the share-based compensation expenses by awards types:

	Unaudited Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
RSUs	3,941,881	2,006,650
Share options	34,200	71,494
Others	–	416
	<u>3,976,081</u>	<u>2,078,560</u>

31 DIVIDENDS

No dividends have been paid or declared by the Company during each of the six months ended June 30, 2022 and 2021.

32 CAPITAL COMMITMENTS

Purchase of property, plant and equipment
Investments

Unaudited	Audited
As of	As of
June 30,	December 31,
2022	2021
RMB'000	RMB'000
2,161,126	3,062,527
1,289,489	1,237,344
<u>3,450,615</u>	<u>4,299,871</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

33 RELATED PARTY TRANSACTIONS

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

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

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

The following companies are significant related parties of the Group that had transactions with the Group during the six months ended June 30, 2022 and 2021, and/or balances with the Group as of June 30, 2022 and December 31, 2021.

Name of related parties	Relationship
Tencent Group (Note i)	One of the Company's shareholders
AsiaSea Co., Ltd.	Associate of the Group
Dalian Tongda Enterprise Management Co., Ltd.	Associate of the Group
Fujian Piaofutong Information Technology Co., Ltd.	Associate of the Group
Guangxi Dossen Hotel Management Group Co., Ltd.	Associate of the Group
Jilin Yillion Bank Co., Ltd.	Associate of the Group
Tianjin Maoyan and its subsidiaries	Associate of the Group

- (i) The Group had transactions and balances with affiliates of Tencent Holdings Limited ("Tencent Group"), which is considered as a related party of the Group.

NOTES TO THE INTERIM FINANCIAL INFORMATION

33 RELATED PARTY TRANSACTIONS (Continued)

(b) Significant transactions with related parties

		Unaudited	
		Six months ended June 30,	
		2022	2021
		RMB'000	RMB'000
(i)	Sales of services		
	Associates of the Group	299,677	543,901
	One of the Company's shareholders	10,892	172
		<u>310,569</u>	<u>544,073</u>
(ii)	Purchases of goods and services		
	One of the Company's shareholders	1,540,013	1,416,824
	Associates of the Group	585,986	591,476
		<u>2,125,999</u>	<u>2,008,300</u>

(c) Balances with related parties

		Unaudited	Audited
		As of	As of
		June 30,	December 31,
		2022	2021
		RMB'000	RMB'000
(i)	Due from related parties		
	Associates of the Group	261,333	274,950
	One of the Company's shareholders	250,970	241,542
		<u>512,303</u>	<u>516,492</u>
(ii)	Due to related parties		
	Associates of the Group	384,968	232,626
	One of the Company's shareholders	60,055	47,994
		<u>445,023</u>	<u>280,620</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

33 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Key management compensation

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Fees	748	747
Basic salaries	11,429	10,930
Pension costs and other employee benefits	398	431
Share-based compensation expenses	184,615	165,525
	<u>197,190</u>	<u>177,633</u>

34 CONTINGENCIES

The Group did not have any material contingent liabilities as of June 30, 2022.

35 SUBSEQUENT EVENTS

There were no material subsequent events during the period from July 1, 2022 to the approval date of the Interim Financial Information by the Board on August 26, 2022.

DEFINITIONS

“Articles” or “Articles of Association”	the articles of association of the Company adopted on August 30, 2018 with effect from the Listing Date, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Auditor”	the external auditor of the Company
“Beijing Kuxun Interaction”	Beijing Kuxun Interaction Technology Co., Ltd. (北京酷訊互動科技有限公司), a limited liability company incorporated under the laws of the PRC on March 29, 2006 and our Consolidated Affiliated Entity
“Beijing Kuxun Technology”	Beijing Kuxun Technology Co., Ltd. (北京酷訊科技有限公司), a limited liability company incorporated under the laws of the PRC on April 27, 2006 and our indirect wholly-owned subsidiary
“Beijing Mobike”	Beijing Mobike Technology Co., Ltd. (北京摩拜科技有限公司), a limited liability company incorporated under the laws of the PRC on January 27, 2015 and our Consolidated Affiliated Entity
“Beijing Sankuai Cloud Computing”	Beijing Sankuai Cloud Computing Co., Ltd. (北京三快雲計算有限公司), a limited liability company incorporated under the laws of the PRC on June 17, 2015 and our Consolidated Affiliated Entity
“Beijing Sankuai Online”	Beijing Sankuai Online Technology Co., Ltd. (北京三快在線科技有限公司), a limited liability company incorporated under the laws of the PRC on May 6, 2011 and our indirect wholly-owned subsidiary
“Beijing Sankuai Technology”	Beijing Sankuai Technology Co., Ltd. (北京三快科技有限公司), a limited liability company incorporated under the laws of the PRC on April 10, 2007 and our Consolidated Affiliated Entity
“Beijing Xinmeida”	Beijing Xinmeida Technology Co., Ltd. (北京新美大科技有限公司), a limited liability company incorporated under the laws of the PRC on March 17, 2016 and our Consolidated Affiliated Entity
“Board”	the board of Directors
“BVI”	the British Virgin Islands

DEFINITIONS

“CG Code”	the corporate governance code as set out in Appendix 14 to the Listing Rules
“Charmway Enterprises”	Charmway Enterprises Company Limited, a limited liability company incorporated under the laws of the BVI, which is indirectly wholly owned by a trust established by Mu Rongjun (as settlor) for the benefit of Mu Rongjun and his family
“Chengdu Meigengmei”	Chengdu Meigengmei Information Technology Co., Ltd. (成都美更美信息技术有限公司), a limited liability company incorporated under the laws of the PRC on July 18, 2014 and our Consolidated Affiliated Entity
“Class A Shares”	class A ordinary shares of the share capital of the Company with a par value of US\$0.00001 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company’s general meeting, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
“Class B Shares”	class B ordinary shares of the share capital of the Company with a par value of US\$0.00001 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meeting
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “the Company”	Meituan (美团) (formerly known as Meituan Dianping), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 25, 2015, or Meituan (美团) and its subsidiaries and Consolidated Affiliated Entities, as the case may be
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely, the Onshore Holdcos and their respective subsidiaries (each a “Consolidated Affiliated Entity”)
“Contractual Arrangement(s)”	the series of contractual arrangements entered into between WFOEs, Onshore Holdcos and Registered Shareholders (as applicable)

DEFINITIONS

“Crown Holdings”	Crown Holdings Asia Limited, a limited liability company incorporated under the laws of the BVI, which is indirectly wholly owned by a trust established by Wang Xing (as settlor) for the benefit of Wang Xing and his family
“Date of this Interim Report”	August 26, 2022
“Director(s)”	the director(s) of the Company
“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 Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“IPO”	initial public offering
“Kevin Sunny”	Kevin Sunny Holding Limited, a limited liability company incorporated under the laws of the BVI on May 22, 2018, which is wholly owned by Wang Huiwen
“Listing”	the listing of the Class B Shares on the Main Board of the Stock Exchange
“Listing Date”	September 20, 2018
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operates in parallel with the GEM of the Stock Exchange

DEFINITIONS

“Meituan Finance”	Beijing Meituan Finance Technology Co., Ltd. (北京美团金融科技有限公司), a limited liability company incorporated under the laws of the PRC on August 9, 2017 and our Consolidated Affiliated Entity
“Memorandum” or “Memorandum of Association”	the memorandum of association of the Company adopted on August 30, 2018 with effect from the Listing Date, 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)信息技术服务有限公司), 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
“Onshore Holdcos,” each an “Onshore Holdco”	Tianjin Antechu Technology, Shanghai Lutuan, Beijing Kuxun Interaction, Shanghai Sankuai Technology, Meituan Finance, Beijing Sankuai Cloud Computing, Beijing Xinmeida, Chengdu Meigengmei, Beijing Mobike, Beijing Sankuai Technology and Shanghai Hantao
“Post-IPO Share Award Scheme”	the post-IPO share award scheme adopted by the Company on August 30, 2018
“Post-IPO Share Option Scheme”	the post-IPO share option scheme adopted by the Company on August 30, 2018
“PRC”	the People’s Republic of China
“Pre-IPO ESOP”	the pre-IPO employee stock incentive scheme adopted by the Company dated October 6, 2015, as amended from time to time
“Prospectus”	prospectus of the Company dated September 7, 2018
“Registered Shareholders”	the registered shareholders of the Onshore Holdcos
“Reporting Period”	the six months ended June 30, 2021
“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

DEFINITIONS

“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“RSU(s)”	restricted share unit(s)
“Sankuai Cloud Online”	Sankuai Cloud Online Technology Co., Ltd. (三快雲在線(北京)科技有限 公司), a limited liability company incorporated under the laws of the PRC on November 3, 2015 and our indirect wholly-owned subsidiary
“Shanghai Hanhai”	Hanhai Information Technology (Shanghai) Co., Ltd. (漢海信息技術(上海) 有限公司), a limited liability company incorporated under the laws of the PRC on March 16, 2006 and our indirect wholly-owned subsidiary
“Shanghai Hantao”	Shanghai Hantao Information Consultancy Co., Ltd. (上海漢濤信息諮詢 有限公司), a limited liability company incorporated under the laws of the PRC on September 23, 2003 and our Consolidated Affiliated Entity
“Shanghai Juzuo”	Shanghai Juzuo Technology Co., Ltd. (上海駒座科技有限公司), a limited liability company incorporated under the laws of the PRC on April 12, 2018 and our indirect wholly-owned subsidiary
“Shanghai Lutuan”	Shanghai Lutuan Technology Co., Ltd. (上海路團科技有限公司), a limited liability company incorporated under the laws of the PRC on January 12, 2017 and our Consolidated Affiliated Entity
“Shanghai Sankuai Technology”	Shanghai Sankuai Technology Co., Ltd. (上海三快科技有限公司), a limited liability company incorporated under the laws of the PRC on September 19, 2012 and our Consolidated Affiliated Entity
“Share(s)”	the Class A Shares and Class B Shares in the share capital of the Company, as the context so requires
“Shareholder(s)”	holder(s) of the Share(s)
“Shared Patience”	Shared Patience Inc., a limited liability company incorporated under the laws of the BVI, which is wholly owned by Wang Xing
“Shared Vision”	Shared Vision Investment Limited, a limited liability company incorporated under the laws of the BVI, which is wholly owned by Mu Rongjun
“Shenzhen Sankuai Online”	Shenzhen Sankuai Online Technology Co., Ltd. (深圳三快在線科技有限 公司), a limited liability company incorporated under the laws of the PRC on November 18, 2015 and our indirect wholly-owned subsidiary
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance

DEFINITIONS

“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Tianjin Antechu Technology”	Tianjin Antechu Technology Co., Ltd. (天津安特廚科技有限公司), a limited liability company incorporated under the laws of the PRC on January 17, 2018 and our Consolidated Affiliated Entity
“Tianjin Wanlong”	Tianjin Wanlong Technology Co., Ltd. (天津萬龍科技有限公司), a limited liability company incorporated under the laws of the PRC on August 18, 2015 and our indirect wholly-owned subsidiary
“Tianjin Xiaoyi Technology”	Tianjin Xiaoyi Technology Co., Ltd. (天津小蟻科技有限公司), a limited liability company incorporated under the laws of the PRC on February 13, 2018 and our indirect wholly-owned subsidiary
“Tencent”	Tencent Holdings Limited (HKEx Stock Code: 700), or Tencent Holdings Limited and/or its subsidiaries, as the case may be
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“weighted voting right”	has the meaning ascribed to it in the Listing Rules
“WFOEs”, each a “WFOE”	Tianjin Xiaoyi Technology, Shanghai Juzuo, Beijing Kuxun Technology, Tianjin Wanlong, Beijing Sankuai Online, Shenzhen Sankuai Online, Shanghai Hanhai, Sankuai Cloud Online and Mobike Beijing
“WVR Beneficiaries”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Wang Xing, Mu Rongjun and Wang Huiwen, being the holders of the Class A Shares, entitling each to weighted voting rights
“WVR Structure”	has the meaning ascribed to it in the Listing Rules
“%”	per cent

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

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

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

GLOSSARY

“Active Merchant”

a merchant that meets any of the following conditions in a given period: (i) completed at least one transaction on our platform, (ii) purchased any online marketing services from us, (iii) processed offline payment at least once through our integrated payment systems, or (iv) generated any order through our ERP systems

“DAU”

daily active user

“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

“Monetization Rate”

the revenues for the year/period divided by the Gross Transaction Volume for the year/period

“SKU”

the stock keeping unit

“Transacting User”

a user account that paid for transactions of products and services on our platform in a given period, regardless of whether the account is subsequently refunded

“transaction”

the number of transactions is generally recognised based on the number of payments made. (i) With respect to our in-store business, one transaction is recognised if a user purchases multiple vouchers with a single payment; (ii) with respect to our hotel-booking business, one transaction is recognised if a user books multiple room nights with a single payment; (iii) with respect to our attraction, movie, air and train ticketing businesses, one transaction is recognised if a user purchases multiple tickets with a single payment; (iv) with respect to our bike-sharing and moped services, if a user uses a monthly pass, then one transaction is recognised only when the user purchases or claims the monthly pass, and subsequent rides are not recognised as transactions; if a user does not use a monthly pass, then one transaction is recognised for every ride