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# 美团点评

## Meituan Dianping

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

### ANNOUNCEMENT OF THE RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019

The Board of Directors (the “Board”) of Meituan Dianping 美团点评 (the “Company”) is pleased to announce the unaudited consolidated results of the Company for the three and six months ended June 30, 2019. These interim results have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting.”

In this announcement, “we”, “us”, and “our” refer to the Company.

#### KEY HIGHLIGHTS

##### 1. Financial Summary

	Unaudited Three Months Ended				Year-over- year change
	June 30, 2019		June 30, 2018		
	Amount	As a	Amount	As a	
		percentage of revenues		percentage of revenues	
(RMB in thousands, except for percentages)					
Revenues	22,703,137	100.0%	15,072,764	100.0%	50.6%
Gross profit	7,940,635	35.0%	2,840,750	18.8%	179.5%
Operating profit/(loss)	1,112,578	4.9%	(2,851,417)	(18.9%)	N/A
Profit/(loss) before income tax	1,101,852	4.9%	(7,424,447)	(49.3%)	N/A
Profit/(loss) for the period	875,828	3.9%	(7,716,481)	(51.2%)	N/A
Non-IFRS Measures:					
Adjusted EBITDA	2,330,809	10.3%	(1,590,839)	(10.6%)	N/A
Adjusted net profit/(loss)	1,492,146	6.6%	(3,210,589)	(21.3%)	N/A

	Unaudited Six Months Ended				Year-over- year change
	June 30, 2019		June 30, 2018		
	Amount	As a	Amount	As a	
		percentage		percentage	
		of revenues		of revenues	
<i>(RMB in thousands, except for percentages)</i>					
Revenues	41,876,649	100.0%	26,347,827	100.0%	58.9%
Gross profit	13,009,975	31.1%	6,052,723	23.0%	114.9%
Operating loss	(191,064)	(0.5%)	(3,899,841)	(14.8%)	(95.1%)
Loss before income tax	(188,159)	(0.4%)	(28,647,756)	(108.7%)	(99.3%)
Loss for the period	(557,502)	(1.3%)	(28,781,287)	(109.2%)	(98.1%)
<b>Non-IFRS Measures:</b>					
Adjusted EBITDA	2,789,683	6.7%	(2,707,325)	(10.3%)	N/A
Adjusted net profit/(loss)	452,764	1.1%	(4,191,375)	(15.9%)	N/A

## 2. Financial Information by Segment

	Unaudited Three Months Ended					
	June 30, 2019			June 30, 2018		
	Food delivery	In-store, hotel & travel	New initiatives and others	Food delivery	In-store, hotel & travel	New initiatives and others
	<i>(RMB in thousands, except for percentages)</i>					
Revenues	12,844,720	5,245,308	4,613,109	8,907,967	3,672,694	2,492,103
Gross profit/(loss)	2,860,276	4,659,267	421,092	1,410,306	3,334,019	(1,903,575)
Gross margin	22.3%	88.8%	9.1%	15.8%	90.8%	(76.4%)

	Unaudited Six Months Ended					
	June 30, 2019			June 30, 2018		
	Food delivery	In-store, hotel & travel	New initiatives and others	Food delivery	In-store, hotel & travel	New initiatives and others
	<i>(RMB in thousands, except for percentages)</i>					
Revenues	23,550,523	9,737,410	8,588,716	15,964,328	6,810,499	3,573,000
Gross profit/(loss)	4,401,030	8,627,643	(18,698)	1,945,401	6,089,978	(1,982,656)
Gross margin	18.7%	88.6%	(0.2%)	12.2%	89.4%	(55.5%)

### 3. Operating Metrics

	<b>Three Months Ended</b>		
	<b>June 30, 2019</b>	June 30, 2018	Year-over- year change
	<i>(RMB in billions, except for percentages)</i>		
<b>Gross transaction volume:</b>			
Food delivery	<b>93.1</b>	68.2	36.5%
In-store, hotel & travel	<b>51.3</b>	42.5	20.7%
New initiatives and others	<b>14.8</b>	13.0	14.1%
<b>Total</b>	<b>159.2</b>	123.7	28.7%
	<b>Twelve Months Ended</b>		
	<b>June 30, 2019</b>	June 30, 2018	Year-over- year change
	<i>(in millions, except for percentages)</i>		
Number of Transacting Users	<b>422.6</b>	356.9	18.4%
Number of Active Merchants	<b>5.9</b>	5.1	16.2%
	<b>Twelve Months Ended</b>		
	<b>June 30, 2019</b>	June 30, 2018	Year-over- year change
	<i>(units, except for percentages)</i>		
Average number of transactions per annual Transacting User	<b>25.5</b>	21.4	19.2%
	<b>Three Months Ended</b>		
	<b>June 30, 2019</b>	June 30, 2018	Year-over- year change
	<i>(in millions, except for percentages)</i>		
Number of food delivery transactions	<b>2,085.1</b>	1,549.2	34.6%
Number of domestic hotel room nights	<b>94.0</b>	72.9	28.9%

## FINANCIAL PERFORMANCE HIGHLIGHTS

In the three months ended June 30, 2019:

- **Total revenues** increased by 50.6% year-over-year to RMB22.7 billion from RMB15.1 billion in the same period of 2018 and increased by 18.4% quarter-over-quarter from RMB19.2 billion in the three months ended March 31, 2019, benefiting from strong revenue growth across all major business segments.
- **Total gross profit** increased by 179.5% year-over-year to RMB7.9 billion from RMB2.8 billion in the same period of 2018 and increased by 56.6% quarter-over-quarter from RMB5.1 billion in the three months ended March 31, 2019, resulting from growth in our business scale, continuous improvement of our gross margin in food delivery, and narrowing losses in our new businesses.
- **Selling and marketing expenses** as a percentage of total revenues decreased to 18.3% from 25.7% in the same period of 2018 and 19.3% in the three months ended March 31, 2019, as we further enhanced operating leverage across all of our business segments and optimized branding and marketing spending.
- **Adjusted EBITDA and adjusted net profit** were RMB2.3 billion and RMB1.5 billion, respectively. Following a positive adjusted EBITDA in the three months ended March 31, 2019, we achieved both positive adjusted net profit on a consolidated basis and positive adjusted operating profit<sup>1</sup> in the food delivery segment in the three months ended June 30, 2019, attributable to our ongoing efforts to improve the operating margin of our core businesses, narrower operating losses in our new initiatives and seasonality.

## OPERATING HIGHLIGHTS

In the three months ended June 30, 2019:

- **Total Gross Transaction Volume (GTV)** on our platform grew by 28.7% to RMB159.2 billion from RMB123.7 billion in the same period of 2018.
- **Annual Transacting Users** on our platform in the last twelve months ended June 30, 2019 grew by 18.4% to 422.6 million from 356.9 million in the last twelve months ended June 30, 2018.
- **Average number of transactions per annual Transacting User** on our platform increased to 25.5 transactions in the twelve months ended June 30, 2019 from 21.4 transactions in the twelve months ended June 30, 2018.
- **Annual Active Merchants** on our platform grew by 16.2% to 5.9 million in the twelve months ended June 30, 2019 from 5.1 million in the twelve months ended June 30, 2018.
- **Overall monetization rate**<sup>2</sup> increased to 14.3% in the three months ended June 30, 2019 from 12.2% in the same period of 2018.

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<sup>1</sup> Adjusted operating profit equals to operating profit eliminated the impacts of items, including share-based compensation expenses, amortization of intangible assets resulting from acquisitions, impairment and expense provision for Mobike restructuring plan, impairment of intangible assets, fair value changes on investments measured at fair value through profit or loss and other gains, net.

<sup>2</sup> Monetization rate equals the revenues for the year/period divided by the Gross Transaction Volume for the year/period.

## BUSINESS REVIEW AND OUTLOOK

### Food delivery

During the three months ended June 30, 2019, we further strengthened our market-leading position while simultaneously improving the financial performance of our food delivery business. Our food delivery business sustained its strong growth momentum and achieved positive adjusted operating profit for the first time. GTV of our food delivery business increased by 36.5% to RMB93.1 billion in the three months ended June 30, 2019 from RMB68.2 billion in the same period of 2018. The number of food delivery orders increased by 34.6% to 2.1 billion in the three months ended June 30, 2019 from 1.5 billion in the same period of 2018. The average value per order of our food delivery business improved by 1.4% year-over-year. Monetization rate of our food delivery business increased to 13.8% from 13.1% year-over-year. As a result, revenue from our food delivery business increased by 44.2% year-over-year to RMB12.8 billion in the three months ended June 30, 2019 from RMB8.9 billion in the same period of 2018. Gross profit from our food delivery business increased by 102.8% to RMB2.9 billion in the three months ended June 30, 2019 from RMB1.4 billion in the same period of 2018, while the gross margin expanded to 22.3% from 15.8%.

Our food delivery business achieved positive adjusted operating profit in the three months ended June 30, 2019 mainly due to favorable seasonality and improved economy of scale. The second quarter is usually the best season for food delivery business in terms of profitability, attributable to the sufficient delivery capacity and the favorable weather condition across the country, which help to minimize the amount of seasonal incentives paid to delivery riders. In addition, our food delivery business has strong economies of scale. During the three months ended June 30, 2019, our business scale continued to grow and daily average order volume surpassed 22.9 million. As the number of transactions on our platform increased, order density also increased, and so the probability of grouping more orders together in one trip improved, which allowed us to further reduce our average delivery cost per order. Furthermore, as we continue to scale up, our AI-powered intelligence order dispatching system was able to collect more data to optimize our advanced routing algorithms and improve our delivery efficiency. These factors have together allowed us to further improve delivery efficiency and better control delivery cost per order, thereby meaningfully improving the gross margin of the food delivery segment on both a quarter-over-quarter and a year-over-year basis.

Meanwhile, we continued to leverage our in-depth understanding of food delivery merchants to develop innovative online marketing products, helping food delivery merchants to enhance their exposure to potential consumers and improve their marketing efficiency. In turn, our online marketing services have been adopted by more food delivery merchants, which gradually improved monetization rate of our food delivery business on a year-over-year basis.

Furthermore, our Food Delivery Membership Program, which was launched in the second half of 2018, continued to take effect. Through the Food Delivery Membership Program, we offer monthly membership subscribers certain exclusive benefits, such as sizable discounts to coupons that are valid for one month. The Food Delivery Membership Program helped us to further enhance the stickiness of our high-frequency users and increase the average purchase frequency of our monthly membership subscribers. In June 2019, we also launched a joint membership program with Tencent Video, and we plan to explore cooperative opportunities and partnerships with more ecosystem partners in the future to further enrich our membership benefits.

## **In-store, hotel & travel**

During the three months ended June 30, 2019, we continued to strengthen the market leadership of our in-store, hotel & travel businesses, which demonstrated further strong monetization potential. GTV of our in-store, hotel & travel businesses grew by 20.7% to RMB51.3 billion in the three months ended June 30, 2019 from RMB42.5 billion in the same period of 2018, and the monetization rate increased to 10.2% from 8.6%. Revenues from our in-store, hotel & travel businesses increased by 42.8% to RMB5.2 billion in the three months ended June 30, 2019 from RMB3.7 billion in the same period of 2018. Gross profit from our in-store, hotel & travel businesses increased to RMB4.7 billion in the three months ended June 30, 2019 from RMB3.3 billion in the same period of 2018, while the gross margin slightly declined to 88.8% from 90.8%, primarily attributable to the increases in depreciation of property, plant and equipment, and bandwidth and server custody fees due to a database improvement project and the increase in online traffic costs to support online marketing revenue growth.

We continued to see robust revenue growth in this segment, mainly attributable to increasing revenue from our online marketing services. In the three months ended June 30, 2019, the number of active marketing merchants in this segment grew by more than 50% year-over-year, and the average revenue per active marketing merchant continued to grow steadily.

Meanwhile, we continued to enhance product offering and launched promotional campaigns for our in-store, hotel & travel businesses to drive the growth of our transaction-based services. For example, we launched the June 18 Marketing Festival in the second quarter to enable local service merchants to increase their brand exposure and acquire online traffic. During the six-day June 18 Marketing Festival, transacting users in the medical aesthetic category contributed approximately RMB670 million GTV to the platform.

In the three months ended June 30, 2019, we also expanded our Must Lists from the “Must-Eat List” to include the “Must-Shop List” for top shopping malls, the “Must-Visit List” for top tourist destinations and the “Must-Stay List” for top hotels and resorts, to enhance our brand awareness and influence among consumers and merchants across different service categories. Must Lists were created based on authentic consumer feedback, aiming to provide consumers reliable guidance for local services. 171 shopping malls were selected for our “Must-Shop List,” 578 tourist attractions for our “Must-Visit List,” and 876 hotels and resorts for our “Must-Stay List.” All of our recommended merchants enjoyed substantial improvement in consumer traffic and engagement in the three months ended June 30, 2019. Our Must Lists have allowed our recommended merchants to generate higher sales, enhance brand influence, and improve their operations and product offering based on authentic and dynamic consumer reviews. The success of our Must Lists further demonstrated our leadership as a comprehensive local search platform that helps consumers to discover and explore local life across a wide range of categories, including food, living, travel, shopping and entertainment.

As an important category in our in-store, hotel & travel businesses, we further strengthened the leading position of our hotel booking business in the three months ended June 30, 2019. Domestic room nights consumed increased by 28.9% to 94.0 million in the three months ended June 30, 2019 from 72.9 million in the same period of 2018, and the average daily rate per room night experienced a steady year-over-year increase. Furthermore, we launched the “Hotel+X” campaign in April 2019 to stimulate the growth of our high-end hotel booking business and help high-end hotels to promote their non-lodging services, such as restaurants, wedding venues, spa and gyms, thereby further substantiating their revenue streams. As a result, the contribution from high-end hotels further increased year-over-year in the three months ended June 30, 2019.



## New initiatives and others

Revenues from the new initiatives and others segment increased by 85.1% to RMB4.6 billion in the three months ended June 30, 2019 from RMB2.5 billion in the same period of 2018. Gross profit of the new initiatives and others segment was 421.1 million in the three months ended June 30, 2019, turning from negative to positive. Gross margin was 9.1% in the three months ended June 30, 2019, improving from negative 76.4% in the same period of 2018.

- **Bike sharing:** Operating losses for the three months ended June 30, 2019 narrowed significantly from that for the three months ended March 31, 2019, mainly attributable to the significant reduction in depreciation as some bikes reached the end of their useful lives during the three months ended June 30, 2019 and will no longer result in any depreciation expenses, while new bikes have not all been put in place to replace them. Moreover, we continued to improve our pricing and started to moderately increase the charge per ride and the monthly subscription fee in several cities.
- **Car-hailing:** By June 30, 2019, we had rolled out the new aggregated model in a total of 42 cities, including Beijing, Shanghai, Shenzhen, Guangzhou, Hangzhou, Nanjing and Chengdu. We believe that adding the car-hailing services to our Meituan app will help us to further improve transaction frequency and the stickiness of our users.
- **Restaurant management system:** Our focus remains on optimizing products and increasing the coverage of high-quality merchants to lay a better foundation for future monetization. In the three months ended June 30, 2019, the number of high-quality merchants continued to grow year-over-year.
- **Grocery retail:** We continued our prudent exploration to better capture the opportunities in this space, especially in fresh food retail, and to penetrate into other food consumption scenarios, such as home cooking. We have made progress in Beijing and Shanghai for our self-operated model, which was launched in January 2019 and is known as Meituan Grocery, and recently expanded the business to Wuhan.

Other than the above-mentioned, there was no material change from the information published in the report and accounts for the financial year ended December 31, 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Second Quarter of 2019 Compared to Second Quarter of 2018

The following table sets forth the comparative figures for the second quarter of 2019 and 2018:

	<b>Unaudited Three Months Ended</b>	
	<b>June 30, 2019</b>	June 30, 2018
	<i>(RMB in thousands)</i>	
<b>Revenues</b>	<b>22,703,137</b>	15,072,764
<i>(including interest revenue)</i>	<b>201,883</b>	100,469
Cost of revenues	<b>(14,762,502)</b>	(12,232,014)
<b>Gross profit</b>	<b>7,940,635</b>	2,840,750
Selling and marketing expenses	<b>(4,149,110)</b>	(3,868,230)
Research and development expenses	<b>(2,032,330)</b>	(1,703,837)
General and administrative expenses	<b>(1,038,298)</b>	(978,991)
Fair value changes on investments measured at fair value through profit or loss	<b>(323,651)</b>	715,216
Net provision for impairment losses on financial assets	<b>(138,711)</b>	(17,219)
Other gains, net	<b>854,043</b>	160,894
<b>Operating profit/(loss)</b>	<b>1,112,578</b>	(2,851,417)
Finance income	<b>21,541</b>	61,991
Finance costs	<b>(50,115)</b>	(5,427)
Fair value changes of convertible redeemable preferred shares	–	(4,637,019)
Share of gains of investments accounted for using equity method	<b>17,848</b>	7,425
<b>Profit/(loss) before income tax</b>	<b>1,101,852</b>	(7,424,447)
Income tax expenses	<b>(226,024)</b>	(292,034)
<b>Profit/(loss) for the period</b>	<b>875,828</b>	(7,716,481)
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>2,330,809</b>	(1,590,839)
Adjusted net profit/(loss)	<b>1,492,146</b>	(3,210,589)



## Revenues

Our revenues increased by 50.6% to RMB22.7 billion in the three months ended June 30, 2019 from RMB15.1 billion in the same period of 2018. The increase was primarily driven by (i) the increase in GTV on our platform to RMB159.2 billion in the three months ended June 30, 2019 from RMB123.7 billion in the same period of 2018, which was mainly driven by the increases in the number of Transacting Users and their purchase frequency and average order value, (ii) the increase in monetization rate of our core businesses, and (iii) our exploration of the new initiatives.

### Revenues by Segment

The following table sets forth our revenues by segment in absolute amount and as a percentage of our total revenues in the three months ended June 30, 2019 and 2018:

	Unaudited Three Months Ended			
	June 30, 2019		June 30, 2018	
	As a percentage of total revenues		As a percentage of total revenues	
	Amount		Amount	
<i>(RMB in thousands, except for percentages)</i>				
<b>Revenues:</b>				
Food delivery	12,844,720	56.6%	8,907,967	59.1%
In-store, hotel & travel	5,245,308	23.1%	3,672,694	24.4%
New initiatives and others	4,613,109	20.3%	2,492,103	16.5%
<b>Total</b>	<b>22,703,137</b>	<b>100.0%</b>	<b>15,072,764</b>	<b>100.0%</b>

Our revenues from the food delivery segment increased by 44.2% to RMB12.8 billion in the three months ended June 30, 2019 from RMB8.9 billion in the same period of 2018, primarily due to (i) the increase in GTV, which was in turn driven by the increase in the number of food delivery transactions, as a result of the increase in food delivery user base and higher average purchase frequency per user, and increase in average value per order, and (ii) the increase in monetization rate from 13.1% to 13.8% as we generated more advertising revenue to monetize our traffic.

Our revenues from the in-store, hotel & travel segment increased by 42.8% to RMB5.2 billion in the three months ended June 30, 2019 from RMB3.7 billion in the same period of 2018, primarily due to (i) the increases in the number of Active Merchants and the average revenue per Active Merchant of our in-store and travel businesses, and (ii) the increases in the number and the average daily rate of domestic room nights consumed on our platform.

Our revenues from the new initiatives and others segment increased by 85.1% to RMB4.6 billion in the three months ended June 30, 2019 from RMB2.5 billion in the same period of 2018, primarily due to the increases in the revenues from the food distribution business, micro loan, and Meituan Instashopping.

## Revenues by Type

The following table sets forth our revenues by type in absolute amount and as a percentage of our total revenues in the three months ended June 30, 2019 and 2018:

	Unaudited Three Months Ended			
	June 30, 2019		June 30, 2018	
	As		As	
	a percentage of total revenues		a percentage of total revenues	
	Amount		Amount	
<i>(RMB in thousands, except for percentages)</i>				
<b>Revenues:</b>				
Commission	15,429,574	68.0%	11,082,513	73.5%
Online marketing services	3,632,236	16.0%	2,099,972	13.9%
Other services and sales	3,641,327	16.0%	1,890,279	12.6%
<b>Total</b>	<b>22,703,137</b>	<b>100.0%</b>	<b>15,072,764</b>	<b>100.0%</b>

Our commission revenue increased by 39.2% to RMB15.4 billion in the three months ended June 30, 2019 from RMB11.1 billion in the same period of 2018, primarily attributable to the substantial growth of our GTV and our efforts in improving monetization, especially from our food delivery business.

Our online marketing services revenue increased by 73.0% to RMB3.6 billion in the three months ended June 30, 2019 from RMB2.1 billion in the same period of 2018, primarily due to the increase in the number of online marketing Active Merchants and the increase in the average revenue per online marketing Active Merchant from our in-store, hotel & travel businesses and food delivery business.

Our other services and sales revenue increased by 92.6% to RMB3.6 billion in the three months ended June 30, 2019 from RMB1.9 billion in the same period of 2018, primarily due to the growth of revenue of our food distribution business and micro loan.

## Cost of Revenues

Our cost of revenues increased by 20.7% to RMB14.8 billion in the three months ended June 30, 2019 from RMB12.2 billion in the same period of 2018. The increase resulted from our revenue growth in the three months ended June 30, 2019, mainly the strong growth of our food delivery segment.

The following table sets forth our cost of revenues by segment in the three months ended June 30, 2019 and 2018:

	Unaudited Three Months Ended			
	June 30, 2019		June 30, 2018	
	Amount	As a percentage of total cost of revenues	Amount	As a percentage of total cost of revenues
<i>(RMB in thousands, except for percentages)</i>				
<b>Cost of revenues:</b>				
Food delivery	9,984,444	67.6%	7,497,661	61.3%
In-store, hotel & travel	586,041	4.0%	338,675	2.8%
New initiatives and others	4,192,017	28.4%	4,395,678	35.9%
<b>Total</b>	<b>14,762,502</b>	<b>100.0%</b>	<b>12,232,014</b>	<b>100.0%</b>

Cost of revenues for our food delivery business increased by 33.2% to RMB10.0 billion in the three months ended June 30, 2019 from RMB7.5 billion in the same period of 2018, primarily attributable to the increase in food delivery rider costs as a result of the increase in the number of food deliveries made by us.

Cost of revenues for our in-store, hotel & travel businesses increased by 73.0% to RMB586.0 million in the three months ended June 30, 2019 from RMB338.7 million in the same period of 2018. The increase was primarily attributable to the increases in the depreciation of property, plant and equipment and bandwidth and server custody fees relating to our data storage improvement project, and the increase in online traffic costs, which was in line with the growth of our online marketing revenue.

Cost of revenues for our new initiatives and others business decreased by 4.6% to RMB4.2 billion in the three months ended June 30, 2019 from RMB4.4 billion in the same period of 2018, mainly attributable to the decreases in our car-hailing driver-related costs and depreciation of property, plant and equipment in our bike-sharing business, partially offset by the increase in the cost of goods sold resulting from the growth of food distribution business.

## Gross Profit and Gross Margin

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

	Unaudited Three Months Ended			
	June 30, 2019		June 30, 2018	
	As		As	
	Amount	a percentage of revenues	Amount	a percentage of revenues
<i>(RMB in thousands, except for percentages)</i>				
<b>Gross profit/(loss):</b>				
Food delivery	2,860,276	22.3%	1,410,306	15.8%
In-store, hotel & travel	4,659,267	88.8%	3,334,019	90.8%
New initiatives and others	421,092	9.1%	(1,903,575)	(76.4%)
<b>Total</b>	<b>7,940,635</b>	<b>35.0%</b>	<b>2,840,750</b>	<b>18.8%</b>

As a result of the foregoing, our gross profit in the three months ended June 30, 2019 and 2018 was RMB7.9 billion and RMB2.8 billion, respectively. The gross margin of our food delivery business improved by 6.5 points on a year-over-year basis as we enhanced our delivery network efficiency through economy of scale and expanded our service offering to merchants, including online marketing services. The gross margin of our in-store, hotel & travel businesses decreased by 2.0 points on a year-over-year basis, primarily attributable to (i) the increases in depreciation of property, plant and equipment and bandwidth and server custody fees, which was relating to our database improvement project, and (ii) the increases in online traffic costs to support the growth of our online marketing revenue. The gross margin of our new initiatives and others business turned to be positive 9.1% in the three months ended June 30, 2019, representing an improvement of 85.5 points on a year-over-year basis, mainly due to (i) the improvement of the gross margin of our car-hailing service as we rolled out the aggregate model and further reduced subsidies paid to drivers, and (ii) the narrowed losses of our bike-sharing service as we increased the riding charge and subscription fees and recorded less depreciation of property, plant and equipment than that in the same period of 2018, since some bikes reached the end of their useful lives during the three months ended June 30, 2019 and will no longer result in any depreciation expenses.

### ***Selling and Marketing Expenses***

Our selling and marketing expenses increased to RMB4.1 billion in the three months ended June 30, 2019 from RMB3.9 billion in the same period of 2018 and decreased to 18.3% from 25.7% as a percentage of revenues. The increase in selling and marketing expenses was primarily due to the increase in Transacting User incentives, which was in line with the increase in the number of transactions, and the increase in employee benefit expenses. Transacting User incentives increased to RMB1.7 billion in the three months ended June 30, 2019 from RMB1.4 billion in the same period of 2018, but decreased to 7.6% from 9.3% as a percentage of revenues on a year-over-year basis, as we continued to drive the growth of our core businesses with better marketing efficiency. Employee benefit expenses increased to RMB1.4 billion in the three months ended June 30, 2019 from RMB1.2 billion in the same period of 2018 due to the increase in average salaries and benefits of our selling and marketing personnel. Promotion and advertising expenses decreased to RMB417.1 million in the three months ended June 30, 2019 from RMB783.5 million in the same period of 2018, mainly resulting from our efforts in exploring more effective marketing channels.

### ***Research and Development Expenses***

Our research and development expenses increased to RMB2.0 billion in the three months ended June 30, 2019 from RMB1.7 billion in the same period of 2018 and decreased to 9.0% from 11.3% as a percentage of revenues. The increase in research and development expenses was primarily due to the increase in employee benefits expenses, including share-based payments, to RMB1.9 billion in the three months ended June 30, 2019 from RMB1.6 billion in the same period of 2018, which resulted from the increases in both the headcount and the average salaries and benefits of our research and development personnel to support our business growth.

### ***General and Administrative Expenses***

Our general and administrative expenses increased to RMB1.0 billion in the three months ended June 30, 2019 from RMB979.0 million in the same period of 2018 and decreased to 4.6% from 6.5% as a percentage of revenues. The increase in general and administrative expenses was mainly attributable to the increase in employee benefits expenses, including share-based payments, to RMB734.3 million in the three months ended June 30, 2019 from RMB599.3 million in the same period of 2018, as a result of the increase in the average salaries and benefits of our administrative personnel.

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

Our fair value changes on investments measured at fair value through profit or loss in the three months ended June 30, 2019 decreased by RMB1.0 billion compared to the same period of 2018, primarily due to the RMB1.1 billion fair value gain of certain investment in the three months ended June 30, 2018.

### ***Net Provision for Impairment Losses on Financial Assets***

Our net provision for impairment losses on financial assets increased to RMB138.7 million in the three months ended June 30, 2019 from RMB17.2 million in the same period of 2018 and increased by 0.5 points to 0.6% as a percentage of revenues on a year-over-year basis, primarily due to the increase in loan loss provision as our micro loan business grew.

### ***Other Gains, Net***

Our other gains, net was a gain of RMB854.0 million in the three months ended June 30, 2019, compared to a gain of RMB160.9 million in the same period of 2018. The increase in other gains, net was primarily due to (i) the increase in gains from investments for term deposits with initial term over three months and wealth management products to RMB415.5 million in the three months ended June 30, 2019 from RMB81.6 million in the same period of 2018, and (ii) the gains of RMB176.9 million and RMB160.9 million from the remeasurement of investments and the disposal of investments, respectively, in the three months ended June 30, 2019.

### ***Operating Profit/(Loss)***

As a result of the foregoing, our operating profit in the three months ended June 30, 2019 was RMB1.1 billion, compared to an operating loss of RMB2.9 billion in the same period of 2018.

### ***Fair Value Changes of Convertible Redeemable Preferred Shares***

Fair value changes of convertible redeemable preferred shares was nil in the three months ended June 30, 2019 as a result of the completion of our initial public offering in September 2018, compared to a loss of RMB4.6 billion in the same period of 2018.

### ***Profit/(Loss) Before Income Tax***

As a result of the foregoing, our profit before income tax in the three months ended June 30, 2019 was RMB1.1 billion, compared to a loss before income tax of RMB7.4 billion in the same period of 2018.

### ***Income Tax Expenses***

We had income tax expenses of RMB226.0 million in the three months ended June 30, 2019, decreased by RMB66.0 million from income tax expenses of RMB292.0 million in the same period of 2018, primarily due to the withholding income tax from the disposal of our investee companies in three months ended June 30, 2018, partially offset by the increase in profit before income tax of some of our entities in the three months ended June 30, 2019.

### ***Profit/(Loss) for the Period***

As a result of the foregoing, we had a profit of RMB875.8 million in the three months ended June 30, 2019, compared to a loss of RMB7.7 billion in the three months ended June 30, 2018.

## Second Quarter of 2019 Compared to First Quarter of 2019

The following table sets forth the comparative figures for the second quarter of 2019 and the first quarter of 2019:

	<b>Unaudited Three Months Ended</b>	
	<b>June 30, 2019</b>	<b>March 31, 2019</b>
	<i>(RMB in thousands)</i>	
<b>Revenues</b>	<b>22,703,137</b>	19,173,512
<i>(including interest revenue)</i>	<b>201,883</b>	158,590
Cost of revenues	<b>(14,762,502)</b>	(14,104,172)
<b>Gross profit</b>	<b>7,940,635</b>	5,069,340
Selling and marketing expenses	<b>(4,149,110)</b>	(3,706,112)
Research and development expenses	<b>(2,032,330)</b>	(2,036,100)
General and administrative expenses	<b>(1,038,298)</b>	(1,012,213)
Fair value changes on investments measured at fair value through profit or loss	<b>(323,651)</b>	165,292
Net provision for impairment losses on financial assets	<b>(138,711)</b>	(62,980)
Other gains, net	<b>854,043</b>	279,131
<b>Operating profit/(loss)</b>	<b>1,112,578</b>	(1,303,642)
Finance income	<b>21,541</b>	52,922
Finance costs	<b>(50,115)</b>	(46,821)
Share of gains of investments accounted for using equity method	<b>17,848</b>	7,530
<b>Profit/(loss) before income tax</b>	<b>1,101,852</b>	(1,290,011)
Income tax expenses	<b>(226,024)</b>	(143,319)
<b>Profit/(loss) for the period</b>	<b>875,828</b>	(1,433,330)
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>2,330,809</b>	458,874
Adjusted net profit/(loss)	<b>1,492,146</b>	(1,039,382)

### **Revenues**

Our revenues increased by 18.4% to RMB22.7 billion in the three months ended June 30, 2019 from RMB19.2 billion in the three months ended March 31, 2019. The increase was primarily driven by (i) the increase in GTV on our platform to RMB159.2 billion in the three months ended June 30, 2019 from RMB138.4 billion in the three months ended March 31, 2019, which was mainly driven by the increases in the number of Transacting Users and their purchase frequency, (ii) the increase in monetization rate of our in-store, hotel & travel businesses, and (iii) our exploration of the new initiatives.



## Revenues by Segment

The following table sets forth our revenues by segment in absolute amount and as a percentage of our total revenues in the three months ended June 30, 2019 and the three months ended March 31, 2019:

	Unaudited Three Months Ended			
	June 30, 2019		March 31, 2019	
	As		As	
	a percentage of total revenues		a percentage of total revenues	
	Amount		Amount	
<i>(RMB in thousands, except for percentages)</i>				
<b>Revenues:</b>				
Food delivery	12,844,720	56.6%	10,705,803	55.8%
In-store, hotel & travel	5,245,308	23.1%	4,492,102	23.4%
New initiatives and others	4,613,109	20.3%	3,975,607	20.8%
<b>Total</b>	<b>22,703,137</b>	<b>100.0%</b>	<b>19,173,512</b>	<b>100.0%</b>

Our revenues from the food delivery segment increased by 20.0% to RMB12.8 billion in the three months ended June 30, 2019 from RMB10.7 billion in the three months ended March 31, 2019, primarily due to the increase in GTV, which was in turn driven by the increase in the number of food delivery transactions, as a result of the increase in food delivery user base and higher average purchase frequency per user, as user demand bounced back after the Chinese new year.

Our revenues from the in-store, hotel & travel segment increased by 16.8% to RMB5.2 billion in the three months ended June 30, 2019 from RMB4.5 billion in the three months ended March 31, 2019, primarily due to (i) the increases in the number of Active Merchants and the average revenue per Active Merchant in our in-store and travel businesses, and (ii) the increase in the number of domestic room nights consumed on our platform.

Our revenues from the new initiatives and others segment increased by 16.0% to RMB4.6 billion in the three months ended June 30, 2019 from RMB4.0 billion in the three months ended March 31, 2019. The increase was mainly contributed by our micro loan, food distribution business and Meituan Instashopping.

## Revenues by Type

The following table sets forth our revenues by type in absolute amount and as a percentage of our total revenues in the three months ended June 30, 2019 and the three months ended March 31, 2019:

	Unaudited Three Months Ended			
	June 30, 2019		March 31, 2019	
	As		As	
	a percentage of total revenues		a percentage of total revenues	
	Amount		Amount	
<i>(RMB in thousands, except for percentages)</i>				
<b>Revenues:</b>				
Commission	15,429,574	68.0%	13,164,718	68.7%
Online marketing services	3,632,236	16.0%	2,860,801	14.9%
Other services and sales	3,641,327	16.0%	3,147,993	16.4%
<b>Total</b>	<b>22,703,137</b>	<b>100.0%</b>	<b>19,173,512</b>	<b>100.0%</b>

Our commission revenue increased by 17.2% to RMB15.4 billion in the three months ended June 30, 2019 from RMB13.2 billion in the three months ended March 31, 2019, primarily due to the substantial growth of our GTV, especially from our food delivery business.

Our online marketing services revenue increased by 27.0% to RMB3.6 billion in the three months ended June 30, 2019 from RMB2.9 billion in the three months ended March 31, 2019, primarily due to the increase in the number of online marketing Active Merchants and the increase in the average revenue per online marketing Active Merchant from our in-store, hotel & travel businesses and our food delivery business.

Our other services and sales revenue increased by 15.7% to RMB3.6 billion in the three months ended June 30, 2019 from RMB3.1 billion in the three months ended March 31, 2019, primarily due to the increased demand by customers for our micro loan, food distribution business and restaurant management system.

## Cost of Revenues

Our cost of revenues increased by 4.7% to RMB14.8 billion in the three months ended June 30, 2019 from RMB14.1 billion in the three months ended March 31, 2019. The increase was caused by our revenue growth in the three months ended June 30, 2019, especially the strong growth of our food delivery segment.

The following table sets forth our cost of revenues by segment in the three months ended June 30, 2019 and the three months ended March 31, 2019:

	Unaudited Three Months Ended			
	June 30, 2019		March 31, 2019	
	As a percentage of total cost of revenues		As a percentage of total cost of revenues	
	Amount		Amount	
<i>(RMB in thousands, except for percentages)</i>				
<b>Cost of revenues:</b>				
Food delivery	9,984,444	67.6%	9,165,049	65.0%
In-store, hotel & travel	586,041	4.0%	523,726	3.7%
New initiatives and others	4,192,017	28.4%	4,415,397	31.3%
<b>Total</b>	<b>14,762,502</b>	<b>100.0%</b>	<b>14,104,172</b>	<b>100.0%</b>

Cost of revenues for our food delivery business increased by 8.9% to RMB10.0 billion in the three months ended June 30, 2019 from RMB9.2 billion in the three months ended March 31, 2019, primarily attributable to the increase in food delivery rider costs as a result of the increase in the number of food deliveries made by us.

Cost of revenues for our in-store, hotel & travel businesses increased by 11.9% to RMB586.0 million in the three months ended June 30, 2019 from RMB523.7 million in the three months ended March 31, 2019. The increase primarily resulted from the increases in online traffic costs, payment processing fees, and depreciation of property, plant and equipment.

Cost of revenues for the new initiatives and others business decreased by 5.1% to RMB4.2 billion in the three months ended June 30, 2019 from RMB4.4 billion in the three months ended March 31, 2019, mainly due to the decreases of depreciation of property, plant and equipment in our bike-sharing service, partially offset by the increase in the cost of goods sold resulting from the growth of food distribution business.

## Gross Profit and Gross Margin

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

	Unaudited Three Months Ended			
	June 30, 2019		March 31, 2019	
	As		As	
	Amount	a percentage of revenues	Amount	a percentage of revenues
<i>(RMB in thousands, except for percentages)</i>				
<b>Gross profit/(loss):</b>				
Food delivery	2,860,276	22.3%	1,540,754	14.4%
In-store, hotel & travel	4,659,267	88.8%	3,968,376	88.3%
New initiatives and others	421,092	9.1%	(439,790)	(11.1%)
<b>Total</b>	<b>7,940,635</b>	<b>35.0%</b>	<b>5,069,340</b>	<b>26.4%</b>

As a result of the foregoing, our gross profit in the three months ended June 30, 2019 and the three months ended March 31, 2019 was RMB7.9 billion and RMB5.1 billion, respectively. The gross margin of our food delivery business improved by 7.9 points on a quarter-over-quarter basis, attributable to seasonality as we spent less incentives to riders under the sufficient delivery capacity and the good weather conditions, our efforts in enhancing our delivery network efficiency and increasing revenue contribution from online marketing services. The gross margin of our in-store, hotel & travel businesses remained relatively stable on a quarter-over-quarter basis. The gross margin of our new initiatives and others business turned to be positive 9.1% in the three months ended June 30, 2019, representing an improvement by 20.2 points on a quarter-over-quarter basis, mainly due to (i) the increased gross margin of Meituan Instashopping, mainly as a result of improved operating leverage, and (ii) the narrowed losses of our bike-sharing service, as some bikes reached the end of their useful lives during the three months ended June 30, 2019 and will no longer result in any depreciation expenses.

## Selling and Marketing Expenses

Our selling and marketing expenses increased to RMB4.1 billion in the three months ended June 30, 2019 from RMB3.7 billion in the three months ended March 31, 2019, mainly in line with the revenue growth, and decreased to 18.3% from 19.3% as a percentage of revenues. The increase in selling and marketing expenses was primarily due to the increase in Transacting User incentives, which was in line with the increase in the number of transactions, and the increase in promotion and advertising expenses. Transacting User incentives increased to RMB1.7 billion in the three months ended June 30, 2019 from RMB1.3 billion in the three months ended March 31, 2019, because (i) the number of transactions ramped up as we entered a high season for the food delivery business, and (ii) subsidies provided to users increased to support the growth of hotel-booking during the holidays. Promotion and advertising expenses increased to RMB417.1 million in the three months ended June 30, 2019 from RMB327.0 million in the three months ended March 31, 2019, which resulted from the increase in channel marketing and branding expenses in the three months ended June 30, 2019.

### ***Research and Development Expenses***

Our research and development expenses were RMB2.0 billion in the three months ended June 30, 2019, remaining flat on a quarter-over-quarter basis, and decreased to 9.0% from 10.6% quarter-over-quarter as a percentage of revenues.

### ***General and Administrative Expenses***

Our general and administrative expenses increased by RMB26.1 million to RMB1.0 billion and decreased by 0.7 points to 4.6% as a percentage of revenues in the three months ended June 30, 2019 on a quarter-over-quarter basis. The increase in general and administrative expenses was mainly attributable to the increase in employee benefit expenses to RMB734.3 million in the three months ended June 30, 2019 from RMB651.9 million in the three months ended March 31, 2019, as a result of the increases in the headcount and the average salaries and benefits, including share-based payments, of our administrative personnel.

### ***Net Provision for Impairment Losses on Financial Assets***

Our net provision for impairment losses on financial assets increased by RMB75.7 million to RMB138.7 million and increased by 0.3 points to 0.6% as a percentage of revenues in the three months ended June 30, 2019 on a quarter-over-quarter basis, primarily due to the increase in loan loss provision as our micro loan business grew.

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

Our fair value changes on investments measured at fair value through profit or loss in the three months ended June 30, 2019 decreased by RMB488.9 million compared to the three months ended March 31, 2019, primarily due to the fair value loss relating to an investment made by our company in the three months ended June 30, 2019.

### ***Other Gains, Net***

Our other gains, net was a gain of RMB854.0 million in the three months ended June 30, 2019 compared to a gain of RMB279.1 million in the three months ended March 31, 2019. The increase in other gains, net was primarily due to (i) the gains of RMB176.9 million and RMB160.9 million from the remeasurement of investments and the disposal of investments, respectively, in the three months ended June 30, 2019, (ii) the increase in gains from investments for term deposits with initial term over three months and wealth management products to RMB415.5 million in the three months ended June 30, 2019 from RMB322.0 million in the three months ended March 31, 2019, and (iii) the foreign exchange losses of RMB99.0 million in the three months ended March 31, 2019.

### ***Operating Profit/(Loss)***

As a result of the foregoing, our operating profit in the three months ended June 30, 2019 was RMB1.1 billion, compared to an operating loss of RMB1.3 billion in the three months ended March 31, 2019.

### ***Profit/(Loss) Before Income Tax***

Primarily as a result of the foregoing, our profit before income tax in the three months ended June 30, 2019 was RMB1.1 billion, compared to a loss before income tax of RMB1.3 billion in the three months ended March 31, 2019.

### ***Income Tax Expenses***

We had income tax expenses of RMB226.0 million in the three months ended June 30, 2019, compared to income tax expense of RMB143.3 million in the three months ended March 31, 2019, primarily due to the increase in profit before income tax of some of our entities.

### ***Profit/(Loss) for the Period***

As a result of the foregoing, we had a profit of RMB875.8 million in the three months ended June 30, 2019, compared to a loss of RMB1.4 billion in the three months ended March 31, 2019.

### ***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 items and certain impact of investment transactions. The use of these non-IFRS measures have limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The following tables set forth the reconciliations of our non-IFRS financial measures for the three months ended June 30, 2019 and 2018, the three months ended March 31, 2019, and the six months ended June 30, 2019 and 2018 to the nearest measures prepared in accordance with IFRS.

**Unaudited  
Three Months Ended**

	<b>June 30, 2019</b>	June 30, 2018	March 31, 2019
	<i>(RMB in thousands)</i>		
Profit/(loss) for the period	<b>875,828</b>	(7,716,481)	(1,433,330)
Adjusted for:			
Fair value changes of convertible redeemable preferred shares	–	4,637,019	–
Share-based compensation expenses	<b>515,501</b>	387,580	438,068
Fair value losses/(gains) on investments <sup>(1)</sup>	<b>278,157</b>	(715,216)	(211,158)
(Gains)/losses on disposal of investments and subsidiaries <sup>(2)</sup>	<b>(160,884)</b>	–	1,490
(Gains) from the remeasurement of investments <sup>(3)</sup>	<b>(176,880)</b>	–	–
Amortization of intangible assets resulting from acquisitions	<b>165,548</b>	196,509	165,548
Impairment and expense provision for Mobike restructuring plan	<b>(5,124)</b>	–	–
<b>Adjusted net profit/(loss)</b>	<b>1,492,146</b>	(3,210,589)	(1,039,382)
Adjusted for:			
Income tax expenses	<b>226,024</b>	292,034	143,319
Share of (gains) of investments accounted for using equity method	<b>(17,848)</b>	(7,425)	(7,530)
Finance income	<b>(21,541)</b>	(61,991)	(52,922)
Finance costs	<b>50,115</b>	5,427	46,821
Other (gains) except for (gains)/losses related to fair value change, disposal and remeasurement of investments and subsidiaries	<b>(470,785)</b>	(160,894)	(234,755)
Amortization of software and others	<b>131,093</b>	126,390	130,911
Depreciation on property, plant and equipment <sup>(4)</sup>	<b>941,605</b>	1,426,209	1,472,412
<b>Adjusted EBITDA</b>	<b>2,330,809</b>	(1,590,839)	458,874

- (1) Represents gains or losses from fair value change on investments, including (i) fair value changes on investments measured at fair value through profit or loss; and (ii) dilution gain.
- (2) Represents gains or losses from disposal of investments and subsidiaries.
- (3) Certain contractual rights attached to an investment previously classified as investment accounted for using equity method have been changed, thus we remeasured the investment with RMB176.9 million gains and re-designated the investment to financial assets at fair value through profit or loss.
- (4) The RMB941.6 million depreciation on property, plant and equipment for the three months ended June 30, 2019 included RMB202.5 million depreciation of right-of-use assets as a result of the adoption of IFRS16 Leases. This expense was used to be recognized as rental, facilities and utilities in prior years.



<b>Unaudited Six Months Ended</b>	
<b>June 30, 2019</b>	<b>June 30, 2018</b>
<i>(RMB in thousands)</i>	
(Loss) for the period	(557,502) (28,781,287)
Adjusted for:	
Fair value changes of convertible redeemable preferred shares	– 24,850,095
Share-based compensation expenses	953,569 682,258
Fair value losses/(gains) on investments <sup>(1)</sup>	66,999 (1,190,490)
(Gains) on disposal of investments and subsidiaries <sup>(2)</sup>	(159,394) (29,968)
(Gains) from the remeasurement of investments <sup>(3)</sup>	(176,880) –
Amortization of intangible assets resulting from acquisitions	331,096 278,017
Impairment and expense provision for Mobike restructuring plan	(5,124) –
<b>Adjusted net profit/(loss)</b>	<b>452,764 (4,191,375)</b>
Adjusted for:	
Income tax expenses	369,343 133,531
Share of (gains) of investments accounted for using equity method	(25,378) (6,850)
Finance income	(74,463) (109,169)
Finance costs	96,936 13,839
Other (gains) except for (gains)/losses related to fair value change, disposal and remeasurement of investments and subsidiaries	(705,540) (291,629)
Amortization of software and others	262,004 197,108
Depreciation on property, plant and equipment <sup>(4)</sup>	2,414,017 1,547,220
<b>Adjusted EBITDA</b>	<b>2,789,683 (2,707,325)</b>

- (1) Represents gains or losses from fair value change on investments, including (i) fair value changes on investments measured at fair value through profit or loss; (ii) dilution gain; and (iii) change in fair value from contingent consideration.
- (2) Represents gains or losses from disposal of investments and subsidiaries.
- (3) Certain contractual rights attached to an investment previously classified as investment accounted for using equity method have been changed, thus we remeasured the investment with RMB176.9 million gains and re-designated the investment to financial assets at fair value through profit or loss.
- (4) The RMB2.4 billion depreciation on property, plant and equipment for the six months ended June 30, 2019 included RMB433.6 million depreciation of right-of-use assets as a result of the adoption of IFRS16 Leases. This expense was used to be recognized as rental, facilities and utilities in prior years.

## Liquidity and Capital Resources

We had historically funded our cash requirements principally from capital contribution from shareholders and financing through issuance and sale of equity securities. We had cash and cash equivalents of RMB10.2 billion and short-term investments of RMB48.4 billion as of June 30, 2019.

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

	<b>Unaudited Three Months Ended June 30, 2019</b>	<b>Unaudited Six Months Ended June 30, 2019</b>
	<i>(RMB in thousands)</i>	
Net cash generated from/(used in) operating activities	<b>3,131,073</b>	<b>(149,777)</b>
Net cash used in investing activities	<b>(4,993,985)</b>	<b>(7,785,824)</b>
Net cash generated from financing activities	<b>1,253,230</b>	<b>1,299,230</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(609,682)</b>	<b>(6,636,371)</b>
Cash and cash equivalents at the beginning of the period	<b>10,802,498</b>	<b>17,043,692</b>
Cash and cash equivalents reclassified from the assets classified as held for sale	<b>28,377</b>	<b>28,377</b>
Exchange gains/(losses) on cash and cash equivalents	<b>16,057</b>	<b>(198,448)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>10,237,250</b>	<b>10,237,250</b>

### ***Net Cash Generated from Operating Activities***

Net cash generated from operating activities primarily consists of our profit for the period and non-cash items, and adjusted by changes in working capital.

For the three months ended June 30, 2019, net cash generated from operating activities was RMB3.1 billion, which was primarily attributable to our profit before income tax of RMB1.1 billion, as adjusted by (i) non-cash items, which primarily comprised depreciation and amortization of RMB1.2 billion, and (ii) changes in working capital, which primarily comprised an increase in payables to merchants of RMB970.8 million, an increase in other payables and accruals of RMB726.9 million, an increase in deferred revenue of RMB713.8 million, and an increase in trade payables of RMB300.4 million, partially offset by an increase in restricted cash of RMB1.1 billion, an increase in prepayments, deposits and other assets of RMB637.5 million, and a decrease in deposit from transacting users of RMB212.9 million.

### ***Net Cash Used in Investing Activities***

For the three months ended June 30, 2019, net cash used in investing activities was RMB5.0 billion, which was mainly due to net increase in investments for term deposits with initial term over three months and wealth management products of RMB4.4 billion, purchase of property, plant and equipment of RMB619.4 million, and payments for business combinations of RMB449.8 million.

### ***Net Cash Generated from Financing Activities***

For the three months ended June 30, 2019, net cash generated from financing activities was RMB1.3 billion, which was mainly attributable to borrowings of RMB1.2 billion and ABS proceeds of RMB467.0 million, partially offset by repayments of borrowings of RMB300.0 million.

### ***Gearing Ratio***

As of June 30, 2019, our gearing ratio, calculated as total borrowings divided by total equity attributable to equity holders of the Company was approximately 4.5%.

## FINANCIAL INFORMATION

### INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
	Note	2019	2018	2019	2018
		(RMB in thousands)			
Revenues (including interest revenue)	4	22,703,137 201,883	15,072,764 100,469	41,876,649 360,473	26,347,827 178,846
Cost of revenues	4&5	(14,762,502)	(12,232,014)	(28,866,674)	(20,295,104)
Gross profit		7,940,635	2,840,750	13,009,975	6,052,723
Selling and marketing expenses	5	(4,149,110)	(3,868,230)	(7,855,222)	(6,714,583)
Research and development expenses	5	(2,032,330)	(1,703,837)	(4,068,430)	(3,086,577)
General and administrative expenses	5	(1,038,298)	(978,991)	(2,050,511)	(1,582,710)
Fair value changes on investments measured at fair value through profit or loss		(323,651)	715,216	(158,359)	1,186,282
Net provision for impairment losses on financial assets		(138,711)	(17,219)	(201,691)	(80,781)
Other gains, net	6	854,043	160,894	1,133,174	325,805
Operating profit/(loss)		1,112,578	(2,851,417)	(191,064)	(3,899,841)
Finance income		21,541	61,991	74,463	109,169
Finance costs		(50,115)	(5,427)	(96,936)	(13,839)
Fair value changes of convertible redeemable preferred shares		–	(4,637,019)	–	(24,850,095)
Share of gains of investments accounted for using equity method		17,848	7,425	25,378	6,850
Profit/(loss) before income tax		1,101,852	(7,424,447)	(188,159)	(28,647,756)
Income tax expenses	8	(226,024)	(292,034)	(369,343)	(133,531)
Profit/(loss) for the period		875,828	(7,716,481)	(557,502)	(28,781,287)
Profit/(loss) for the period attributable to:					
Equity holders of the Company		877,415	(7,705,707)	(554,362)	(28,756,854)
Non-controlling interests		(1,587)	(10,774)	(3,140)	(24,433)
		875,828	(7,716,481)	(557,502)	(28,781,287)
in RMB per share					
Earnings/(loss) per share for profit/(loss) for the period attributable to the equity holders of the Company					
Basic and diluted earnings/(loss) per share	7	0.15	(4.92)	(0.10)	(18.53)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

Note	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
	2019	2018	2019	2018
<i>(RMB in thousands)</i>				
<b>Other comprehensive income/(loss):</b>				
<i>Items that may not be reclassified to profit or loss</i>				
Currency translation differences	884,942	(5,614,471)	47,893	(3,018,348)
Preferred shares fair value change due to own credit risk	—	(72,430)	—	(186,013)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>884,942</b>	<b>(5,686,901)</b>	<b>47,893</b>	<b>(3,204,361)</b>
<b>Total comprehensive profit/(loss) for the period</b>	<b>1,760,770</b>	<b>(13,403,382)</b>	<b>(509,609)</b>	<b>(31,985,648)</b>
<b>Total comprehensive profit/(loss) for the period is attributable to:</b>				
Equity holders of the Company	1,762,357	(13,392,608)	(506,395)	(31,961,215)
Non-controlling interests	(1,587)	(10,774)	(3,214)	(24,433)
	<b>1,760,770</b>	<b>(13,403,382)</b>	<b>(509,609)</b>	<b>(31,985,648)</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As of June 30, 2019	Audited As of December 31, 2018
	Note		
		(RMB in thousands)	
ASSETS			
Non-current assets			
Property, plant and equipment	9	4,794,748	3,978,815
Intangible assets		33,288,628	33,876,004
Deferred tax assets		566,123	445,041
Investments accounted for using the equity method		2,046,797	2,103,403
Financial assets at fair value through profit or loss		6,746,540	6,241,972
Prepayments, deposits and other assets		770,503	866,884
		48,213,339	47,512,119
Current assets			
Inventories	11	286,387	400,244
Trade receivables	10	590,787	466,340
Prepayments, deposits and other assets		10,509,639	9,064,945
Short-term investments		48,359,889	41,829,964
Restricted cash		5,752,754	4,256,120
Cash and cash equivalents		10,237,250	17,043,692
Assets classified as held for sale		47,514	88,087
		75,784,220	73,149,392
Total assets		123,997,559	120,661,511
EQUITY			
Share capital		388	384
Share premium		259,582,501	258,284,687
Other reserves		(5,868,018)	(5,741,347)
Accumulated losses		(166,593,752)	(166,039,390)
Equity attributable to equity holders of the Company		87,121,119	86,504,334
Non-controlling interests		2,224	5,438
Total equity		87,123,343	86,509,772

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)**

		Unaudited As of June 30, 2019	Audited As of December 31, 2018
	Note		
		(RMB in thousands)	
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,453,645	1,195,869
Deferred revenues	12	511,021	624,999
Borrowings		936,854	470,056
Lease liabilities		1,145,496	—
Other non-current liabilities		93,837	35,759
		4,140,853	2,326,683
<b>Current liabilities</b>			
Trade payables	13	4,669,865	5,340,963
Payables to merchants		7,403,989	7,596,388
Advance from transacting users		3,168,055	3,226,407
Deposit from transacting users		2,789,904	3,341,276
Other payables and accruals		7,063,999	7,361,630
Borrowings		3,000,000	1,800,000
Deferred revenues	12	4,154,077	3,102,882
Lease liabilities		472,730	—
Liabilities directly associated with assets classified as held for sale		10,744	55,510
		32,733,363	31,825,056
<b>Total liabilities</b>		36,874,216	34,151,739
<b>Total equity and liabilities</b>		123,997,559	120,661,511

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended June 30,	
	2019	2018
	<i>(RMB in thousands)</i>	
Net cash flows used in operating activities	(149,777)	(5,513,676)
Net cash flows (used in)/generated from investing activities	(7,785,824)	12,627,023
Net cash flows generated from/(used in) financing activities	1,299,230	(466,934)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,636,371)</b>	<b>6,646,413</b>
Cash and cash equivalents at the beginning of the period	17,043,692	19,408,839
Exchange (loss)/gain on cash and cash equivalents	(198,448)	221,594
Cash and cash equivalents reclassified from the assets classified as held for sale	28,377	—
<b>Cash and cash equivalents at the end of the period</b>	<b>10,237,250</b>	<b>26,276,846</b>



## NOTES TO THE FINANCIAL INFORMATION

### 1 General information, basis of preparation and presentation

The Company was incorporated in the Cayman Islands on September 25, 2015 as an exempted company with limited liability. The Company's Class B Shares have been listed on the Main Board of the Hong Kong Stock Exchange since September 20, 2018 (the "Listing").

The Company provides platform which uses technology to connect consumers and merchants and offer diversified daily services, including food delivery, in-store dining, hotel and travel booking and other services.

The financial information of our Company has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting, issued by the International Accounting Standards Board and should be read in conjunction with the annual consolidated financial statement of the Company for the year ended December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards, as set out in the 2018 annual report of our Company dated March 11, 2019 (the "2018 Financial Statements"). The Interim Financial Information is presented in Renminbi ("RMB"), unless otherwise stated.

### 2 Significant accounting policies

Except as described below, the accounting policies adopted in the preparation of the financial information are consistent with those followed in the preparation of the 2018 Financial Statements.

#### (a) New and amended standards adopted by the Company

The Company has adopted the following new and amended standards which are relevant to the Company's operations and are mandatory for the financial year beginning on or after January 1, 2019:

IFRS 16	Leases
IFRIC 23	Uncertainty over income tax treatments
IFRS 9 (Amendment)	Prepayment features with negative compensation
IAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures
IAS 19 (Amendment)	Plan amendment, curtailment or settlement

The adoption of the above new and amended standards did not have any significant financial impact on these consolidated financial statements except for IFRS 16.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 3 below.

#### (b) New and amended standards that have been issued but are not effective

The following new and amended standards have been issued, but are not effective for the Company's financial year beginning on January 1, 2019 and have not been early adopted:

		Effective for annual periods beginning on or after
IAS 28 and IFRS 10 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	A date to be determined by the IASB
IAS 1 and IAS 8 (Amendment)	Definition of material	January 1, 2020
IFRS 3 (Amendment)	Definition of a business	January 1, 2020
IFRS 17	Insurance Contracts	January 1, 2021
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	January 1, 2020

The Company will apply the above new and amended standards when they become effective. The rest of the new standards, interpretations and amendments to standards are not expected to have a significant effect on the condensed consolidated financial information of the Company.

### 3 Changes in accounting policies

The Company has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on January 1, 2019.

#### (a) Adjustments recognised on adoption of IFRS 16

Upon adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.7%.

*(RMB in thousands)*

Operating lease commitments disclosed as of December 31, 2018	2,111,477
Discounted using the lessee's incremental borrowing rate of at the date of initial application	<u>1,846,656</u>
Lease liability recognised as of January 1, 2019	<u>1,846,656</u>
Of which are:	
Current lease liabilities	512,833
Non-current lease liabilities	1,333,823

The right-of-use assets were measured on a simplified transition approach without restating comparative amounts, and were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as of December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	<b>As of June 30, 2019</b>	<b>As of January 1, 2019</b>
	<u>(RMB in thousands)</u>	
Properties	<b>1,667,196</b>	2,021,192

The change in accounting policy affected the following items in the balance sheet on January 1, 2019:

- right-of-use assets – increase by 2.0 billion
- prepayments – decrease by 174.5 million
- lease liabilities – increase by 1.8 billion

The net impact on retained earnings on January 1, 2019 was nil.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

(b) The Company's leasing activities and how these are accounted for

The Company leases various offices, warehouses, retail stores. Rental contracts are typically made for fixed periods of 1 to 14 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the end of 2018, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date
- any initial direct costs, and
- restoration costs.

#### 4 Segment information

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

<b>Unaudited</b>				
<b>Three months ended June 30, 2019</b>				
	<b>Food delivery</b>	<b>In-store, hotel &amp; travel</b>	<b>New initiatives and others</b>	<b>Total</b>
	<i>(RMB in thousands)</i>			
Commission	11,711,634	2,742,867	975,073	15,429,574
Online marketing services	1,107,070	2,478,018	47,148	3,632,236
Other services and sales	26,016	24,423	3,590,888	3,641,327
Revenues in total	12,844,720	5,245,308	4,613,109	22,703,137
Cost of revenues	(9,984,444)	(586,041)	(4,192,017)	(14,762,502)
<b>Gross profit</b>	<b>2,860,276</b>	<b>4,659,267</b>	<b>421,092</b>	<b>7,940,635</b>
<b>Gross margin</b>	22.3%	88.8%	9.1%	35.0%
<b>Unaudited</b>				
<b>Three months ended June 30, 2018</b>				
	<b>Food delivery</b>	<b>In-store, hotel &amp; travel</b>	<b>New initiatives and others</b>	<b>Total</b>
	<i>(RMB in thousands)</i>			
Commission	8,402,903	2,123,901	555,709	11,082,513
Online marketing services	476,659	1,536,318	86,995	2,099,972
Other services and sales	28,405	12,475	1,849,399	1,890,279
Revenues in total	8,907,967	3,672,694	2,492,103	15,072,764
Cost of revenues	(7,497,661)	(338,675)	(4,395,678)	(12,232,014)
<b>Gross profit/(loss)</b>	<b>1,410,306</b>	<b>3,334,019</b>	<b>(1,903,575)</b>	<b>2,840,750</b>
<b>Gross margin</b>	15.8%	90.8%	(76.4%)	18.8%

Unaudited Six months ended June 30, 2019				
	Food delivery	In-store, hotel & travel	New initiatives and others	Total
	<i>(RMB in thousands)</i>			
Commission	21,632,175	5,168,087	1,794,030	28,594,292
Online marketing services	1,867,796	4,534,423	90,818	6,493,037
Other services and sales	50,552	34,900	6,703,868	6,789,320
Revenues in total	23,550,523	9,737,410	8,588,716	41,876,649
Cost of revenues	(19,149,493)	(1,109,767)	(8,607,414)	(28,866,674)
<b>Gross profit/(loss)</b>	<b>4,401,030</b>	<b>8,627,643</b>	<b>(18,698)</b>	<b>13,009,975</b>
<b>Gross margin</b>	18.7%	88.6%	(0.2%)	31.1%

Unaudited Six months ended June 30, 2018				
	Food delivery	In-store, hotel & travel	New initiatives and others	Total
	<i>(RMB in thousands)</i>			
Commission	15,219,665	4,060,551	1,013,523	20,293,739
Online marketing services	703,842	2,729,072	163,086	3,596,000
Other services and sales	40,821	20,876	2,396,391	2,458,088
Revenues in total	15,964,328	6,810,499	3,573,000	26,347,827
Cost of revenues	(14,018,927)	(720,521)	(5,555,656)	(20,295,104)
<b>Gross profit/(loss)</b>	<b>1,945,401</b>	<b>6,089,978</b>	<b>(1,982,656)</b>	<b>6,052,723</b>
<b>Gross margin</b>	12.2%	89.4%	(55.5%)	23.0%

## 5 Expenses by nature

	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
	2019	2018	2019	2018
	<i>(RMB in thousands)</i>			
Food delivery rider costs	9,272,573	6,965,491	17,745,098	13,042,195
Employee benefits expenses	4,290,180	3,677,160	8,495,505	6,516,927
Transacting user incentives	1,717,616	1,400,343	3,008,945	2,387,057
Cost of goods sold	1,608,258	350,128	3,062,898	508,696
Depreciation of property, plant and equipment	941,605	1,426,209	2,414,017	1,547,220
Car-hailing driver related costs	781,673	1,623,954	1,558,401	2,095,477
Other outsourcing labor costs	701,732	480,180	1,344,524	829,453
Payment processing costs	493,368	375,024	937,859	731,954
Promotion and advertising	417,141	783,529	744,177	1,332,936
Amortization of intangible assets	296,641	322,899	593,100	475,125
Bandwidth and server custody fees	186,970	119,468	362,929	188,488
Online traffic costs	102,916	30,403	172,657	89,339
Rental, facility and utilities	69,393	207,000	139,906	347,453
Tax surcharge expenses	57,453	41,269	100,407	104,835
Professional fees	32,126	96,777	97,331	149,655
Auditor's remuneration				
–Audit and audit-related services	5,994	10,001	22,782	12,524
–Non-audit services	1,299	–	1,299	–
Others (Note i)	1,005,302	873,237	2,039,002	1,319,640
Total cost of revenues, selling and marketing expenses, research and development expenses and general and administrative expenses	<u>21,982,240</u>	<u>18,783,072</u>	<u>42,840,837</u>	<u>31,678,974</u>

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

## 6 Other gains, net

	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
	2019	2018	2019	2018
	<i>(RMB in thousands)</i>			
Interest income from investments measured at amortized cost	<b>244,853</b>	74,300	<b>454,973</b>	76,123
Fair value changes of short-term investments measured at fair value through profit or loss	<b>170,667</b>	7,278	<b>282,534</b>	104,010
Gains from the remeasurement of investments	<b>176,880</b>	–	<b>176,880</b>	–
Gains from the disposal of investments	<b>160,884</b>	–	<b>160,884</b>	29,968
Dilution gain	<b>45,494</b>	–	<b>91,360</b>	–
Government subsidies	<b>3,647</b>	83,469	<b>40,752</b>	95,312
Change in fair value from contingent consideration	–	–	–	4,208
Loss from the disposal of subsidiaries	–	–	<b>(1,490)</b>	–
Foreign exchange gains/(losses)	<b>14,921</b>	(30,595)	<b>(84,053)</b>	(25,064)
Others	<b>36,697</b>	26,442	<b>11,334</b>	41,248
	<b>854,043</b>	160,894	<b>1,133,174</b>	325,805

## 7 Earnings/(loss) per share

- (a) Basic earnings/(loss) per share for the three months and six months ended June 30, 2019 and 2018 were calculated by dividing the profit/(loss) attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the reporting period.

	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
	2019	2018	2019	2018
Profit/(loss) attributable to equity holders of the Company (RMB' 000)	<b>877,415</b>	(7,705,707)	<b>(554,362)</b>	(28,756,854)
Weighted average number of shares in issue (thousand)	<b>5,745,187</b>	1,566,834	<b>5,738,107</b>	1,551,913
Basic earnings/(loss) per share (RMB)	<b>0.15</b>	(4.92)	<b>(0.10)</b>	(18.53)

- (b) Diluted earnings/(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 two categories of dilutive potential ordinary shares: share options and RSUs. Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding by assumption of the conversion of all potential diluted ordinary shares arising from share options and RSUs granted by the Company (collectively forming the denominator for computing the diluted earnings/(loss) per share). No adjustment is made to earnings (numerator).



As the Company incurred losses for the three months ended June 30, 2018, the six months ended June 30, 2019 and 2018, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, diluted loss per share for the three months ended June 30, 2018, the six months ended June 30, 2019 and 2018 were the same as basic loss per share of the respective periods.

	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
	2019	2018	2019	2018
Profit/(loss) attributable to equity holders of the Company (RMB' 000)	<b>877,415</b>	(7,705,707)	<b>(554,362)</b>	(28,756,854)
Weighted average number of shares in issue (thousand)	<b>5,745,187</b>	1,566,834	<b>5,738,107</b>	1,551,913
Adjustments for share options and RSUs shares (thousand)	<b>134,158</b>	—	—	—
Diluted earnings/(loss) per share (RMB)	<b>0.15</b>	(4.92)	<b>(0.10)</b>	(18.53)

## 8 Income tax expenses

The following table sets forth our income tax expenses for the periods indicated:

	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
	2019	2018	2019	2018
	<i>(RMB in thousands)</i>			
Current income tax expenses	<b>(183,764)</b>	(330,990)	<b>(233,829)</b>	(333,014)
Deferred income tax (expenses)/credits	<b>(42,260)</b>	38,956	<b>(135,514)</b>	199,483
	<b>(226,024)</b>	(292,034)	<b>(369,343)</b>	(133,531)

## 9 Property, plant and equipment

Our property, plant and equipment primarily consist of right-of-use assets, bikes and vehicles, computer equipment, furniture and appliances, leasehold improvements and assets under construction. Our property, plant and equipment increased by 20.5% from RMB4.0 billion as of December 31, 2018 to RMB4.8 billion as of June 30, 2019, primarily due to the increase in the carrying value of right-of-use assets in connection with our applying IFRS 16.

## 10 Trade receivables

Trade receivables represent amounts due from customers for services performed in the ordinary course of business. Trade receivables are generally due for settlement within one year and therefore are all classified as current. The following table sets forth our trade receivables as of the dates indicated:

	Unaudited As of June 30, 2019	Audited As of December 31, 2018
	<i>(RMB in thousands)</i>	
Trade receivables	763,436	590,409
Less: allowance for impairment	(172,649)	(124,069)
	<b>590,787</b>	<b>466,340</b>

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

We allow a credit period of 30 to 150 days to our customers. Aging analysis of trade receivables (net off allowance for impairment of trade receivables) based on invoice date was as follows:

	Unaudited As of June 30, 2019	Audited As of December 31, 2018
	<i>(RMB in thousands)</i>	
Trade receivables		
Up to 3 months	424,021	281,353
3 to 6 months	91,291	126,376
6 months to 1 year	67,632	56,574
Over 1 year	7,843	2,037
	<b>590,787</b>	<b>466,340</b>

## 11 Inventories

The following table sets forth our inventories as of the dates indicated:

	Unaudited As of June 30, 2019	Audited As of December 31, 2018
	<i>(RMB in thousands)</i>	
Raw materials	172,372	141,195
Finished goods	234,582	370,079
	<u>406,954</u>	<u>511,274</u>
Less: provision for impairment	<u>(120,567)</u>	<u>(111,030)</u>
	<u><u>286,387</u></u>	<u><u>400,244</u></u>

## 12 Deferred revenues

The following table sets forth our deferred revenues as of the dates indicated:

	Unaudited As of June 30, 2019	Audited As of December 31, 2018
	<i>(RMB in thousands)</i>	
<b>Non-current</b>		
Business cooperation agreement with Maoyan	500,100	611,233
Others	<u>10,921</u>	<u>13,766</u>
	<u>511,021</u>	<u>624,999</u>
<b>Current</b>		
Online marketing services	3,916,351	2,856,343
Business cooperation agreement with Maoyan	222,267	222,267
Mobike monthly pass	15,263	24,221
Others	<u>196</u>	<u>51</u>
	<u>4,154,077</u>	<u>3,102,882</u>
	<u><u>4,665,098</u></u>	<u><u>3,727,881</u></u>

Our deferred revenues increased by 25.1% from RMB3.7 billion as of December 31, 2018 to RMB4.7 billion as of June 30, 2019, primarily due to the growth of our online marketing services.

### 13 Trade payables

Trade payables represent liabilities for goods and services provided to us prior to the end of the reporting period which are unpaid. Trade payables are recognized initially at their fair value and are subsequently measured at amortized cost using the effective interest method. The following table sets forth our trade payables as of the dates indicated:

	<b>Unaudited As of June 30, 2019</b>	<b>Audited As of December 31, 2018</b>
	<i>(RMB in thousands)</i>	
Trade payables	<b>4,669,865</b>	5,340,963

As of June 30, 2019 and December 31, 2018, the aging analysis of the trade payables based on invoice date was as follows:

	<b>Unaudited As of June 30, 2019</b>	<b>Audited As of December 31, 2018</b>
	<i>(RMB in thousands)</i>	
Trade payables		
Up to 3 months	<b>4,424,026</b>	5,067,050
3 to 6 months	<b>144,628</b>	168,162
6 months to 1 year	<b>91,697</b>	102,764
Over 1 year	<b>9,514</b>	2,987
	<b><u>4,669,865</u></b>	<b><u>5,340,963</u></b>

Our trade payables decreased by 12.6% from RMB5.3 billion as of December 31, 2018 to RMB4.7 billion as of June 30, 2019, primarily due to the decrease of our turnover days, which resulted in lower balance of trade payables.

### 14 Dividends

No dividends have been paid or declared by the Company during the six months ended June 30, 2019 and the year ended December 31, 2018.

## **OTHER INFORMATION**

### **Purchase, Sale or Redemption of the Company's Listed Securities**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the six months ended June 30, 2019.

### **Audit Committee**

The Audit Committee, together with the Auditor, has reviewed the Company's unaudited interim financial information for the three and six months ended June 30, 2019. The Audit Committee has also reviewed the accounting principles and practices adopted by the Company and discussed auditing, risk management, internal control and financial reporting matters.

### **Events after the Reporting Period**

Save as disclosed in this announcement, there was no other significant events that might affect the Company since the end of the six months ended June 30, 2019.

### **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 set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

Save for code provision A.2.1, the Company has complied with all the code provisions set out in the CG Code where applicable during the six months ended June 30, 2019. Pursuant to code provision A.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have 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, 2019.

## Publication of the Interim Results and Interim Report

All the financial and other related information of the Company required by the Listing Rules will be published on the website of each of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([about.meituan.com](http://about.meituan.com)) in due course.

## APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to our consumers, merchants and partners for their trust in our platform, our delivery riders for their reliable and efficient services, our entire staff and management team for their outstanding contributions, and our shareholders for their continuous support.

By Order of the Board  
**Meituan Dianping**  
*Wang Xing*  
**Chairman**

Hong Kong, August 23, 2019

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

*The Company's shareholders and potential investors should note that the information in this announcement is based on the management accounts of the Company which have not been audited by the Company's Auditor. This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Company. These forward-looking statements are based on information currently available to the Company and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.*

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

<b>Term</b>	<b>Definition</b>
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the external auditor of the Company
“Board”	the Board of Directors
“CG Code”	the corporate governance code as set out in Appendix 14 to the Listing Rules
“Class B Shares”	class B ordinary shares of the share capital of the Company with a par value of US\$0.00001 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meeting
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “the Company”	Meituan Dianping (美团点评) (formerly known as Internet Plus Holdings Ltd.), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 25, 2015, or Meituan Dianping (美团点评) and its subsidiaries and Consolidated Affiliated Entities, as the case may be
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely, the Onshore Holdcos and their respective subsidiaries (each a “Consolidated Affiliated Entity”)
“CODM”	the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments
“Director(s)”	the director(s) of the Company
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“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 and its subsidiaries and Consolidated Affiliated Entities



“RMB” or “Renminbi”	the lawful currency of China
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“US\$”	the lawful currency of the United States
“%”	per cent

## GLOSSARY

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