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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 MONTHS ENDED SEPTEMBER 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 months ended September 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

##### Financial Summary

	Unaudited Three Months Ended				
	September 30, 2019		September 30, 2018		Year-over-year change
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	27,493,629	100.0%	19,075,999	100.0%	44.1%
Gross profit	9,592,284	34.9%	4,571,241	24.0%	109.8%
Operating profit/(loss)	1,447,064	5.3%	(3,451,438)	(18.1%)	NA
Profit/(loss) before income tax	1,460,617	5.3%	(83,152,678)	(435.9%)	NA
Profit/(loss) for the period	1,333,382	4.8%	(83,297,156)	(436.7%)	NA
<b>Non-IFRS Measures:</b>					
Adjusted EBITDA	2,285,301	8.3%	(1,171,905)	(6.1%)	NA
Adjusted net profit/(loss)	1,942,049	7.1%	(2,471,872)	(13.0%)	NA

## Financial Information by Segment

### Unaudited Three Months Ended

	September 30, 2019			September 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	15,576,972	6,181,117	5,735,540	11,172,478	4,435,730	3,467,791
Gross profit/(loss)	3,045,222	5,476,217	1,070,845	1,851,075	4,017,119	(1,296,953)
Gross margin	19.5%	88.6%	18.7%	16.6%	90.6%	(37.4%)

## Operating Metrics

### Three Months Ended

	September 30, 2019	September 30, 2018	Year-over-year change
	<i>(RMB in billions, except for percentages)</i>		
Food delivery	111.9	80.0	40.0%
In-store, hotel & travel	63.9	49.3	29.4%
New initiatives and others	18.8	16.4	14.9%
<b>Total</b>	<b>194.6</b>	<b>145.7</b>	<b>33.6%</b>

### Gross transaction volume:

Food delivery	111.9	80.0	40.0%
In-store, hotel & travel	63.9	49.3	29.4%
New initiatives and others	18.8	16.4	14.9%

### Total

### Twelve Months Ended

	September 30, 2019	September 30, 2018	Year-over-year change
	<i>(in millions, except for percentages)</i>		
Number of Transacting Users	435.8	382.3	14.0%
Number of Active Merchants	5.9	5.5	8.8%

Number of Transacting Users  
Number of Active Merchants

### Twelve Months Ended

	September 30, 2019	September 30, 2018	Year-over-year change
	<i>(units, except for percentages)</i>		
Average number of transactions per annual Transacting User	26.5	22.7	16.9%

Average number of transactions per annual  
Transacting User

### Three Months Ended

	September 30, 2019	September 30, 2018	Year-over-year change
	<i>(in millions, except for percentages)</i>		
Number of food delivery transactions	2,469.1	1,787.5	38.1%
Number of domestic hotel room nights	109.8	76.1	44.4%

Number of food delivery transactions  
Number of domestic hotel room nights

## FINANCIAL PERFORMANCE HIGHLIGHTS

For the third quarter of 2019:

- **Total revenues** increased by 44.1% year-over-year to RMB27.5 billion from RMB19.1 billion for the same period of 2018, and increased by 21.1% quarter-over-quarter from RMB22.7 billion for the second quarter of 2019. Revenues increased across all business segments.
- **Total gross profit** increased by 109.8% year-over-year to RMB9.6 billion from RMB4.6 billion for the same period of 2018, and increased by 20.8% quarter-over-quarter from RMB7.9 billion for the second quarter of 2019.
- **Selling and marketing expenses** as a percentage of total revenues decreased to 20.4% from 24.2% for the same period of 2018, and increased from 18.3% for the second quarter of 2019.
- **Adjusted EBITDA and adjusted net profit** were RMB2.3 billion and RMB1.9 billion, respectively.

## OPERATING HIGHLIGHTS

For the third quarter of 2019:

- **Total Gross Transaction Volume (GTV)** on our platform grew by 33.6% to RMB194.6 billion from RMB145.7 billion for the same period of 2018.
- **Annual Transacting Users** on our platform in the twelve months ended September 30, 2019 grew by 14.0% to 435.8 million from 382.3 million in the twelve months ended September 30, 2018.
- **Average number of transactions per annual Transacting User** on our platform increased to 26.5 transactions in the twelve months ended September 30, 2019 from 22.7 transactions in the twelve months ended September 30, 2018.
- **Annual Active Merchants** on our platform grew by 8.8% to 5.9 million in the twelve months ended September 30, 2019 from 5.5 million in the twelve months ended September 30, 2018.
- **Overall Monetization Rate**<sup>1</sup> increased to 14.1% for the third quarter of 2019 from 13.1% for the same period of 2018.

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<sup>1</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 third quarter of 2019, we further strengthened our leading position while delivering healthy operating results of our food delivery business. Our food delivery business sustained its strong growth momentum. GTV of our food delivery business increased by 40.0% to RMB111.9 billion for the third quarter of 2019 from RMB80.0 billion in the same period of 2018. The number of food delivery orders increased by 38.1% to 2.5 billion for the third quarter of 2019 from 1.8 billion in the same period of 2018. The average value per order of our food delivery business increased by 1.3% year-over-year. Monetization Rate of our food delivery business for the third quarter of 2019 remained stable year-over-year. As a result, revenue from our food delivery business increased by 39.4% year-over-year to RMB15.6 billion for the third quarter of 2019 from RMB11.2 billion in the same period of 2018. Gross profit from our food delivery business increased by 64.5% to RMB3.0 billion for the third quarter of 2019 from RMB1.9 billion in the same period of 2018, while gross margin expanded to 19.5% from 16.6%. Although gross margin decreased by 2.8 percentage points on a quarter-over-quarter basis due to unfavorable weather conditions, we were able to achieve positive adjusted operating profit<sup>2</sup> for our food delivery business for the third quarter of 2019.

The robust growth of our food delivery business was a result of our strengthened market leadership, enhanced operational capability, and improved marketing tactics to stimulate consumers' impulse consumptions during the summer season. On the consumer front, our Food Delivery Membership Program continued to yield encouraging results, which not only further improved our target consumers' order frequency but also enhanced their stickiness to our platform. Furthermore, benefiting from the new consumption trend that healthy light meals, beverages and nighttime snacks are gaining popularity among the younger generation, our Food Delivery Membership Program has also stimulated consumption of healthy light meals, beverages and nighttime snacks throughout the summer season. As a result, our year-over-year growth rate of the number of food delivery transactions accelerated on a sequential basis during the third quarter of 2019, with the average number of daily food delivery transactions increasing by 38.1% year-over-year to 26.8 million. Such strong growth in order volume demonstrates that consumers' consumption habits can be cultivated and the demand for food delivery services still has ample growth potential in the long run.

On the merchant front, we continued to explore supply-side operations to drive more sustainable growth of the entire industry and to further enhance our long-term competitive advantages. For example, we have increased our efforts on developing comprehensive online operation solutions for selected high-quality restaurants, helping high-quality restaurants improve their food delivery operational capability, traffic generation, traffic conversion and retention rates. As a result, the number of food delivery orders generated by these selected high-quality restaurants improved significantly for the third quarter of 2019. Moreover, we continued to improve our marketplace products to provide restaurants with more useful tools for improving their marketing efficiency. For example, we introduced an online marketing design tool to automatically generate customized banner designs for restaurants in the third quarter of 2019.

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<sup>2</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.

On the delivery front, we continued to explore innovative strategies to further refine our delivery network operations, optimize the cost structure and improve our delivery efficiency. In addition to economy of scale, during the third quarter of 2019, we mobilized our delivery capacity better based on enhanced segmentation of our delivery services to deliver user experience in a more cost-effective way under selected consumption scenarios and extreme weather conditions. Meanwhile, we continued to make efforts on enhancing our delivery riders' sense of fulfillment and corporate belonging through the "717 Riders' Day" celebration and a charity program launched for our riders' children in the third quarter of 2019.

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

During the third quarter of 2019, we continued to strengthen the market leadership of our in-store, hotel & travel businesses, which demonstrated further strong monetization potential. The growth of GTV of our in-store, hotel & travel businesses accelerated for the third quarter of 2019, growing by 29.4% to RMB63.9 billion for the third quarter of 2019 from RMB49.3 billion in the same period of 2018. Monetization Rate increased to 9.7% from 9.0% year-over-year. Revenues from our in-store, hotel & travel businesses increased by 39.3% to RMB6.2 billion for the third quarter of 2019 from RMB4.4 billion in the same period of 2018. Gross profit from our in-store, hotel & travel businesses increased to RMB5.5 billion for the third quarter of 2019 from RMB4.0 billion in the same period of 2018, while gross margin slightly declined to 88.6% from 90.6% year-over-year, but remained flat quarter-over-quarter.

We continued to see robust revenue growth in this segment, mainly attributable to increasing revenue from our online marketing services as a result of our expanding merchant base, the revived growth of transaction-based services, and the accelerated growth in the scale of our hotel booking business. In addition, the strong growth of our food delivery business during the third quarter of 2019 further boosted user traffic and incrementally increased cross-selling opportunities for our in-store, hotel & travel businesses.

For the third quarter of 2019, we continued to unleash the potential of small and medium local merchants' unmet marketing needs through our diversified product portfolio and enhanced advertising algorithms. For the third quarter of 2019, the number of active marketing merchants in this segment continued to grow by more than 50% year-over-year.

In addition, we further improved our operational capabilities and launched more promotional campaigns to enhance our brand awareness and influence among consumers and merchants, which in turn drove the robust growth of commission revenue of our in-store business. For example, we launched the "Super Brand Food Festival" to promote fast food and in-store snacks and drinks from branded restaurants. During this festival, more than 60,000 stores under 124 well-known restaurant brands in 948 cities participated in this promotion, generating substantial sales of ice creams, coffee, desserts and others. In addition, we launched the "Chinese Valentine's Day Special Campaign" across all categories on our platform, including in-store dining, hotel, travel, beauty, leisure and entertainment. During this promotion, the volume of restaurant reservations on our platform increased by more than 300% compared with the corresponding period in prior years. Pre-holiday shopping categories, including beauty salons, spa and flower shops, and entertainment services, including overseas travel and theme parks, all enjoyed substantial improvement in consumer traffic and engagement. Moreover, we also held the "2019 Parent-Child Fantasy Day" celebration in Shanghai and over 100 renowned parent-child brands from 79 categories participated in the event, including entertainment, education, photography, restaurants and toys.

With respect to our hotel booking business, we further strengthened our leading position for the third quarter of 2019. The number of domestic room nights consumed on our platform for the third quarter of 2019 increased by 44.4% year-over-year, surpassing 100 million quarterly room nights for the first time and the average daily rate per room night also experienced a steady year-over-year increase. We continued to develop mutually beneficial collaborations with more hotels in lower-tier cities and enhanced our efforts on cross-selling hotel booking services to existing users on our platform for the third quarter of 2019, which led to the accelerated growth of domestic room nights. Furthermore, our “Hotel+X” campaign launched in April 2019 continued to stimulate the growth of our high-end hotel booking business and help high-end hotels promote their non-lodging services, such as restaurants, wedding venues, spa and gyms, thereby further substantiating their revenue streams. As a result, revenue contribution from high-end hotels further increased year-over-year for the third quarter of 2019.

### **New initiatives and others**

Revenues from the new initiatives and others segment increased by 65.4% to RMB5.7 billion for the third quarter of 2019 from RMB3.5 billion in the same period of 2018. Gross profit of the new initiatives and others segment was positive RMB1.1 billion for the third quarter of 2019, compared to negative RMB1.3 billion for the same period last year. Gross margin was 18.7% for the third quarter of 2019, improving from negative 37.4% in the same period of 2018.

During the third quarter of 2019, with respect to our bike-sharing services, we gradually replaced some of the older version bikes with the new Meituan Bikes, which are new model of bikes painted in the color of Meituan Logo with longer life span and user experience improvements. In addition, operating losses continued to narrow meaningfully from that for the second quarter of 2019, mainly attributable to the significant reduction in depreciation because some bikes reached the end of their useful lives during the third quarter of 2019, while the new Meituan Bikes in replacement also led to lower depreciation. Consumers must unlock these new bikes through our Meituan super app, which helps to enhance our brand image, direct more traffic to our super app, and create more opportunities for cross-selling other local services. With respect to our car-hailing services, while we continued to optimize the operations of our self-operated model in Shanghai and Nanjing, we have explored the aggregated model in more cities.

With respect to our restaurant management system business, our focus remains on optimizing our products and increasing the coverage of high-quality merchants to lay a better foundation for future monetization. For the third quarter of 2019, the number of high-quality merchants continued to grow both year-over-year and quarter-over-quarter.

With respect to our grocery retail business, we continued our prudent exploration to better capture the opportunities in this space. With respect to our self-operated Meituan Grocery model, we increased warehouse density in the few cities that we currently operate in. With respect to our marketplace model, Meituan Instashopping, we also started pilot programs in ten traditional farm markets in Wuhan, helping merchants digitize their fresh product inventories and providing them with on-demand delivery services and guidance on SKU selection, pricing and traffic attraction. Meanwhile, we continued to experience strong growth in high-ticket categories, such as flower and medicine categories, in our marketplace model.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Third Quarter of 2019 Compared to Third Quarter of 2018

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

	<b>Unaudited</b>	
	<b>Three Months Ended</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2019</b>	<b>2018</b>
	<i>(RMB in thousands)</i>	
<b>Revenues</b>		
Commission	<b>18,573,968</b>	13,568,388
Online marketing services	<b>4,409,272</b>	2,724,333
Interest revenue	<b>227,800</b>	142,906
Other services and sales	<b>4,282,589</b>	2,640,372
	<b>27,493,629</b>	19,075,999
Cost of revenues	<b>(17,901,345)</b>	(14,504,758)
<b>Gross profit</b>	<b>9,592,284</b>	4,571,241
Selling and marketing expenses	<b>(5,614,750)</b>	(4,622,267)
Research and development expenses	<b>(2,137,349)</b>	(2,003,497)
General and administrative expenses	<b>(1,055,969)</b>	(1,238,040)
Net provision for impairment losses on financial assets	<b>(111,990)</b>	(84,081)
Fair value changes on investments measured at fair value through profit or loss	<b>163,615</b>	(340,553)
Other gains, net	<b>611,223</b>	265,759
<b>Operating profit/(loss)</b>	<b>1,447,064</b>	(3,451,438)
Finance income	<b>38,235</b>	68,451
Finance costs	<b>(49,011)</b>	(15,486)
Fair value changes of convertible redeemable preferred shares	-	(79,755,963)
Share of gains of investments accounted for using equity method	<b>24,329</b>	1,758
<b>Profit/(loss) before income tax</b>	<b>1,460,617</b>	(83,152,678)
Income tax expenses	<b>(127,235)</b>	(144,478)
<b>Profit/(loss) for the period</b>	<b>1,333,382</b>	(83,297,156)
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>2,285,301</b>	(1,171,905)
Adjusted net profit/(loss)	<b>1,942,049</b>	(2,471,872)

## Revenues

Our revenues increased by 44.1% to RMB27.5 billion for the third quarter of 2019 from RMB19.1 billion for the same period of 2018. The increase was primarily driven by (i) the increase in GTV on our platform to RMB194.6 billion for the third quarter of 2019 from RMB145.7 billion for 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 in-store, hotel & travel businesses, and (iii) our exploration of 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 for the third quarter of 2019 and 2018:

	Unaudited Three Months Ended			
	September 30, 2019		September 30, 2018	
	As a percentage of total Amount	As a percentage of total revenues	Amount	As a percentage of total revenues
<i>(RMB in thousands, except for percentages)</i>				
<b>Revenues:</b>				
Food delivery	15,576,972	56.7%	11,172,478	58.6%
In-store, hotel & travel	6,181,117	22.5%	4,435,730	23.3%
New initiatives and others	5,735,540	20.8%	3,467,791	18.1%
<b>Total</b>	<b>27,493,629</b>	<b>100.0%</b>	<b>19,075,999</b>	<b>100.0%</b>

Our revenues from the food delivery segment increased by 39.4% to RMB15.6 billion for the third quarter of 2019 from RMB11.2 billion for the same period of 2018, primarily due to the increase in GTV, which was 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.

Our revenues from the in-store, hotel & travel segment increased by 39.3% to RMB6.2 billion for the third quarter of 2019 from RMB4.4 billion for 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 increase in the number of domestic room nights consumed on our platform.

Our revenues from the new initiatives and others segment increased by 65.4% to RMB5.7 billion for the third quarter of 2019 from RMB3.5 billion for the same period of 2018, primarily due to the increases in the revenues from the B2B food distribution services, 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 for the third quarter of 2019 and 2018:

	<b>Unaudited Three Months Ended</b>			
	<b>September 30, 2019</b>		September 30, 2018	
	<b>Amount</b>	<b>As a percentage of total revenues</b>	Amount	As a percentage of total revenues
<i>(RMB in thousands, except for percentages)</i>				
<b>Revenues:</b>				
Commission	<b>18,573,968</b>	<b>67.6%</b>	13,568,388	71.1%
Online marketing services	<b>4,409,272</b>	<b>16.0%</b>	2,724,333	14.3%
Other services and sales (including interest revenue)	<b>4,510,389</b>	<b>16.4%</b>	2,783,278	14.6%
<b>Total</b>	<b><u>27,493,629</u></b>	<b><u>100.0%</u></b>	<b><u>19,075,999</u></b>	<b><u>100.0%</u></b>

Our commission revenue increased by 36.9% to RMB18.6 billion for the third quarter of 2019 from RMB13.6 billion for the same period of 2018, primarily attributable to the substantial growth of our GTV, especially from our food delivery business.

Our online marketing services revenue increased by 61.8% to RMB4.4 billion for the third quarter of 2019 from RMB2.7 billion for the same period of 2018, primarily due to the increase in the number of online marketing Active Merchants.

Our other services and sales revenue increased by 62.1% to RMB4.5 billion for the third quarter of 2019 from RMB2.8 billion for the same period of 2018, primarily due to revenue growth of our B2B food distribution services and micro loan.

## Cost of Revenues

Our cost of revenues increased by 23.4% to RMB17.9 billion for the third quarter of 2019 from RMB14.5 billion for the same period of 2018. The increase resulted from our revenue growth for the third quarter of 2019, mainly the strong growth of our food delivery segment.

The following table sets forth our cost of revenues by segment for the third quarter of 2019 and 2018:

	<b>Unaudited Three Months Ended</b>			
	<b>September 30, 2019</b>		<b>September 30, 2018</b>	
	<b>Amount</b>	<b>As a percentage of total cost of revenues</b>	<b>Amount</b>	<b>As a percentage of total cost of revenues</b>
	<i>(RMB in thousands, except for percentages)</i>			
<b>Cost of revenues:</b>				
Food delivery	12,531,750	70.0%	9,321,403	64.3%
In-store, hotel & travel	704,900	3.9%	418,611	2.9%
New initiatives and others	4,664,695	26.1%	4,764,744	32.8%
<b>Total</b>	<b>17,901,345</b>	<b>100.0%</b>	<b>14,504,758</b>	<b>100.0%</b>

Cost of revenues for our food delivery business increased by 34.4% to RMB12.5 billion for the third quarter of 2019 from RMB9.3 billion for 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 completed.

Cost of revenues for our in-store, hotel & travel businesses increased by 68.4% to RMB704.9 million for the third quarter of 2019 from RMB418.6 million for the same period of 2018. The increase was primarily attributable to the increases in the depreciation of property, plant and equipment, the bandwidth and server custody fees relating to our data storage improvement project and the online traffic costs, which were in line with the growth of our online marketing revenue.

Cost of revenues for our new initiatives and others businesses decreased by 2.1% to RMB4.7 billion for the third quarter of 2019 from RMB4.8 billion for the same period of 2018, mainly attributable to the decreases in our car-hailing driver-related costs in our car-hailing services and depreciation of property, plant and equipment in our bike-sharing services, partially offset by the increases in the cost of goods sold, resulting from the growth of our B2B food distribution services, and the payment processing costs, resulting from the growth of our integrated payment services.

### **Gross Profit and Gross Margin**

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

	<b>Unaudited Three Months Ended</b>			
	<b>September 30, 2019</b>		<b>September 30, 2018</b>	
	<b>Amount</b>	<b>As a percentage of revenues</b>	<b>Amount</b>	<b>As a percentage of revenues</b>
	<i>(RMB in thousands, except for percentages)</i>			
<b>Gross profit/(loss):</b>				
Food delivery	3,045,222	19.5%	1,851,075	16.6%
In-store, hotel & travel	5,476,217	88.6%	4,017,119	90.6%
New initiatives and others	1,070,845	18.7%	(1,296,953)	(37.4%)
<b>Total</b>	<b>9,592,284</b>	<b>34.9%</b>	<b>4,571,241</b>	<b>24.0%</b>

As a result of the foregoing, our gross profit for the third quarter of 2019 and 2018 was RMB9.6 billion and RMB4.6 billion, respectively. The gross margin of our food delivery business improved by 2.9 points on a year-over-year basis as we enhanced our delivery network efficiency through economy of scale and increased revenue contribution from 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 related to our database improvement project, and (ii) the increase in online traffic costs to support the growth of our online marketing revenue. The gross margin of our new initiatives and others businesses turned to be positive 18.7% for the third quarter of 2019, representing an improvement of 56.1 points on a year-over-year basis, mainly due to (i) the narrowed losses of our car-hailing services as we reduced incentives paid to drivers, (ii) the narrowed losses of our bike-sharing services, due to significant decrease in depreciation costs resulting from a number of bikes reaching the end of their useful lives. Meanwhile, the new Meituan Bikes in replacement with improvements and longer useful lives led to lower depreciation costs, and (iii) the expanded gains in micro loan services due to the increase in business volume.

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

Our selling and marketing expenses increased to RMB5.6 billion for the third quarter of 2019 from RMB4.6 billion for the same period of 2018 and decreased to 20.4% from 24.2% as a percentage of revenues. The increase in selling and marketing expenses was primarily due to the increases in Transacting User incentives and employee benefits expenses. Transacting User incentives increased to RMB2.8 billion for the third quarter of 2019 from RMB1.5 billion for the same period of 2018 and increased to 10.1% from 7.7% as a percentage of revenues on a year-over-year basis, mainly resulting from more incentives being paid to Transacting Users in the summer season to support business growth, especially for our food delivery and hotel booking businesses. Promotion and advertising expenses decreased to RMB605.8 million for the third quarter of 2019 from RMB1.1 billion on a year-over-year basis, mainly driven by our efforts in exploring more effective marketing channels. Employee benefits expenses increased to RMB1.6 billion from RMB1.5 billion for the same period of 2018 on a year-over-year basis, which was due to the increase in average salaries and benefits of our selling and marketing personnel.

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

Our research and development expenses increased to RMB2.1 billion for the third quarter of 2019 from RMB2.0 billion for the same period of 2018, and decreased to 7.8% from 10.5% as a percentage of revenues, which was primarily due to the increase in employee benefits expenses resulting from the increases in average salaries and benefits.

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

Our general and administrative expenses decreased to RMB1.1 billion for the third quarter of 2019 from RMB1.2 billion for the same period of 2018, and decreased to 3.8% from 6.5% as a percentage of revenues. The decrease in general and administrative expenses was mainly attributable to the decrease in employee benefits expenses to RMB706.1 million for the third quarter of 2019 from RMB762.0 million for the same period of 2018. Professional fees for the third quarter of 2019 decreased by RMB55.4 million on a year-over-year basis, attributable to the professional fees in relation to our initial public offering incurred in the same period of 2018.

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

Our net provision for impairment losses on financial assets was RMB112.0 million for the third quarter of 2019, compared to RMB84.1 million for the same period of 2018, 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 for the third quarter of 2019 increased by RMB504.2 million year-over-year to RMB163.6 million, primarily due to the fair value loss of certain investments for the third quarter of 2018.

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

Our other gains, net was a gain of RMB611.2 million for the third quarter of 2019, compared to a gain of RMB265.8 million for the same period of 2018. The increase in other gains, net was primarily due to the increase in gains from investments in term deposits with initial terms of over three months and wealth management products to RMB401.7 million for the third quarter of 2019 from RMB104.9 million for the same period of 2018.

### ***Operating Profit/(loss)***

As a result of the foregoing, our operating profit for the third quarter of 2019 was RMB1.4 billion, compared to an operating loss of RMB3.5 billion for the same period of 2018.

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

Fair value changes of convertible redeemable preferred shares was nil for the third quarter of 2019 as a result of the completion of our initial public offering in September 2018, compared to a loss of RMB79.8 billion for the same period of 2018.

### ***Profit/(loss) before Income Tax***

As a result of the foregoing, our profit before income tax for the third quarter of 2019 was RMB1.5 billion, compared to a loss before income tax of RMB83.2 billion for the same period of 2018.

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

We had income tax expenses of RMB127.2 million for the third quarter of 2019, remaining flat from income tax expenses for the same period of 2018.

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

As a result of the foregoing, we had a profit of RMB1.3 billion for the third quarter of 2019, compared to a loss of RMB83.3 billion for the third quarter of 2018.

### Third Quarter of 2019 Compared to Second Quarter of 2019

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

	<b>Unaudited</b>	
	<b>Three Months Ended</b>	
	<b>September 30,</b>	<b>June 30,</b>
	<b>2019</b>	<b>2019</b>
	<i>(RMB in thousands)</i>	
<b>Revenues</b>		
Commission	<b>18,573,968</b>	15,429,574
Online marketing services	<b>4,409,272</b>	3,632,236
Interest revenue	<b>227,800</b>	201,883
Other services and sales	<b>4,282,589</b>	3,439,444
	<b>27,493,629</b>	22,703,137
Cost of revenues	<b>(17,901,345)</b>	(14,762,502)
<b>Gross profit</b>	<b>9,592,284</b>	7,940,635
Selling and marketing expenses	<b>(5,614,750)</b>	(4,149,110)
Research and development expenses	<b>(2,137,349)</b>	(2,032,330)
General and administrative expenses	<b>(1,055,969)</b>	(1,038,298)
Net provision for impairment losses on financial assets	<b>(111,990)</b>	(138,711)
Fair value changes on investments measured at fair value through profit or loss	<b>163,615</b>	(323,651)
Other gains, net	<b>611,223</b>	854,043
<b>Operating profit</b>	<b>1,447,064</b>	1,112,578
Finance income	<b>38,235</b>	21,541
Finance costs	<b>(49,011)</b>	(50,115)
Share of gains of investments accounted for using equity method	<b>24,329</b>	17,848
<b>Profit before income tax</b>	<b>1,460,617</b>	1,101,852
Income tax expenses	<b>(127,235)</b>	(226,024)
<b>Profit for the period</b>	<b>1,333,382</b>	875,828
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>2,285,301</b>	2,330,809
Adjusted net profit	<b>1,942,049</b>	1,493,546

## Revenues

Our revenues increased by 21.1% to RMB27.5 billion for the third quarter of 2019 from RMB22.7 billion for the second quarter of 2019. The increase was primarily driven by (i) the increase in GTV on our platform to RMB194.6 billion for the third quarter of 2019 from RMB159.2 billion for the second quarter of 2019, which was mainly driven by the increases in the number of Transacting Users, their purchase frequency and average order value, and (ii) our exploration of 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 for the third quarter of 2019 and the second quarter of 2019:

	Unaudited Three Months Ended			
	September 30, 2019		June 30, 2019	
	As a percentage of total Amount	revenues	As a percentage of total Amount	revenues
	<i>(RMB in thousands, except for percentages)</i>			
<b>Revenues:</b>				
Food delivery	15,576,972	56.7%	12,844,720	56.6%
In-store, hotel & travel	6,181,117	22.5%	5,245,308	23.1%
New initiatives and others	5,735,540	20.8%	4,613,109	20.3%
<b>Total</b>	<b>27,493,629</b>	<b>100.0%</b>	<b>22,703,137</b>	<b>100.0%</b>

Our revenues from the food delivery segment increased by 21.3% to RMB15.6 billion for the third quarter of 2019 from RMB12.8 billion for the second quarter of 2019, primarily due to the increase in GTV, which was driven by the increase in the number of food delivery transactions as a result of the decrease in customers' willingness to dining out and the increase in summer incentives provided to customers.

Our revenues from the in-store, hotel & travel segment increased by 17.8% to RMB6.2 billion for the third quarter of 2019 from RMB5.2 billion for the second quarter of 2019, 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 increase in the number of domestic room nights consumed on our platform.

Our revenues from the new initiatives and others segment increased by 24.3% to RMB5.7 billion for the third quarter of 2019 from RMB4.6 billion for the second quarter of 2019. The increase was mainly contributed by our bike-sharing services, micro loan, and B2B food distribution services.

## Revenues by Type

The following table sets forth our revenues by type in absolute amount and as a percentage of our total revenues for the third quarter of 2019 and the second quarter of 2019:

	<b>Unaudited Three Months Ended</b>			
	<b>September 30, 2019</b>		June 30, 2019	
	<b>As a percentage of total Amount</b>	<b>revenues</b>	Amount	As a percentage of total revenues
<i>(RMB in thousands, except for percentages)</i>				
<b>Revenues:</b>				
Commission	<b>18,573,968</b>	<b>67.6%</b>	15,429,574	68.0%
Online marketing services	<b>4,409,272</b>	<b>16.0%</b>	3,632,236	16.0%
Other services and sales (including interest revenue)	<b>4,510,389</b>	<b>16.4%</b>	3,641,327	16.0%
<b>Total</b>	<b><u>27,493,629</u></b>	<b><u>100.0%</u></b>	<b><u>22,703,137</u></b>	<b><u>100.0%</u></b>

Our commission revenue increased by 20.4% to RMB18.6 billion for the third quarter of 2019 from RMB15.4 billion for the second quarter of 2019, primarily due to the substantial growth of our GTV, especially from our food delivery business.

Our online marketing services revenue increased by 21.4% to RMB4.4 billion for the third quarter of 2019 from RMB3.6 billion for the second quarter of 2019, primarily due to the increases in the number of online marketing Active Merchants.

Our other services and sales revenue increased by 23.9% to RMB4.5 billion for the third quarter of 2019 from RMB3.6 billion for the second quarter of 2019, primarily due to the increased demand for our micro loan, B2B food distribution services and bike-sharing services.

## Cost of Revenues

Our cost of revenues increased by 21.3% to RMB17.9 billion for the third quarter of 2019 from RMB14.8 billion for the second quarter of 2019. The increase was caused by our revenue growth for the third quarter of 2019, especially the strong growth of our food delivery segment.

The following table sets forth our cost of revenues by segment for the third quarter of 2019 and the second quarter of 2019:

**Unaudited  
Three Months Ended**

	<u>September 30, 2019</u>		<u>June 30, 2019</u>	
	<u>Amount</u>	<u>As a percentage of total cost of revenues</u>	<u>Amount</u>	<u>As a percentage of total cost of revenues</u>
<i>(RMB in thousands, except for percentages)</i>				
<b>Cost of revenues:</b>				
Food delivery	12,531,750	70.0%	9,984,444	67.6%
In-store, hotel & travel	704,900	3.9%	586,041	4.0%
New initiatives and others	4,664,695	26.1%	4,192,017	28.4%
<b>Total</b>	<b><u>17,901,345</u></b>	<b><u>100.0%</u></b>	<b><u>14,762,502</u></b>	<b><u>100.0%</u></b>

Cost of revenues for our food delivery business increased by 25.5% to RMB12.5 billion for the third quarter of 2019 from RMB10.0 billion for the second quarter of 2019, primarily attributable to the increase in food delivery rider costs as a result of the increases in the number of food deliveries and summer incentives paid to riders.

Cost of revenues for our in-store, hotel & travel businesses increased by 20.3% to RMB704.9 million for the third quarter of 2019 from RMB586.0 million for the second quarter of 2019. The increase primarily resulted from the increases in online traffic costs and payment processing fees.

Cost of revenues for the new initiatives and others businesses increased by 11.3% to RMB4.7 billion for the third quarter of 2019 from RMB4.2 billion for the second quarter of 2019, mainly due to the increase in cost of goods sold resulting from the growth of our B2B food distribution services, partially offset by the decrease in depreciation of property, plant and equipment in our bike-sharing services.

***Gross Profit and Gross Margin***

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

	<u>September 30, 2019</u>		<u>June 30, 2019</u>	
	<u>Amount</u>	<u>As a percentage of revenues</u>	<u>Amount</u>	<u>As a percentage of revenues</u>
<i>(RMB in thousands, except for percentages)</i>				
<b>Gross profit:</b>				
Food delivery	3,045,222	19.5%	2,860,276	22.3%
In-store, hotel & travel	5,476,217	88.6%	4,659,267	88.8%
New initiatives and others	1,070,845	18.7%	421,092	9.1%
<b>Total</b>	<b><u>9,592,284</u></b>	<b><u>34.9%</u></b>	<b><u>7,940,635</u></b>	<b><u>35.0%</u></b>

As a result of the foregoing, our gross profit for the third quarter of 2019 and the second quarter of 2019 was RMB9.6 billion and RMB7.9 billion, respectively. The gross margin of our food delivery business reduced by 2.8 points on a quarter-over-quarter basis, due to seasonality as we paid more incentives to riders because of the high temperature in the summer season. 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 businesses improved by 9.6 points on a quarter-over-quarter basis, mainly due to (i) the narrowed losses of our bike-sharing services, which was in turn attributable to the decrease in depreciation expenses resulting from some bikes reaching the end of their useful lives, and (ii) the expanded gains in our micro loan services due to the growth of business volume.

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

Our selling and marketing expenses increased to RMB5.6 billion for the third quarter of 2019 from RMB4.1 billion for the second quarter of 2019, and increased to 20.4% from 18.3% as a percentage of revenues. The increase in selling and marketing expenses was primarily due to the increases in Transacting User incentives and promotion and advertising expenses. Transacting User incentives increased to RMB2.8 billion for the third quarter of 2019 from RMB1.7 billion for the second quarter of 2019, because we paid more user subsidies to support business growth, especially for our food delivery and hotel booking businesses. Promotion and advertising expenses increased to RMB605.8 million for the third quarter of 2019 from RMB417.1 million for the second quarter of 2019 due to more promotional activities being held during the summer season.

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

Our research and development expenses increased to RMB2.1 billion for the third quarter of 2019 from RMB2.0 billion for the second quarter of 2019. The increase was primarily due to the increase in employee benefits expenses.

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

Our general and administrative expenses were RMB1.1 billion for the third quarter of 2019, remaining flat on a quarter-over-quarter basis, and decreased to 3.8% from 4.6% quarter-over-quarter as a percentage of revenues.

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

Our net provision for impairment losses on financial assets was RMB112.0 million for the third quarter of 2019, compared to RMB138.7 million for the second quarter of 2019, and decreased by 0.2 points to 0.4% as a percentage of revenues quarter-over-quarter, primarily driven by our strengthening credit management.

### ***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 for the third quarter of 2019 increased by RMB487.3 million compared to the second quarter of 2019, primarily due to fair value gain from certain of our investments.

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

Our other gains, net was a gain of RMB611.2 million for the third quarter of 2019, compared to a gain of RMB854.0 million for the second quarter of 2019. The decrease in other gains, net was primarily due to the gains of RMB176.9 million and RMB160.9 million from the remeasurement of investments and the disposal of investments, respectively, for the second quarter of 2019.

### ***Operating Profit/(loss)***

As a result of the foregoing, our operating profit for the third quarter of 2019 was RMB1.4 billion, compared to an operating profit of RMB1.1 billion for the second quarter of 2019.

### ***Profit/(loss) before Income Tax***

Primarily as a result of the foregoing, our profit before income tax for the third quarter of 2019 was RMB1.5 billion, compared to a profit before income tax of RMB1.1 billion for the second quarter of 2019.

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

We had income tax expenses of RMB127.2 million for the third quarter of 2019, decreasing by RMB98.8 million from income tax expenses of RMB226.0 million for the second quarter of 2019, primarily due to the recognition of deferred tax assets arising from a previously unrecognized temporary difference with the change of certain entities' profit position.

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

As a result of the foregoing, we had a profit of RMB1.3 billion for the third quarter of 2019, compared to a profit of RMB875.8 million for the second quarter of 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 third quarter of 2019 and 2018 and the second quarter of 2019 to the nearest measures prepared in accordance with IFRS.

	<b>Unaudited</b>		
	<b>Three Months Ended</b>		
	<b>September 30, 2019</b>	September 30, 2018	June 30, 2019
	<i>(RMB in thousands)</i>		
Profit/(loss) for the period	<b>1,333,382</b>	(83,297,156)	875,828
Adjusted for:			
Fair value changes of convertible redeemable preferred shares	–	79,755,963	–
Share-based compensation expenses	<b>537,169</b>	539,632	515,501
Fair value (gains)/losses on investments <sup>(1)</sup>	<b>(163,615)</b>	340,553	278,157
Losses/(gains) on disposal of investments and subsidiaries <sup>(2)</sup>	<b>2,222</b>	542	(160,884)
(Gains) from the remeasurement of investments <sup>(3)</sup>	–	–	(176,880)
Amortization of intangible assets resulting from acquisitions	<b>165,547</b>	196,509	165,548
Impairment and expense provision for Mobike restructuring plan	<b>85,759</b>	–	(5,124)
Tax effects on non-IFRS adjustments <sup>(4)</sup>	<b>(18,415)</b>	(7,915)	1,400
<b>Adjusted net profit/(loss)</b>	<b>1,942,049</b>	(2,471,872)	1,493,546
Adjusted for:			
Income tax expenses, except for tax effects on non-IFRS adjustments	<b>145,650</b>	152,393	224,624
Share of (gains) of investments accounted for using equity method	<b>(24,329)</b>	(1,758)	(17,848)
Finance income	<b>(38,235)</b>	(68,451)	(21,541)
Finance costs	<b>49,011</b>	15,486	50,115
Other (gains) except for (gains)/losses related to fair value change, disposal and remeasurement of investments and subsidiaries	<b>(613,445)</b>	(266,301)	(470,785)
Amortization of software and others	<b>131,037</b>	125,338	131,093
Depreciation on property, plant and equipment <sup>(5)</sup>	<b>693,563</b>	1,343,260	941,605
<b>Adjusted EBITDA</b>	<b>2,285,301</b>	(1,171,905)	2,330,809

(1) Represents gains or losses from fair value changes 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, so we remeasured the investment with RMB176.9 million gains and re-designated the investment to financial assets at fair value through profit or loss for the second quarter of 2019.

(4) Represents income tax effects on non-IFRS adjustments.

(5) The RMB693.6 million depreciation on property, plant and equipment for the third quarter of 2019 included RMB192.8 million depreciation of right-of-use assets, and the RMB941.6 million depreciation on property, plant and equipment for the second quarter of 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.

## 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 RMB15.1 billion and short-term investments of RMB46.1 billion as of September 30, 2019.

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

	<b>Unaudited Three Months Ended September 30, 2019</b>
	<i>(RMB in thousands)</i>
Net cash generated from operating activities	2,609,272
Net cash generated from investing activities	2,184,297
Net cash generated from financing activities	43,065
<b>Net increase in cash and cash equivalents</b>	<b>4,836,634</b>
Cash and cash equivalents at the beginning of the period	10,237,250
Cash and cash equivalents included in the assets classified as held for sale	(32,635)
Exchange gains on cash and cash equivalents	98,572
<b>Cash and cash equivalents at the end of the period</b>	<b>15,139,821</b>

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

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

For the third quarter of 2019, net cash generated from operating activities was RMB2.6 billion, which was primarily attributable to our profit before income tax of RMB1.5 billion, as adjusted by (i) non-cash items, which primarily comprised depreciation and amortization of RMB990.1 million, and (ii) changes in working capital, which primarily comprised the increases in advance from Transacting Users of RMB1.1 billion, other payables and accruals of RMB661.9 million and trade payables of RMB653.7 million, partially offset by the decrease in payables to merchants of RMB1.3 billion and the increases in prepayments, deposits and other assets of RMB692.9 million and trade receivables of RMB204.9 million.

### ***Net Cash Generated from Investing Activities***

For the third quarter of 2019, net cash generated from investing activities was RMB2.2 billion, which was mainly due to the net decrease in investments in term deposits with initial terms of over three months and wealth management products of RMB3.3 billion, partially offset by payments for business combinations of RMB743.5 million, purchase of property, plant and equipment of RMB468.4 million and purchase of investments accounted for using the equity method and fair value of RMB251.1 million.

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

For the third quarter of 2019, net cash generated from financing activities was RMB43.1 million, which was mainly attributable to borrowings of RMB900.0 million, partially offset by repayments of borrowings of RMB760.0 million and payments of finance costs of RMB44.4 million.

### ***Gearing Ratio***

As of September 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 CONDENSED CONSOLIDATED INCOME STATEMENTS

	<b>Unaudited</b>		
	<b>Three months ended</b>		
	<b>September 30, 2019</b>	September 30, 2018	June 30, 2019
	<i>(RMB in thousands)</i>		
<b>Revenues</b>			
Commission	<b>18,573,968</b>	13,568,388	15,429,574
Online marketing services	<b>4,409,272</b>	2,724,333	3,632,236
Interest revenue	<b>227,800</b>	142,906	201,883
Other services and sales	<b>4,282,589</b>	2,640,372	3,439,444
	<b>27,493,629</b>	19,075,999	22,703,137
Cost of revenues	<b>(17,901,345)</b>	(14,504,758)	(14,762,502)
<b>Gross profit</b>	<b>9,592,284</b>	4,571,241	7,940,635
Selling and marketing expenses	<b>(5,614,750)</b>	(4,622,267)	(4,149,110)
Research and development expenses	<b>(2,137,349)</b>	(2,003,497)	(2,032,330)
General and administrative expenses	<b>(1,055,969)</b>	(1,238,040)	(1,038,298)
Net provision for impairment losses on financial assets	<b>(111,990)</b>	(84,081)	(138,711)
Fair value changes on investments measured at fair value through profit or loss	<b>163,615</b>	(340,553)	(323,651)
Other gains, net	<b>611,223</b>	265,759	854,043
<b>Operating profit/(loss)</b>	<b>1,447,064</b>	(3,451,438)	1,112,578
Finance income	<b>38,235</b>	68,451	21,541
Finance costs	<b>(49,011)</b>	(15,486)	(50,115)
Fair value changes of convertible redeemable preferred shares	-	(79,755,963)	-
Share of gains of investments accounted for using equity method	<b>24,329</b>	1,758	17,848
<b>Profit/(loss) before income tax</b>	<b>1,460,617</b>	(83,152,678)	1,101,852
Income tax expenses	<b>(127,235)</b>	(144,478)	(226,024)
<b>Profit/(loss) for the period</b>	<b>1,333,382</b>	(83,297,156)	875,828
<b>Profit/(loss) for the period attributable to:</b>			
Equity holders of the Company	<b>1,335,202</b>	(83,295,010)	877,415
Non-controlling interests	<b>(1,820)</b>	(2,146)	(1,587)
	<b>1,333,382</b>	(83,297,156)	875,828

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As of September 30, 2019	Audited As of December 31, 2018
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*(RMB in thousands)*

### ASSETS

#### Non-current assets

Property, plant and equipment	4,900,374	3,978,815
Intangible assets	32,997,822	33,876,004
Deferred tax assets	541,949	445,041
Investments accounted for using the equity method	2,235,729	2,103,403
Financial assets at fair value through profit or loss	7,133,469	6,241,972
Prepayments, deposits and other assets	746,055	866,884
	<b>48,555,398</b>	47,512,119

#### Current assets

Inventories	302,425	400,244
Trade receivables	783,566	466,340
Prepayments, deposits and other assets	11,080,722	9,064,945
Short-term investments	46,053,824	41,829,964
Restricted cash	5,779,041	4,256,120
Cash and cash equivalents	15,139,821	17,043,692
Assets classified as held for sale	177,103	88,087
	<b>79,316,502</b>	73,149,392

#### Total assets

	<b>127,871,900</b>	120,661,511
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### EQUITY

Share capital	389	384
Share premium	260,119,515	258,284,687
Other reserves	(4,476,218)	(5,741,347)
Accumulated losses	(165,258,550)	(166,039,390)

#### Equity attributable to equity holders of the Company

Non-controlling interests	404	5,438
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#### Total equity

	<b>90,385,540</b>	86,509,772
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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(CONTINUED)**

<b>Unaudited</b>	<b>Audited</b>
<b>As of</b>	<b>As of</b>
<b>September 30,</b>	<b>December 31,</b>
<b>2019</b>	<b>2018</b>
<i>(RMB in thousands)</i>	

**LIABILITIES**

**Non-current liabilities**

Deferred tax liabilities	<b>1,405,853</b>	1,195,869
Deferred revenues	<b>454,890</b>	624,999
Borrowings	<b>937,043</b>	470,056
Lease liabilities	<b>1,035,786</b>	–
Other non-current liabilities	<b>122,822</b>	35,759
	<b>3,956,394</b>	2,326,683

**Current liabilities**

Trade payables	<b>5,434,038</b>	5,340,963
Payables to merchants	<b>6,116,131</b>	7,596,388
Advance from Transacting Users	<b>4,212,779</b>	3,226,407
Deposit from Transacting Users	<b>2,609,636</b>	3,341,276
Other payables and accruals	<b>6,787,150</b>	7,303,407
Borrowings	<b>3,140,000</b>	1,800,000
Deferred revenues	<b>4,341,161</b>	3,102,882
Lease liabilities	<b>538,787</b>	–
Income tax liabilities	<b>162,266</b>	58,223
Liabilities directly associated with assets classified as held for sale	<b>188,018</b>	55,510
	<b>33,529,966</b>	31,825,056

**Total liabilities**

<b>37,486,360</b>	<b>34,151,739</b>
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**Total equity and liabilities**

<b>127,871,900</b>	<b>120,661,511</b>
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## **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 three months ended September 30, 2019.

### **Audit Committee**

The Audit Committee, together with the Auditor, has reviewed the Company's unaudited interim financial information for the three months ended September 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 three months ended September 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 three months ended September 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 three months ended September 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, November 21, 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
“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 “ <b>Consolidated Affiliated Entity</b> ”)
“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”	the lawful currency of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“%”	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 services, 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