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Tongcheng-Elong Holdings Limited

同程藝龍控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0780)

ANNOUNCEMENT OF THE RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2021

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the three months ended March 31, 2021, together with comparative figures for the same period of 2020.

KEY HIGHLIGHTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021

- Revenue increased by 60.6% year-to-year to RMB1,613.8 million from RMB1,005.1 million in the same period of 2020.
- Adjusted EBITDA increased by 162.7% year-to-year to RMB417.4 million from RMB158.9 million in the same period of 2020. Adjusted EBITDA margin increased from 15.8% in the same period of 2020 to 25.9%.
- Adjusted profit for the period increased by 279.5% year-to-year to RMB296.3 million from RMB78.1 million in the same period of 2020. Adjusted net margin increased from 7.8% in the same period of 2020 to 18.4%.
- Average MAUs increased by 57.8% year-to-year from 148.4 million in same period of 2020 to 234.2 million.
- Average MPUs increased by 84.5% year-to-year from 14.8 million in the same period of 2020 to 27.3 million.
- Paying users for the twelve-month period ended March 31, 2021 increased by 12.9% year-to-year from 149.9 million in the same twelve-month period of 2020 to 169.3 million.

1. Key Financial Metrics for the three months ended March 31, 2021

	Unaudited		Year-to-year change
	Three Months ended		
	March 31,		
	2021	2020	
	<i>(in RMB'000)</i>		
Revenue	1,613,763	1,005,116	60.6%
Profit/(loss) before income tax	211,173	(49,290)	(528.4)%
Profit/(loss) for the period	169,128	(57,189)	(395.7)%
Adjusted EBITDA	417,409	158,902	162.7%
Adjusted profit for the period	296,287	78,075	279.5%
Revenue growth/(decrease) (year-to-year)	60.6%	(43.6)%	
Adjusted EBITDA margin	25.9%	15.8%	
Adjusted net margin	18.4%	7.8%	

Note:

- Please refer to “Other Financial Information” below for the meaning of “adjusted EBITDA for the period” and “adjusted profit for the period”.

2. Operating Metrics for the three months ended March 31, 2021

	Three Months ended		Year-to-year change
	March 31,		
	2021	2020	
GMV (in RMB billion)	33.3	18.2	83.0%
Number of average MAUs (in million)	234.2	148.4	57.8%
Number of average MPUs (in million)	27.3	14.8	84.5%
APUs (in million)	169.3	149.9	12.9%

Business Review and Outlook

Results Highlights

The resurgence of the COVID-19 cases in late 2020 in certain regions of China has imposed negative effects on the travel industry in January and February 2021. In order to prevent the virus from further spreading, the government encouraged the “Stay Put During Spring Festival” measure and inter-provincial travels in China were temporarily halted. All the market players operated in a very challenging environment. However, the spread of virus has been effectively controlled and the market started to recover since March 2021, bringing increasing demand for delayed hometown visits, business travel, and leisure travel.

As an industry leader with strong adaptability, we reacted swiftly to market changes and acutely captured the recovery opportunities. We continued to outperform the industry with our competitive advantages in terms of solid market position, diversified traffic sources, product innovation capability and flexible operation strategies. Even amid the fluctuated market environment, our business continued to improve quarter by quarter and once again outpaced the market average. For the three months ended March 31, 2021, our average MAUs increased by 57.8% year-to-year to 234.2 million. Our average MPUs improved greatly year-to-year by 84.5% to 27.3 million for the three months ended March 31, 2021, mainly attributable to our stable traffic on Weixin channels and our continuously enhanced user acquisition capability through alternative online channels and offline initiatives. Our paying ratio recovered to 11.7% for the first quarter of 2021. Our paying users in the twelve-month period ended March 31, 2021 further increased to 169.3 million.

For the first quarter of 2021, we have achieved solid growth in business. When compared with the first quarter of 2019, we have achieved 45.0% growth in our domestic room nights sold, with more than 70.0% growth in lower-tier cities, around 20.0% increase in domestic air ticketing volume, and nearly 150.0% increase in bus ticketing volume. Our total GMV increased by 83.0% year-to-year to RMB33.3 billion. For the first quarter of 2021, our total revenue increased significantly year-to-year by 60.6% to RMB1,613.8 million. Leveraging our flexible operations strategy and light operational model, we achieved an adjusted profit for the period of RMB296.3 million with a year-to-year growth of 279.5%. Our adjusted net margin for the first quarter of 2021 was 18.4%.

Business Review

During the period under review, we further improved the diversification and effectiveness of our traffic channels. Primarily, we not only maintained stable and effective traffic channels from Weixin mini-program but also continued to deepen cooperation within Tencent's ecosystem. In the first quarter of 2021, approximately 83.0% of our average MAUs was attributed to Tencent-based platforms with majority of the traffic coming from Weixin payment portal and the drop-down list of users' favorite or most frequently used mini programs. We deepened cooperation with Tencent by offering our products and services on Tencent Map, so that users can have direct access to our accommodation products, train and air ticketing service in the APP. Besides, in order to explore the potential in QQ ecosystem, we made more efforts to operate on QQ platform to enhance interface display and user experience according to the consumption pattern of the younger generation. We also strived to explore the traffic within Tencent's ecosystem by directing users to our mini program from various Tencent-based platforms such as QQ browser, QQ Music and Tencent Video.

Additionally, to gain more diversified traffic sources, we strived to expand and penetrate other online traffic sources, such as our App, quick APPs, location-based APPs, and short-video platforms. In late March 2021, leveraging on our product innovation and creative marketing ability, as well as the profound understanding of our users, we launched the "Blind Box of Air Tickets" initiative, which offered each customer with an opportunity to purchase a one-way flight ticket from an appointed departure location to a randomly-assigned destination on a random day. This innovative marketing initiative has attracted enormous amount of participants, trending searches and positive social media coverage, contributing significantly to the growth of our MAUs in April. The initiative has thus immensely improved our brand awareness and user engagement. Moreover, we further optimized cooperation with major handset vendors by organizing online marketing events, with a range of initiatives to provide users with comprehensive travel products and services through our quick APPs on mobile phones and other mobile devices. Our MAUs from quick APPs achieved exponential year-to-year growth in the first quarter of 2021. In order to boost users' interest for travel and accumulate potential demands, we cooperated with short video platforms to promote our hotel and tourist attraction products. Besides, we have commenced the cooperation with a leading e-commerce platform in China by providing our travel-related products and services on the platform, to explore new traffic sources and further penetrate into lower-tier cities market. In addition to online traffic sources, we continued to invest in offline user acquisition channels under different scenarios. We helped bus operators and tourist attractions to improve their digitalization and automation by setting up vending machines. We also cooperated with hotels to set up QR code scanning function to convert traffic from offline to our Weixin mini-program. At the same time, we cooperated with more strategic partners to create more exposures to offline users. All of the aforementioned offline user acquisition initiatives have made remarkable progress and have contributed greatly to our MPUs.

We further strengthened our leading position in China's OTA market, especially in lower-tier cities with large populations. The pandemic has accelerated the online penetration rate of travel products and services, especially in lower-tier cities which originally had lower online penetration. With our solid stance in lower-tier cities and our outstanding adaptability to market changes, we have undoubtedly outpaced the industry average and have gained market share for main business segments from offline channels, especially in lower-tier cities. As of March 31, 2021, our registered users residing in non-first-tier cities in China accounted for approximately 86.4% of the total registered users. For the three months ended March 31, 2021, approximately 59.7% of our new paying users on Weixin platform were from the third-tier or below cities in China, which increased from 56.2% over the same period of 2020.

With the aim to become the leading travel brand in lower-tier cities in China, we have been increasing investments in marketing and branding through both online and offline channels. We actively placed advertisements on trendy TV shows and online drama series to boost brand awareness and recognition among targeted users. At the end of last year, we sponsored a popular debate talk show and have successfully improved our brand recognition among younger generations. Meanwhile, we continuously increased our offline advertisement placement under different travel scenarios such as railway stations, high speed train carriages, airport and airplane cabins, aiming to efficiently acquire target users. Furthermore, we enriched our membership privileges and penetrated into more diversified demographics to improve the user engagement. Our membership program achieved great progress in the first quarter of 2021 with the accumulated number of Black Whale members exceeding 7 million by the end of March 2021.

We strengthened long-term and mutually beneficial relationships with various TSPs to provide users with one-stop-shop products and services to meet their travel demands. As of March 31, 2021, our online platforms offered over 8,300 domestic routes operated by 900 airlines and agencies, around 2.2 million hotels selections and alternative accommodation options, over 390,000 bus routes, around 680 ferry routes and about 8,000 domestic tourist attractions ticketing services. We further improved our cross-selling strategies across different segments such as transportation, accommodation and tourist attractions, by refining scenario coverage and conducting precise promotions and recommendations to users based on the analysis of user behaviors and reservation details on our platform. To capture opportunities associated with increasing concerns over travel safety and uncertainties, we launched innovative and niche value-added services such as the COVID-19 insurance and room cancellation insurance, which were well-received by our users during the pandemic. Moreover, we developed various value-added services for accommodation business such as advertising, dining and hotel facilities vouchers and car hiring services to elevate traffic and monetization for hotels. We deepened our cooperation with upstream suppliers such as airports, tourist attractions and local travel bureaus to conduct activities in the form of live-streaming and offline marketing promotions, so as to make greater contribution to revitalize the travel industry.

We continued to develop and apply our advanced technology to transform from an OTA to ITA, with the ultimate goal to benefit the whole travel industry. We further utilized our Huixing system by integrating supply chain resources and provided superior values to our users. We developed comprehensive SaaS solutions to support individual and small chain hotels to better manage their daily operations as well as for the management of inventory, revenue and marketing. We also enhanced the digitalization and automation of the industry with our technological innovation. Besides, we continuously provided higher value proposition to our suppliers. We started a strategic cooperation with Xi'an Airport to facilitate its development as an intelligent airport with our advanced technology. We not only assisted the airport to develop Weixin mini-program but also provided innovative products for the airport by utilizing our algorithm capability.

Business Outlook and Strategies

Although there were some regional virus rebounds in late 2020, the spread of virus was effectively contained with the travel policies and control measures implemented by the Chinese government. The travel market recovered significantly since March 2021 once travel restrictions were relaxed. The suppressed demand for travel was tremendously released and the growth momentum maintained in Qingming Festival and the Labor Day Golden Week. Based on the current global pandemic situation, we believe that the demand for outbound travel will still be under pressure, but the demand for domestic travel market will further accelerate. Together with the increasing popularity of vaccination, we are optimistic about the travel industry in China in 2021. Moreover, upward trend of online penetration rate will bring magnificent opportunities for OTAs in China's travel industry. With our competitive advantages in market position, traffic sources and operational capabilities, we are confident to once again outpace the industry benchmark.

Stepping into the future, we will further penetrate in the travel market by leveraging on our cost-effective traffic sources as well as exploring more potentials for alternative traffic channels, with a strong focus in lower-tier cities to build our leading travel brand there. We will also further strengthen our innovation capability to enhance qualities and varieties of products and services. We will further enhance our technological capabilities with an aim to transform from an OTA to ITA. Moreover, we will seek merger and acquisition opportunities to boost future growth for our business.

MANAGEMENT DISCUSSION AND ANALYSIS

First Quarter of 2021 compared to First Quarter of 2020

	Unaudited Three Months ended March 31,	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	1,613,763	1,005,116
Cost of revenue	(409,082)	(351,267)
Gross profit	1,204,681	653,849
Service development expenses	(306,953)	(287,449)
Selling and marketing expenses	(618,071)	(291,194)
Administrative expenses	(108,346)	(102,256)
Net provision for impairment loss on financial assets	(16,811)	(17,778)
Fair value changes on investments measured at fair value through profit or loss	39,307	(28,865)
Other income	21,163	11,359
Other gains, net	437	9,662
Operating profit/(loss)	215,407	(52,672)
Finance income	7,844	12,222
Finance costs	(4,670)	(2,986)
Share of results of associates	(7,408)	(5,854)
Profit/(loss) before income tax	211,173	(49,290)
Income tax expense	(42,045)	(7,899)
Profit/(loss) for the period	169,128	(57,189)
Attributable to:		
Equity holders of the Company	169,548	(55,633)
Non-controlling interests	(420)	(1,556)
Adjusted profit for the period ^(a)	296,287	78,075

Note:

- (a) Please see “Other Financial Information – Non-IFRS Financial Measures” below for more information about adjusted profit for the period.

Revenue

Our revenue was generated primarily from accommodation reservation business and transportation ticketing business. The following table sets forth a breakdown of our revenue in absolute amount and as a percentage of the total revenue for the periods indicated:

	Unaudited			
	Three Months ended March 31,			
	2021		2020	
	RMB'000		RMB'000	
Accommodation reservation services	458,537	28.4%	229,014	22.8%
Transportation ticketing services	1,023,426	63.4%	686,768	68.3%
Others	131,800	8.2%	89,334	8.9%
Total revenue	<u>1,613,763</u>	<u>100.0%</u>	<u>1,005,116</u>	<u>100.0%</u>

Revenue increased by 60.6% from RMB1,005.1 million for the three months ended March 31, 2020 to RMB1,613.8 million for the three months ended March 31, 2021.

Accommodation reservation services

We present accommodation reservation revenue on a net basis in circumstances where we do not assume inventory risk, and on a gross basis in circumstances where we pre-purchase accommodation room nights for which we take inventory risk. Revenue recognized on a gross basis represents the amounts billed to the users for the room nights sold, while the prices at which we pre-purchase the room nights from the accommodation suppliers are recorded as cost of revenue.

Revenue from accommodation reservation services increased by 100.2% from RMB229.0 million for the three months ended March 31, 2020 to RMB458.5 million for the three months ended March 31, 2021. The increase was mainly due to the increased demand of accommodation as the result of recovery from COVID-19.

Transportation ticketing services

We generated transportation ticketing revenue primarily from commissions received from suppliers of transportation tickets, travel insurance and other ancillary value-added travel products and services. In these transactions, we act primarily as an agent, assume no inventory risk and no obligations for cancelled ticket reservations, and therefore record the revenue on a net basis.

Revenue from transportation ticketing services increased by 49.0% from RMB686.8 million for the three months ended March 31, 2020 to RMB1,023.4 million for the three months ended March 31, 2021, which was mainly due to the recovery from COVID-19 and increased demand for transportation ticketing services.

Others

Revenue from others increased by 47.5% from RMB89.3 million for the three months ended March 31, 2020 to RMB131.8 million for the three months ended March 31, 2021, which was mainly due to (i) an increase in revenue from advertising services; (ii) an increase in revenue generated from ancillary value-added user services; and (iii) an increase in revenue from corporate travel services contributed by Nanjing Eurasia, a company we acquired on October 1, 2020. For more details on the acquisition of Nanjing Eurasia, please refer to the 2020 annual report of the Company.

Cost of revenue

Our cost of revenue consists primarily of: (i) order processing cost, representing the fees we pay to banks and payment channels for processing user payments; (ii) employee benefit expenses, representing the wages, salaries, and other benefits (including share-based compensation) paid to our user services and TSP services employees; (iii) bandwidth and servers custody fee; (iv) procurement costs, which represents the costs for sourcing ancillary value-added travel products and services from service providers; (v) cost of pre-purchased inventory-risk-taking products, representing the prices we pay to TSPs to purchase travel products for which we take inventory risk; (vi) depreciation of property, plant and equipment, and right-of-use assets; and (vii) others, which primarily include telephone and communication costs, tax and surcharges, travel and entertainment cost, professional fees, user fulfilment fees (which represents compensation paid to users due to user and customers complaints), and rental and utility fees.

The following table sets forth a breakdown of our cost of revenue in absolute amount and as a percentage of total cost of revenue for the three months ended March 31, 2021 and 2020:

	Unaudited			
	Three Months ended March 31,			
	2021		2020	
	RMB'000		RMB'000	
Order processing cost	196,805	48.1%	115,444	32.9%
Employee benefit expenses	55,468	13.6%	56,375	16.0%
Bandwidth and servers custody fee	39,238	9.6%	29,229	8.3%
Procurement costs	32,195	7.9%	36,792	10.5%
Cost of pre-purchased inventory-risk-taking products	32,104	7.8%	40,627	11.6%
Depreciation of property, plant and equipment, and right-of-use assets	22,501	5.5%	29,543	8.4%
Others	30,771	7.5%	43,257	12.3%
Total cost of revenue	409,082	100.0%	351,267	100.0%

Cost of revenue increased by 16.5% from RMB351.3 million for the three months ended March 31, 2020 to RMB409.1 million for the three months ended March 31, 2021. The increase was mainly due to: (i) an increase in order processing cost from RMB115.4 million for the three months ended March 31, 2020 to RMB196.8 million for the three months ended March 31, 2021, as a result of increased number of orders for transportation ticketing and accommodation services; and (ii) an increase in bandwidth and servers custody fee as a result of an increased number of MAUs and thus more data was processed. The increase was partially offset by (i) a decrease in procurement costs from RMB36.8 million to RMB32.2 million resulting from declined cost of ancillary value-added user services; and (ii) a decrease in cost of pre-purchased inventory-risk-taking products as a result of decreased cost of inventory-risk-taking transportation products. Excluding share-based compensation charges, cost of revenue accounted for 25.2% of revenue for the three months ended March 31, 2021, which decreased from 34.6% for the same period of 2020.

Service development expenses

Service development expenses increased by 6.8% from RMB287.4 million for the three months ended March 31, 2020 to RMB307.0 million for the three months ended March 31, 2021. The increase was mainly due to increased employee benefits expenses driven by increased number of IT employees and relevant increased employee benefits. Excluding share-based compensation charges, service development expenses accounted for 18.0% of revenue for the three months ended March 31, 2021, which decreased from 26.8% for the same period of 2020.

Selling and marketing expenses

Selling and marketing expenses increased from RMB291.2 million for the three months ended March 31, 2020 to RMB618.1 million for the three months ended March 31, 2021, which was mainly due to (i) the increased advertising and promotion spending on sales channels, resulting from the recovery from COVID-19 and we put more resources on marketing campaigns; and (ii) the increased commission expense we paid to distributors as a result of rebounding demand for accommodation reservation services. Excluding share-based compensation charges, selling and marketing expenses accounted for 37.9% of revenue for the three months ended March 31, 2021 compared with 28.2% for the same period of 2020.

Administrative expenses

Administrative expenses increased by 6.0% from RMB102.3 million for the three months ended March 31, 2020 to RMB108.3 million for the three months ended March 31, 2021, which was mainly due to (i) an increase in depreciation charges; and (ii) the increase in travelling and entertainment expenses. Excluding share-based compensation charges, administrative expenses accounted for 4.8% of revenue for the three months ended March 31, 2021, which decreased from 6.5% for the same period of 2020.

Net provision for impairment loss on financial assets

Net provision for impairment loss on financial assets decreased to RMB16.8 million for the three months ended March 31, 2021 from RMB17.8 million for the same period of 2020, which was mainly due to the decrease in expected credit loss of receivables.

Fair value changes on investments measured at fair value through profit or loss

We recorded fair value gain on investments measured at fair value through profit or loss of RMB39.3 million for the three months ended March 31, 2021 compared with a recorded fair value loss of RMB28.9 million for the three months ended March 31, 2020 as we recorded impairment of investments in certain public and private companies.

Other income

Other income increased by 86.3% from RMB11.4 million for the three months ended March 31, 2020 to RMB21.2 million for the three months ended March 31, 2021. The increase primarily reflected increased government subsidies received.

Other gains

We recorded other gains of RMB0.4 million for the three months ended March 31, 2021 and RMB9.7 million for the three months ended March 31, 2020, respectively. This was mainly due to increase in foreign exchange loss.

Income tax expense

We recorded income tax expenses of RMB42.0 million and RMB7.9 million for the three months ended March 31, 2021 and 2020, respectively, as a result of increased taxable income for the three months ended March 31, 2021.

Profit/(loss) attributable to equity holders of the Company

As a result of the foregoing, profit/(loss) attributable to equity holders of the Company increased from a loss of RMB55.6 million for the three months ended March 31, 2020 to a profit of RMB169.5 million for the three months ended March 31, 2021.

OTHER FINANCIAL INFORMATION

Non-IFRS Financial Measures

To supplement our consolidated results, which are presented in accordance with IFRS, we also use certain non-IFRS measures, namely adjusted EBITDA for the period and adjusted profit for the period, as additional financial metrics. These non-IFRS financial measures are not required by or presented in accordance with IFRS.

Adjusted EBITDA for the period is defined as operating profit for the period adjusted for (i) share-based compensation; (ii) amortization of intangible assets; (iii) depreciation of property, plant and equipment, and right-of-use assets; and (iv) acquisition-related cost. Adjusted profit for the period is defined as profit for the period adjusted for (i) share-based compensation; (ii) the amortization of acquired intangible assets; and (iii) acquisition-related cost.

The above items are excluded from our adjusted EBITDA for the period and adjusted profit for the period measures because these items are either non-cash in nature, or are not driven by core operations which render comparisons with prior periods and competitors less meaningful. We believe the adjusted EBITDA for the period and adjusted profit for the period are useful measures for the analysts and investors as basis for evaluation of our future on-going operating performance as these measures allow more meaningful comparison of our performance and projected cash earnings with our historical results from prior periods and to the results of our competitors. Moreover, our management uses these measures internally to evaluate the performance of our business as a whole. However, our presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

a. Reconciliation of adjusted EBITDA for the period from operating profit/(loss) for the period

The following table reconciles adjusted EBITDA for the period from operating profit/(loss) for the period, its most directly comparable financial measure calculated and presented in accordance with IFRS for the three months ended March 31, 2021 and 2020:

	Unaudited Three Months ended March 31,	
	2021 RMB'000	2020 RMB'000
Operating profit/(loss) for the period	215,407	(52,672)
Add:		
Share-based compensation ^(a)	57,365	65,944
Amortization of intangible assets	104,011	103,527
Depreciation of property, plant and equipment, and right-of-use assets	40,561	42,103
Acquisition-related cost ^(c)	65	—
Adjusted EBITDA for the period	417,409	158,902

b. Reconciliation of adjusted profit for the period from profit/(loss) for the period

The following table reconciles our adjusted profit for the period from profit/(loss) for the period, its most directly comparable financial measure calculated and presented in accordance with IFRS, for the three months ended March 31, 2021 and 2020:

	Unaudited Three Months ended March 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the period	169,128	(57,189)
Add:		
Share-based compensation ^(a)	57,365	65,944
Amortization of intangible assets from acquisition ^(b)	69,729	69,320
Acquisition-related cost ^(c)	65	–
Adjusted profit for the period	<u>296,287</u>	<u>78,075</u>

(a) Represents expense related to equity-settled share-based payment transactions. This is a non-cash item and the value is determined by valuation techniques involving a few parameters out of the management's control such as macro economy index and retention rate of grantees.

(b) Represents amortization of intangible assets in relation to Tongcheng-eLong Merger in 2018, the acquisition of Suzhou Tongcheng Cultural Tourism Development Co., Ltd in 2019, the acquisition of Nanjing Eurasia in 2020 and the acquisition of Guangzhou Haoning Intelligent Equipment Co., Ltd in the first quarter of 2021.

(c) Represents cost related to the acquisition of Guangzhou Haoning Intelligent Equipment Co., Ltd.

Share-based compensation included in cost of revenue and expense items as follows:

	Unaudited Three Months ended March 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of revenue	2,659	3,176
Service development expenses	17,018	18,074
Selling and marketing expenses	6,178	8,053
Administrative expenses	31,510	36,641
Total share-based compensation	<u>57,365</u>	<u>65,944</u>

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended March 31, 2021

	Unaudited	
	Three Months ended	
	March 31,	
	2021	2020
	RMB'000	RMB'000
Revenue	1,613,763	1,005,116
Cost of revenue	(409,082)	(351,267)
Gross profit	1,204,681	653,849
Service development expenses	(306,953)	(287,449)
Selling and marketing expenses	(618,071)	(291,194)
Administrative expenses	(108,346)	(102,256)
Net provision for impairment loss on financial assets	(16,811)	(17,778)
Fair value changes on investments measured at fair value through profit or loss	39,307	(28,865)
Other income	21,163	11,359
Other gains, net	437	9,662
Operating profit/(loss)	215,407	(52,672)
Finance income	7,844	12,222
Finance costs	(4,670)	(2,986)
Share of results of associates	(7,408)	(5,854)
Profit/(loss) before income tax	211,173	(49,290)
Income tax expense	(42,045)	(7,899)
Profit/(loss) for the period	169,128	(57,189)
Profit/(loss) attributable to:		
– Equity holders of the Company	169,548	(55,633)
– Non-controlling interests	(420)	(1,556)
	169,128	(57,189)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2021

	Unaudited	
	Three Months ended	
	March 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the period	169,128	(57,189)
Other comprehensive income		
<i>Items that may not be subsequently reclassified to profit or loss</i>		
– Currency translation differences	<u>13,585</u>	<u>25,433</u>
Other comprehensive income for the period, net of tax	<u>13,585</u>	<u>25,433</u>
Total comprehensive income/(loss) for the period	<u>182,713</u>	<u>(31,756)</u>
Total comprehensive income/(loss)		
for the period attributable to:		
– Equity holders of the Company	183,133	(30,200)
– Non-controlling interests	<u>(420)</u>	<u>(1,556)</u>
	<u>182,713</u>	<u>(31,756)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2021

	Unaudited As of March 31, 2021 <i>RMB'000</i>	Audited As of December 31, 2020 <i>RMB'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	1,252,381	1,226,126
Right-of-use assets	237,115	242,111
Investments accounted for using the equity method	213,862	220,891
Investments measured at fair value through profit or loss	171,799	168,104
Investments measured at amortized cost	1,709,804	724,739
Intangible assets	7,400,252	7,480,569
Deferred income tax assets	203,592	215,610
Prepayment and other receivables	6,613	5,959
	<u>11,195,418</u>	<u>10,284,109</u>
Current assets		
Trade receivables	905,181	931,755
Prepayment and other receivables	1,100,281	1,088,293
Short-term investments measured at amortized cost	384,799	407,353
Short-term investments measured at fair value through profit or loss	3,791,608	4,505,645
Restricted cash	92,704	92,152
Cash and cash equivalents	2,142,077	1,804,484
	<u>8,416,650</u>	<u>8,829,682</u>
Total assets	<u><u>19,612,068</u></u>	<u><u>19,113,791</u></u>
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	7,554	7,512
Share premium	19,235,933	19,046,357
Other reserves	(3,012,876)	(2,995,744)
Accumulated losses	(1,874,836)	(2,044,384)
	<u>14,355,775</u>	<u>14,013,741</u>
Non-controlling interests	<u>2,874</u>	<u>2,930</u>
Total equity	<u><u>14,358,649</u></u>	<u><u>14,016,671</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2021

	Unaudited As of March 31, 2021 RMB'000	Audited As of December 31, 2020 RMB'000
LIABILITIES		
Non-current liabilities		
Borrowings	108,306	113,229
Long-term lease liabilities	199,099	205,807
Other payables and accruals	15,016	15,016
Deferred income tax liabilities	519,486	529,213
	841,907	863,265
Current liabilities		
Borrowings	24,692	49,303
Trade payables	2,295,399	2,000,605
Other payables and accruals	1,812,916	1,958,974
Short-term lease liabilities	32,820	27,235
Contract liabilities	193,477	160,577
Current income taxes liabilities	52,208	37,161
	4,411,512	4,233,855
Total liabilities	5,253,419	5,097,120
Total equity and liabilities	19,612,068	19,113,791

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended March 31, 2021

	Unaudited For the Three Months ended March 31,	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Net cash flows generated from/(used in) operating activities	644,695	(1,534,898)
Net cash flows (used in)/generated from investing activities	(369,319)	1,084,571
Net cash flows generated from/(used in) financing activities	58,598	(35,906)
Net increase/(decrease) in cash and cash equivalents	333,974	(486,233)
Cash and cash equivalents at beginning of the period	1,804,484	2,271,268
Effect of exchange rate changes on cash and cash equivalents	3,619	15,119
Cash and cash equivalents at end of the period	<u>2,142,077</u>	<u>1,800,154</u>

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has applied the principles and code provisions as set out in the Corporate Governance Code and has complied with the code provisions in the Corporate Governance Code for the three-month period ended March 31, 2021.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the three-month period ended March 31, 2021.

Audit Committee

The audit committee has three members comprising two independent non-executive Directors, being Mr. Wu Haibing (chairman of the Audit Committee) and Ms. Han Yuling and one non-executive Director, being Mr. Cheng Yun Ming Matthew, with terms of reference in compliance with the Listing Rules.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited financial results of the Group for the three months ended March 31, 2021. The Audit Committee considers that the unaudited financial results for the three months ended March 31, 2021 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

DEFINITION

In this announcement, unless the context otherwise required, the following expressions shall have the following meaning:

“APUs”	paying users in the twelve-month period ended March 31, 2021
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company

“China” or “PRC”	People’s Republic of China
“Company”	Tongcheng-Elong Holdings Limited (同程藝龍控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 14, 2016
“Consolidated Affiliated Entities”	the entities we control through certain contractual arrangements
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“GMV”	gross merchandise volume, the total value of merchandise sold in the specified market or through a specified platform during a given period
“Group”, “we”, “us”, or “our”	the Company, its subsidiaries and Consolidated Affiliated Entities from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	International Financial Reporting Standards, amendments, and interpretations, as issued from time to time by the International Accounting Standards Board
“ITA”	intelligent travel assistant
“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
“MAUs”	monthly active users who access our platforms at least once during a calendar month

“MPUs”	monthly paying users who make purchases on our platforms at least once during a calendar month
“Nanjing Eurasia”	Nanjing Eurasia Air Transportation Co., Ltd
“OTA”	online travel agency
“Paying ratio”	the ratio calculated as average MPUs divided by average MAUs
“RMB”	Renminbi, the lawful currency of China
“Share(s)”	ordinary share(s) in the share capital of the Company, currently of nominal value US\$0.0005 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tencent”	Tencent Holdings Limited, a company redomiciled to the Cayman Islands on February 27, 2004 as an exempted company under the laws of the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange (stock code: 700)
“Tencent-based platforms”	(i) our proprietary Weixin-based mini programs, which can be accessible by Weixin users through the “Rail & Flight” and “Hotel” portals in Weixin Wallet, the mobile payment interface of Tencent’s Weixin or from the drop-down list of the favorite or most frequently used mini programs in Weixin; and (ii) the “Rail & Flight” and “Hotel” in QQ Wallet, the mobile payment interface of Tencent’s Mobile QQ and certain other portals in Mobile QQ
“Tongcheng-eLong Merger”	the acquisition of Tongcheng Network by the Company
“TSP”	travel service providers
“USD” or “US\$”	United States dollars, the lawful currency of the United States of America

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Company for their support and contribution to the Group.

By Order of the Board
Tongcheng-Elong Holdings Limited
Ma Heping
*Executive Director and
Chief Executive Officer*

Hong Kong, May 17, 2021

As at the date of this announcement, the Board comprises the following:

Executive Directors

Wu Zhixiang (*Co-Chairman*)
Ma Heping (*Chief Executive Officer*)

Independent Non-executive Directors

Wu Haibing
Dai Xiaojing
Han Yuling

Non-executive Directors

Liang Jianzhang (*Co-Chairman*)
Jiang Hao
Cheng Yun Ming Matthew
Brent Richard Irvin