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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 AND SIX MONTHS ENDED JUNE 30, 2021

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the three and six months ended June 30, 2021, together with comparative figures for the same period of 2020.

FOR THE THREE MONTHS ENDED JUNE 30, 2021:

- Revenue increased by 78.1% year-to-year to RMB2,138.0 million from RMB1,200.1 million in the same period of 2020.
- Adjusted EBITDA increased by 98.3% from RMB267.3 million in the second quarter of 2020 to RMB530.1 million in the same period of 2021. Adjusted EBITDA margin increased from 22.3% in the same period of 2020 to 24.8%.
- Adjusted net profit increased by 103.0% from RMB196.2 million in the second quarter of 2020 to RMB398.3 million in the same period of 2021. Adjusted net margin increased from 16.3% in the same period of 2020 to 18.6%.
- Average MAUs increased by 58.3% year-to-year from 175.6 million in same period of 2020 to 277.9 million.
- Average MPUs increased by 79.6% year-to-year from 18.6 million in the same period of 2020 to 33.4 million.
- Paying users for the twelve-month period ended June 30, 2021 increased by 20.0% year-to-year from 151.6 million in the same period of 2020 to 181.9 million.

FOR THE SIX MONTHS ENDED JUNE 30, 2021:

- Revenue increased by 70.1% year-to-year to RMB3,751.7 million from RMB2,205.2 million in the same period of 2020.
- Adjusted EBITDA increased by 122.3% year-to-year to RMB947.5 million from RMB426.3 million in the same period of 2020. Adjusted EBITDA margin increased from 19.3% in the same period of 2020 to 25.3%.
- Adjusted net profit for the period increased by 153.3% year-to-year to RMB694.6 million from RMB274.2 million in the same period of 2020. Adjusted net margin increased from 12.4% in the same period of 2020 to 18.5%.
- Average MAUs increased by 58.1% year-to-year from 162.0 million in same period of 2020 to 256.1 million.
- Average MPUs increased by 82.0% year-to-year from 16.7 million in the same period of 2020 to 30.4 million.

1. Key financial summary for the three months ended June 30, 2021

	Unaudited Three months ended June 30,		Year-to-year change
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	
Revenue	2,137,977	1,200,106	78.1%
Profit before income tax	321,368	56,993	463.9%
Profit for the period	291,234	55,128	428.3%
Adjusted EBITDA	530,081	267,349	98.3%
Adjusted net profit for the period	398,300	196,162	103.0%
Revenue growth/(decrease) (year-to-year)	78.1%	(24.6)%	
Adjusted EBITDA margin	24.8%	22.3%	
Adjusted net margin	18.6%	16.3%	

Note:

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

2. Operating metrics for the three months ended June 30, 2021

	Three months ended June 30,		Year-to-year change
	2021	2020	
GMV (in RMB billion)	43.9	22.4	96.0%
Number of average MAUs (in million)	277.9	175.6	58.3%
Number of average MPUs (in million)	33.4	18.6	79.6%
APUs (in million)	181.9	151.6	20.0%

3. Key financial summary for the six months ended June 30, 2021

	Unaudited Six months ended June 30,		Year-to-year change
	2021	2020	
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	3,751,740	2,205,222	70.1%
Profit before income tax	532,541	7,703	6,813.4%
Profit for the period	460,362	(2,061)	N/A
Adjusted EBITDA	947,490	426,251	122.3%
Adjusted net profit for the period	694,587	274,237	153.3%
Revenue growth/(decrease) (year-to-year)	70.1%	(34.6)%	
Adjusted EBITDA margin	25.3%	19.3%	
Adjusted net margin	18.5%	12.4%	

Note:

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

4. Operating metrics for the six months ended June 30, 2021

	Six months ended June 30,		Year-to-year change
	2021	2020	
GMV (in RMB billion)	77.2	40.6	90.1%
Number of average MAUs (in million)	256.1	162.0	58.1%
Number of average MPUs (in million)	30.4	16.7	82.0%

Business Review and Outlook

Results Highlights

After the regional outbreak of COVID-19 in late 2020, the pandemic in China has been effectively contained with prompt and effective governmental control measures in the first quarter of 2021, leading to the recovery of the industry in the first half of the second quarter. Supported by demand for business travel, long-haul, and short-haul leisure travel, the travel market recovered significantly in April and May 2021. However, since the end of May 2021, there were some resurgences of COVID-19 cases in Guangdong province, leading to tightened travel restrictions which inevitably imposed a negative impact on the travel industry in the region.

As a leading player in the OTA industry, we reacted expeditiously and adjusted our strategy according to the market changes while maintaining flexible operations and stringent cost control, which helped us overcome the uncertainties and seize the market opportunities. Even under the shadow of the pandemic, we continued to achieve outstanding results in the second quarter of 2021 and outperformed the industry with our competitive advantages in diversified traffic sources, solid market position, strong product innovation capabilities, and effective operation strategies. For the six months ended June 30, 2021, our average MAUs increased by 58.1% year-to-year to 256.1 million, supported by our stable traffic on Weixin channels and diversified alternative traffic channels. For the three months ended June 30, 2021, our average MAUs increased significantly by 58.3% and reached a historical high of 277.9 million, driven by our outstanding capability to seize market rebound opportunities. For example, we launched an innovative product called “Blind Box of Air Tickets”, which not only enhanced our brand awareness but also drastically boosted our MAUs in the second quarter of 2021. For the three and six months ended June 30, 2021, our average MPUs remarkably increased by 79.6% and 82.0% year-to-year to 33.4 million and 30.4 million, respectively, mainly contributed by our comprehensive product and service offerings, outstanding capability to enhance conversion, and effective offline user acquisition initiatives. Our paying ratio increased quarter-to-quarter to 12.0% for the second quarter of 2021. Our paying user in the twelve-month period ended June 30, 2021 has reached 181.9 million.

For the second quarter of 2021, the Chinese economy was still under the challenge of the pandemic and the travel industry was unavoidably impacted. However, we quickly responded to the market condition and continuously captured opportunities to further penetrate lower-tier cities in China. We have registered more than 65% growth in our domestic room nights sold, with more than 100% growth in lower-tier cities, nearly 30% increase in domestic air ticketing volume, and more than 270% increase in bus ticketing volume, when compared with the same period of 2019. Our total GMV increased by 96.0% and 90.1% year-to-year to RMB43.9 billion and RMB77.2 billion, respectively, for the three and six months ended June 30, 2021, due to the strong growth in business volume. Our total revenue increased by 78.1% to RMB2,138.0 million and 70.1% to RMB3,751.7 million, respectively, for the three and six months ended June 30, 2021. The impressive revenue growth was mainly driven by stronger market demand and our effort to efficiently execute business strategies. Thanks to our stringent cost control and light operational model, our adjusted net profit for the period increased by 103.0% to RMB398.3 million and 153.3% to RMB694.6 million for the three and six months ended June 30, 2021, representing adjusted net margins of 18.6% and 18.5%, respectively.

Business Review

During the period under review, we continued to diversify and utilize our traffic channels. In late July 2021, we successfully renewed our agreement with Tencent, pursuant to which subject to independent shareholder's approval, we continue to have two entry points in Weixin Pay interface. With our profound experience in Weixin operation and our thorough understanding of Weixin users, we further deepened the cooperation with Weixin Pay to enhance our customized and precise operations. In the second quarter of 2021, approximately 78.1% of our average MAUs was contributed from Weixin mini-program with the majority of the traffic coming from the Weixin interface and the drop-down list of users' favorite or most frequently used mini-programs. Our efforts have also brought us notable market appreciation. We were awarded for the "Best Mini-program for the first half of the year" by Aladdin, a well-known third party mini program monitor, in recognition of our innovative products and services, as well as our outstanding performance in mini-program. Throughout the second quarter of 2021, we not only continued to generate stable and effective traffic from Weixin mini-program but also developed extensive cooperation with the partners in Tencent's ecosystem.

We strived to diversify our traffic channels by utilizing alternative online and offline traffic sources. In the second quarter of 2021, we launched a variety of innovative marketing initiatives such as the "Blind Box of Air Tickets" to capture new opportunities for our business. This initiative offered each user an opportunity to purchase a one-way flight ticket from an appointed departure location to a randomly assigned destination on a random day. We utilized our market understanding and product development capability to attract and engage with new users. It has enhanced our brand awareness magnificently and has generated substantial social media coverage as a trending topic. We successfully attracted massive traffic to our platform to acquire new users, especially the younger generations who have strong curiosity and enjoy the thrill of the unknown. As a result, the "Blind Box of Air Tickets" initiative has contributed significantly to the record high MAUs in the second quarter of 2021. We now position this initiative as an effective means for brand building and have launched a series of related products to further explore market potentials. Furthermore, we have launched an innovative marketing campaign called "48 Hours", with the aim to build a branded short-haul travel product and seize opportunities brought by the upsurge of short-haul travel demand post-COVID. We will continue to develop more innovative products that tailor-made for our users' needs and interests.

Besides, we focused on expanding and penetrating other online traffic sources. Other than the cooperation with location-based APPs and the development of our stand-alone APPs, we also optimized cooperation with the handset vendors by conducting online marketing and offline promotions, providing users with a range of exclusive privileges and benefits through our quick APPs on mobile phones and other mobile devices. For instance, we worked with one of the largest handset vendors in China to embed order status tracking service in their smart watches. Our MAUs from quick APPs achieved tremendous year-to-year growth in the second quarter of 2021. We also cooperated with short-video platforms to increase user engagement. Moreover, we continued to invest in offline user acquisition channels under several scenarios. We cooperated with hotels to set up the QR code scanning function to convert offline customers to online users. We also worked with more bus operators and tourist attractions to set up ticketing vending machines to accelerate their digitalization. We successfully deepened the cooperation with hotels and expanded the coverage of our bus tickets and attraction tickets vending machines. All of the aforementioned offline user acquisition initiatives grew rapidly and continued to contribute to our MPUs growth.

We further solidified our leading position in China's OTA market with an exceptional performance in lower-tier cities with huge population. Our competitive advantages have helped us further penetrate the untapped market with magnificent demand and continue to outpace market growth. As of June 30, 2021, our registered users residing in non-first-tier cities in China accounted for approximately 86.6% of the total registered users. For the three months ended June 30, 2021, approximately 60.0% of our new paying users on the Weixin platform were from tier-3 or below cities in China.

We strengthened long-term relationships with our TSPs to provide users with satisfying one-stop-shop products and services. As of June 30, 2021, our online platforms offered over 8,700 domestic routes, over 2.2 million hotels selections and alternative accommodation options, approximately 390,000 bus routes, over 700 ferry routes, and approximately 8,000 domestic tourist attractions ticketing services. We were dedicated to continuously enhancing our cross-selling strategies across different business segments including transportation, accommodation, and tourist attractions. We conducted thorough user behavior and scenario analysis to launch precise and targeted promotions, so as to provide our users with optimal travel solution recommendations. Benefitted from our effective cross-selling strategies, we have successfully diverted huge traffic from the ground transportation segment to accommodation and air ticketing businesses. We achieved hyper growth for hotel room nights and air tickets volume in the second quarter of 2021. To elevate monetization for both the Company and our suppliers as well as further fulfilling users' underlying needs, we developed various value-added services such as advertising, in-store dining and hotel facilities vouchers, for the accommodation business. Besides, we established and reinforced cooperation with several upstream suppliers to carry out live-streaming events and offline marketing campaigns, aiming at making greater contributions to reinvigorate the travel industry.

We continued to develop and apply our advanced technology to transform from an OTA to ITA, aiming at bringing positive value to the whole travel industry. We established an intelligent customer experience platform which enables us to conduct efficient data collection and promptly respond to users' concerns, so as to further improve customer service quality and efficiency. Moreover, we further improved our Huixing system by optimizing our ticket issuing and refund procedure, so as to enhance the operating efficiency as well as improving user experience. We developed comprehensive SaaS solutions to support individual and small chain hotels to efficiently manage their daily operations as well as for the management of inventory, revenue, and marketing. We also started to provide SaaS solutions to bus operators to enhance their operating efficiency. Moreover, we deepened cooperation with our upstream suppliers and enhanced the automation and digitalization of the industry with our technological innovation. Apart from developing mini-programs for Xi'an Xianyang International Airport to boost digitalization, we also deepened our strategic cooperation by developing an effective data analysis system to enhance its operational efficiency. Furthermore, we established a strategic cooperation with Beijing Daxing International Airport. We share membership programs with the airport to provide users with more privileges. We also utilized our platform and technology advantage to develop tailor-made intelligent products for the airport to provide travelers with more airport information and thus enhance their user experience. Aligning with our strategy to provide higher value propositions to our partner on the industry chain, we will continue to explore cooperation with airports in terms of product development and marketing activities.

Business Outlook and Strategies

Although there were some virus resurgences in the second quarter of 2021, the Chinese government has effectively controlled the spread of the virus in Guangdong province. Stepping into the summer holiday of 2021, we have seen significant recovering momentum in early July yet there were new challenges for the travel industry. The recent virus outbreaks and the natural disasters in certain areas have definitely caused some short-term turbulences and created more pressure on China's domestic travel market. As a socially responsible enterprise, we reacted swiftly and provided our customers with no-penalty refund policy to protect their safety and help contain the spread of virus in the affected regions. Moreover, with the aim to support natural disaster rescue operations, we cooperated with Tencent Map and launched a "map of good-will hotels" service to help locate hotels which can provide rescue services including shelters and basic supplies. This map also enables users to track flooding conditions in Zhengzhou so as to help them plan their travel routes.

The pandemic has definitely caused some fluctuations to China's travel industry. Looking into the future, the effective control measures implemented by the Chinese government and the growing popularity of vaccination will help control the pandemic. We have already seen great opportunities and huge growth potentials in this market and will endeavor to capture these opportunities for notable achievement in business growth. We have strong confidence to stay resilient and outpace the industry average by leveraging on our competitive advantages in leading market position, diversified traffic sources, and outstanding operation strategies.

Going forward, we will further penetrate the travel market by utilizing our cost-effective traffic sources while actively diversifying alternative traffic channels with priorities in lower-tier cities. We will also continuously improve our products and services with technological innovations, aiming at transforming from an OTA to ITA. Furthermore, we will also explore mergers and acquisitions opportunities to achieve synergy for long-term growth. Ultimately, we will continuously focus on business development and value contribution to the industry, so as to realize our sustainable growth potentials in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

Second Quarter of 2021 compared to Second Quarter of 2020

	Unaudited Three months ended June 30,	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	2,137,977	1,200,106
Cost of revenue	<u>(505,447)</u>	<u>(332,453)</u>
Gross profit	1,632,530	867,653
Service development expenses	(330,201)	(300,363)
Selling and marketing expenses	(884,584)	(369,489)
Administrative expenses	(126,243)	(106,328)
Net provision for impairment loss on financial assets	(11,919)	(98,245)
Fair value changes on investments measured at fair value through profit or loss	17,251	18,155
Other income	16,808	41,784
Other gains/(losses), net	<u>21,117</u>	<u>(3,991)</u>
Operating profit	334,759	49,176
Finance income	9,403	10,445
Finance costs	(4,661)	(2,592)
Share of results of associates	<u>(18,133)</u>	<u>(36)</u>
Profit before income tax	321,368	56,993
Income tax expense	<u>(30,134)</u>	<u>(1,865)</u>
Profit for the period	<u>291,234</u>	<u>55,128</u>
Attributable to:		
Equity holders of the Company	291,351	54,730
Non-controlling interests	(117)	398
Adjusted net profit for the period ^(a)	398,300	196,162

Note:

- (a) Please see “Other Financial Information – Non-IFRS Financial Measures” below for more information about adjusted net 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 June 30,			
	2021		2020	
	RMB'000		RMB'000	
Accommodation reservation services	742,892	34.7%	384,298	32.0%
Transportation ticketing services	1,234,750	57.8%	725,822	60.5%
Others	160,335	7.5%	89,986	7.5%
Total revenue	2,137,977	100.0%	1,200,106	100.0%

Revenue increased by 78.1% from RMB1,200.1 million for the three months ended June 30, 2020 to RMB2,138.0 million for the three months ended June 30, 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 93.3% from RMB384.3 million for the three months ended June 30, 2020 to RMB742.9 million for the three months ended June 30, 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 majority of our revenue on a net basis.

Revenue from transportation ticketing services increased by 70.1% from RMB725.8 million for the three months ended June 30, 2020 to RMB1,234.8 million for the three months ended June 30, 2021, which was mainly due to the recovery from COVID-19 and the increased demand of transportation ticketing services.

Others

Other revenue mainly includes: (i) revenues generated from ancillary value-added user services; (ii) revenue from advertising services; and (iii) revenue from corporate travel services.

Revenue from others increased by 78.2% from RMB90.0 million for the three months ended June 30, 2020 to RMB160.3 million for the three months ended June 30, 2021, which was mainly due to the (i) increase in revenue generated from ancillary value-added user services; (ii) increase in revenue generated from advertising services; and (iii) increase in revenue from corporate travel services.

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) 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; (iii) employee benefit expenses, representing the wages, salaries, and other benefits (including share-based compensation) paid to our user services and TSP services employees; (iv) bandwidth and servers custody fee; (v) procurement costs, which represent the costs for sourcing ancillary value-added travel products and services from service providers; (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 represent 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 June 30, 2021 and 2020:

	Unaudited			
	Three months ended June 30,			
	2021		2020	
	RMB'000		RMB'000	
Order processing cost	249,333	49.3%	134,089	40.3%
Cost of pre-purchased inventory-risk-taking products	65,289	12.9%	49,731	15.0%
Employee benefit expenses	60,216	11.9%	37,879	11.4%
Bandwidth and servers custody fee	41,487	8.2%	34,034	10.2%
Procurement costs	37,138	7.3%	26,553	8.0%
Depreciation of property, plant and equipment, and right-of-use assets	23,316	4.6%	30,233	9.1%
Others	28,668	5.8%	19,934	6.0%
Total cost of revenue	505,447	100.0%	332,453	100.0%

Cost of revenue increased by 52.0% from RMB332.5 million for the three months ended June 30, 2020 to RMB505.4 million for the three months ended June 30, 2021. The increase was mainly due to: (i) an increase in order processing cost from RMB134.1 million for the three months ended June 30, 2020 to RMB249.3 million for the three months ended June 30, 2021, as a result of increased GMV; (ii) an increase in cost of pre-purchased inventory-risk-taking products from RMB49.7 million for the three months ended June 30, 2020 to RMB65.3 million for the three months ended June 30, 2021; (iii) an increase in employee benefit expense of user services and TSP services employees; (iv) an increase in procurement costs due to the increased sales of ancillary value-added travel products and services; and (v) an increase in band and servers custody fee as result of increased MAUs and thus more data was processed. Excluding share-based compensation charges, cost of revenue accounted for 23.5% of revenue for the three months ended June 30, 2021, which decreased from 27.4% for the same period of 2020.

Service development expenses

Service development expenses increased by 9.9% from RMB300.4 million for the three months ended June 30, 2020 to RMB330.2 million for the three months ended June 30, 2021. The increase in service development expenses was mainly due to increased number of IT employees and relevant increased employee benefits. Excluding share-based compensation charges, service development expenses accounted for 14.8% of revenue for the three months ended June 30, 2021, which decreased from 22.8% for the same period of 2020.

Selling and marketing expenses

Selling and marketing expenses increased by 139.4% from RMB369.5 million for the three months ended June 30, 2020 to RMB884.6 million for the three months ended June 30, 2021, which was mainly due to (i) the increase in adverting and promotion expense; (ii) the increase in agency commission expenses; and (iii) the increase in sales employees and relevant increased employee benefits. Excluding share-based compensation charges, selling and marketing expenses accounted for 41.1% of revenue for the three months ended June 30, 2021 compared with 30.1% for the same period of 2020.

Administrative expenses

Administrative expenses increased from RMB106.3 million for the three months ended June 30, 2020 to RMB126.2 million for the three months ended June 30, 2021, which was mainly due to increased professional fees. Excluding share-based compensation charges, administrative expenses accounted for 4.6% of revenue for the three months ended June 30, 2021, which decreased from 6.1% for the same period of 2020.

Net provision for impairment loss on financial assets

Net provision for impairment loss on financial assets decreased from RMB98.2 million for the three months ended June 30, 2020 to RMB11.9 million for the three months ended June 30, 2021, 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 investment measured at fair value through profit or loss of RMB17.3 million for the three months ended June 30, 2021, compared with RMB18.2 million for the three months ended June 30, 2020. The decrease was mainly due to fair value loss on investments on certain public and private companies.

Other income

Other income decreased by 59.8% from RMB41.8 million for the three months ended June 30, 2020 to RMB16.8 million for the three months ended June 30, 2021. The decrease primarily reflected the decrease in government subsidies received.

Other gains/(losses)

We recorded other gains of RMB21.1 million for the three months ended June 30, 2021 and other losses of RMB4.0 million for three months ended June 30, 2020, respectively. This was mainly due to increase in gains from short-term wealth management products.

Income tax expense

We recorded an income tax expense of RMB30.1 million and RMB1.9 million for the three months ended June 30, 2021 and 2020, respectively, as a result of increased taxable income for the three months ended June 30, 2021.

Profit attributable to equity holders of the Company

As a result of the foregoing, profit attributable to equity holders of the Company increased from profit of RMB54.7 million for the three months ended June 30, 2020 to profit of RMB291.4 million for the three months ended June 30, 2021.

OTHER FINANCIAL INFORMATION

Non-IFRS Financial Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use certain non-IFRS measures, namely adjusted EBITDA and adjusted net 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 adjusted for (1) share-based compensation; (2) amortization of intangible assets; (3) depreciation of property, plant and equipment, and right-of-use assets; and (4) acquisition-related cost. Adjusted net profit for the period is defined as profit for the period adjusted for (1) share-based compensation; (2) the amortization of acquired intangible assets; and (3) 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 net 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, 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 from operating profit/(loss)

The following table reconciles adjusted EBITDA to operating profit/(loss), its most directly comparable financial measure calculated and presented in accordance with IFRS for the periods presented:

	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Operating profit/(loss)	334,759	49,176	550,166	(3,496)
Add:				
Share-based compensation, gross ^(a)	50,202	71,749	107,567	137,693
Amortization of intangible assets	104,158	103,496	208,169	207,023
Depreciation of property, plant and equipment, and right-of-use assets	40,962	42,928	81,523	85,031
Acquisition-related cost	–	–	65	–
Adjusted EBITDA	530,081	267,349	947,490	426,251

Notes:

- (a) Represents gross 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. Reconciliation of adjusted net profit for the period from profit/(loss) for the period

The following table reconciles our adjusted profit for the period to profit/(loss) for the period, its most directly comparable financial measure calculated and presented in accordance with IFRS, for the periods presented:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the period	291,234	55,128	460,362	(2,061)
Add:				
Share-based compensation, net ^(a)	37,188	71,749	94,553	137,693
Amortization of intangible assets from acquisition ^(b)	69,878	69,285	139,607	138,605
Acquisition-related cost	–	–	65	–
Adjusted net profit for the period	<u>398,300</u>	<u>196,162</u>	<u>694,587</u>	<u>274,237</u>

Notes:

- (a) Represents expense related to equity-settled share-based payment transactions, net of the tax effect of temporary difference arising from the difference between the share-based compensation recognized in profit or loss and the tax deduction to be obtained in the future.
- (b) Represents amortization of intangible assets in relation to business combinations.

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

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost of revenue	2,311	3,749	4,970	6,925
Service development expenses	14,709	26,438	31,727	44,512
Selling and marketing expenses	5,459	8,386	11,637	16,439
Administrative expenses	27,723	33,176	59,233	69,817
Total share-based compensation, gross	50,202	71,749	107,567	137,693
Tax effect of temporary difference	(13,014)	–	(13,014)	–
Total share-based compensation, net	<u>37,188</u>	<u>71,749</u>	<u>94,553</u>	<u>137,693</u>

Liquidity and Financial Resources

We fund our liquidity needs mainly from (i) the net proceeds received from the Global Offering; and (ii) net cash generated from our business growth.

We had cash and cash equivalents of RMB2,298.0 million and RMB2,393.1 million as of June 30, 2021 and 2020, respectively.

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

	Unaudited	
	For the six months ended	
	June 30,	
	2021	2020
	RMB'000	RMB'000
Net cash flows generated from/(used in) operating activities	1,181,627	(1,113,610)
Net cash flows (used in)/generated from investing activities	(780,125)	1,216,483
Net cash flows generated from financing activities	95,867	9,895
Net increase in cash and cash equivalents	497,369	112,768
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	(3,868)	9,099
Cash and cash equivalents at end of the period	2,297,985	2,393,135

Net cash flows generated from operating activities

For the six months ended June 30, 2021, net cash generated from operating activities was RMB1,181.6 million, which was primarily attributable to the profit before income tax of RMB532.5 million, as adjusted by (i) amortization of intangible assets of RMB208.2 million, depreciation of property, plant and equipment, and right-of-use assets of RMB81.5 million, and share-based compensation of RMB107.6 million and (ii) changes in working capital, which primarily consisted of an increase trade receivable of RMB31.7 million, an increase in trade payables of RMB357.5 million, an increase in prepayment and other receivables of RMB39.5 million, and an increase in accrued expenses and current liabilities of RMB66.6 million. We also paid income tax of RMB76.9 million and received interest income of RMB13.5 million.

Net cash flows used in investing activities

For the six months ended June 30, 2021, net cash used in investing activities was RMB780.1 million, which was primarily attributable to (i) net cash paid for wealth management products of RMB448.5 million; (ii) cash paid for long term investments of RMB213.4 million; (iii) cash received from disposal of long-term investment measured at fair value through profit or loss of RMB36.0 million; and (iv) payment for purchases of property, plant and equipment of RMB140.2 million.

Net cash flows generated from financing activities

For the six months ended June 30, 2021, net cash generated from financing activities was RMB95.9 million, which was primarily due to (i) repayment of long-term borrowings and short-term borrowings of RMB24.6 million and RMB14.4 million, respectively; (ii) payment of long-term leases of RMB24.4 million; and (iii) partially offset by proceeds from exercise of stock option of RMB159.3 million.

Gearing Ratio

As of June 30, 2021, our gearing ratio, calculated as total borrowings divided by total equity attributable to equity holders of the Company, was approximately 2.4%.

Pledge of assets

In October 2017, we entered into a loan agreement with the lending bank to borrow RMB196.9 million to finance our purchase of office premises. The loan was secured by our property and will expire on October 23, 2027. As of June 30, 2021, the carrying amount of such secured property was RMB360.1 million.

Capital Expenditure

	Unaudited Six months ended June 30,	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Purchase of property, plant and equipment	140,232	62,837
Purchase of intangible assets	352	185
Placement of long-term investments ^(a)	213,373	1,500
Total capital expenditure	353,957	64,522

Note:

- (a) Placement of long-term investments represents investments accounted for using the equity method and investments in certain public and private companies in which we have no significant influence.

Our capital expenditures primarily include purchases of property and equipment, intangible assets, investments accounted for using the equity method and investments measured at fair value through profit or loss. We fund our capital expenditure requirements mainly from cash generated from our operations as well as bank borrowings.

Long-term Investment Activities

	Unaudited As of June 30, 2021 RMB'000	Audited As of December 31, 2020 RMB'000
Investments accounted for using the equity method	207,594	220,891
Investments measured at fair value through profit or loss	311,759	168,104
Investments measured at amortized cost	1,975,775	724,739
Total long-term investments	<u>2,495,128</u>	<u>1,113,734</u>

Our long-term investments as of June 30, 2021 were RMB2,495.1 million, as compared to RMB1,113.7 million as of December 31, 2020. The increase in our long-term investments measured at fair value was caused by the increase in investment in wealth management products with maturity period over one year, denominated in RMB, with expected rate of return ranging from 4.15% to 4.2%. The increase was partially offset by fair value loss in certain private companies that we have no significant influence over. These companies are principally engaged in hotel management and other-travel related business. As of June 30, 2021 and December 31, 2020, total long-term investments as a percentage to the Group's total assets were 12.4% and 5.8%, respectively. We made long-term investments in accordance with our general strategy of investing or acquiring businesses that are supplement and benefit our business. Investments measured at amortized cost represents investment in wealth management products with maturity period over one year with fixed interest rate, denominated in RMB. As of June 30, 2021, none of these individual investments was regarded as material. We plan to fund our long-term investments using cash flows generated from our operations and the net proceeds received from the Global Offering.

Short-term Investment Activities

	Unaudited As of June 30, 2021 RMB'000	Audited As of December 31, 2020 RMB'000
Short-term investments measured at amortized cost	357,655	407,353
Short-term investments measured at fair value through profit or loss	3,647,840	4,505,645
Total short-term investments	<u>4,005,495</u>	<u>4,912,998</u>

Short-term investments measured at amortized cost are term deposits within one year with fixed interest rates, denominated in RMB or USD. The investments are held for collection of contractual cash flow and the contractual cash flows of these investments qualify for solely payments of principal and interest, hence they are measured at amortized cost. Short-term investment measured at fair value through profit or loss include wealth management products, denominated in RMB or USD, with expected rates of return ranging from 0.4% to 5.5% per annum for the period ended June 30, 2021. The returns on all of these wealth management products are not guaranteed, hence their contractual cash flow do not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss. As of June 30, 2021 and December 31, 2020, total short-term investments as a percentage to the Group's total assets were 19.9% and 25.7%, respectively, and there was no individual investment having a percentage of over 5% to the Group's total assets. In view of an upside of earning with a more attractive return than current saving or fixed deposit are under the low interest rate trend, as well as the risk nature and the relatively short-term of maturity or flexible redemption terms of those financial products, the Group selected products with strong liquidity, safety feature and reasonable returns issued by reputable licensed banks and financial institutions.

Material Acquisition and Disposals

On March 22, 2021, in order to expand transportation ticketing services, the Company acquired 85.2% equity interest in Guangzhou Haoning from third parties, and accounted for such acquisition as a business combination and started to consolidate the financial statements from March 23, 2021. Save for the acquisition of Guangzhou Haoning, there were no other material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended June 30, 2021.

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not our functional currency. We manage our foreign exchange risk by performing regular reviews of our net foreign exchange exposures. We did not hedge against any fluctuation in foreign currency during the six months ended June 30, 2021.

Our subsidiaries and Consolidated Affiliated Entities in the PRC operate mainly in the PRC with most of the transactions settled in RMB. We consider our business not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of our Group denominated in the currencies other than the respective functional currencies of our Group's subsidiaries and Consolidated Affiliated Entities operating in the PRC.

Employee

As of June 30, 2021, we had a total of 4,814 full-time employees. As of the same date, approximately 49.6% and 14.6% of our full-time employees were based in Suzhou and Beijing, respectively, while remaining 35.8% of them were based in the rest of the PRC and overseas.

We primarily recruit our employees through on-campus job fairs, recruitment agencies and online channels, including our corporate websites and social networking platforms. We have adopted robust internal training policies, pursuant to which management, technology and other trainings are regularly provided to our employees by in-house trainers or third-party consultants. We have also adopted 2016 Share Incentive Plan, 2018 Share Incentive Plan, 2019 RSU Plan and 2019 Share Option Plan.

As required by PRC laws, we participate in various statutory employee benefit plans, including social insurance funds, namely a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan, and a housing provident fund. We are required under PRC laws to contribute to employee benefit plans at specified percentages of salaries, bonuses and certain allowances of our employees up to a maximum amount specified by the local governments from time to time.

None of our employees is currently represented by labor unions. We believe that we maintain good working relationship with our employees and we did not experience any significant labor disputes or any material difficulty in recruiting employees for our operations in the six months ended June 30, 2021.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the three and six months ended June 30, 2021

	Note	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
		2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	2	2,137,977	1,200,106	3,751,740	2,205,222
Cost of revenue	3	(505,447)	(332,453)	(914,529)	(683,720)
Gross profit		1,632,530	867,653	2,837,211	1,521,502
Service development expenses	3	(330,201)	(300,363)	(637,154)	(587,812)
Selling and marketing expenses	3	(884,584)	(369,489)	(1,502,655)	(660,683)
Administrative expenses	3	(126,243)	(106,328)	(234,589)	(208,584)
Net provision for impairment loss on financial assets		(11,919)	(98,245)	(28,730)	(116,023)
Fair value changes on investments measured at fair value through profit or loss	9	17,251	18,155	56,558	(10,710)
Other income		16,808	41,784	37,971	53,143
Other gains/(losses), net	4	21,117	(3,991)	21,554	5,671
Operating profit/(loss)		334,759	49,176	550,166	(3,496)
Finance income		9,403	10,445	17,247	22,667
Finance costs		(4,661)	(2,592)	(9,331)	(5,578)
Share of results of associates		(18,133)	(36)	(25,541)	(5,890)
Profit before income tax		321,368	56,993	532,541	7,703
Income tax expense	5	(30,134)	(1,865)	(72,179)	(9,764)
Profit/(loss) for the period		291,234	55,128	460,362	(2,061)
Profit/(loss) attributable to:					
– Equity holders of the Company		291,351	54,730	460,899	(903)
– Non-controlling interests		(117)	398	(537)	(1,158)
		291,234	55,128	460,362	(2,061)
Earnings/(loss) per share (expressed in RMB per share):	6				
– Basic		0.13	0.03	0.21	(0.00)
– Diluted		0.13	0.03	0.21	(0.00)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended June 30, 2021

	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit/(loss) for the period	291,234	55,128	460,362	(2,061)
Other comprehensive (loss)/income <i>Items that may not be subsequently reclassified to profit or loss:</i>				
– Currency translation differences	<u>(30,815)</u>	<u>8,589</u>	<u>(17,233)</u>	<u>34,023</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(30,815)</u>	<u>8,589</u>	<u>(17,233)</u>	<u>34,023</u>
Total comprehensive income for the period	<u>260,419</u>	<u>63,717</u>	<u>443,129</u>	<u>31,962</u>
Total comprehensive income attributable to:				
– Equity holders of the Company	<u>260,536</u>	63,319	<u>443,666</u>	33,120
– Non-controlling interests	<u>(117)</u>	<u>398</u>	<u>(537)</u>	<u>(1,158)</u>
	<u>260,419</u>	<u>63,717</u>	<u>443,129</u>	<u>31,962</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As of June 30, 2021

		Unaudited As of June 30,	Audited As of December 31,
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,262,534	1,226,126
Right-of-use assets		229,769	242,111
Investments accounted for using the equity method	8	207,594	220,891
Investments measured at fair value through profit or loss	9	311,759	168,104
Investments measured at amortized cost	9	1,975,775	724,739
Intangible assets		7,297,623	7,480,569
Deferred income tax assets		248,051	215,610
Prepayment and other receivables	11	153,980	5,959
		<u>11,687,085</u>	<u>10,284,109</u>
Current assets			
Trade receivables	10	943,061	931,755
Prepayment and other receivables	11	1,129,222	1,088,293
Short-term investments measured at amortized cost	9	357,655	407,353
Short-term investments measured at fair value through profit or loss	9	3,647,840	4,505,645
Restricted cash		91,553	92,152
Cash and cash equivalents		2,297,985	1,804,484
		<u>8,467,316</u>	<u>8,829,682</u>
Total assets		<u>20,154,401</u>	<u>19,113,791</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		7,588	7,512
Share premium		19,375,382	19,046,357
Other reserves		(3,051,331)	(2,995,744)
Accumulated losses		(1,583,485)	(2,044,384)
		<u>14,748,154</u>	<u>14,013,741</u>
Non-controlling interests		<u>4,420</u>	<u>2,930</u>
Total equity		<u>14,752,574</u>	<u>14,016,671</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As of June 30, 2021

		Unaudited	Audited
		As of	As of
		June 30,	December 31,
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	12	103,383	113,229
Long-term lease liabilities		192,399	205,807
Other payables and accruals	14	15,894	15,016
Deferred income tax liabilities		508,565	529,213
		820,241	863,265
Current liabilities			
Borrowings	12	24,697	49,303
Trade payables	13	2,369,778	2,000,605
Other payables and accruals	14	1,869,693	1,958,974
Short-term lease liabilities		31,332	27,235
Contract liabilities		223,005	160,577
Current income tax liabilities		63,081	37,161
		4,581,586	4,233,855
Total liabilities		5,401,827	5,097,120
Total equity and liabilities		20,154,401	19,113,791

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2021

	Unaudited						
	Attributable to equity holders of the Company					Non- controlling interests	Total equity
	Share capital	Share premium	Other reserves	Accumulated losses	Sub-total		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As of January 1, 2021	7,512	19,046,357	(2,995,744)	(2,044,384)	14,013,741	2,930	14,016,671
Comprehensive income/(loss)							
Profit/(loss) for the period	-	-	-	460,899	460,899	(537)	460,362
Other comprehensive loss							
Currency translation differences	-	-	(17,233)	-	(17,233)	-	(17,233)
Total comprehensive income/(loss)	-	-	(17,233)	460,899	443,666	(537)	443,129
Transactions with owners							
Exercise of share options-proceeds received	76	329,025	(166,175)	-	162,926	-	162,926
Tax benefit from share-based payments of subsidiaries	-	-	23,348	-	23,348	-	23,348
Share-based compensations recognised for the period	-	-	106,209	-	106,209	-	106,209
Purchase of a subsidiary's non-controlling interests	-	-	(1,736)	-	(1,736)	1,663	(73)
Non-controlling interests on acquisition of a subsidiary	-	-	-	-	-	364	364
Total transactions with equity holders recognized directly in equity	76	329,025	(38,354)	-	290,747	2,027	292,774
As of June 30, 2021	<u>7,588</u>	<u>19,375,382</u>	<u>(3,051,331)</u>	<u>(1,583,485)</u>	<u>14,748,154</u>	<u>4,420</u>	<u>14,752,574</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2021

	Unaudited							
	Attributable to equity holders of the Company						Non- controlling interests	Total equity
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Treasury stock <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Sub-total <i>RMB'000</i>		
As of January 1, 2020	7,323	18,189,973	(7)	(2,668,946)	(2,371,977)	13,156,366	(4,692)	13,151,674
Comprehensive loss								
Loss for the period	-	-	-	-	(903)	(903)	(1,158)	(2,061)
Other comprehensive income								
Currency translation differences	-	-	-	34,023	-	34,023	-	34,023
Total comprehensive income/(loss)	-	-	-	34,023	(903)	33,120	(1,158)	31,962
Transactions with owners								
Exercise of share options-proceeds received	56	219,816	-	(127,219)	-	92,653	-	92,653
Vesting and settlement of RSUs	8	135,168	7	(135,183)	-	-	-	-
Share-based compensations recognised for the period	-	-	-	136,872	-	136,872	-	136,872
Others	-	-	-	(97)	-	(97)	1,500	(1,403)
Total transactions with equity holders recognized directly in equity	64	354,984	7	(125,627)	-	229,428	1,500	230,928
As of June 30, 2020	<u>7,387</u>	<u>18,544,957</u>	<u>-</u>	<u>(2,760,550)</u>	<u>(2,372,880)</u>	<u>13,418,914</u>	<u>(4,350)</u>	<u>13,414,564</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended June 30, 2021

	Unaudited Six months ended June 30,	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Net cash flows generated from/(used in) operating activities	1,181,627	(1,113,610)
Net cash flows (used in)/generated from investing activities	(780,125)	1,216,483
Net cash flows generated from financing activities	95,867	9,895
Net increase in cash and cash equivalents	497,369	112,768
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	(3,868)	9,099
Cash and cash equivalents at end of the period	2,297,985	2,393,135

Notes

1. General information, basis of preparation and presentation

Tongcheng-Elong Holdings Limited (the “Company”) is an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 14, 2016. The registered office is Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since November 26, 2018 (the “Listing”).

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the provision of travel related services, including accommodation reservation services, transportation ticketing services, and online advertising services in the People’s Republic of China (the “PRC”).

The condensed consolidated interim financial information comprises the condensed consolidated interim statement of financial position as of June 30, 2021, the condensed consolidated interim income statement and the condensed consolidated interim statement of comprehensive income for the three-month and six-month periods then ended, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (collectively the “Interim Financial Information”). The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

The Interim Financial Information has been prepared in accordance with International Accounting Standard 34 “Interim financial reporting” (“IAS 34”) issued by the International Accounting Standards Board. Interim Financial Information does not include all the notes of the type normally included in annual financial statements. Accordingly, this Interim Financial Information is to be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2020 (which have been prepared in accordance with International Financial Reporting Standards (“IFRS”)) as set out in the Company’s 2020 annual report dated March 23, 2021 (“the 2020 Annual Financial Statements”) and any public announcements made by the Company during the six months ended June 30, 2021 (the “interim reporting period”).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

The Group has applied the following amended standards and for the first time for the Group’s financial year beginning on January 1, 2021:

- (a) Covid-19-related Rent Concessions – Amendments to IFRS 16
- (b) Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The adoption of these amended standards does not have any significant financial impact on the Interim Financial Information of the Group.

The Group has not early adopted any of the new or amended standards and interpretations which have been published but not yet effective for financial period commencing January 1, 2021. These new or amended standards and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. Revenue and segment information

The Chief Operating Decision-maker (“CODM”) assesses the performance of the operating segment mainly based on the measure of operating profit, excluding items which are not directly related to the segment performance (the “combined results”). These include non-operating income/(expenses) such as government subsidies, fair value changes on investments measured at fair value through profit or loss, and other non-operating items. The CODM reviews the combined results when making decisions about allocating resources and assessing performance of the Group as a whole. Therefore, the Group has only one reportable segment which mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC. As of June 30, 2021 and December 31, 2020, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented. No analysis of segment assets or segment liabilities is presented as it is not used by the CODM when making decisions about allocating resources and assessing performance of the Group.

	Unaudited			
	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating profit/(loss) per condensed consolidated interim income statement	334,759	49,176	550,166	(3,496)
Less: Other income	(16,808)	(41,784)	(37,971)	(53,143)
Fair value changes on investments measured at fair value through profit or loss	(17,251)	(18,155)	(56,558)	10,710
Other (gains)/losses, net	(21,117)	3,991	(21,554)	(5,671)
Operating profit/(loss) presented to the CODM	279,583	(6,772)	434,083	(51,600)

Revenue by service type for the three and six months ended June 30, 2021 and 2020 are as follows:

	Unaudited			
	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accommodation reservation services	742,892	384,298	1,201,429	613,312
Transportation ticketing services	1,234,750	725,822	2,258,176	1,412,590
Others	160,335	89,986	292,135	179,320
Total revenue	2,137,977	1,200,106	3,751,740	2,205,222

3. Expenses by nature

	Unaudited			
	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advertising and promotion expenses	657,694	238,797	1,103,323	421,458
Employee benefit expenses	459,351	399,600	886,838	790,607
Order processing cost	249,333	134,089	446,138	249,533
Depreciation and amortization expense	145,120	146,424	289,692	292,054
Commission expenses	102,031	30,592	159,629	42,244
Cost of pre-purchased travel related products	65,289	49,731	97,393	90,358
Bandwidth and servers fee	41,487	34,034	80,725	63,263
Procurement costs	37,138	26,553	69,333	63,345
Professional service fees	22,461	668	38,364	19,442
Travelling and entertainment expenses	15,335	7,466	26,735	11,060
Rental and utility fees	12,690	18,159	23,284	29,328
Tax and surcharges	11,591	4,433	19,781	7,388
Telephone and communication	2,004	11,898	3,935	20,308
Audit fees	1,132	1,264	2,264	2,264
Acquisition-related cost	–	–	65	–
Others	23,819	4,925	41,428	38,147
	1,846,475	1,108,633	3,288,927	2,140,799

4. Other gains/(losses), net

	Unaudited			
	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investment income from				
investments measured at amortized cost	19,460	3,984	30,691	8,422
Foreign exchange gain/(loss), net	2,536	(2,224)	(4,563)	3,685
Net gain/(loss) on disposal of property,				
plant and equipment	23	(615)	194	(667)
Donation	(2)	(6,292)	(3,996)	(6,454)
Others	(900)	1,156	(772)	685
	21,117	(3,991)	21,554	5,671

5. Income tax expense

The income tax expense of the Group for the three and six months ended June 30, 2021 and 2020 is analyzed as follows:

	Unaudited			
	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	63,799	28,732	104,724	58,659
Deferred income tax	(33,665)	(26,867)	(32,545)	(48,895)
	30,134	1,865	72,179	9,764

Income tax expense is recognised based on management's best knowledge of the income tax rates expected for the financial year.

(a) Cayman Islands income tax

Under the current laws of the Cayman Islands, the Company is not subject to tax on the Company's income or capital gains. In addition, no Cayman Islands withholding tax is imposed upon any payments of dividends.

(b) Hong Kong profits tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HKD2 million and 16.5% on any part of assessable profits over HKD2 million for the periods presented.

(c) PRC corporate income tax ("CIT")

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC for the periods presented, calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the periods presented.

Three of the Company's subsidiaries incorporated in the PRC are qualified as High and New Technology Enterprise, and accordingly, they are subject to a reduced preferential CIT rate of 15% for the three and six months ended June 30, 2021 and 2020, respectively, according to the applicable CIT law.

(d) PRC Withholding Tax ("WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

For the periods presented, the Group does not have any plan to require its PRC subsidiaries to distribute their retained earnings and intends to retain them to operate and expand its business in the PRC. Accordingly, no deferred income tax liability related to WHT on undistributed earnings was accrued as of the end of each reporting period.

6. Earnings/(loss) per share

(a) Basic

Basic earnings or loss per share for the three and six months ended June 30, 2021 and 2020 are calculated by dividing the profit or loss attribute to the Company's equity holders by the weighted average number of ordinary shares in issue during the respective period.

	Unaudited			
	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Profit/(loss) attributable to equity holders of the Company (RMB'000)	291,351	54,730	460,899	(903)
Weighted average numbers of ordinary shares in issue ('000)	2,196,830	2,115,962	2,190,714	2,112,939
Basic earnings/(loss) per share (RMB)	0.13	0.03	0.21	(0.00)

(b) Diluted

As of June 30, 2021, 90,982,778 share options and 6,600,000 RSUs were outstanding in total. For the three months and six months ended June 30, 2021, the share options and RSUs granted by the Company have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and RSUs granted by the Company (collectively forming the denominator for computing the diluted earnings per share). No adjustment is made to earnings (numerator).

	Unaudited			
	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) attributable to the equity holders of the Company for calculation of diluted earnings/(loss) per share (RMB'000)	291,351	54,730	460,899	(903)
Weighted average number of ordinary shares in issue (thousand shares)	2,196,830	2,115,962	2,190,714	2,112,939
Adjustments for share options granted to employees (thousand shares)	46,357	47,170	42,211	–
Adjustments for RSUs granted to employees (thousand shares)	3,975	2,128	3,027	–
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousand shares)	2,247,162	2,165,260	2,235,952	2,112,939
Diluted earnings/(loss) per share (RMB)	0.13	0.03	0.21	(0.00)

7. Dividend

No dividend has been paid or declared by the Company during each of the six months ended June 30, 2021 and 2020.

8. Investments accounted for using the equity method

	Unaudited As of June 30, 2021 <i>RMB'000</i>	Unaudited As of June 30, 2020 <i>RMB'000</i>
At the beginning of the period	220,891	90,435
Additions	12,300	–
Transfers	–	(2,775)
Share-based compensation to employee of the Group's associates	350	300
Shares of losses	(25,541)	(5,890)
Currency translation differences	(406)	173
	<u>207,594</u>	<u>82,243</u>

9. Investments

	Unaudited As of June 30, 2021 <i>RMB'000</i>	Audited As of December 31, 2020 <i>RMB'000</i>
Current assets		
Short-term investments measured at		
– Amortized cost (a)	357,655	407,353
– Fair value through profit or loss (b)	3,647,840	4,505,645
	<u>4,005,495</u>	<u>4,912,998</u>
Non-current assets		
Long-term investments measured at		
– Amortized cost (c)	1,975,775	724,739
– Fair value through profit or loss (d)	311,759	168,104
	<u>2,287,534</u>	<u>892,843</u>

(a) Short-term investments measured at amortized cost

Short-term investments measured at amortized cost are time deposits within one year with fixed interest rates, denominated in RMB or USD. The investments are held for collection of contractual cash flow and the contractual cash flows of these investments qualify for solely payments of principal and interest, hence they are measured at amortized costs. None of these investments was past due as of June 30, 2021 and December 31, 2020.

(b) Short-term investments measured at fair value through profit or loss

The short-term investments measured at fair value through profit or loss include wealth management products, denominated in RMB or USD, with expected rates of return ranging from 0.4% to 5.5% per annum for the six months ended June 30, 2021 (for the same period of 2020: 2.4% to 5.0% per annum). The returns on all of these wealth management products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss. As of June 30, 2021 and December 31, 2020, none of these investments were past due. The fair values are based on cash flow discounted using the expected rate of return based on management judgment and are within Level 3 of the fair value hierarchy.

(c) Long-term investments measured at amortized cost

As of June 30, 2021 and December 31, 2020, long-term investments measured at amortized cost were time deposits over one year with fixed interest rates, denominated in RMB. The investments are held for collection of contractual cash flow and the contractual cash flows of these investments qualify for solely payments of principal and interest, hence they are measured at amortized costs. None of these investments was past due as of June 30, 2021 and December 31, 2020.

(d) Long-term investments measured at fair value through profit or loss

As of June 30, 2021 and December 31, 2020, long-term investments measured at fair value through profit or loss represented equity interests held by the Group in several private and listed companies as well as investments in wealth management products with terms of more than one year.

The equity interests held by the Group in the private and listed companies are (i) less than 20% of each entity and the Group does not have control or significant influence over each of these entities, or (ii) not considered to be substantively the same as ordinary share due to the investment having a substantive liquidation preference or redemption rights. Therefore, these investments are classified as long-term investments measured at fair value through profit or loss. The fair values of the long-term investments are measured using a valuation technique with unobservable inputs and hence classified as Level 3 of the fair value hierarchy for equity interests in private companies and are measured by quoted market prices in active markets and hence classified as Level 1 of the fair value hierarchy for equity interests in listed companies.

Wealth management products with terms of more than one year, denominated in RMB, with expected rates of return ranging from 4.15% to 4.20% per annum for the period ended June 30, 2021. The returns on all of these wealth management products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss. As of June 30, 2021, none of these investments was past due. The fair values are based on cash flow discounted using the expected rate of return based on management judgment and are within Level 3 of the fair value hierarchy.

(e) Amounts recognized in profit or loss

	Unaudited			
	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fair value changes on long-term investments measured at fair value through profit or loss	(22,155)	(15,089)	(20,622)	(59,714)
Fair value changes on short-term investments measured at fair value through profit or loss	<u>39,406</u>	<u>33,244</u>	<u>77,180</u>	<u>49,004</u>
	<u><u>17,251</u></u>	<u><u>18,155</u></u>	<u><u>56,558</u></u>	<u><u>(10,710)</u></u>

10. Trade receivables

The Group normally allows a credit period of 30 days to its customers. An ageing analysis of trade receivables based on the invoice date is as follows:

	Unaudited As of June 30,	Audited As of December 31,
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 6 months	828,042	777,950
Over 6 months	<u>246,160</u>	<u>268,460</u>
	1,074,202	1,046,410
Less: allowance for impairment of trade receivables	<u>(131,141)</u>	<u>(114,655)</u>
	<u><u>943,061</u></u>	<u><u>931,755</u></u>

11. Prepayment and other receivables

	Unaudited As of June 30, 2021 <i>RMB '000</i>	Audited As of December 31, 2020 <i>RMB '000</i>
Included in non-current assets		
Advances to suppliers	3,765	2,902
Prepayment for equity investment	147,500	–
Total non-financial assets	<u>151,265</u>	<u>2,902</u>
Deposits	2,194	2,195
Others	521	862
Total financial assets	<u>2,715</u>	<u>3,057</u>
Non-current, total	<u>153,980</u>	<u>5,959</u>
Included in current assets		
Advances to accommodation suppliers	39,811	41,027
Prepaid taxation	42,190	36,009
Advances to tickets suppliers	290,322	286,617
Prepayment for advertising	36,557	29,773
Prepayment for office rental	638	441
Prepayment to related parties	32,109	37,339
Others	78,962	63,003
Total non-financial assets	<u>520,589</u>	<u>494,209</u>
Deposits	184,750	187,435
Receivables from related parties	409,963	398,924
Others	71,098	54,744
	<u>665,811</u>	<u>641,103</u>
Less: provision for impairment of other receivables	<u>(57,178)</u>	<u>(47,019)</u>
Total financial assets	<u>608,633</u>	<u>594,084</u>
Current, total	<u>1,129,222</u>	<u>1,088,293</u>

12. Borrowings

	Unaudited As of June 30, 2021 <i>RMB'000</i>	Audited As of December 31, 2020 <i>RMB'000</i>
Included in non-current liabilities:		
Secured bank borrowings (a)	<u>103,383</u>	<u>113,229</u>
Included in current liabilities:		
Unsecured loan from financial institution	5,005	29,611
Current portion of secured bank borrowings (a)	<u>19,692</u>	<u>19,692</u>
	<u>24,697</u>	<u>49,303</u>
	<u>128,080</u>	<u>162,532</u>

Note:

- (a) The bank borrowings were secured by property, plant and equipment of the Group and bear interest at China inter-bank offered rate (“CHIBOR”) plus a premium of 10% per annum.

At June 30, 2021 and December 31, 2020, the Group’s borrowings were repayable as follows:

	Unaudited As of June 30, 2021 <i>RMB'000</i>	Audited As of December 31, 2020 <i>RMB'000</i>
Within 1 year	24,697	49,303
1~2 years	19,692	19,692
2~5 years	59,076	59,076
Over 5 years	<u>24,615</u>	<u>34,461</u>
	<u>128,080</u>	<u>162,532</u>

13. Trade payables

Trade payables and their aging analysis based on invoice date are as follows:

	Unaudited As of June 30, 2021 <i>RMB'000</i>	Audited As of December 31, 2020 <i>RMB'000</i>
Up to 6 months	2,277,391	1,741,669
Over 6 months	<u>92,387</u>	<u>258,936</u>
	<u>2,369,778</u>	<u>2,000,605</u>

14. Other payables and accruals

	Unaudited As of June 30, 2021 <i>RMB '000</i>	Audited As of December 31, 2020 <i>RMB '000</i>
Accrual for users incentive program	45,158	40,735
Payables to travel service suppliers	104,213	84,468
Deposits from sales channel	88,138	81,147
Payables to related parties	12,790	13,756
Payables of reorganization cost	157,454	157,454
Payables to insurance companies	200,162	366,049
Payables of property, plant and equipment	115,621	165,578
Payables of equity investment	11,603	58,661
Contingent consideration payable for acquisition	3,490	3,490
Others	33,076	43,304
	<hr/>	<hr/>
Total financial liabilities	771,705	1,014,642
	<hr/>	<hr/>
Advances from users	666,030	526,368
Accrued payroll and welfare	223,658	253,810
Accrued commissions	37,031	17,862
Business and other taxes	40,713	29,326
Accrued advertisement expenses	112,618	104,779
Accrued professional fees	20,601	15,626
Advances from related parties	2,290	2,226
Others	10,941	9,351
	<hr/>	<hr/>
Total non-financial liabilities	1,113,882	959,348
	<hr/>	<hr/>
Total	1,885,587	1,973,990
	<hr/> <hr/>	<hr/> <hr/>
Representing :		
– Current portion	1,869,693	1,958,974
– Non-current portion	15,894	15,016
	<hr/>	<hr/>
	1,885,587	1,973,990
	<hr/> <hr/>	<hr/> <hr/>

USE OF PROCEEDS

The Shares of the Company were listed on the Main Board of the Stock Exchange on November 26, 2018 by way of Global Offering, raising total net proceeds of approximately RMB1,319.3 million after deducting professional fees, underwriting commissions and other related listing expenses. For the six months ended June 30, 2021, the Group has used RMB3.0 million for working capital and general corporate purposes. For details of the breakdown of the use of proceeds, please refer to the 2021 interim report to be published in due course.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interim dividend

The Board does not recommend the payment of dividend for the six months ended June 30, 2021 to the Shareholders.

Event after the six months ended June 30, 2021

On July 30, 2021, the Company and Shenzhen Tencent Computer System Co., Ltd. (“Tencent Computer”) entered into the Strategic Cooperation and Marketing Promotion Framework Agreement, pursuant to which, (i) Tencent Computer (and/or any of its subsidiaries or associates) has agreed to provide traffic support to the Company (and/or any of its subsidiaries or Contractual Affiliated Entities), and (ii) Tencent Computer and the Company have agreed to engage in various advertising and marketing promotion services with each other for a term of three years from August 1, 2021 to July 31, 2024. Please refer to the announcement of the Company dated July 30, 2021 for details.

Except for matters as disclosed above, there is no other significant adjusting or non-adjusting subsequent events which need to be recognised or disclosed in this Interim Financial Information.

Purchase, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended June 30, 2021.

Model Code for Securities Transactions

The Company has adopted the Model Code. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended June 30, 2021.

The Company’s employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was noted by the Company during the six months ended June 30, 2021.

Compliance with the Corporate Governance Code

The Company has adopted and applied the principles and code provisions as set out in the Corporate Governance Code. During the six months ended June 30, 2021, the Company has complied with the code provisions in the Corporate Governance Code.

Audit Committee

The Audit Committee has three members comprising two independent non-executive Directors, 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 considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal controls and financial reporting with the management, including the review of the unaudited condensed consolidated financial results of the Group for the six months ended June 30, 2021. The Audit Committee considers that the financial results for the six months ended June 30, 2021 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Publication of Results Announcement and Interim Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tcelir.com).

The interim report for the three and six months ended June 30, 2021 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

DEFINITION

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

“2016 Share Incentive Plan”	the share incentive plan adopted by the Company on August 26, 2016
“2018 Share Incentive Plan”	the share incentive plan adopted by the Company on March 9, 2018
“2019 RSU Plan”	the restricted share unit plan adopted by the Company on July 2, 2019
“2019 Share Option Plan”	the 2019 share option plan approved by an ordinary resolution passed by shareholders of the Company at the extraordinary general meeting of the Company on August 2, 2019
“AI”	artificial intelligence
“APUs”	Paying users in the twelve-month period ended June 30, 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
“Global Offering”	the offering of the Company’s Shares as described in the Prospectus
“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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“MPUs”	monthly paying users who make purchases on our platforms at least once during a calendar month
“OTA”	online travel agency

“RMB”	Renminbi, the lawful currency of China
“RSUs”	restricted share unit(s)
“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
“Trip.com Group”	Trip.com Group Limited, previously known as Ctrip.com International, Ltd. (“Ctrip”), a limited liability company incorporated under the laws of the Cayman Islands on March 3, 2000 whose shares are listed on NASDAQ (stock symbol: TCOM) and the Main Board of the Stock Exchange (stock code: 9961)
“TSP(s)”	travel service provider(s)
“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, August 23, 2021

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

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

Wu Haibing
Dai Xiaojing
Han Yuling