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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 SEPTEMBER 30, 2021**

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

#### **FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021:**

- Revenue increased by 1.3% year-to-year to RMB1,939.4 million from RMB1,914.5 million in the same period of 2020.
- Adjusted EBITDA increased by 5.4% from RMB499.3 million in the third quarter of 2020 to RMB526.3 million in the same period of 2021. Adjusted EBITDA margin increased from 26.1% in the same period of 2020 to 27.1%.
- Adjusted net profit decreased by 5.6% from RMB372.5 million in the third quarter of 2020 to RMB351.5 million in the same period of 2021. Adjusted net margin decreased from 19.5% in the same period of 2020 to 18.1%.
- Average MAUs increased by 12.7% year-to-year from 245.8 million in the same period of 2020 to 276.9 million.
- Average MPUs increased by 12.8% year-to-year from 29.8 million in the same period of 2020 to 33.6 million.
- Paying users for the twelve-month period ended September 30, 2021 increased by 29.6% year-to-year from 151.3 million in the same period of 2020 to 196.1 million.

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

	<b>Unaudited</b>		Year-to-year change
	<b>Three months ended September 30,</b>		
	<b>2021</b>	2020	
	<b>RMB'000</b>	<b>RMB'000</b>	
Revenue	<b>1,939,431</b>	1,914,518	1.3%
Profit before income tax	<b>281,790</b>	296,493	(5.0)%
Profit for the period	<b>226,316</b>	247,952	(8.7)%
Adjusted EBITDA	<b>526,259</b>	499,283	5.4%
Adjusted net profit for the period	<b>351,494</b>	372,476	(5.6)%
Revenue growth/(decrease) (year-to-year)	<b>1.3%</b>	(7.2)%	
Adjusted EBITDA margin	<b>27.1%</b>	26.1%	
Adjusted net margin	<b>18.1%</b>	19.5%	

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 September 30, 2021

	<b>Three months ended</b>		Year-to-year change
	<b>September 30,</b>		
	<b>2021</b>	2020	
GMV (in RMB billion)	<b>41.1</b>	39.7	3.5%
Number of average MAUs (in million)	<b>276.9</b>	245.8	12.7%
Number of average MPUs (in million)	<b>33.6</b>	29.8	12.8%
APUs (in million)	<b>196.1</b>	151.3	29.6%

## **Business Review and Outlook**

### *Results Highlights*

Since the outbreak of COVID-19 in early 2020, China's travel industry has been experiencing uncertainties. Although the industry has shown a strong rebound in early to mid-July of 2021, driven by all kinds of travel demand including business travel, long-haul, and short-haul leisure travel demand, new waves of virus resurgence were triggered by the Delta variant, which first appeared in Nanjing and rapidly spread to other cities in China. To prevent the transmission of the virus, the Chinese government has imposed immediate travel restrictions across different provinces in China, and the travel demand during the summer holiday was unavoidably suppressed. Although the travel industry showed signs of recovery in September, benefitting from the effective control measures implemented by the Chinese government, the entire travel industry is still facing huge challenges brought by COVID-19.

As an experienced market leader in the OTA industry, we adjusted our strategy swiftly to cope with the ever-changing market conditions and maintained flexible operations and stringent cost control, which helped us overcome the difficulties and remain resilient. Even in the haze of the pandemic, we continued to outshine the industry average leveraging on our competitive advantages in diversified traffic sources, sturdy market position, outstanding product innovation capabilities, and flexible operation strategies. For the three months ended September 30, 2021, our average MAUs increased by 12.7% year-to-year to 276.9 million. For the three months ended September 30, 2021, our average MPUs further increased by 12.8% year-to-year to 33.6 million, achieving another record high, mainly attributable to our effective online and offline user acquisition initiatives, user-oriented products and services, and outstanding operational capability. Our paying ratio remained stable at 12.1% compared with the same period of 2020. Our paying users in the twelve months ended September 30, 2021 further increased by 29.6% year-to-year to 196.1 million.

For the third quarter of 2021, even though the market was fluctuated due to the pandemic, we continued to outperform the industry while solidifying our competitive advantages in China, especially in lower-tier cities. For the third quarter of 2021, we have registered around 25% growth in our domestic room nights sold, with nearly 45% growth in lower-tier cities compared with the same period of 2019. We also recorded nearly 250% increase in bus ticketing volume, compared with the third quarter of 2019. Our total GMV increased by 3.5% year-to-year to RMB41.1 billion for the three months ended September 30, 2021, as business volume continued to recover. Our total revenue increased by 1.3% year-to-year to RMB1,939.4 million for the three months ended September 30, 2021. Due to the shockwaves caused by the virus resurgence, the adjusted net profit for the period slightly decreased by 5.6% year-to-year to RMB351.5 million for the three months ended September 30, 2021, representing an adjusted net margin of 18.1%.

## *Business Review*

During the period under review, we continuously explored diversified and cost-effective traffic channels. In late July 2021, we successfully renewed our agreement with Tencent. With the new agreement, we continued to have two entry points in the Weixin Pay interface and aim to further explore our cooperation with Tencent within its ecosystem. During the third quarter, leveraging our extensive operational experience in the Weixin ecosystem and our capability to design products that satisfy users' needs, we further deepened cooperation with Weixin and have gained recognition with our efforts. We received "Best of the Year" in 2021 Tencent IN Innovative Marketing Award, in appreciation of our innovative marketing initiative "Blind Box of Air Tickets". This initiative has not only successfully attracted younger generations to our platform to boost traffic and user engagements, but has also gone viral across social media platforms in China and significantly improved our brand recognition. We maintained stable and effective traffic from the Weixin mini-program. In the third quarter of 2021, the Weixin mini-program contributed approximately 79.6% of our average MAUs. The majority of the traffic came from the Weixin pay interface and the drop-down list of users' favorite or most frequently used mini-programs. We also explored other potentials with Tencent and have already established multi-platform cooperation under different scenarios.

We explored more online and offline traffic sources to diversify our traffic channels. The MAUs of our App grew nicely in July, benefitting from our innovative "Blind Box" products. Our App was also selected as a featured App in App Store and successfully attracted more users for downloads and installations. We also further deepened cooperation with mobile handset vendors. We organized online marketing and offline promotions, providing users with various exclusive membership privileges and promotions through our quick APPs on mobile phones and other mobile devices. Besides, we further explored to provide our services in different booking scenarios and launched reservation and itinerary tracking services in smart car system. Moreover, we continued to invest in offline user acquisition channels under different scenarios which continuously contributed to our MPUs growth. We deepened the cooperation with hotels to set up QR code scanning functions as well as expanding the coverage of bus ticketing vending machines to acquire users. We also strived to explore more offline user acquisition scenarios. These initiatives have enabled us to help accelerate the digitalization of bus operators and tourist attractions as well as promoting online penetration rate of the industry.

During the period under review, we continued to improve user engagement. To enhance our user purchase frequency and cultivate high value users on our platform, we further enriched our Black Whale membership privileges and enabled users to purchase multiple membership versions under a single account to enjoy overlying benefits. The amount of our Black Whale members grew significantly over the past quarter. We also launched a "Campus Card" program, providing an affordable package with various travel benefits and privileges to university and vocational school students, with the aim to create more offline exposures to younger generations, thus increasing our brand awareness in our potential user group.

We further reinforced our leading position in the China OTA market, especially in lower-tier cities with low online penetration rate and enormous potentials. We effectively penetrated this attractive market leveraging on our competitive advantages, and continued to outpace the market growth. As of September 30, 2021, our registered users residing in non-first-tier cities in China accounted for approximately 86.8% of the total registered users. For the three months ended September 30, 2021, around 62.7% 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 satisfy travelers' needs with our one-stop-shop products and services. As of September 30, 2021, our online platforms offered over 9,000 domestic routes, approximately 2.2 million hotels selections and alternative accommodation options, over 400,000 bus routes, over 710 ferry routes, and approximately 8,000 domestic tourist attractions ticketing services. We further promoted cross-selling across different services, including transportation, accommodation, and tourist attractions, by optimizing our algorithm as well as enhancing our inventory management and coverage. We also made more efforts to cross-sell from bus ticketing to other businesses, so as to explore immense potentials of the huge market capacity and enhance our monetization capability. Furthermore, we continued to enhance monetization of the accommodation business through several value-added services such as advertising, hotel dining and facilities vouchers, and car hiring services. In addition, we joined hands with various tourism bureaus in an effort to seize opportunities of short-haul and local travels when long-haul travel market was stagnated. We further enriched our innovative marketing campaign "48 Hours" to better engage with younger users and to serve their emerging needs for short-haul travel post COVID. We also actively explored cooperation with industry associations to support the industry development leveraging on our market knowledge and expertise.

We continued to develop and apply our advanced technology to transform from an OTA to ITA, making our utmost efforts to contribute to the entire travel industry. We further utilized the excellent algorithm and capability of our Huixing system to provide our users with more intelligent travel solutions when transportation tickets were in short supply due to the control measures of pandemic. Moreover, we strived to enhance industry digitalization by utilizing our technological innovation and deepening cooperation with our upstream suppliers. We strengthened strategic cooperation with more airports to enhance their operational efficiencies with our technology innovations. In the third quarter, we established the strategic partnership with Gansu Civil Aviation Airport Group, in addition to Xi'an Xianyang International Airport and Beijing Daxing International Airport, to help them build intelligent airports utilizing our outstanding algorithm capability and technology solutions. Moreover, aiming at providing tourists with better experience in destination and short-haul travel, as well as supporting smart travel development of Shanxi Province, we worked with the local tourism bureau to launch an intelligent tourism platform that contains functions such as online shopping service, visual maps, and selected routes recommendations. Furthermore, we acquired a PMS company during the third quarter to further enhance our technological and service capabilities. This enabled us to build closer ties with supply end by providing our comprehensive solutions to more small and medium-sized hotels in lower tier cities to improve their daily operational efficiency, thus further enhancing the online penetration rate and digitalization of the industry.

As a socially responsible enterprise, we place emphasis on the well-being of society and the environment. We recognize and understand the increasing importance of sustainable development. Recently, we set up a board-level ESG committee and a corporate-level ESG and Data Security Committee, aiming to seek sustainable development that benefit the Company and the society. We always strive to protect our users' rights. When the pandemic caused large-scale uncertainty over travel, we reacted swiftly to the changing market condition and launched a series of measures, including no-penalty refund policies to help our users plan their trips and protect their safety. In addition, in the past quarter, we leveraged our technology capability to provide convenient travel services to the elderly in China. We tailor-made a barrier-free user interface with concise instructions and a simplified display to help them easily complete reservation procedures. Moreover, we endeavored to contribute more to the society with our industry expertise. We co-built a rural resort destination in Suzhou with the local government to support the sustainable development of the rural community and travel industry. Our effort was well-recognized by the government and the society, and the project was selected as a paradigm for rural revitalization. Furthermore, we joined hands with several local governments to sell produce and culturally creative products through our platform so as to facilitate recovery of local economies.

## *Business Outlook and Strategies*

With some resurgences of COVID-19 cases occurred in several regions in China during the last quarter, the travel market will remain fluctuated in the short run. However, the Chinese government has been implementing effective control measures to contain the virus spread, and the vaccination rate is improving. It is believed that the travel market will keep on recovering. Moreover, we expect that the pandemic will accelerate the online penetration of the travel industry, bringing immense opportunities for the OTAs in the future. We are confident to continue to outpace the industry, leveraging our competitive advantages in our diverse traffic sources, solid market position, and strategic operation capabilities.

Amid the rapidly changing environment, we proactively addressed the new challenges and endeavor to capture the emerging opportunities by building on a more resilient and acute organizational structure. In late September 2021, we initiated and quickly completed an organizational restructuring, aiming to lay a solid foundation for the upcoming challenges and opportunities. We have restructured our business groups to better capture the business opportunities of short-haul travel and local consumption, as well as seeking more internal synergies and higher efficiency. We also aim to explore the travel content ecosystem and leisure travel platform to provide our users with more diversified products and services.

Looking forward, we will further penetrate the travel market leveraging our diversified user acquisition channels to generate more traffic as we advance. We will also further enhance our products and services utilizing outstanding technological innovations. Moreover, we will strengthen our technological capabilities to transfer from an OTA to ITA. We will also closely monitor the market and look for investment opportunities to boost future growth for our business.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Third Quarter of 2021 compared to Third Quarter of 2020

	Unaudited Three months ended September 30,	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	1,939,431	1,914,518
Cost of revenue	(506,590)	(535,315)
<b>Gross profit</b>	<b>1,432,841</b>	1,379,203
Service development expenses	(322,924)	(301,834)
Selling and marketing expenses	(786,927)	(724,938)
Administrative expenses	(115,779)	(101,391)
Net provision for impairment loss on financial assets	(25,579)	(11,638)
Fair value changes on investments measured at fair value through profit or loss	38,570	21,689
Other income	41,044	25,892
Other gains, net	18,867	6,029
<b>Operating profit</b>	<b>280,113</b>	293,012
Finance income	12,602	6,123
Finance costs	(8,190)	(3,524)
Share of results of associates	(2,735)	882
<b>Profit before income tax</b>	<b>281,790</b>	296,493
Income tax expense	(55,474)	(48,541)
<b>Profit for the period</b>	<b>226,316</b>	247,952
Attributable to:		
Equity holders of the Company	231,274	247,746
Non-controlling interests	(4,958)	206
Adjusted net profit for the period <sup>(a)</sup>	351,494	372,476

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 September 30,			
	2021		2020	
	RMB'000		RMB'000	
Accommodation reservation services	644,940	33.3%	684,559	35.8%
Transportation ticketing services	1,124,724	58.0%	1,055,118	55.1%
Others	169,767	8.7%	174,841	9.1%
<b>Total revenue</b>	<b>1,939,431</b>	<b>100.0%</b>	<b>1,914,518</b>	<b>100.0%</b>

Revenue increased by 1.3% from RMB1,914.5 million for the three months ended September 30, 2020 to RMB1,939.4 million for the three months ended September 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 decreased by 5.8% from RMB684.6 million for the three months ended September 30, 2020 to RMB644.9 million for the three months ended September 30, 2021. The decrease was mainly due to the decreased demand of accommodation as the result of resurgences of 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 6.6% from RMB1,055.1 million for the three months ended September 30, 2020 to RMB1,124.7 million for three months ended September 30, 2021, which was mainly due to the increased demand of value-added user services related to transportation ticketing services.



## Others

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

Revenue from others decreased by 2.9% from RMB174.8 million for the three months ended September 30, 2020 to RMB169.8 million for three months ended September 30, 2021, which was mainly due to the (i) the decrease in revenue from attraction ticketing services, and partially offset by (ii) increase in revenue from corporate travel services; (iii) increase in revenue generated from advertising services; and (iv) increase in revenue generated from other ancillary value-added user 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) procurement costs, which represents the costs for sourcing ancillary value-added travel products and services from service providers; (v) bandwidth and servers custody fee; (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 September 30, 2021 and 2020:

	<b>Unaudited</b>			
	<b>Three months ended September 30,</b>			
	<b>2021</b>		<b>2020</b>	
	<b>RMB'000</b>		<b>RMB'000</b>	
Order processing cost	<b>239,662</b>	<b>47.3%</b>	231,685	43.3%
Cost of pre-purchased inventory-risk-taking products	<b>76,250</b>	<b>15.1%</b>	113,475	21.2%
Employee benefit expenses	<b>66,466</b>	<b>13.1%</b>	50,323	9.4%
Procurement costs	<b>38,880</b>	<b>7.7%</b>	36,324	6.8%
Bandwidth and servers custody fee	<b>32,909</b>	<b>6.5%</b>	36,388	6.8%
Depreciation of property, plant and equipment, and right-of-use assets	<b>24,127</b>	<b>4.8%</b>	32,689	6.1%
Others	<b>28,296</b>	<b>5.5%</b>	34,431	6.4%
<b>Total cost of revenue</b>	<b>506,590</b>	<b>100.0%</b>	<b>535,315</b>	<b>100.0%</b>

Cost of revenue decreased by 5.4% from RMB535.3 million for the three months ended September 30, 2020 to RMB506.6 million for the three months ended September 30, 2021. The decrease was mainly due to the decrease in cost of pre-purchased inventory-risk-taking products from RMB113.5 million for the three months ended September 30, 2020 to RMB76.3 million for the three months ended September 30, 2021. Excluding share-based compensation charges, cost of revenue accounted for 26.0% of revenue for the three months ended September 30, 2021, which decreased from 27.8% for the same period of 2020.

#### *Service development expenses*

Service development expenses increased 7.0% from RMB301.8 million for the three months ended September 30, 2020 to RMB323.0 million for the three months ended September 30, 2021. The increase was mainly due to the increased number of IT employees and relevant increased employee benefits. Excluding share-based compensation charges, service development expenses accounted for 15.7% of revenue for the three months ended September 30, 2021, which increased from 14.9% for the same period of 2020.

#### *Selling and marketing expenses*

Selling and marketing expenses increased by 8.6% from RMB724.9 million for the three months ended September 30, 2020 to RMB786.9 million for the three months ended September 30, 2021, which was mainly due to (i) the increase in amortization expense; (ii) the increase in agency commission expenses; and (iii) the increase in sales employees and relevant increased employee benefits; and (iv) partially offset by the decrease in advertising and promotion expense. Excluding share-based compensation charges, selling and marketing expenses accounted for 40.2% of revenue for the three months ended September 30, 2021 compared with 37.6% for the same period of 2020.

#### *Administrative expenses*

Administrative expenses increased from RMB101.4 million for the three months ended September 30, 2020 to RMB115.8 million for the three months ended September 30, 2021, which was mainly due to (i) the increase in administrative employees and relevant increased employee benefits; and (ii) the increase in professional fees. Excluding share-based compensation charges, administrative expenses accounted for 4.2% of revenue for the three months ended September 30, 2021, which increased from 3.7% for the same period of 2020.

#### *Net provision for impairment loss on financial assets*

Net provision for impairment loss on financial assets increased from RMB11.6 million for the three months ended September 30, 2020 to RMB25.6 million for the three months ended September 30, 2021, which was mainly due to the increase in expected credit loss of trade and other receivables.

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

We recorded fair value gains on investment measured at fair value through profit or loss of RMB38.6 million for the three months ended September 30, 2021, compared with RMB21.7 million for the three months ended September 30, 2020. The increase was mainly due to fair value gains on investments on certain public companies.

*Other income*

Other income increased by 58.5% from RMB25.9 million for the three months ended September 30, 2020 to RMB41.0 million for the three months ended September 30, 2021. The increase primarily reflected the increase in government subsidies received.

*Other gains, net*

We recorded other gains of RMB18.9 million for the three months ended September 30, 2021 and other gains of RMB6.0 million for three months ended September 30, 2020, respectively. This was mainly due to increase in gains from investments measured at amortized cost.

*Income tax expense*

We recorded an income tax expense of RMB55.5 million and RMB48.5 million for the three months ended September 30, 2021 and 2020, respectively. The increase in income tax expense is primarily due to the increased taxable income for the three months ended September 30, 2021.

*Profit attributable to equity holders of the Company*

As a result of the foregoing, profit attributable to equity holders of the Company decreased from profit of RMB247.7 million for the three months ended September 30, 2020 to profit of RMB231.3 million for the three months ended September 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 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 (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 net 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, 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

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

	Unaudited Three months ended September 30,	
	2021 RMB'000	2020 RMB'000
<b>Operating profit</b>	<b>280,113</b>	293,012
Add:		
Share-based compensation, gross <sup>(a)</sup>	<b>63,505</b>	55,239
Amortization of intangible assets	<b>139,676</b>	103,524
Depreciation of property, plant and equipment, and right-of-use assets	<b>42,734</b>	47,508
Acquisition-related cost	<b>231</b>	—
<b>Adjusted EBITDA</b>	<b>526,259</b>	499,283

Note:

- (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 for the period**

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

	<b>Unaudited Three months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Profit for the period</b>	<b>226,316</b>	247,952
Add:		
Share-based compensation, net <sup>(a)</sup>	<b>67,441</b>	55,239
Amortization of intangible assets from acquisition <sup>(b)</sup>	<b>57,506</b>	69,285
Acquisition-related cost	<b>231</b>	–
<b>Adjusted net profit for the period</b>	<b><u>351,494</u></b>	<b><u>372,476</u></b>

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:**

	<b>Unaudited Three months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Cost of revenue	<b>2,857</b>	2,816
Service development expenses	<b>18,313</b>	16,774
Selling and marketing expenses	<b>7,091</b>	5,975
Administrative expenses	<b>35,244</b>	29,674
<b>Total share-based compensation, gross</b>	<b>63,505</b>	55,239
Tax effect of temporary difference	<b>3,936</b>	–
<b>Total share-based compensation, net</b>	<b><u>67,441</u></b>	<b><u>55,239</u></b>

**CONDENSED CONSOLIDATED INCOME STATEMENT**

For the three months ended September 30, 2021

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Revenue</b>	<b>1,939,431</b>	1,914,518
Cost of revenue	<b>(506,590)</b>	(535,315)
<b>Gross profit</b>	<b>1,432,841</b>	1,379,203
Service development expenses	<b>(322,924)</b>	(301,834)
Selling and marketing expenses	<b>(786,927)</b>	(724,938)
Administrative expenses	<b>(115,779)</b>	(101,391)
Net provision for impairment loss on financial assets	<b>(25,579)</b>	(11,638)
Fair value changes on investments measured at fair value through profit or loss	<b>38,570</b>	21,689
Other income	<b>41,044</b>	25,892
Other gains, net	<b>18,867</b>	6,029
<b>Operating profit</b>	<b>280,113</b>	293,012
Finance income	<b>12,602</b>	6,123
Finance costs	<b>(8,190)</b>	(3,524)
Share of results of associates	<b>(2,735)</b>	882
<b>Profit before income tax</b>	<b>281,790</b>	296,493
Income tax expense	<b>(55,474)</b>	(48,541)
<b>Profit for the period</b>	<b>226,316</b>	247,952
<b>Profit attributable to:</b>		
– Equity holders of the Company	<b>231,274</b>	247,746
– Non-controlling interests	<b>(4,958)</b>	206
	<b>226,316</b>	247,952

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the three months ended September 30, 2021

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the period</b>	<b>226,316</b>	247,952
<b>Other comprehensive income/(loss)</b>		
<i>Items that may not be subsequently reclassified to profit or loss:</i>		
– Currency translation differences	<u>6,527</u>	<u>(75,530)</u>
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<u><b>6,527</b></u>	<u>(75,530)</u>
<b>Total comprehensive income for the period</b>	<u><b>232,843</b></u>	<u>172,422</u>
<b>Total comprehensive income attributable to:</b>		
– Equity holders of the Company	<b>237,801</b>	172,216
– Non-controlling interests	<u>(4,958)</u>	<u>206</u>
	<u><b>232,843</b></u>	<u>172,422</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of September 30, 2021

	<b>Unaudited</b> <b>As of</b> <b>September 30,</b> <b>2021</b> <b>RMB'000</b>	<b>Audited</b> <b>As of</b> <b>December 31,</b> <b>2020</b> <b>RMB'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,309,214	1,226,126
Right-of-use assets	229,409	242,111
Investments accounted for using the equity method	244,309	220,891
Investments measured at fair value through profit or loss	621,465	168,104
Investments measured at amortized cost	1,993,120	724,739
Intangible assets	8,549,889	7,480,569
Deferred income tax assets	223,781	215,610
Prepayment and other receivables	39,356	5,959
	<u>13,210,543</u>	<u>10,284,109</u>
<b>Current assets</b>		
Trade receivables	962,905	931,755
Prepayment and other receivables	1,363,286	1,088,293
Short-term investments measured at amortized cost	6,941	407,353
Short-term investments measured at fair value through profit or loss	3,504,497	4,505,645
Restricted cash	56,697	92,152
Cash and cash equivalents	2,741,124	1,804,484
	<u>8,635,450</u>	<u>8,829,682</u>
<b>Total assets</b>	<u><u>21,845,993</u></u>	<u><u>19,113,791</u></u>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	7,619	7,512
Share premium	19,419,940	19,046,357
Other reserves	(3,012,711)	(2,995,744)
Accumulated losses	(1,352,208)	(2,044,384)
	<u>15,062,640</u>	<u>14,013,741</u>
<b>Non-controlling interests</b>	<u>40,710</u>	<u>2,930</u>
<b>Total equity</b>	<u><u>15,103,350</u></u>	<u><u>14,016,671</u></u>



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of September 30, 2021

	<b>Unaudited</b> <b>As of</b> <b>September 30,</b> <b>2021</b> <b>RMB'000</b>	<b>Audited</b> <b>As of</b> <b>December 31,</b> <b>2020</b> <b>RMB'000</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	98,460	113,229
Long-term lease liabilities	196,316	205,807
Other payables and accruals	1,330,605	15,016
Deferred income tax liabilities	501,265	529,213
	<u>2,126,646</u>	<u>863,265</u>
<b>Current liabilities</b>		
Borrowings	19,692	49,303
Trade payables	2,146,871	2,000,605
Other payables and accruals	2,155,129	1,958,974
Short-term lease liabilities	30,774	27,235
Contract liabilities	211,756	160,577
Current income tax liabilities	51,775	37,161
	<u>4,615,997</u>	<u>4,233,855</u>
<b>Total liabilities</b>	<u><b>6,742,643</b></u>	<u><b>5,097,120</b></u>
<b>Total equity and liabilities</b>	<u><b>21,845,993</b></u>	<u><b>19,113,791</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended September 30, 2021

	Unaudited Three months ended September 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows generated from operating activities	112,901	650,774
Net cash flows generated from/(used in) investing activities	284,816	(1,359,159)
Net cash flows generated from financing activities	42,791	102,904
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>440,508</b>	<b>(605,481)</b>
Cash and cash equivalents at beginning of the period	2,297,985	2,393,135
Effect of exchange rate changes on cash and cash equivalents	2,631	(716)
<b>Cash and cash equivalents at end of the period</b>	<b><u>2,741,124</u></b>	<b><u>1,786,938</u></b>

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **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 three months ended September 30, 2021, the Company has complied with the code provisions in the Corporate Governance Code.

### **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 three months ended September 30, 2021.

### **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 financial results of the Group for the three months ended September 30, 2021. The Audit Committee considers that the financial results for the three months ended September 30, 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 require, the following expressions shall have the following meaning:

“APUs”	Paying users in the twelve-month period ended September 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
“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
“OTA”	online travel agency
“Paying Ratio”	the ratio calculated as average MPUs divided by average MAUs
“PMS”	Property Management System
“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)
“TSP(s)”	travel service provider(s)
“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, November 22, 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