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**Tongcheng Travel Holdings Limited**

**同程旅行控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 0780)**

**ANNOUNCEMENT OF THE RESULTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the three months ended March 31, 2022, together with comparative figures for the same period of 2021.

**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

- Revenue increased by 6.5% year-to-year to RMB1,718.0 million in the first quarter of 2022 from RMB1,613.8 million in the first quarter of 2021.
- Adjusted EBITDA increased by 4.4% year-to-year to RMB438.4 million in the first quarter of 2022 from RMB420.0 million in the first quarter of 2021. Adjusted EBITDA margin decreased from 26.0% in the first quarter of 2021 to 25.5% in the first quarter of 2022.
- Adjusted profit for the period decreased by 18.0% year-to-year to RMB245.0 million in the first quarter of 2022 from RMB298.9 million in the first quarter of 2021. Adjusted net margin decreased from 18.5% in the first quarter of 2021 to 14.3% in the first quarter of 2022.
- Average MAUs increased by 4.5% year-to-year from 234.2 million in first quarter of 2021 to 244.8 million in the first quarter of 2022.
- Average MPUs increased by 16.1% year-to-year from 27.3 million in the first quarter of 2021 to 31.7 million in the first quarter of 2022.
- Paying users for the twelve-month period ended March 31, 2022 increased by 21.4% year-to-year from 169.3 million in the first quarter of 2021 to 205.6 million in the first quarter of 2022.

## 1. Key Financial Metrics for the three months ended March 31, 2022

	<b>Unaudited</b>		Year-to-year change
	<b>Three months ended</b>		
	<b>March 31,</b>		
	<b>2022</b>	2021	
	<i>(in RMB'000)</i>		
Revenue	<b>1,717,999</b>	1,613,763	6.5%
Profit before income tax	<b>142,176</b>	211,173	(32.7)%
Profit for the period	<b>97,237</b>	169,128	(42.5)%
Adjusted EBITDA	<b>438,436</b>	420,024	4.4%
Adjusted profit for the period	<b>244,989</b>	298,902	(18.0)%
Revenue growth (year-to-year)	<b>6.5%</b>	60.6%	
Adjusted EBITDA margin	<b>25.5%</b>	26.0%	
Adjusted net margin	<b>14.3%</b>	18.5%	

Note:

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

## 2. Operating Metrics for the three months ended March 31, 2022

	<b>Unaudited</b>		Year-to-year change
	<b>Three months ended</b>		
	<b>March 31,</b>		
	<b>2022</b>	2021	
GMV (in RMB billion)	<b>32.4</b>	33.3	(2.7)%
Number of average MAUs (in million)	<b>244.8</b>	234.2	4.5%
Number of average MPUs (in million)	<b>31.7</b>	27.3	16.1%
APUs (in million)	<b>205.6</b>	169.3	21.4%

## **BUSINESS REVIEW AND OUTLOOK**

### *Results Highlights*

Entering 2022, the pandemic has continued to disrupt the travel industry in China and cause market fluctuations in the first quarter. Stepping into March 2022, the virus spread in most of the provinces in China and resulted in an unprecedented surge of infections. In response, more restrictive measures were implemented to prevent the situation from further deteriorating. The travel industry was negatively impacted and has fallen in the uphill battle to recovery, leading to the stagnation of the tourism-related economy.

As a veteran in the industry, we reacted swiftly to the market turbulence and maintained flexible operations. We continued to outperform the industry by leveraging our competitive advantages in diversified traffic sources, solid market position, excellent product innovation capabilities, and flexible operation strategies. Even amid the challenging environment, our business remained resilient and registered solid growth year over year. For the three months ended March 31, 2022, our average MAUs increased by 4.5% year-to-year to 244.8 million. Our average MPUs increased significantly by 16.1% year-to-year to 31.7 million for the three months ended March 31, 2022, mainly attributable to our stable traffic on Weixin channels, comprehensive product and service offerings, as well as our continuous devotions in acquiring paying users through offline initiatives. Compared with the same period last year, our paying ratio increased to 12.9% for the first quarter of 2022. Our APUs for the year ended March 31, 2022, increased by 21.4% year-to-year and reached a new high of 205.6 million, demonstrating our outstanding operation capability and solid competitive advantages in the market. Our GMV was RMB32.4 billion for the three months ended March 31, 2022.

For the first quarter of 2022, amid the hardship caused by the pandemic, our business performance continued to outpace the market. Our constant efforts in grasping opportunities in the niche market have brought us outstanding growth in the accommodation business. Compared with the same period last year, we registered more than 10% growth in our room nights sold in lower-tier cities, with its absolute amount significantly surpassed the pre-COVID level. Benefitting from our effective user acquisition strategy, precise operations in the lower-tier cities, as well as the immense potential of increasing online penetration of the bus ticketing industry, we made further progress on our bus ticketing business. Compared with the same period of 2021, our bus ticketing volume increased by over 170%.

For the first quarter of 2022, our revenue increased slightly by 6.5% to RMB1,718.0 million for the three months ended March 31, 2022. We invested in the market during the quarter to seize business opportunities associated with the recovery in January and February 2022. However, given the virus outbreak in March 2022, we adjusted our strategies straightaway and implemented stringent cost control to cope with the pandemic. Our adjusted profit for the period decreased by 18.0% to RMB245.0 million for the three months ended March 31, 2022, representing an adjusted net margin of 14.3%.

### *Business Review*

We have maintained stable and effective traffic channels from the Weixin mini-program and continued to explore cooperation potentials within Tencent's ecosystem during the period under review. In the first quarter of 2022, about 84.1% of our average MAUs was contributed by the Weixin mini-program, as we increased advertising investments and diversified traffic sources in Weixin platform. We continued to develop extensive cooperation with Tencent by directing users to our mini-program from several Tencent-based platforms such as QQ Music, QQ browser, Weixin "Search" portal and Weixin Video Accounts (視頻號). We also further explored various channels within the Tencent ecosystem to improve our brand awareness and better engage with our users. We joined hands with Tencent Video to have our brand highly exposed in a series of TV programs including a travel documentary. Moreover, we were entitled a popular IP right by Tencent and launched a series of eSports-related online and offline activities to obtain greater user exposure among the younger generation.

We strived to expand our traffic sources by exploring and delving into more online traffic channels. We improved the user interface of our APP and enriched the contents to satisfy users' unmet needs and enhance their experience. We cooperated with China's major handset vendors to provide users with comprehensive products and services through our quick apps on mobile phones and other mobile devices. Moreover, we worked with location-based apps to explore user acquisition scenarios and short-video platforms to increase user engagement.

In view of the numerous potentials associated with the under-penetrated yet rapidly-growing lower-tier cities market, we optimized our offline user acquisition channels under different scenarios, intending to improve user acquisition efficiency. We further enhanced our geographical coverage across the country through the rollout of smart ticketing equipment and strategic cooperation with urban and rural bus operators. Meanwhile, we continued to cooperate with hotels and tourist attractions to acquire offline users by directing customers to our mini-program through QR code scanning. Furthermore, we kept exploring alternative offline user acquisition scenarios to expand our user base.

Furthermore, we steadily pushed forward with our branding strategy and invested more in branding and marketing through online and offline channels. We appointed a Z-generation actress as our new brand ambassador and used Z-generation language and style in our advertisements to build closer bonds with younger users. We also increased our offline advertisement placement in tier-3 and below cities to build stronger presence to echo our lower-tier city strategy. We established a membership cooperation with our partners and upgraded our paid Black Whale membership with more privileges to improve user engagement and loyalty on our platform. In addition, we enriched our “campus card” program by providing students with more tailor-made products and services. We also launched marketing promotions at universities and vocational schools to expand our reach to the younger generation and enhance interactions with them.

We further strengthened our leading position in the China OTA market, especially in lower-tier cities that were less impacted by the pandemic and recovered rapidly during the shockwaves. Given the low online penetration rate and immense growth potential in lower-tier cities, we utilized our technological capabilities to contribute to the digitalization of these areas and aim to build a more comprehensive yet convenient travel ecosystem. This also enabled us to establish stronger foothold in lower-tier cities. As of March 31, 2022, our registered users residing in non-first-tier cities in China accounted for approximately 87.0% of the total registered users. For the three months ended March 31, 2022, around 59.8% of our new paying users on the Weixin platform were from tier-3 or below cities in China.

We strengthened long-term and sustainable relationships with various TSPs and continued to provide our users with one-stop-shop products and services. As of March 31, 2022, our online platforms offered over 10,000 domestic routes operated by above 660 airlines and agencies, over 2 million hotels selections and alternative accommodation options, approximately 400,000 bus routes, over 750 ferry routes, and about 8,000 domestic tourist attractions ticketing services. After the consolidation of transportation businesses, we made continuous efforts in enhancing our operational efficiency of the transportation business and further promoting cross-selling from train tickets to other product lines such as air tickets and car-hailing, thus better utilizing the tremendous traffic volume generated by the train ticketing business. In addition, we further enhanced cross-selling strategies across different business segments such as transportation, accommodation, and tourist attractions by optimizing our algorithms and enriching our inventories.

We continued developing and applying our advanced technology to transform from OTA to ITA, aiming to bring more vitalities to the travel industry. We further optimized the Huixing system to provide intelligent travel solutions when the supply of transportation tickets was in shortage during the pandemic and the Chinese Spring Festival travel rush. Besides, we continued to provide higher value propositions to our suppliers and deepened cooperation with our upstream suppliers. We strengthened cooperation with more airports to help them enhance operational efficiencies with our technology innovations. In the past quarter, we have established a strategic partnership with Henan Province Airport Group to facilitate its digitalization. We will not only help the group build its information platform, but will also utilize our product and marketing innovation to help attract passengers for its Zhengzhou airport. In addition, we provided SaaS solutions to more small and medium-sized hotels in lower-tier cities to help them drive higher operational efficiency. Through nationwide rollout of bus ticketing system and smart ticketing equipment with our efficient operations, we also contributed to the digitalization of the bus-ticketing sector.

As a socially responsible enterprise, we endeavored to bring positive influence to the society and proactively took part in social charity activities. To support the community with our technology innovations, we volunteered to utilize our artificial intelligence automated calling system to help disseminate COVID-19 prevention policy in Suzhou City, Jiangsu Province, which greatly enhanced the efficiency of information distribution. To help individual and small chain hotels overcome the difficulties posed by the pandemic, we launched a series of free online professional courses containing content such as industry knowledge, hotel operation and marketing methodologies. Besides, we cooperated with Tencent and launched a charity activity to help rebuild the village that suffered from the previous flooding disaster in Henan Province.

### *Business Outlook and Strategies*

Due to the shockwaves caused by the COVID-19 pandemic, the travel market may fluctuate in the short run. However, we believe that although traveling activities are temporally disrupted, the travel market will rebound to full strength once the pandemic situation is stable. The accelerated online penetration rate amid the pandemic has created immense opportunities for OTAs. Moreover, the Chinese government encourages and supports the development and digitalization of the travel industry. The State Council of the PRC (中華人民共和國國務院) has announced a development plan for the travel industry during the 14th Five-Year Plan period (2021-2025), highlighting the importance of empowering the tourism industry with intelligent technologies. We are confident that we will continue to outpace the industry by leveraging our competitive advantages in diversified traffic sources, sturdy market position, flexible operation strategy, and advanced technological capabilities.

In the future, we will further penetrate the travel market by leveraging our diversified traffic channels and actively exploring alternative traffic sources to enlarge our user base. We will also enhance our products and services by utilizing our innovation capabilities. In addition, we will strengthen our technological capabilities to transform from an OTA to ITA, aiming at improving internal efficiency and making more remarkable contributions to the travel industry. Moreover, we will seek investment opportunities aligned with our core strategies to boost the future growth of our business. Last but not least, we will place more emphasis on corporate governance, environmental protection, and social responsibility in our operations to generate sustainable value for our stakeholders and communities.

## MANAGEMENT DISCUSSION AND ANALYSIS

### First Quarter of 2022 compared to First Quarter of 2021

	<b>Unaudited</b>	
	<b>Three months ended March 31,</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
Revenue	<b>1,717,999</b>	1,613,763
Cost of revenue	<b>(471,610)</b>	(409,082)
<b>Gross profit</b>	<b>1,246,389</b>	1,204,681
Service development expenses	<b>(351,821)</b>	(306,953)
Selling and marketing expenses	<b>(636,961)</b>	(618,071)
Administrative expenses	<b>(188,245)</b>	(108,346)
Net reversal/(provision) for impairment loss on financial assets	<b>2,278</b>	(16,811)
Fair value changes on investments measured at fair value through profit or loss	<b>3,665</b>	39,307
Other income	<b>34,679</b>	21,163
Other gains – net	<b>27,836</b>	437
<b>Operating profit</b>	<b>137,820</b>	215,407
Finance income	<b>7,768</b>	7,844
Finance costs	<b>(17,091)</b>	(4,670)
Share of results of associates	<b>13,679</b>	(7,408)
<b>Profit before income tax</b>	<b>142,176</b>	211,173
Income tax expense	<b>(44,939)</b>	(42,045)
<b>Profit for the period</b>	<b>97,237</b>	169,128
Profit attributable to:		
Equity holders of the Company	<b>101,144</b>	169,548
Non-controlling interests	<b>(3,907)</b>	(420)
	<b>97,237</b>	169,128
Adjusted profit for the period <sup>(a)</sup>	<b>244,989</b>	298,902

Note:

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

## Revenue

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

	Unaudited			
	Three months ended March 31,			
	2022		2021	
	RMB'000		RMB'000	
Accommodation reservation services	543,082	31.6%	458,537	28.4%
Transportation ticketing services	1,017,219	59.2%	1,023,426	63.4%
Others	157,698	9.2%	131,800	8.2%
<b>Total revenue</b>	<b>1,717,999</b>	<b>100.0%</b>	<b>1,613,763</b>	<b>100.0%</b>

Revenue increased by 6.5% from RMB1,613.8 million for the three months ended March 31, 2021 to RMB1,718.0 million for the three months ended March 31, 2022.

### *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 18.4% from RMB458.5 million for the three months ended March 31, 2021 to RMB543.1 million for the three months ended March 31, 2022. The increase was mainly due to the increased cross-selling from transportation business to accommodation business and various accommodation service products provided.

### *Transportation ticketing services*

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

Revenue from transportation ticketing services was flattened at RMB1,017.2 million for three months ended March 31, 2022, compared with RMB1,023.4 million in the same period last year.

## Others

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

Revenue from others increased by 19.6% from RMB131.8 million for the three months ended March 31, 2021 to RMB157.7 million for three months ended March 31, 2022, which was mainly due to (i) the increase in revenue generated from ancillary value-added user services and (ii) increase in revenue from advertising 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) employee benefit expenses, representing the wages, salaries, and other benefits (including share-based compensation) paid to our user services and TSP services employees; (iii) cost of pre-purchased travel related products, representing the prices we pay to TSPs to purchase travel products for which we take inventory risk; (iv) procurement costs, which represent the costs for sourcing ancillary value-added travel products and services from service providers; (v) bandwidth and servers 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 expense, professional fees, user fulfilment fees (which represents compensation paid to users due to user and customers complaints), and rental and utility fees.

The following table sets forth a breakdown of our cost of revenue in absolute amount and as a percentage of total cost of revenue for the three months ended March 31, 2022 and 2021:

	<b>Unaudited</b>			
	<b>Three months ended March 31,</b>			
	<b>2022</b>		<b>2021</b>	
	<b>RMB'000</b>		<b>RMB'000</b>	
Order processing cost	<b>195,205</b>	<b>41.4%</b>	196,805	48.1%
Employee benefit expenses	<b>75,382</b>	<b>16.0%</b>	55,468	13.6%
Cost of pre-purchased travel related products	<b>51,319</b>	<b>10.9%</b>	32,104	7.8%
Procurement cost	<b>54,198</b>	<b>11.5%</b>	32,195	7.9%
Bandwidth and servers fee	<b>37,059</b>	<b>7.9%</b>	39,238	9.6%
Depreciation of property, plant and equipment, and right-of-use assets	<b>30,241</b>	<b>6.4%</b>	22,501	5.5%
Others	<b>28,206</b>	<b>5.9%</b>	30,771	7.5%
<b>Total cost of revenue</b>	<b>471,610</b>	<b>100.0%</b>	<b>409,082</b>	<b>100.0%</b>

Cost of revenue increased by 15.3% from RMB409.1 million for the three months ended March 31, 2021 to RMB471.6 million for the three months ended March 31, 2022. The increase was mainly due to: (i) an increase in employee benefit expenses driven by the increased employee number of our user services and TSP services employees; (ii) an increase in cost of pre-purchased travel related products as a result of increased cost of inventory-risk-taking accommodation products; (iii) an increase in procurement cost resulting from increased cost of ancillary value-added user services. The increase was partially offset by (i) a decrease in order processing cost due to the declined GMV; and (ii) a decrease in bandwidth and servers fee resulting from declined cloud resources rental. Excluding share-based compensation charges, cost of revenue accounted for 27.2% of revenue for the three months ended March 31, 2022, which increased from 25.2% for the same period of 2021.

#### *Service development expenses*

Service development expenses increased 14.6% from RMB307.0 million for the three months ended March 31, 2021 to RMB351.8 million for the three months ended March 31, 2022. The increase was mainly due to increased employee benefits expenses driven by increased number of IT employees and relevant increased employee benefits. Excluding share-based compensation charges, service development expenses accounted for 18.9% of revenue for the three months ended March 31, 2022, which increased from 18.0% for the same period of 2021.

#### *Selling and marketing expenses*

Selling and marketing expenses increased from RMB618.1 million for the three months ended March 31, 2021 to RMB637.0 million for the three months ended March 31, 2022, which was mainly due to (i) the increased amortization expense; and (ii) the increased employee benefit due to the increased numbers of sales employees. The increase was partially offset by the decrease in advertising and promotion expenses. Excluding share-based compensation charges, selling and marketing expenses accounted for 36.5% of revenue for the three months ended March 31, 2022 compared with 37.9% for the same period of 2021.

#### *Administrative expenses*

Administrative expenses increased 73.7% from RMB108.3 million for the three months ended March 31, 2021 to RMB188.2 million for the three months ended March 31, 2022, which was mainly due to (i) the increased share-based compensation; and (ii) the increase in professional fee. Excluding share-based compensation charges, administrative expenses accounted for 7.9% of revenue for the three months ended March 31, 2022, which increased from 4.8% for the same period of 2021.

#### *Net reversal/(provision) for impairment loss on financial assets*

We recorded net reversal for impairment loss on financial assets of RMB2.3 million for the three months ended March 31, 2022 from net provision for impairment loss on financial assets of RMB16.8 million for the three months ended March 31, 2021, which was mainly due to the reversal of 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 gain on investments measured at fair value through profit or loss of RMB3.7 million for the three months ended March 31, 2022 and RMB39.3 million for the three months ended March 31, 2021, respectively, as the drop in fair value of certain investments in public companies.

### *Other income*

Other income increased by 63.9% from RMB21.2 million for the three months ended March 31, 2021 to RMB34.7 million for the three months ended March 31, 2022. The increase was primarily attributable to the increased government subsidies received.

### *Other gains - net*

We recorded other gains of RMB27.8 million for the three months ended March 31, 2022 and RMB0.4 million for the three months ended March 31, 2021, respectively. The increase was mainly due to (i) the increase in foreign exchange gains; (ii) the increase in gains from investments measured at amortized cost; and (iii) gains on disposal of investees.

### *Income tax expense*

We recorded income tax expenses of RMB44.9 million and RMB42.0 million for the three months ended March 31, 2022 and 2021, respectively, as a result of current period profit and realization of deferred tax assets in the three months ended March 31, 2022.

### *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 RMB169.5 million for the three months ended March 31, 2021 to a profit of RMB101.1 million for the three months ended March 31, 2022.

## **OTHER FINANCIAL INFORMATION**

### **Non-IFRS Financial Measures**

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

Adjusted EBITDA for the period is defined as operating profit adjusted for (i) share-based compensation; (ii) amortization of intangible assets; (iii) depreciation of property, plant and equipment and right-of-use assets; (iv) unrealized foreign exchange (gain)/loss; (v) net losses/(gain) on investees; and (vi) others, including acquisition-related cost and fair value change on derivatives. Adjusted profit for the period is defined as profit for the period adjusted for (i) share-based compensation; (ii) the amortization of intangible assets from acquisition; (iii) unrealized foreign exchange (gain)/loss; (iv) net losses/(gains) on investees; and (v) others, including acquisition-related cost and fair value change on derivatives and the depreciation of acquired property, plant and equipment and right-of-use assets in relation to business combination.

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 for the period from operating profit for the period**

The following table reconciles adjusted EBITDA for the period from operating profit for the period, its most directly comparable financial measure calculated and presented in accordance with IFRS for the three months ended March 31, 2022 and 2021:

	<b>Unaudited</b>	
	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Operating profit for the period</b>	<b>137,820</b>	215,407
Add:		
Share-based compensation, gross <sup>(a)</sup>	<b>94,914</b>	57,365
Amortization of intangible assets	<b>156,772</b>	104,011
Depreciation of property, plant and equipment, and right-of-use assets	<b>49,862</b>	40,561
Unrealized foreign exchange (gain)/loss <sup>(b)</sup>	<b>(6,658)</b>	4,148
Net losses/(gains) on investees <sup>(c)</sup>	<b>5,671</b>	(1,533)
Others	<b>55</b>	65
	<hr/>	<hr/>
<b>Adjusted EBITDA for the period</b>	<b><u>438,436</u></b>	<b><u>420,024</u></b>

- (a) Represents expense related to equity-settled share-based payment transactions. This is a non-cash item and the value is determined by valuation techniques involving a few parameters out of the management's control such as macro economy index and retention rate of grantees.
- (b) Represents unrealized foreign exchange (gain)/loss which is a non-cash item, the result of macro-economic factors and can vary significantly from one period to the next.
- (c) Includes dividend income, fair value changes on equity investments, and (gains)/losses on disposal of investees or subsidiaries.

**b. Reconciliation of adjusted profit for the period from profit for the period**

The following table reconciles our adjusted profit for the period from profit for the period, its most directly comparable financial measure calculated and presented in accordance with IFRS, for the three months ended March 31, 2022 and 2021:

	<b>Unaudited</b>	
	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the period</b>	<b>97,237</b>	169,128
Add:		
Share-based compensation, net <sup>(a)</sup>	<b>96,301</b>	57,365
Amortization of intangible assets from acquisition <sup>(b)</sup>	<b>52,371</b>	69,729
Unrealized foreign exchange (gain)/loss <sup>(c)</sup>	<b>(6,658)</b>	4,148
Net losses/(gains) on investees <sup>(d)</sup>	<b>5,671</b>	(1,533)
Others	<b>67</b>	65
<b>Adjusted profit for the period</b>	<b>244,989</b>	<b>298,902</b>

- (a) Represents expense related to equity-settled share-based payment transactions, net of the tax effect of temporary difference arises 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.
- (c) Represents unrealized foreign exchange gain/loss, which is a non-cash item, the result of macro-economic factors and can vary from one period to the next.
- (d) Includes dividend income, fair value changes on equity investments, and (gains)/losses on disposal of investees or subsidiaries.

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

	<b>Unaudited</b>	
	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Cost of revenue	<b>4,335</b>	2,659
Service development expenses	<b>27,822</b>	17,018
Selling and marketing expenses	<b>10,693</b>	6,178
Administrative expenses	<b>52,064</b>	31,510
<b>Total share-based compensation, gross</b>	<b>94,914</b>	57,365
Tax effect of temporary difference	<b>1,387</b>	—
<b>Total share-based compensation, net</b>	<b>96,301</b>	<b>57,365</b>

**CONDENSED CONSOLIDATED INCOME STATEMENT**

For the three months ended March 31, 2022

	<b>Unaudited</b>	
	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	<b>1,717,999</b>	1,613,763
Cost of revenue	<b>(471,610)</b>	(409,082)
<b>Gross profit</b>	<b>1,246,389</b>	1,204,681
Service development expenses	<b>(351,821)</b>	(306,953)
Selling and marketing expenses	<b>(636,961)</b>	(618,071)
Administrative expenses	<b>(188,245)</b>	(108,346)
Net reversal/(provision) for impairment loss on financial assets	<b>2,278</b>	(16,811)
Fair value changes on investments measured at fair value through profit or loss	<b>3,665</b>	39,307
Other income	<b>34,679</b>	21,163
Other gains – net	<b>27,836</b>	437
<b>Operating profit</b>	<b>137,820</b>	215,407
Finance income	<b>7,768</b>	7,844
Finance costs	<b>(17,091)</b>	(4,670)
Share of results of associates	<b>13,679</b>	(7,408)
<b>Profit before income tax</b>	<b>142,176</b>	211,173
Income tax expense	<b>(44,939)</b>	(42,045)
<b>Profit for the period</b>	<b>97,237</b>	169,128
<b>Profit attributable to:</b>		
– Equity holders of the Company	<b>101,144</b>	169,548
– Non-controlling interests	<b>(3,907)</b>	(420)
	<b>97,237</b>	169,128

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the three months ended March 31, 2022

	<b>Unaudited</b>	
	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Profit for the period</b>	<b>97,237</b>	169,128
<b>Other comprehensive income</b>		
<i>Items that may not be subsequently reclassified to profit or loss</i>		
– Currency translation differences	<u>(7,600)</u>	<u>13,585</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>(7,600)</u>	<u>13,585</u>
<b>Total comprehensive income for the period</b>	<u><b>89,637</b></u>	<u>182,713</u>
<b>Total comprehensive income for the period attributable to:</b>		
– Equity holders of the Company	<b>93,544</b>	183,133
– Non-controlling interests	<u>(3,907)</u>	<u>(420)</u>
	<u><b>89,637</b></u>	<u>182,713</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

	Unaudited As of March 31, 2022 <i>RMB'000</i>	Audited As of December 31, 2021 <i>RMB'000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,386,999	1,364,262
Right-of-use assets	212,358	217,064
Investments accounted for using the equity method	1,384,309	1,127,921
Investments measured at fair value through profit or loss	1,018,484	828,414
Investments measured at amortized cost	1,975,551	2,010,674
Intangible assets	8,214,469	8,347,850
Deferred income tax assets	131,870	174,680
Trade receivables	52,636	53,491
Prepayment and other receivables	10,356	8,764
	<u>14,387,032</u>	<u>14,133,120</u>
<b>Current assets</b>		
Trade receivables	696,708	670,324
Prepayment and other receivables	1,242,725	1,259,433
Short-term investments measured at amortized cost	380,892	–
Short-term investments measured at fair value through profit or loss	2,993,385	3,343,317
Restricted cash	62,550	54,600
Cash and cash equivalents	3,126,054	2,045,604
	<u>8,502,314</u>	<u>7,373,278</u>
<b>Total assets</b>	<u><u>22,889,346</u></u>	<u><u>21,506,398</u></u>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	7,635	7,634
Share premium	19,575,995	19,570,778
Other reserves	(2,954,538)	(3,038,281)
Accumulated losses	(1,219,836)	(1,320,980)
	<u>15,409,256</u>	<u>15,219,151</u>
<b>Non-controlling interests</b>	<u>35,600</u>	<u>39,455</u>
<b>Total equity</b>	<u><u>15,444,856</u></u>	<u><u>15,258,606</u></u>

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

As at March 31, 2022

	<b>Unaudited</b> <b>As of</b> <b>March 31,</b> <b>2022</b> <b>RMB'000</b>	<b>Audited</b> <b>As of</b> <b>December 31,</b> <b>2021</b> <b>RMB'000</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	1,897,851	93,537
Lease liabilities	174,805	181,979
Other payables and accruals	764,809	764,336
Deferred income tax liabilities	489,674	496,526
	<u>3,327,139</u>	<u>1,536,378</u>
<b>Current liabilities</b>		
Borrowings	114,915	19,692
Trade payables	1,861,255	2,206,560
Other payables and accruals	2,059,133	2,289,497
Lease liabilities	36,522	34,185
Contract liabilities	40,405	147,101
Current income taxes liabilities	5,121	14,379
	<u>4,117,351</u>	<u>4,711,414</u>
<b>Total liabilities</b>	<u><b>7,444,490</b></u>	<u><b>6,247,792</b></u>
<b>Total equity and liabilities</b>	<u><b>22,889,346</b></u>	<u><b>21,506,398</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended March 31, 2022

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Net cash (used in)/generated from operating activities	<b>(406,539)</b>	644,695
Net cash used in investing activities	<b>(372,977)</b>	(369,319)
Net cash generated from financing activities	<b>1,875,049</b>	58,598
<b>Net increase in cash and cash equivalents</b>	<b>1,095,533</b>	333,974
Cash and cash equivalents at beginning of the period	<b>2,045,604</b>	1,804,484
Effect of exchange rate changes on cash and cash equivalents	<b>(15,083)</b>	3,619
<b>Cash and cash equivalents at end of the period</b>	<b>3,126,054</b>	2,142,077

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **Compliance with the Corporate Governance Code**

The Company has applied the principles and code provisions as set out in the Corporate Governance Code and has complied with the code provisions in the Corporate Governance Code for the three-month period ended March 31, 2022.

### **Purchase, Sale or Redemption of Listed Securities**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the three-month period ended March 31, 2022.

### **Audit Committee**

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited financial results of the Group for the three months ended March 31, 2022. The Audit Committee considers that the unaudited financial results for the three months ended March 31, 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## **DEFINITION**

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

“APUs”	paying users in the twelve-month period ended March 31, 2022
“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 Travel Holdings Limited (同程旅行控股有限公司) (formerly known as 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
“Henan Province Airport Group”	Henan Province Airport Group Co., Ltd (河南省機場集團有限公司)
“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
“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)

“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 of Hong Kong Limited (stock code: 700)
“Tencent-based platforms”	(i) our proprietary Weixin-based mini programs, which can be accessible by Weixin users through entry points under a separate category of “Travel & Transportation” in Weixin Pay, the mobile payment interface of Tencent’s Weixin or from the drop-down list of the favorite or most frequently used mini programs in Weixin; and (ii) the “Rail & Flight” and “Hotel” in QQ Wallet, the mobile payment interface of Tencent’s Mobile QQ and certain other portals in Mobile QQ
“TSP(s)”	travel service provider(s)
“Z-generation”	the generational cohort following millennials, born between the late 1990s and early 2010s

## 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 Travel Holdings Limited**  
**Ma Heping**  
*Executive Director and*  
*Chief Executive Officer*

Hong Kong, May 19, 2022

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

***Executive Directors***

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

***Independent Non-executive Directors***

Wu Haibing  
Dai Xiaojing  
Han Yuling

***Non-executive Directors***

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