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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 AND SIX MONTHS ENDED JUNE 30, 2022**

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, 2022, together with comparative figures for the same periods of 2021.

#### **FOR THE THREE MONTHS ENDED JUNE 30, 2022**

- Revenue decreased by 38.3% year-to-year to RMB1,318.7 million from RMB2,138.0 million in the same period of 2021.
- Adjusted EBITDA decreased by 46.8% from RMB549.7 million in the second quarter of 2021 to RMB292.2 million in the second quarter of 2022. Adjusted EBITDA margin decreased to 22.2% in the second quarter of 2022 from 25.7% in the second quarter of 2021.
- Adjusted net profit decreased by 73.2% from RMB417.9 million in the second quarter of 2021 to RMB112.0 million in the second quarter of 2022. Adjusted net margin decreased from 19.5% in the second quarter of 2021 to 8.5% in the second quarter of 2022.
- Average MAUs decreased by 28.9% year-to-year from 277.9 million in the second quarter of 2021 to 197.6 million in the second quarter of 2022.
- Average MPUs decreased by 21.9% year-to-year from 33.4 million in the second quarter of 2021 to 26.1 million in the second quarter of 2022.

## 1. Key Financial Metrics for the three months ended June 30, 2022

	<b>Unaudited</b>		Year-to-year change
	<b>Three months ended</b>		
	<b>June 30,</b>		
	<b>2022</b>	2021	
	<i>(in RMB'000)</i>		
Revenue	<b>1,318,650</b>	2,137,977	(38.3)%
(Loss)/profit before income tax	<b>(161,968)</b>	321,368	(150.4)%
(Loss)/profit for the period	<b>(135,204)</b>	291,234	(146.4)%
Adjusted EBITDA	<b>292,234</b>	549,726	(46.8)%
Adjusted net profit for the period	<b>112,003</b>	417,945	(73.2)%
Revenue (decrease)/growth (year-to-year)	<b>(38.3)%</b>	78.1%	
Adjusted EBITDA margin	<b>22.2%</b>	25.7%	
Adjusted net margin	<b>8.5%</b>	19.5%	

Note:

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, 2022

	<b>Three months ended</b>		Year-to-year change
	<b>June 30,</b>		
	<b>2022</b>	2021	
GMV (in RMB billion)	<b>24.3</b>	43.9	(44.6)%
Number of average MAUs (in million)	<b>197.6</b>	277.9	(28.9)%
Number of average MPUs (in million)	<b>26.1</b>	33.4	(21.9)%

### FOR THE SIX MONTHS ENDED JUNE 30, 2022

- Revenue decreased by 19.1% year-to-year to RMB3,036.6 million from RMB3,751.7 million in the same period of 2021.
- Adjusted EBITDA decreased by 24.9% year-to-year from RMB972.7 million in the same period of 2021 to RMB730.7 million. Adjusted EBITDA margin decreased from 25.9% in the same period of 2021 to 24.1%.
- Adjusted net profit decreased by 50.4% from RMB719.8 million in the same period of 2021 to RMB357.0 million. Adjusted net margin decreased from 19.2% in the same period of 2021 to 11.8%.
- Average MAUs decreased by 13.6% year-to-year from 256.1 million in the same period of 2021 to 221.2 million.

- Average MPUs decreased by 4.9% year-to-year from 30.4 million in the same period of 2021 to 28.9 million.
- Paying users for the twelve-month period ended June 30, 2022 increased by 8.0% year-to-year from 181.9 million in the same period of 2021 to 196.5 million.

### 3. Key Financial Metrics for the six months ended June 30, 2022

	<b>Unaudited Six months ended June 30,</b>		Year-to-year change
	<b>2022</b>	2021	
	<b>(in RMB'000)</b>		
Revenue	<b>3,036,649</b>	3,751,740	(19.1)%
(Loss)/profit before income tax	<b>(19,792)</b>	532,541	(103.7)%
(Loss)/profit for the period	<b>(37,967)</b>	460,362	(108.2)%
Adjusted EBITDA	<b>730,671</b>	972,701	(24.9)%
Adjusted net profit for the period	<b>356,993</b>	719,798	(50.4)%
Revenue (decrease)/growth (year-to-year)	<b>(19.1)%</b>	70.1%	
Adjusted EBITDA margin	<b>24.1%</b>	25.9%	
Adjusted net margin	<b>11.8%</b>	19.2%	

Note:

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

### 4. Operating Metrics for the six months ended June 30, 2022

	<b>Six months ended June 30,</b>		Year-to-year change
	<b>2022</b>	2021	
GMV (in RMB billion)	<b>56.7</b>	77.2	(26.6)%
Number of average MAUs (in million)	<b>221.2</b>	256.1	(13.6)%
Number of average MPUs (in million)	<b>28.9</b>	30.4	(4.9)%
APUs (in million)	<b>196.5</b>	181.9	8.0%

## BUSINESS REVIEW AND OUTLOOK

### *Results Highlights*

In the second quarter of 2022, the pandemic has brought unprecedented fluctuations and extreme pressure to the travel industry in China. The spike of COVID-19 cases started in the densely populated urban areas and then spread to different regions across the nation. Strictest-ever control measures such as mass lockdowns and mass testing for COVID-19 were implemented to prevent the virus from further exacerbating. As a result, the travel industry plunged and the situation has become even more challenging compared to the first wave of pandemic in 2020.

As a veteran in the OTA industry, we maintained resilience and continued to outperform the industry by leveraging on our competitive advantages in sturdy market position, diversified traffic sources, outstanding innovation capabilities, and flexible operating strategies. Amid the challenges imposed by the pandemic, our business was unavoidably impacted. For the three and six months ended June 30, 2022, our average MAUs decreased by 28.9% and 13.6% year-to-year to 197.6 million and 221.2 million, respectively. For the three and six months ended June 30, 2022, our average MPUs recorded relatively modest declines of 21.9% and 4.9% year-to-year to 26.1 million and 28.9 million, respectively, attributable to our stable online traffic sources and cost effective offline user acquisition initiatives. Compared with the same period of last year, our paying ratio increased to 13.2 % in the second quarter of 2022. Our APUs for the twelve months ended June 30, 2022, increased by 8.0% year-to-year to 196.5 million, signifying our excellent operational capability in the market.

For the second quarter of 2022, we remained resilient although the COVID-19 has brought plenty headwinds to the travel industry. Attributable to our strong market position in lower-tier cities, our businesses performed better than the overall industry. Moreover, benefitting from our efficient user acquisition strategy in lower-tier cities and the accelerated online penetration of the bus ticketing industry, we still achieved significant growth in the bus ticketing business. However, in view of the declines in product prices and volume of certain business lines caused by the virus resurgence, our total GMV decreased by 44.6% and 26.6% year-to-year to RMB24.3 billion and RMB56.7 billion, respectively, for the three and six months ended June 30, 2022.

Our total revenue decreased by 38.3% to RMB1,318.7 million and 19.1% to RMB3,036.6 million, respectively, for the three and six months ended June 30, 2022. In view of the disruption caused by the resurgence of COVID-19 cases, we instantly adopted cost control measures to respond to the market challenges. Given the sudden drop in travel activities, we proactively adjusted our marketing strategy based on the external changes to better control related expenses. We also executed internal cost control measures to reduce other variable costs. Moreover, we placed more emphasis on our daily operation and corporate organization, aiming to achieve higher internal efficiency and a more optimized organizational structure. With our effective cost control measures and flexible operating strategies, we managed to remain profitable (in terms of adjusted net profit) under such a challenging market environment. Our adjusted net profit was RMB112.0 million and RMB357.0 million for the three and six months ended June 30, 2022, respectively, representing adjusted net margins of 8.5% and 11.8%, respectively.

## *Business Review*

During the period under review, we sustained stable and effective traffic channels from Weixin mini program and continued to seek deeper cooperation with Tencent. In the second quarter of 2022, around 80% of our average MAUs was contributed from Weixin mini program. We continued to explore various scenarios within the Tencent ecosystem to strengthen our brand awareness and enhance interactions with our users. We launched e-Sports events in several cities utilizing the popular intellectual property rights entitled by Tencent. Furthermore, we joined hands with several local governments to launch e-Sports events in tourist attractions in these regions. The events were well received by young people and were well recognized by local tourist bureaus and tourist attraction operators. Moreover, we joined hands with Tencent Music to participate in its themed music festivals at a tourist attraction which increased our brand exposure and helped to acquire more users among the younger generation.

We are dedicated to diversifying our traffic sources by exploring more online and offline traffic channels. We optimized our APP interface and provided tourism-related content to improve value for our users and enhance their experience. We continued solid cooperation with China's major handset vendors and provided our users with one-stop products and services through our quick APPs on mobile phones and other mobile devices. In addition, we worked with location-based APPs to expand our user acquisition channels. Besides, we continued to pursue offline user acquisition initiatives under various scenarios, aiming to gain users more efficiently from the under-penetrated lower-tier city market with tremendous opportunities. We maintained a stable relationship with hotels and tourist attractions and used QR code scanning function to direct users to book through our mini-program. We also increased nationwide transportation business coverage by rolling out smart bus ticketing equipment and establishing strategic cooperation with urban and rural bus operators. Moreover, we continued to explore alternative offline user acquisition channels such as the campus card initiative to expand our user reach.

We launched several marketing initiatives in the past quarter to enhance brand awareness and user engagement. We for the first time marketed our membership program leveraging a popular TV drama intellectual property right entitlement on the Tencent Video Platform, intending to provide our users with more benefits and to promote our black whale membership. Moreover, we further enriched our campus card project by cooperating with Jiangxi provincial tourism bureau to launch marketing activities and to gain younger users. We provided university students with various travel benefits and privileges, including free access to tourist attractions in Jiangxi Province of China.

We further solidified our leading position in the China OTA market, especially in lower-tier cities that were more resilient amid the pandemic and recovered faster than the overall market. As the lower-tier cities are under-penetrated yet growing rapidly, we strived to seize opportunities in this booming market. We further penetrated into the lower-tier cities leveraging our strategic cooperation with urban and rural bus operators. As of June 30, 2022, our registered users residing in non-first-tier cities in China accounted for approximately 87.1% of our total registered users. For the three months ended June 30, 2022, about 61.7% of our new paying users on the Weixin platform were from tier-3 or below cities in China, which increased from 59.3% over the same period of 2021.

We reinforced long-term and sustainable relationships with various TSPs and continued to provide premium-quality one-stop-shop products and services to our users. As of June 30, 2022, our online platforms offered over 10,000 domestic airline routes, above 2 million hotel selections and alternative accommodation options, approximately 400,000 bus routes, above 780 ferry routes, and around 8,000 domestic tourist attractions ticketing services. During the reporting period, we continued to enrich our one-stop services to meet users' evolving travel needs. Our services, such as car hailing, advertising, and COVID-19-related insurance are well received by our merchants and our users during the COVID-19 outbreak.

Technological capability is one of our core competitive advantages. We continued to develop and apply our advanced technology to transform from OTA to ITA. We further optimized and utilized our Huixing system to provide intelligent travel solutions when the transportation ticketing supply plummeted amid the pandemic. We enriched the Huixing system's route selections by consolidating resources of other transportation businesses, such as air ticketing and car-hailing, aiming to provide our users with additional options under different travel scenarios. Furthermore, we strived to improve the digitalization of the travel industry, leveraging our technological innovation and deepened cooperation with our upstream suppliers. We reinforced cooperation with more airports to help improve their operational efficiencies. In the past quarter, we cooperated with Urumqi Airport in Xinjiang to support its digitalization. We utilized our technology to help the airport develop a mini-program to facilitate flight transit for passengers. In addition, we provided SaaS solutions to more individual, small and medium-sized chain hotels in lower-tier cities to help them improve operational efficiencies. Moreover, through implementing our bus ticketing system and expanding the coverage of smart ticketing equipment nationwide, we also contributed to the digitalization of the bus ticketing industry.

As a socially responsible enterprise, we are devoted to positively influencing society and proactively participating in social activities. We initiated a relief plan to provide support to small and medium-sized hotels to help them alleviate pressures amid the uncertain market environment. To help tourism professionals improve their occupational skills and overcome difficulties caused by the pandemic, we further enriched our free online professional courses with content such as investment, construction, and operation methodologies of hotels, as well as marketing strategies for tourist attractions.

### *Business Outlook and Strategies*

The massive outbreaks of the COVID-19 pandemic have caused significant fluctuations in China's travel market. The travel market is temporarily disrupted and may remain volatile in a short run. However, it is recovering gradually and will bounce back once the pandemic is under control. Besides, the accelerated online penetration rate is shaping a promising future with enormous opportunities for OTAs in China. We are confident to continuously outperform the market in the future by leveraging our competitive advantages in diversified traffic sources, sturdy market position, flexible operation strategy, and advanced technological capabilities. We will utilize our diversified traffic channels and enrich alternative traffic sources to penetrate the untapped travel market, especially in lower-tier cities. We will also use our innovation capabilities to enhance our products and services, aiming to transform from OTA to ITA. In addition, we will seek investment opportunities aligned with our core strategies to drive the future growth of our business. Concurrently, we will put more effort into corporate governance, environmental protection, and social responsibility in our operations to generate long-term sustainable value for our stakeholders and communities.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Second Quarter of 2022 compared to Second Quarter of 2021

	Unaudited Three months ended June 30,	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	1,318,650	2,137,977
Cost of revenue	<u>(383,230)</u>	<u>(505,447)</u>
<b>Gross profit</b>	<u><b>935,420</b></u>	<u>1,632,530</u>
Service development expenses	(324,879)	(330,201)
Selling and marketing expenses	(574,681)	(884,584)
Administrative expenses	(134,877)	(126,243)
Net provision for impairment loss on financial assets	(15,322)	(11,919)
Fair value changes on investments measured at fair value through profit or loss	28,759	17,251
Other income	44,782	16,808
Other (losses)/gains – net	<u>(87,654)</u>	<u>21,117</u>
<b>Operating (loss)/profit</b>	<u><b>(128,452)</b></u>	334,759
Finance income	9,678	9,403
Finance costs	(23,283)	(4,661)
Share of results of associates	<u>(19,911)</u>	<u>(18,133)</u>
<b>(Loss)/profit before income tax</b>	<u><b>(161,968)</b></u>	321,368
Income tax credit/(expense)	<u>26,764</u>	<u>(30,134)</u>
<b>(Loss)/profit for the period</b>	<u><u><b>(135,204)</b></u></u>	<u><u>291,234</u></u>
(Loss)/profit attributable to:		
Equity holders of the Company	(132,138)	291,351
Non-controlling interests	<u>(3,066)</u>	<u>(117)</u>
	<u><u><b>(135,204)</b></u></u>	<u><u>291,234</u></u>
Adjusted net profit for the period <sup>(a)</sup>	<u><u><b>112,003</b></u></u>	<u><u>417,945</u></u>

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,			
	2022		2021	
	RMB'000		RMB'000	
Accommodation reservation services	543,526	41.2%	742,892	34.7%
Transportation ticketing services	619,521	47.0%	1,234,750	57.8%
Others	155,603	11.8%	160,335	7.5%
<b>Total revenue</b>	<b>1,318,650</b>	<b>100.0%</b>	<b>2,137,977</b>	<b>100.0%</b>

Revenue decreased by 38.3% from RMB2,138.0 million for the three months ended June 30, 2021 to RMB1,318.7 million for the three months ended June 30, 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 decreased by 26.8% from RMB742.9 million for the three months ended June 30, 2021 to RMB543.5 million in the same period of 2022. The decrease was mainly due to the resurgence of COVID-19 since March 2022 with declined demand of accommodation reservation services.

### *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 acted primarily as an agent, assumed no inventory risk and no obligations for cancelled ticket reservations, and therefore recorded the majority of our revenue on a net basis.

Revenue from transportation ticketing services decreased by 49.8% from RMB1,234.8 million for the three months ended June 30, 2021 to RMB619.5 million for the three months ended June 30, 2022, which was mainly due to the resurgence of COVID-19 since March 2022 with declined demand of transportation ticketing services.

## Others

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

Revenue from others remains stable at RMB160.3 million for the three months ended June 30, 2021 and RMB155.6 million for the three months ended June 30, 2022.

## Cost of revenue

Our cost of revenue primarily consists 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) for our user services and TSP services employees; (iii) procurement costs, which represent the costs for sourcing ancillary value-added travel products and services from service providers; (iv) bandwidth and servers custody fee; (v) cost of pre-purchased travel related products, representing the prices we pay to TSPs to purchase travel products for which we take inventory risk; (vi) depreciation of property, plant and equipment and right-of-use assets; and (vii) others, which primarily include telephone and communication costs, tax and surcharges, travel and entertainment expenses, 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, 2022 and 2021:

	Unaudited			
	Three months ended June 30,			
	2022		2021	
	RMB'000		RMB'000	
Order processing cost	147,763	38.6%	249,333	49.3%
Employee benefit expenses	73,518	19.2%	60,216	11.9%
Procurement costs	32,496	8.5%	37,138	7.3%
Bandwidth and servers custody fee	35,312	9.2%	41,487	8.2%
Cost of pre-purchased travel related products	34,499	9.0%	65,289	12.9%
Depreciation of property, plant and equipment and right-of-use assets	31,061	8.1%	23,316	4.6%
Others	28,581	7.4%	28,668	5.8%
<b>Total cost of revenue</b>	<b>383,230</b>	<b>100.0%</b>	<b>505,447</b>	<b>100.0%</b>

Cost of revenue decreased by 24.2% from RMB505.4 million for the three months ended June 30, 2021 to RMB383.2 million for the three months ended June 30, 2022. The decrease was mainly due to: (i) a decrease in order processing cost from RMB249.3 million for the three months ended June 30, 2021 to RMB147.8 million for the three months ended June 30, 2022, as a result of declined GMV; (ii) a decrease in cost of pre-purchased travel related products from RMB65.3 million for the three months ended June 30, 2021 to RMB34.5 million for the three months ended June 30, 2022; and (iii) partially offset by an increase in employee benefit expenses driven by the increased employee number of our user services and TSP services employees. Excluding share-based compensation charges, cost of revenue accounted for 28.7% of revenue for the three months ended June 30, 2022, which increased from 23.5% for the same period of 2021.

#### *Service development expenses*

Service development expenses mainly consist of employee benefit expenses, depreciation and amortization expense. Service development expenses were almost flattened at RMB324.9 million for the three months ended June 30, 2022, compared with RMB330.2 million for the three months ended June 30, 2021. Excluding share-based compensation charges, service development expenses accounted for 22.3% of revenue for the three months ended June 30, 2022, which increased from 14.8% for the same period of 2021.

#### *Selling and marketing expenses*

Selling and marketing expenses decreased by 35.0% from RMB884.6 million for the three months ended June 30, 2021 to RMB574.7 million for the three months ended June 30, 2022. The decrease was mainly due to the decrease in advertising and promotion expenses and commission expenses. Excluding share-based compensation charges, selling and marketing expenses accounted for 42.7% of revenue for the three months ended June 30, 2022, compared with 41.1% for the same period of 2021.

#### *Administrative expenses*

Administrative expenses increased from RMB126.2 million for the three months ended June 30, 2021 to RMB134.9 million for the three months ended June 30, 2022, which was mainly due to the increase in employee benefit expenses. Excluding share-based compensation charges, administrative expenses accounted for 6.0% of revenue for the three months ended June 30, 2022, which increased from 4.6% for the same period of 2021.

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

Net provision for impairment loss on financial assets increased to RMB15.3 million for the three months ended June 30, 2022 from RMB11.9 million for the same period of 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 investments measured at fair value through profit or loss of RMB28.8 million for the three months ended June 30, 2022, compared with RMB17.3 million for the three months ended June 30, 2021, which was mainly due to the less fair value losses on our investments in certain public and private companies.

### *Other income*

We recorded other income of RMB44.8 million for the three months ended June 30, 2022, compared with RMB16.8 million for the three months ended June 30, 2021. The increase was mainly due to more government subsidies received.

### *Other (losses)/gains – net*

We recorded other losses of RMB87.7 million for the three months ended June 30, 2022 and other gains of RMB21.1 million for the three months ended June 30, 2021. The decrease was mainly due to the increase in foreign exchange losses and loss on foreign currency financial instruments.

### *Income tax credit/(expense)*

We recorded an income tax credits of RMB26.8 million for the three months ended June 30, 2022 and income tax expense of RMB30.1 million for the three months ended June 30, 2021, respectively, as a result of decrease of current income tax charge and the recognition of deferred income tax credit for tax losses and other temporary differences for the three months ended June 30, 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 a profit of RMB291.4 million for the three months ended June 30, 2021 to a loss of RMB132.1 million for the three months ended June 30, 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 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 is defined as operating profit adjusted for (i) share-based compensation, gross; (ii) amortization of intangible assets; (iii) depreciation of property, plant and equipment, and right-of-use assets; (iv) foreign exchange net loss/(gain); (v) net losses/(gains) on investees; and (vi) others, including acquisition-related cost and net loss on foreign currency financial instruments. Adjusted net profit for the period is defined as profit for the period adjusted for (i) share-based compensation, net; (ii) the amortization of intangible assets from acquisition; (iii) foreign exchange loss/(gain); (iv) net losses/(gains) on investees; and (v) others, including acquisition-related cost, net loss on foreign currency financial instruments and depreciation of property, plant and equipment and right-of-use assets from acquisition.

The above items are excluded from our adjusted EBITDA and adjusted net 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 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 (loss)/profit**

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

	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>Operating (loss)/profit</b>	<b>(128,452)</b>	334,759	<b>9,368</b>	550,166
Add:				
Share-based compensation, gross <sup>(a)</sup>	<b>101,886</b>	50,202	<b>196,800</b>	107,567
Amortization of intangible assets	<b>157,155</b>	104,158	<b>313,927</b>	208,169
Depreciation of property, plant and equipment and right-of-use assets	<b>51,731</b>	40,962	<b>101,593</b>	81,523
Foreign exchange loss/(gain) <sup>(b)</sup>	<b>106,715</b>	(2,536)	<b>100,058</b>	4,563
Net losses/(gains) on investees <sup>(c)</sup>	<b>(13,064)</b>	22,181	<b>(7,393)</b>	20,648
Others	<b>16,263</b>	–	<b>16,318</b>	65
<b>Adjusted EBITDA</b>	<b><u>292,234</u></b>	<u>549,726</u>	<b><u>730,671</u></b>	<u>972,701</u>

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) Represents foreign exchange loss/(gain) which is 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 (loss)/profit for the period**

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

	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>(Loss)/profit for the period</b>	<b>(135,204)</b>	291,234	<b>(37,967)</b>	460,362
Add:				
Share-based compensation, net <sup>(a)</sup>	<b>84,772</b>	37,188	<b>181,073</b>	94,553
Amortization of intangible assets from acquisition <sup>(b)</sup>	<b>52,509</b>	69,878	<b>104,880</b>	139,607
Foreign exchange loss/(gain) <sup>(c)</sup>	<b>106,715</b>	(2,536)	<b>100,058</b>	4,563
Net losses/(gains) on investees <sup>(d)</sup>	<b>(13,064)</b>	22,181	<b>(7,393)</b>	20,648
Others	<b>16,275</b>	–	<b>16,342</b>	65
<b>Adjusted net profit for the period</b>	<b><u>112,003</u></b>	<u>417,945</u>	<b><u>356,993</u></b>	<u>719,798</u>

Notes:

- (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 and depreciation of property, plant and equipment in relation to business combinations.
- (c) Represents foreign exchange loss/(gain) which is the result of macro-economic factors and can vary significantly 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>Unaudited</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
Cost of revenue	<b>4,720</b>	2,311	<b>9,055</b>	4,970
Service development expenses	<b>30,232</b>	14,709	<b>58,054</b>	31,727
Selling and marketing expenses	<b>11,519</b>	5,459	<b>22,212</b>	11,637
Administrative expenses	<b>55,415</b>	27,723	<b>107,479</b>	59,233
<b>Total share-based compensation, gross</b>	<b>101,886</b>	50,202	<b>196,800</b>	107,567
Tax effect of temporary difference	<b>(17,114)</b>	(13,104)	<b>(15,727)</b>	(13,104)
<b>Total share-based compensation, net</b>	<b>84,772</b>	37,188	<b>181,073</b>	94,553

**Liquidity and Financial Resources**

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

We had cash and cash equivalents of RMB2,813.9 million and RMB2,298.0 million as of June 30, 2022 and 2021, respectively.

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

	<b>Unaudited</b>	
	<b>For the six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Net cash generated from operating activities	<b>187,917</b>	1,181,627
Net cash used in investing activities	<b>(1,337,563)</b>	(780,125)
Net cash generated from financing activities	<b>1,856,760</b>	95,867
<b>Net increase in cash and cash equivalents</b>	<b>707,114</b>	497,369
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>61,196</b>	(3,868)
<b>Cash and cash equivalents at end of the period</b>	<b>2,813,914</b>	2,297,985

## **Net cash generated from operating activities**

For the six months ended June 30, 2022, net cash generated from operating activities was RMB187.9 million, which was primarily attributable to the loss before income tax of RMB19.8 million, as adjusted by (i) amortization of intangible assets of RMB313.9 million, depreciation of property, plant and equipment and right-of-use assets of RMB101.6 million, share-based compensation of RMB196.8 million, net provision for impairment loss on financial assets of RMB13.0 million, net foreign exchange loss of RMB100.1 million, fair value gain on investments measured at fair value through profit or loss of RMB32.4 million, net other gains of RMB40.3 million, interest income of RMB17.4 million, interest expense of RMB40.4 million; and (ii) changes in working capital, which primarily consisted of an increase trade receivable of RMB329.2 million, an increase in trade payables of RMB146.2 million, an increase in prepayment and other receivables of RMB71.8 million, and a decrease in other payables and accruals and contract liabilities of RMB202.0 million. We also paid income tax of RMB32.2 million and received interest income of RMB16.5 million.

## **Net cash used in investing activities**

For the six months ended June 30, 2022, net cash used in investing activities was RMB1,337.6 million, which was primarily attributable to (i) net cash paid for wealth management products of RMB838.7 million; (ii) payment for long-term equity investments of RMB574.1 million; (iii) purchase of property, plant and equipment of RMB100.7 million; (iv) purchase of intangible assets of RMB16.9 million; and (v) offset by proceeds from disposal of long-term equity investment measured at fair value of RMB106.0 million and investments accounted for using the equity method of RMB80.9 million, respectively.

## **Net cash generated from financing activities**

For the six months ended June 30, 2022, net cash generated from financing activities was RMB1,856.8 million, which was primarily due to net proceeds from long-term borrowings of RMB1,872.3 million.

## **Gearing Ratio**

As of June 30, 2022, our gearing ratio, calculated as total borrowings and lease liabilities divided by total equity attributable to equity holders of the Company, was approximately 15.0%.

## **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, 2022, the carrying amount of such secured property was RMB344.7 million.

## Capital Expenditure

	<b>Unaudited</b>	
	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Purchase of property, plant and equipment	<b>100,731</b>	140,232
Purchase of intangible assets	<b>16,872</b>	352
Placement of long-term investments <sup>(a)</sup>	<b>574,089</b>	213,373
<b>Total capital expenditure</b>	<b><u>691,692</u></b>	<b><u>353,957</u></b>

Note:

- (a) Placement of long-term investments represents investments accounted for using the equity method, equity investments measured at fair value through profit or loss and business combination.

Our capital expenditures primarily include purchases of property and equipment, intangible assets, investments accounted for using the equity method and equity 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 Investments

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>June 30,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Investments accounted for using the equity method	<b>1,368,316</b>	1,127,921
Investments measured at fair value through profit or loss	<b>922,381</b>	828,414
Investments measured at amortized cost	<b>2,180,352</b>	2,010,674
<b>Total long-term investments</b>	<b><u>4,471,049</u></b>	<b><u>3,967,009</u></b>

Our long-term investments as at June 30, 2022 were RMB4,471.0 million, as compared to RMB3,967.0 million as at December 31, 2021. The increase in our investments accounted for using the equity method was caused by more investments in certain private companies that we have significant influences. These companies are principally engaged in transportation services, hotel management and capital funds targeting at travel industry investments. The increase in our long-term investments measured at fair value was caused by (i) increase in investment in certain private companies that we have no control or significant influence, which are principally engaged in transportation services; and (ii) wealth management products with terms of more than one year, denominated in RMB, with expected rates of return ranging from 4.15% to 4.30% per annum for the six months ended June 30, 2022. 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 at June 30, 2022 and December 31, 2021, total long-term investments as a percentage to the Group's total assets was 18.7% and 18.4%, 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 investments in wealth management products over one year, with returns calculated based on fixed interest rate and denominated in RMB. As of June 30, 2022, 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 Investments

	<b>Unaudited</b> <b>As at</b> <b>June 30,</b> <b>2022</b> <b>RMB'000</b>	Audited As at December 31, 2021 RMB'000
Short-term investments measured at amortized cost	<b>318,040</b>	–
Short-term investments measured at fair value through profit or loss	<b>3,824,753</b>	3,343,317
<b>Total short-term investments</b>	<b>4,142,793</b>	3,343,317

Short-term investments measured at amortized cost as at June 30, 2022 were term deposits within one year, with returns calculated based on fixed interest rate and denominated in USD. The investments were held for collection of contractual cash flows and the contractual cash flows of these investments qualify for solely payments of principal and interest, hence they were measured at amortized cost. Short-term investments measured at fair value through profit or loss include wealth management products, denominated in RMB and USD, with expected rates of return ranging from 2.21% to 5.33% per annum for the six months ended June 30, 2022. 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 at June 30, 2022 and December 31, 2021, total short-term investments as a percentage to the Group's total assets was 17.3% and 15.5%, respectively. There is 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 February 18, 2022, the Company acquired the remaining 53.5% equity interest in a PMS company, Beijing MIOT Technology Co., Ltd. (北京米天下科技股份有限公司), from third parties and accounted for such acquisition as a business combination and started to consolidate the financial statements from February 18, 2022. This enables the Company to further enhance our technological and service capabilities and enable us to build closer ties with supply end by providing 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.

## **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.

Our subsidiaries and Consolidated Affiliated Entities in the PRC operate mainly in the PRC with most of the transactions settled in RMB. There are certain financial assets or liabilities of our Group are denominated in the currencies other than the respective functional currencies of our Group's subsidiaries and Consolidated Affiliated Entities operating in the PRC, and as of June 30, 2022, the Group entered into certain derivative contracts with financial institutions which are used for economic hedging purposes. These derivative contracts are accounted for as financial assets/ (liabilities) at fair value through profit or loss.

## **Employee**

As of June 30, 2022, we had a total of 5,284 full-time employees. As of the same date, approximately 45.27% and 11.28% of our full-time employees were based in Suzhou and Beijing, respectively, while remaining 43.45% 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 training is 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, 2019 Share Option Plan, 2022 RSU Plan and 2022 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.

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 for the six months ended June 30, 2022.

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the three and six months ended June 30, 2022

	Notes	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
		2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	2	1,318,650	2,137,977	3,036,649	3,751,740
Cost of revenue	3	(383,230)	(505,447)	(854,840)	(914,529)
<b>Gross profit</b>		<b>935,420</b>	1,632,530	<b>2,181,809</b>	2,837,211
Service development expenses	3	(324,879)	(330,201)	(676,700)	(637,154)
Selling and marketing expenses	3	(574,681)	(884,584)	(1,211,642)	(1,502,655)
Administrative expenses	3	(134,877)	(126,243)	(323,122)	(234,589)
Net provision for impairment loss on financial assets		(15,322)	(11,919)	(13,044)	(28,730)
Fair value changes on investments measured at fair value through profit or loss	9(e)	28,759	17,251	32,424	56,558
Other income		44,782	16,808	79,461	37,971
Other (losses)/gains – net	4	(87,654)	21,117	(59,818)	21,554
<b>Operating (loss)/profit</b>		<b>(128,452)</b>	334,759	<b>9,368</b>	550,166
Finance income		9,678	9,403	17,446	17,247
Finance costs		(23,283)	(4,661)	(40,374)	(9,331)
Share of results of associates		(19,911)	(18,133)	(6,232)	(25,541)
<b>(Loss)/profit before income tax</b>		<b>(161,968)</b>	321,368	<b>(19,792)</b>	532,541
Income tax credit/(expense)	5	26,764	(30,134)	(18,175)	(72,179)
<b>(Loss)/profit for the period</b>		<b>(135,204)</b>	291,234	<b>(37,967)</b>	460,362
<b>(Loss)/profit attributable to:</b>					
– Equity holders of the Company		(132,138)	291,351	(30,994)	460,899
– Non-controlling interests		(3,066)	(117)	(6,973)	(537)
		<b>(135,204)</b>	291,234	<b>(37,967)</b>	460,362
<b>(Loss)/earnings per share (expressed in RMB per share):</b>					
– Basic	6	<b>(0.06)</b>	0.13	<b>(0.01)</b>	0.21
– Diluted	6	<b>(0.06)</b>	0.13	<b>(0.01)</b>	0.21

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended June 30, 2022

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>(Loss)/profit for the period</b>	<b>(135,204)</b>	291,234	<b>(37,967)</b>	460,362
<b>Other comprehensive income/(loss)</b> <i>Items that may not be subsequently reclassified to profit or loss:</i>				
– Currency translation differences	<u>69,826</u>	<u>(30,815)</u>	<u>62,226</u>	<u>(17,233)</u>
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<u>69,826</u>	<u>(30,815)</u>	<u>62,226</u>	<u>(17,233)</u>
<b>Total comprehensive (loss)/income for the period</b>	<u><b>(65,378)</b></u>	<u>260,419</u>	<u><b>24,259</b></u>	<u>443,129</u>
<b>Total comprehensive (loss)/income for the period attributable to:</b>				
– Equity holders of the Company	<u>(62,312)</u>	260,536	<u>31,232</u>	443,666
– Non-controlling interests	<u>(3,066)</u>	<u>(117)</u>	<u>(6,973)</u>	<u>(537)</u>
	<u><b>(65,378)</b></u>	<u>260,419</u>	<u><b>24,259</b></u>	<u>443,129</u>

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

		Unaudited As at June 30, 2022 <i>RMB'000</i>	Audited As at December 31, 2021 <i>RMB'000</i>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,369,541	1,364,262
Right-of-use assets		210,211	217,064
Investments accounted for using the equity method	8	1,368,316	1,127,921
Investments measured at fair value through profit or loss	9	922,381	828,414
Investments measured at amortized cost	9	2,180,352	2,010,674
Intangible assets		8,074,329	8,347,850
Deferred income tax assets		202,241	174,680
Trade receivables	11	50,766	53,491
Prepayment and other receivables	10	170,343	8,764
		<b>14,548,480</b>	<b>14,133,120</b>
<b>Current assets</b>			
Trade receivables	11	990,115	670,324
Prepayment and other receivables	10	1,333,602	1,259,433
Investments measured at amortized cost	9	318,040	–
Investments measured at fair value through profit or loss	9	3,824,753	3,343,317
Derivative financial instruments	12	14,703	–
Restricted cash		69,564	54,600
Cash and cash equivalents		2,813,914	2,045,604
		<b>9,364,691</b>	<b>7,373,278</b>
<b>Total assets</b>		<b>23,913,171</b>	<b>21,506,398</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital		7,644	7,634
Share premium		19,610,928	19,570,778
Other reserves		(2,795,155)	(3,038,281)
Accumulated losses		(1,351,974)	(1,320,980)
		<b>15,471,443</b>	<b>15,219,151</b>
<b>Non-controlling interests</b>		<b>37,088</b>	<b>39,455</b>
<b>Total equity</b>		<b>15,508,531</b>	<b>15,258,606</b>

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

As at June 30, 2022

		<b>Unaudited</b>	Audited
		<b>As at</b>	As at
		<b>June 30,</b>	December 31,
		<b>2022</b>	2021
<i>Notes</i>		<b>RMB'000</b>	<b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	13	<b>1,991,696</b>	93,537
Lease liabilities		<b>181,151</b>	181,979
Derivative financial instruments	12	<b>9,352</b>	–
Other payables		<b>811,151</b>	764,336
Deferred income tax liabilities		<b>481,336</b>	496,526
		<b>3,474,686</b>	1,536,378
<b>Current liabilities</b>			
Borrowings	13	<b>111,267</b>	19,692
Trade payables	14	<b>2,356,932</b>	2,206,560
Other payables and accruals		<b>2,387,942</b>	2,289,497
Lease liabilities		<b>35,223</b>	34,185
Derivative financial instruments	12	<b>14,610</b>	–
Contract liabilities		<b>17,151</b>	147,101
Current income taxes liabilities		<b>6,829</b>	14,379
		<b>4,929,954</b>	4,711,414
<b>Total liabilities</b>		<b>8,404,640</b>	6,247,792
<b>Total equity and liabilities</b>		<b>23,913,171</b>	21,506,398

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended June 30, 2022

	Unaudited	
	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows generated from operating activities	187,917	1,181,627
Net cash flows used in investing activities	(1,337,563)	(780,125)
Net cash flows generated from financing activities	1,856,760	95,867
<b>Net increase in cash and cash equivalents</b>	<b>707,114</b>	<b>497,369</b>
Cash and cash equivalents at beginning of the period	2,045,604	1,804,484
Effect of exchange rate changes on cash and cash equivalents	61,196	(3,868)
<b>Cash and cash equivalents at end of the period</b>	<b>2,813,914</b>	<b>2,297,985</b>

## Notes

### 1. General information and basis of preparation

Tongcheng Travel Holdings Limited (the “Company”) is an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 14, 2016.

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 other travel-related products and services in the People’s Republic of China (the “PRC”).

The condensed consolidated interim financial information of the Group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by International Accounting Standard Board (“IASB”). The condensed consolidated interim financial information have been prepared under the historical cost convention, as modified by the revaluation of financial assets/liabilities which are carried at fair value.

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

(a) Amended standards and annual improvements adopted by the Group

The Group has applied the following amendments and annual improvements for the first time for the Group’s financial year beginning on January 1, 2022:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020

The above amendments and annual improvements did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended standards not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for reporting periods on or after January 1, 2022 and have not been early adopted by the Group.

	<b>Effective date</b>
• IFRS 17 Insurance Contracts	January 1, 2023
• Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
• Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	January 1, 2023
• Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
• Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023
• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	To be determined

These new and amended standards 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 (loss)/profit, excluding items which are not directly related to the segment performance (the “combined results”). These include non-operating other income such as government subsidies, fair value changes on investments measured at fair value through profit or loss, and other (losses)/gains – net. 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 in the PRC. As of June 30, 2022 and December 31, 2021, 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 they are not used by the CODM when making decisions about allocating resources and assessing performance of the Group.

	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
Operating (loss)/profit per consolidated income statements	<b>(128,452)</b>	334,759	<b>9,368</b>	550,166
Less: Other income	<b>(44,782)</b>	(16,808)	<b>(79,461)</b>	(37,971)
Fair value changes on investments measured at fair value through profit or loss	<b>(28,759)</b>	(17,251)	<b>(32,424)</b>	(56,558)
Other (losses)/gains – net	<b>87,654</b>	(21,117)	<b>(59,818)</b>	(21,554)
Operating (loss)/profit presented to the CODM	<b><u>(114,339)</u></b>	<u>279,583</u>	<b><u>(42,699)</u></b>	<u>434,083</u>

Revenue by service type for the three and six months ended June 30, 2022 and 2021 are as follows:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accommodation reservation services	<b>543,526</b>	742,892	<b>1,086,608</b>	1,201,429
Transportation ticketing services	<b>619,521</b>	1,234,750	<b>1,636,740</b>	2,258,176
Others	<b>155,603</b>	160,335	<b>313,301</b>	292,135
Total revenue	<b><u>1,318,650</u></b>	<u>2,137,977</u>	<b><u>3,036,649</u></b>	<u>3,751,740</u>

### 3. Expenses by nature

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	<b>522,834</b>	459,351	<b>1,086,211</b>	886,838
Advertising and promotion expenses	<b>315,230</b>	657,694	<b>710,398</b>	1,103,323
Depreciation and amortization expense	<b>208,886</b>	145,120	<b>415,520</b>	289,692
Order processing cost	<b>147,763</b>	249,333	<b>342,968</b>	446,138
Commission expenses	<b>52,873</b>	102,031	<b>108,162</b>	159,629
Bandwidth and servers fee	<b>35,312</b>	41,487	<b>72,372</b>	80,725
Cost of pre-purchased travel related products	<b>34,499</b>	65,289	<b>85,818</b>	97,393
Procurement costs	<b>32,496</b>	37,138	<b>86,694</b>	69,333
Professional service fees	<b>26,347</b>	23,593	<b>58,186</b>	40,628
Travelling and entertainment expenses	<b>10,253</b>	15,335	<b>22,563</b>	26,735
Rental and utility fees	<b>9,200</b>	12,690	<b>19,815</b>	23,284
Tax and surcharges	<b>7,251</b>	11,591	<b>14,080</b>	19,781
Telephone and communication	<b>2,587</b>	2,004	<b>5,037</b>	3,935
Others	<b>12,136</b>	23,819	<b>38,480</b>	41,493
	<b><u>1,417,667</u></b>	<u>1,846,475</u>	<b><u>3,066,304</u></b>	<u>3,288,927</u>

#### 4. Other (losses)/gains - net

	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Foreign exchange (loss)/gain, net	(106,715)	2,536	(100,058)	(4,563)
Investment income from investments measured at amortized cost	21,401	19,460	39,157	30,691
Loss on derivative financial instruments	(16,263)	–	(16,253)	–
Gains on disposal/derecognition of investments accounted for using the equity method	11,486	–	17,399	–
Net gain/(loss) on disposal of property, plant and equipment	190	23	(253)	194
Donation	(53)	(2)	(411)	(3,996)
Others	2,300	(900)	601	(772)
	<b>(87,654)</b>	<b>21,117</b>	<b>(59,818)</b>	<b>21,554</b>

#### 5. Income tax (credit)/expense

The income tax expense of the Group for the three and six months ended June 30, 2022 and 2021 is analyzed as follows:

	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Current income tax	13,738	63,799	24,782	104,724
Deferred income tax	(40,502)	(33,665)	(6,607)	(32,545)
	<b>(26,764)</b>	<b>30,134</b>	<b>18,175</b>	<b>72,179</b>

##### (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 income 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 ended June 30, 2022 and 2021.

(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 ended June 30, 2022 and 2021, 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% during the periods ended June 30, 2022 and 2021.

Three of the Company’s directly held subsidiaries incorporated in the PRC are qualified as High and New Technology Enterprises, and accordingly, they are subject to a reduced preferential CIT rate of 15% for the periods ended June 30, 2022 and 2021, according to the applicable CIT law.

Other subsidiaries of the Company incorporated in the PRC are subject to the general PRC CIT rate of 25% during the periods ended June 30, 2022 and 2021.

(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 1 January 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%.

As of June 30, 2022 and December 31, 2021, 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 on WHT was provided as at June 30, 2022 and December 31, 2021.

## 6. (Loss)/earnings per share

(a) Basic

Basic (loss)/earnings per share for the three and six months ended June 30, 2022 and 2021 are calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
	2022	2021	2022	2021
(Loss)/profit attributable to equity holders of the Company (RMB'000)	<b>(132,138)</b>	291,351	<b>(30,994)</b>	460,899
Weighted average numbers of ordinary shares in issue (thousand shares)	<b>2,218,239</b>	2,196,830	<b>2,218,026</b>	2,190,714
Basic (loss)/earnings per share (RMB)	<b><u>(0.06)</u></b>	<u>0.13</u>	<b><u>(0.01)</u></b>	<u>0.21</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As of June 30, 2022, 142,003,618 share options and 35,647,846 RSUs were outstanding in total. As the Group incurred losses for the period ended June 30, 2022, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the three and six months ended June 30, 2022 was the same as basic loss per share.

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 June 30,		Unaudited Six months ended June 30,	
	2022	2021	2022	2021
(Loss)/profit attributable to equity holders of the Company (RMB'000)	<b>(132,138)</b>	291,351	<b>(30,994)</b>	460,899
Weighted average number of ordinary shares in issue (thousand shares)	<b>2,218,239</b>	2,196,830	<b>2,218,026</b>	2,190,714
Adjustments for RSUs granted to employees (thousand shares)	–	3,975	–	3,027
Adjustments for share options granted to employees (thousand shares)	–	46,357	–	42,211
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousand shares)	<b>2,218,239</b>	2,247,162	<b>2,218,026</b>	2,235,952
Diluted (loss)/earnings per share (RMB)	<b>(0.06)</b>	0.13	<b>(0.01)</b>	0.21

## 7. Dividend

No dividend has been paid or declared by the Company during the three and six months ended June 30, 2022 and 2021.

## 8. Investments accounted for using the equity method

	Unaudited Six months ended June 30, 2022 RMB'000	Unaudited Six months ended June 30, 2021 RMB'000
At beginning of the period	1,127,921	220,891
Addition	320,900	12,300
Disposal	(74,054)	–
Share-based compensation to employees of the Group's associates	249	350
Shares of losses	(6,232)	(25,541)
Currency translation differences	(468)	(406)
At end of the period	<b>1,368,316</b>	<b>207,594</b>

## 9. Investments

	Unaudited As at June 30, 2022 RMB'000	Audited As at December 31, 2021 RMB'000
<b>Current assets</b>		
Short-term investments measured at		
– Amortized cost (a)	318,040	–
– Fair value through profit or loss (b)	3,824,753	3,343,317
	<b>4,142,793</b>	<b>3,343,317</b>
<b>Non-current assets</b>		
Long-term investments measured at		
– Amortized cost (c)	2,180,352	2,010,674
– Fair value through profit or loss (d)	922,381	828,414
	<b>3,102,733</b>	<b>2,839,088</b>

(a) Short-term investments measured at amortized cost

Short-term investments measured at amortized cost were time deposit within terms less than one year, with returns calculated at fixed interest rate and are denominated in USD. The investments are held for collection of contractual cash flows which qualify for solely payments of principal and interest, hence it is measured at amortized cost. None of these investment was past due.

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

The short-term investments measured at fair value through profit or loss represent investments in wealth management products.

The wealth management products were denominated in RMB or USD, with expected rates of return ranging from 2.21% to 5.33%, per annum for the period ended June 30, 2022 (for the same period of 2021: 0.4% to 5.5% per annum). The returns on all 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. None of these investments are past due. The fair values are based on cash flows discounted using the expected return based on management judgment and are within level 3 of the fair value hierarchy.

(c) Long-term investments measured at amortized cost

Long-term investments measured at amortized cost were time deposits with terms over one year which bear interests at fixed interest rates ranging from 3.40% to 3.99% per annum (for the same period of 2021: 3.55% to 4.50% per annum), and are all 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 are past due.

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

As of June 30, 2022 and December 31, 2021, 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 nor 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 valuation techniques with unobservable inputs and hence classified as level 3 of the fair value hierarchy for equity interests in private companies. For equity interests in listed companies, they are measured based on the quoted market prices in active markets and hence classified as level 1 of the fair value hierarchy.

The wealth management products with terms of more than one year are denominated in RMB, with expected rates of return ranging from 4.15% to 4.30% per annum (for the same period of 2021: 4.15% to 4.20%) for the six months ended June 30, 2022. 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. None of these investments are past due. The fair values are based on cash flows discounted using the expected rate of return based on management judgment and are within level 3 of the fair value hierarchy.

The Company's investments in affiliates measured at fair value through profit or loss are not considered as material on individual basis as none of them individually exceeds 5% of the Group's total assets as at June 30, 2022 and December 31, 2021.

(e) Amounts recognized in profit or loss

	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Fair value changes on long-term investments measured at fair value through profit or loss	<b>5,562</b>	(22,155)	<b>(3,756)</b>	(20,622)
Fair value changes on short-term investments measured at fair value through profit or loss	<b>23,197</b>	39,406	<b>36,180</b>	77,180
	<b>28,759</b>	17,251	<b>32,424</b>	56,558

## 10. Prepayment and other receivables

	Unaudited As at June 30, 2022 RMB'000	Audited As at December 31, 2021 RMB'000
<b>Non-current</b>		
Prepayment to suppliers	26,928	6,242
Prepayment for equity investment	141,000	–
Total non-financial assets	167,928	6,242
Deposits	2,193	2,193
Others	222	329
Total financial assets	2,415	2,522
<b>Non-current, total</b>	<b>170,343</b>	<b>8,764</b>
<b>Current</b>		
Prepayment to accommodation suppliers	68,036	84,452
Prepaid taxation	135,730	134,743
Prepayment to tickets suppliers	390,930	339,223
Prepayment for advertising	28,011	22,754
Prepayment for office rental	1,257	825
Prepayment to related parties	20,716	40,690
Others	103,240	77,777
Total non-financial assets	747,920	700,464
Deposits	196,063	184,597
Receivable from related parties	384,715	390,281
Others	78,912	59,995
Less: provision for impairment	(74,008)	(75,904)
Total financial assets	585,682	558,969
<b>Current, total</b>	<b>1,333,602</b>	<b>1,259,433</b>

## 11. Trade receivables

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

	Unaudited As at June 30, 2022 RMB'000	Audited As at December 31, 2021 RMB'000
Up to 6 months	961,880	646,352
Over 6 months	259,156	246,270
	1,221,036	892,622
Less: provision for impairment	(180,155)	(168,807)
	<b>1,040,881</b>	<b>723,815</b>

	Unaudited As at June 30, 2022 RMB'000	Audited As at December 31, 2021 RMB'000
Included in non-current assets	50,766	53,491
Included in current assets	990,115	670,324
Total	<u>1,040,881</u>	<u>723,815</u>

## 12. Derivative financial instruments

The group has the following derivative financial instruments which are accounted for as financial assets/liabilities at fair value through profit or loss:

	Unaudited As at June 30, 2022 RMB'000	Audited As at December 31, 2021 RMB'000
<b>Current assets</b>		
Foreign exchange forward contracts	8,955	–
Capped foreign exchange forward contracts	5,748	–
	<u>14,703</u>	<u>–</u>
<b>Current liabilities</b>		
Foreign exchange forward contracts	(14,610)	–
	<u>(14,610)</u>	<u>–</u>
<b>Non-current liabilities</b>		
Capped foreign exchange forward contracts	(9,352)	–
	<u>(9,352)</u>	<u>–</u>

### Amounts recognized in profit or loss

The following amounts were recognized in profit or loss in relation to derivative financial instruments:

	Unaudited Three months ended June 30, 2022		Unaudited Six months ended June 30, 2021	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Net losses on foreign exchange forwards and capped foreign exchange forwards contracts recognized in other (losses)/gains - net	<u>(16,263)</u>	<u>–</u>	<u>(16,253)</u>	<u>–</u>

### 13. Borrowings

	Unaudited As at <b>June 30,</b> <b>2022</b> <i>RMB'000</i>	Audited As at December 31, 2021 <i>RMB'000</i>
<b>Non-current:</b>		
Secured long-term bank borrowings (a)	83,691	93,537
Unsecured long-term bank borrowings (b)	1,908,005	–
	<b>1,991,696</b>	93,537
<b>Current:</b>		
Current portion of long-term secured bank borrowings (a)	19,692	19,692
Current portion of long-term unsecured bank borrowings (b)	91,575	–
	<b>111,267</b>	19,692
	<b>2,102,963</b>	113,229

Notes:

- (a) The bank borrowings are denominated in RMB, secured by property, plant and equipment of the Group and bear interest at China Interbank Offered Rate with a markup of 10% per annum from January 1, 2021 to September 15, 2021 and at a fixed rate 4.8% per annum from September 16, 2021 onwards.
- (b) The bank borrowings are unsecured, denominated in USD and bear interest at London Interbank Offered Rate plus a margin of 1.5% per annum.

### 14. Trade payables

An aging analysis of trade payables based on invoice date is as follows:

	Unaudited As at <b>June 30,</b> <b>2022</b> <i>RMB'000</i>	Audited As at December 31, 2021 <i>RMB'000</i>
Up to 6 months	2,244,297	2,077,323
Over 6 months	112,635	129,237
	<b>2,356,932</b>	2,206,560

## **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, 2022, the Group has used RMB9.4 million to expand user base by strengthening our user acquisition channels and RMB11.5 million for working capital and general corporate purposes. For details of the breakdown of the use of proceeds, please refer to the 2022 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, 2022 to the Shareholders.

### **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, 2022.

### **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 for the six months ended June 30, 2022.

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 for the six months ended June 30, 2022.

### **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, 2022, 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. Yang Chia Hung (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, 2022. The Audit Committee considers that the financial results for the six months ended June 30, 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## Event After the Six Months Ended June 30, 2022

There has been no material event after June 30, 2022 which requires disclosure in this announcement.

## PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.tongchengir.com](http://www.tongchengir.com)).

The Company's interim report for the three and six months ended June 30, 2022 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 and approved by the Company on August 26, 2016
“2018 Share Incentive Plan”	the share incentive plan adopted and approved by the Company on March 9, 2018
“2019 RSU Plan”	the 2019 restricted share unit plan adopted and approved 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
“2022 RSU Plan”	the 2022 restricted share unit plan adopted and approved by the Company on March 22, 2022
“2022 Share Option Plan”	the 2022 share option plan approved by an ordinary resolution passed by shareholders of the Company at the annual general meeting of the Company on May 31, 2022
“APUs”	annual paying users
“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
“Global Offering”	the offering of the Company’s shares as described in the prospectus dated November 14, 2018 issued by 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
“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
“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 USD0.0005 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 of Hong Kong Limited (stock code: 700)
“TSP(s)”	travel service provider(s)
“USD”	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 Travel Holdings Limited**  
**Ma Heping**  
*Executive Director and  
Chief Executive Officer*

Hong Kong, August 22, 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***

Yang Chia Hung  
Dai Xiaojing  
Han Yuling

***Non-executive Directors***

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