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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 SEPTEMBER 30, 2024

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the three months ended September 30, 2024, together with comparative figures for the same periods of 2023.

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024

- Revenue increased by 51.3% year-to-year from RMB3,299.3 million in the third quarter of 2023 to RMB4,991.5 million in the third quarter of 2024.
- Adjusted EBITDA increased by 51.6% from RMB870.0 million in the third quarter of 2023 to RMB1,318.8 million in the third quarter of 2024. Adjusted EBITDA margin remained flattened at 26.4% in the third quarter of 2024 compared with 26.4% in the third quarter of 2023.
- Adjusted net profit increased by 46.6% from RMB620.6 million in the third quarter of 2023 to RMB910.0 million in the third quarter of 2024. Adjusted net margin decreased from 18.8% in the third quarter of 2023 to 18.2% in the third quarter of 2024.
- Average MPUs increased by 5.0% year-to-year from 44.2 million in the third quarter of 2023 to 46.4 million in the third quarter of 2024.
- APUs increased by 3.4% year-to-year from 224.7 million in the third quarter of 2023 to 232.4 million in the third quarter of 2024.
- Accumulated Number of Travelers Served for the twelve-month ended September 30, 2024 increased by 19.9% to 1,882.5 million from 1,570.6 million for the twelve-month ended September 30, 2023.

1. Key Financial Metrics for the three months ended September 30, 2024

	Unaudited Three months ended September 30,		Year-to-year change
	2024 <i>(in RMB'000)</i>	2023	
Revenue	4,991,496	3,299,290	51.3%
Profit before income tax	955,321	597,856	59.8%
Profit for the period	803,234	515,488	55.8%
Adjusted EBITDA for the period	1,318,796	869,999	51.6%
Adjusted net profit for the period	910,011	620,569	46.6%
Revenue growth (year-to-year)	51.3%	61.1%	
Adjusted EBITDA margin	26.4%	26.4%	
Adjusted net margin	18.2%	18.8%	

Note:

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

2. Financial Information by Segment

Starting from the first quarter of 2024, our chief operating decision makers started to review information under a new reporting structure, and segment reporting has been updated to conform to this change. We think the new segment disclosure better reflects our business strategies, the development phases of various businesses and the financial performance, and better aligns with our resource allocation. Our updated reportable segments comprise (i) core OTA, which mainly includes the former OTA segment; and (ii) tourism, which mainly comprising offline travel agency related services and the operation of scenic park.

Comparative figures were reclassified to conform to this presentation.

	Unaudited							
	Three months ended September 30,							
	2024				2023			
	<i>(in RMB'000)</i>							
	Core OTA	Tourism	Unallocated items	Total	Core OTA	Tourism	Unallocated items	Total
Accommodation reservation	1,377,541	-	-	1,377,541	1,127,401	-	-	1,127,401
Transportation ticketing	2,026,751	-	-	2,026,751	1,679,948	-	-	1,679,948
Others	608,518	978,686	-	1,587,204	491,941	-	-	491,941
Total revenue	4,012,810	978,686	-	4,991,496	3,299,290	-	-	3,299,290
Cost of revenue, operating expenses and unallocated items	(2,763,384)	(954,843)	(296,159)	(4,014,386)	(2,468,349)	-	(232,058)	(2,700,407)
Operating profit/(loss)	1,249,426	23,843	(296,159)	977,110	830,941	-	(232,058)	598,883

Note:

Unallocated items mainly include (i) share-based compensation expenses; (ii) depreciation of property, plant and equipment and right-of-use assets from acquisition; (iii) amortization of intangible assets from acquisition; (iv) fair value changes of other financial investments at fair value through profit or loss; (v) other income; (vi) other gains-net; and (vii) certain corporate selling and administrative expenses and other miscellaneous items. They are not allocated to individual segments.

3. Operating Metrics for the three months ended September 30, 2024

	Three months ended		Year-to-year change
	September 30,		
	2024	2023	
GMV (in RMB billion)	72.8	71.1	2.4%
Number of average MPUs (in million)	46.4	44.2	5.0%
APUs (in million)	232.4	224.7	3.4%
Accumulated Number of Travelers Served for the twelve-month ended (in million)	1,882.5	1,570.6	19.9%

Business Review and Outlook

Results Highlights

In the third quarter of 2024, China's travel industry continued its upward trend, exhibited by the strong travel demand during the summer season. As the leading travel platform in China, we furthered reinforced our market position and seized growth opportunities. We have obtained remarkable growth, demonstrating the effective execution of our strategies and our outstanding organizational capabilities.

During the third quarter of 2024, we continued to achieve excellent results, with both quarterly revenue and adjusted net profit reaching record highs. Our GMV increased by 2.4% year-to-year, reaching a record high of RMB72.8 billion for the three months ended September 30, 2024. Our total revenue increased by 51.3% to RMB4,991.5 million for the three months ended September 30, 2024. During the quarter, we actively seized market opportunities while further enhancing our operational efficiency to achieve better margins. For the three months ended September 30, 2024, our adjusted net profit increased by 46.6% to RMB910.0 million, representing an adjusted net margin of 18.2%.

Business Review

We have accumulated an extensive user base in the industry and have enhanced user value through our effective user acquisition and engagement initiatives. For the twelve-month ended September 30, 2024, our APUs increased by 3.4% year-to-year and reached 232.4 million. Our twelve-month Accumulated Number of Travelers Served increased by 19.9% to 1.88 billion, fueled by the continuous enhancement in user purchase frequency. For the three months ended September 30, 2024, our average MPUs increased by 5.0% year-to-year to 46.4 million, achieving record high. We further strengthened our foothold in China's mass market, leveraging our efficient user acquisition strategies and exceptional operational capabilities. As of September 30, 2024, our registered users residing in non-first tier cities in China accounted for over 87% of the total registered users. For the three months ended September 30, 2024, around 71% of our new paying users on the Weixin platform were from non-first tier cities in China.

In our ongoing efforts to broaden traffic acquisition, we have leveraged both online and offline channels, placing a strong emphasis on enhancing operational efficiency. The Weixin ecosystem remained a crucial source of traffic for us, and we have successfully enhanced our operations and user acquisition initiatives within this ecosystem. In addition, our proprietary APP continued to exhibit remarkable growth, with its DAU reaching an all-time high in the lead-up to the National Holiday. We have successfully engaged young users through the launch of innovative marketing initiatives and the introduction of tailored products and services in our standalone APP. Furthermore, recognizing the importance of content platforms in driving user engagement, we increased our efforts on these platforms to foster stronger interactions with users.

Our platform serves as a one-stop shop that offers users a vast selection of travel-related products and services to meet the diverse needs of travelers throughout their journeys. We endeavored to continuously enhance our offerings to meet the evolving demands of our users. As of September 30, 2024, our online platforms offered around 450,000 routes operated by more than 730 airlines and agencies, approximately 3.2 million hotel selections and alternative accommodation options, more than 180,000 bus routes, over 800 ferry routes, and over 10,000 domestic tourist attraction ticketing services.

We are committed to enhancing user value and loyalty on our platform. Our Black Whale membership program has been instrumental in significantly boosting user engagement and loyalty. To further enhance overall user experience, we have intensified efforts to optimize operation and enrich user benefits and privileges of Black Whale membership program. In response to the growing demand for outbound travel, we have extended the benefits of program to ensure our members can enjoy their privileges while traveling internationally. As a result, the cumulative number of Black Whale members increased meaningfully in the third quarter of 2024. Moreover, we have further refined our cross-selling strategy and focused on optimizing efficiency, aiming to deliver a more comprehensive travel experience and elevate user value.

In pursuit of expanding our international footprint, we continued to leverage our substantial user base to develop our outbound travel business. In the third quarter of 2024, we remained committed to investing in international business expansion while adhering to an efficiency-driven approach. We broadened and enhanced our product and service offerings, supported by targeted marketing campaigns designed to more effectively engage the younger demographic.

During the quarter under review, we achieved outstanding growth for our core OTA business. For the three months ended September 30, 2024, our revenue from transportation ticketing services increased by 20.6% year-to-year from RMB1,679.9 million to RMB2,026.8 million, reaching another record high. The growth in revenue was mainly attributable to the increase in ticketing volume, coupled with the enhancement in our value-added products and services. Our air ticketing business sustained its momentum in gaining market share, with both business volume and revenue reaching historic highs. Through expansion of our international offerings and leveraging our pricing advantages, we achieved a new peak in international air ticketing volume, which grew over 110% year-to-year. Our train ticketing also achieved solid revenue growth, primarily due to our consistent efforts to improve monetization through strategies such as refining our Huixing intelligent travel system which offers more comprehensive travel solutions to users.

Our accommodation business also delivered excellent results, achieving record highs in both revenue and business volume. For the three months ended September 30, 2024, our revenue from the accommodation business increased by 22.2% year-to-year from RMB1,127.4 million to RMB1,377.5 million. Amid the resilient demand during the third quarter of 2024, we remained focused on our target market and capitalized on growth opportunities by exploring a variety of accommodation scenarios. We also continued to optimize our cross-selling strategy to better capture users' demand. Moreover, our international room nights saw substantial growth of over 130% year-to-year, largely driven by our ongoing efforts to enrich our hotel offerings and our innovative marketing campaigns targeting younger travelers.

Our other business maintained its outstanding performance. For the three months ended September 30, 2024, our other revenue from the core OTA achieved RMB608.5 million, reflecting a year-to-year growth of 23.7%. Our hotel management and online packaged tour business registered strong growth. In addition, as part of our strategic expansion along the travel industry chain, our hotel management business has experienced rapid growth across China. By the end of September 2024, the number of hotels in operation under our management has risen to over 2,100, with nearly 1,200 more in the pipeline.

In addition to our core OTA business, we are actively pursuing new avenue within the travel industry to foster long-term growth for our Company. In the third quarter of 2024, amid the ongoing recovery of the industry, our tourism business experienced encouraging growth and achieved RMB978.7 million in revenue. We focused on refining our products and services to enhance value proposition for our users and further strengthen our market penetration.

We aim to invigorate the travel industry by utilizing our extensive internet expertise and advanced technologies to empower our industry partners and enhance user experiences. In the third quarter of 2024, we entered into strategic collaborations with Hainan Airport Group and Jilin Airport Group, through which we will help them develop big data and marketing solutions. Additionally, we developed a customized air-rail combined transport technology for Nanning Airport to enhance its operational capacity and efficiency.

We prioritize user experience and aim to deliver supreme travel experience for our users. Our AI-driven customer service system has been pivotal in bolstering operational efficiency and significantly easing the manual workload for our staff. In the third quarter of 2024, we made continuous advancements by integrating intelligent features and automation into our system, all designed to further elevate user experience. Moreover, we have intensified our efforts to refine our algorithm-driven Huixing system, with the goal of offering our users more feasible and convenient travel options, particularly for those with complex itineraries that lack direct routes.

Over the years, we have been dedicated to enhancing our ESG performance to align with the best global practices. For the third consecutive year, we have received an “AA” grade in our MSCI ESG rating, acknowledging our exceptional ESG performance. This achievement reflects the substantial efforts we have invested in ESG initiatives. Looking ahead, we will continue to pursue better ESG performance by adhering to higher international standards, aiming to create greater value for society and our stakeholders.

Business Outlook and Strategies

China’s travel market has sustained its growth momentum since the beginning of last year. With the onset of the fourth quarter, we continue to observe a strong and enduring enthusiasm for travel among consumers.

We maintain an optimistic outlook on the growth potential of China’s travel industry. Continuous enhancement in tourism-related infrastructure presents significant growth potentials for the travel industry. The Chinese government has recently introduced a series of supportive policies, which are expected to provide a positive boost to the consumer market. The Chinese government has also identified the travel industry as a key driver of the nation’s economic growth. Furthermore, there’s a notable shift towards embracing novel travel experiences, indicating significant potential for both the industry and our business. We are also confident in the prospects of China’s outbound travel market, driven by the ongoing resumption of international flights, the easing of visa policies, and a growing consumer interest in exploring diverse and unique destinations worldwide.

Going forward, we are determined to harness our competitive advantages to drive sustainable growth. For our core OTA business, we will prioritize enhancing user value while expanding our user reach. We are dedicated to enhancing our product and service offerings to elevate user experience and consistently exceed their expectations. Additionally, we will continue to focus on expanding our outbound business to strengthen our global market presence. We will also reinforce our market position within the travel industry and continue to develop our hotel management and tourism business. Moreover, we will pursue investment opportunities aligned with our strategic objectives to support the Company’s future growth. Lastly, we will emphasize corporate governance, environmental protection, and social responsibility in our operations to generate long-term value for our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Third Quarter of 2024 compared to Third Quarter of 2023

	Unaudited Three months ended September 30,	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue	4,991,496	3,299,290
Cost of revenue	(1,826,821)	(839,728)
Gross profit	3,164,675	2,459,562
Service development expenses	(505,072)	(466,330)
Selling and marketing expenses	(1,467,569)	(1,271,545)
Administrative expenses	(327,745)	(196,536)
Net reversal/(provision) for impairment loss on financial assets	1,382	(7,189)
Fair value changes on investments measured at fair value through profit or loss	41,971	16,331
Other income	37,192	27,328
Other gains – net	32,276	37,262
Operating profit	977,110	598,883
Finance income	46,841	55,954
Finance costs	(60,267)	(38,712)
Share of results of associates	(8,363)	(18,269)
Profit before income tax	955,321	597,856
Income tax expense	(152,087)	(82,368)
Profit for the period	803,234	515,488
Profit attributable to:		
Equity holders of the Company	793,181	510,198
Non-controlling interests	10,053	5,290
	803,234	515,488
Adjusted net profit for the period ^(a)	910,011	620,569

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 by service lines and by segments in absolute amount:

	Unaudited Three months ended September 30,		Year-to-year change
	2024 RMB'000	2023 RMB'000	
Core OTA			
Accommodation reservation services	1,377,541	1,127,401	22.2%
Transportation ticketing services	2,026,751	1,679,948	20.6%
Others	608,518	491,941	23.7%
	4,012,810	3,299,290	21.6%
Tourism	978,686	—	N/A
Total revenue	4,991,496	3,299,290	51.3%

Revenue increased by 51.3% from RMB3,299.3 million for the three months ended September 30, 2023 to RMB4,991.5 million for the three months ended September 30, 2024.

The increase of total revenue was driven by the increased revenue from both core OTA segment and tourism segment.

Core OTA

The core OTA revenue was generated primarily from accommodation reservation services and transportation ticketing services, and was increased by 21.6% from RMB3,299.3 million for the three months ended September 30, 2023 to RMB4,012.8 million for the three months ended September 30, 2024.

Revenue from accommodation reservation services increased by 22.2% from RMB1,127.4 million for the three months ended September 30, 2023 to RMB1,377.5 million in the same period of 2024. The increase was mainly due to various accommodation products we offered and cross-selling strategies we further enhanced.

Revenue from transportation ticketing services increased by 20.6% from RMB1,679.9 million for the three months ended September 30, 2023 to RMB2,026.8 million for the three months ended September 30, 2024, which was mainly due to the increase in demand in transportation ticketing services and value-added product and services we provided.

Revenue from others increased by 23.7% to RMB608.5 million for the three months ended September 30, 2024 from RMB491.9 million for the three months ended September 30, 2023, which was mainly due to increase in (i) online packaged tour services; and (ii) hotel management services.

Tourism

Tourism revenue represents revenue from offline travel agency related services and the operation of scenic park, the businesses we acquired in late 2023 further expand our supply chain of the travel industry. There was no such revenue for the three months ended September 30, 2023.

Cost of revenue, operating expense and unallocated items

The following table sets forth a breakdown of our cost of revenue, operating expense and unallocated items for the three months ended September 30, 2024 and 2023:

	Unaudited			
	Three months ended September 30,			
	2024		2023	
	<i>RMB'000</i>		<i>RMB'000</i>	
Cost of revenue	1,826,821	45.5%	839,728	31.1%
Service development expenses	505,072	12.6%	466,330	17.3%
Selling and marketing expenses	1,467,569	36.6%	1,271,545	47.1%
Administrative expenses	327,745	8.0%	196,536	7.3%
Net (reversal)/provision for impairment loss on financial assets	(1,382)	0.0%	7,189	0.3%
Fair value changes on investments measured at fair value through profit or loss	(41,971)	(1.0)%	(16,331)	(0.6)%
Other income	(37,192)	(0.9)%	(27,328)	(1.0)%
Other gains – net	(32,276)	(0.8)%	(37,262)	(1.5)%
Total cost of revenue, operating expenses and unallocated items	4,014,386	100.0%	2,700,407	100.0%

Cost of revenue

Cost of revenue increased from RMB839.7 million for the three months ended September 30, 2023 to RMB1,826.8 million for the three months ended September 30, 2024. The increase was mainly due to (i) the cost of travel products of tourism services, in which the Group acts as a principal; and (ii) the increase in employee benefit expenses driven by the increased number of our user service and TSP services employees. Excluding share-based compensation charges, cost of revenue accounted for 36.5% of revenue for the three months ended September 30, 2024, which increased from 25.4% for the same period of 2023.

Service development expenses

Service development expenses increased from RMB466.3 million for the three months ended September 30, 2023 to RMB505.1 million for the three months ended September 30, 2024. The increase was mainly due to employee benefit expenses driven by the increased number of IT employees. Excluding share-based compensation charges, service development expenses accounted for 9.6% of revenue for the three months ended September 30, 2024, which decreased from 13.8% for the same period of 2023.

Selling and marketing expenses

Selling and marketing expenses increased by 15.4% from RMB1,271.5 million for the three months ended September 30, 2023 to RMB1,467.6 million for the three months ended September 30, 2024, which was mainly due to (i) the increased employee benefits due to the increased numbers of sales employees; (ii) the increased advertising and promotion expenses; (iii) the increase in commission expenses; and (iv) the increase in amortization expense. Excluding share-based compensation charges, selling and marketing expenses accounted for 29.2% of revenue for the three months ended September 30, 2024, which decreased from 38.3% for the same period of 2023.

Administrative expenses

Administrative expenses increased from RMB196.5 million for the three months ended September 30, 2023 to RMB327.7 million for the three months ended September 30, 2024, which was mainly due to (i) the increase in employee benefit expenses due to the increased number of administrative employees; and (ii) the increase in depreciation expense. Excluding share-based compensation charges, administrative expenses accounted for 5.1% of revenue for the three months ended September 30, 2024, which increased from 4.6% for the same period of 2023.

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

We recorded net reversal for impairment loss on financial assets of RMB1.4 million for three months ended September 30, 2024 and net provision for impairment loss on financial assets of RMB7.2 million for the three months ended September 30, 2023, which was mainly due to less expected credit losses on trade and other receivables.

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

We recorded net fair value gains on investments measured at fair value through profit or loss of RMB42.0 million and RMB16.3 million for the three months ended September 30, 2024 and 2023, respectively. It was mainly arising from the increase in the fair value gains in investments in certain public companies and gains in wealth management products.

Other income

Other income increased to RMB37.2 million for the three months ended September 30, 2024, from RMB27.3 million for the same period of 2023. The increase was mainly due to more government subsidies received.

Other gains – net

We recorded other gains – net of RMB32.3 million primarily due to the increase in foreign exchange gains for the three months ended September 30, 2024, and partially offset by the decrease in gains on time deposits. For the three months ended September 30, 2023, other gains – net of RMB37.3 million was recorded.

Income tax expense

We recorded an income tax expense of RMB152.1 million and RMB82.4 million for the three months ended September 30, 2024 and 2023, respectively, as a result of the increased taxable income for the three months ended September 30, 2024.

Profit attributable to equity holders of the Company

As a result of the foregoing, profit attributable to equity holders of the Company increased from a profit of RMB510.2 million for the three months ended September 30, 2023 to a profit of RMB793.2 million for the three months ended September 30, 2024.

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 gain; (v) net gains on investees; and (vi) others, including acquisition-related cost and net gains 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) amortization of intangible assets from acquisition; (iii) foreign exchange gain; (iv) net gains on investees; and (v) others, including acquisition-related cost, net losses 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 profit

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

	Unaudited	
	Three months ended	
	September 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Operating profit	977,110	598,883
Add/(less):		
Share-based compensation, gross ^(a)	112,581	62,900
Amortization of intangible assets	185,842	169,090
Depreciation of property, plant and equipment and right-of-use assets	93,194	57,455
Foreign exchange gain ^(b)	(36,951)	(7,456)
Net gains on investees ^(c)	(22,507)	(8,209)
Others	9,527	(2,664)
Adjusted EBITDA	<u>1,318,796</u>	<u>869,999</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 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 on disposal of investees or subsidiaries.

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

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

	Unaudited Three months ended September 30,	
	2024	2023
	RMB'000	RMB'000
Profit for the period	803,234	515,488
Add/(less):		
Share-based compensation, net ^(a)	87,326	59,393
Amortization of intangible assets from acquisition ^(b)	64,417	63,112
Foreign exchange gain ^(c)	(36,951)	(7,456)
Net gains on investees ^(d)	(22,507)	(8,209)
Others	14,492	(1,759)
Adjusted net profit for the period	910,011	620,569

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 in relation to business combinations.
- (c) Represents foreign exchange 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 on disposal of investees or subsidiaries.

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

	Unaudited Three months ended September 30,	
	2024	2023
	RMB'000	RMB'000
Cost of revenue	3,603	1,276
Service development expenses	24,331	11,475
Selling and marketing expenses	12,380	6,718
Administrative expenses	72,267	43,431
Total share-based compensation, gross	112,581	62,900
Tax effect of temporary differences	(25,255)	(3,507)
Total share-based compensation, net	87,326	59,393

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended September 30, 2024

	Unaudited Three months ended September 30,	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue	4,991,496	3,299,290
Cost of revenue	(1,826,821)	(839,728)
Gross profit	3,164,675	2,459,562
Service development expenses	(505,072)	(466,330)
Selling and marketing expenses	(1,467,569)	(1,271,545)
Administrative expenses	(327,745)	(196,536)
Net reversal/(provision) for impairment loss on financial assets	1,382	(7,189)
Fair value changes on investments measured at fair value through profit or loss	41,971	16,331
Other income	37,192	27,328
Other gains – net	32,276	37,262
Operating profit	977,110	598,883
Finance income	46,841	55,954
Finance costs	(60,267)	(38,712)
Share of results of associates	(8,363)	(18,269)
Profit before income tax	955,321	597,856
Income tax expense	(152,087)	(82,368)
Profit for the period	803,234	515,488
Profit attributable to:		
Equity holders of the Company	793,181	510,198
Non-controlling interests	10,053	5,290
	803,234	515,488

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended September 30, 2024

	Unaudited	
	Three months ended	
	September 30,	
	2024	2023
	RMB'000	RMB'000
Profit for the period	803,234	515,488
Other comprehensive (loss)/income		
<i>Items that may not be subsequently reclassified to profit or loss:</i>		
– Currency translation differences	(18,263)	(7,234)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
– Currency translation differences	3,511	–
Other comprehensive loss for the period, net of tax	(14,752)	(7,234)
Total comprehensive income for the period	788,482	508,254
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	778,429	502,964
– Non-controlling interests	10,053	5,290
	788,482	508,254

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2024

	Unaudited As at September 30, 2024	Audited As at December 31, 2023
	<u>RMB'000</u>	<u>RMB'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	3,022,021	2,495,259
Right-of-use assets	882,650	589,251
Investments accounted for using the equity method	1,673,964	1,429,800
Investments measured at fair value through profit or loss	956,941	1,039,294
Investments measured at amortized cost	1,218,277	683,879
Intangible assets	10,752,088	9,580,301
Deferred income tax assets	213,996	206,209
Prepayment and other receivable	509,493	792,970
	<u>19,229,430</u>	<u>16,816,963</u>
Current assets		
Trade receivables	1,991,943	1,218,288
Prepayment and other receivables	6,630,723	4,369,903
Short-term investments measured at amortized cost	235,707	2,316,753
Inventories	7,648	997
Derivative financial instruments	–	24,699
Short-term investments measured at fair value through profit or loss	2,740,401	1,631,715
Restricted cash	124,143	144,893
Cash and cash equivalents	5,737,276	5,192,398
	<u>17,467,841</u>	<u>14,899,646</u>
Total assets	<u><u>36,697,271</u></u>	<u><u>31,716,609</u></u>
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	8,013	7,765
Share premium	20,465,270	20,115,692
Treasury shares	(148)	–
Other reserves	(2,351,915)	(2,507,888)
Retained earnings	1,400,726	87,142
	<u>19,521,946</u>	<u>17,702,711</u>
Non-controlling interests	<u>947,480</u>	<u>843,578</u>
Total equity	<u><u>20,469,426</u></u>	<u><u>18,546,289</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at September 30, 2024

	Unaudited As at September 30, 2024	Audited As at December 31, 2023
	<u>RMB'000</u>	<u>RMB'000</u>
LIABILITIES		
Non-current liabilities		
Borrowings	788,839	10,942
Lease liabilities	631,493	420,464
Other payables	1,535,457	74,636
Contract liabilities	28,286	32,324
Deferred income tax liabilities	738,845	744,860
	<u>3,722,920</u>	<u>1,283,226</u>
Current liabilities		
Borrowings	2,620,187	2,540,095
Trade payables	4,458,920	4,130,982
Other payables and accruals	4,770,119	4,939,325
Lease liabilities	138,527	40,736
Derivative financial instruments	9,472	–
Contract liabilities	331,838	111,184
Current income taxes liabilities	175,862	124,772
	<u>12,504,925</u>	<u>11,887,094</u>
Total liabilities	<u><u>16,227,845</u></u>	<u><u>13,170,320</u></u>
Total equity and liabilities	<u><u>36,697,271</u></u>	<u><u>31,716,609</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended September 30, 2024

	Unaudited	
	Three months ended September 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash (used in)/generated from operating activities	(647,655)	706,376
Net cash used in investing activities	(924,979)	(607,904)
Net cash used in financing activities	(395,600)	(216,395)
Net decrease in cash and cash equivalents	(1,968,234)	(117,923)
Cash and cash equivalents at beginning of the period	7,747,983	5,404,726
Effect of exchange rate changes on cash and cash equivalents	(42,473)	(5,180)
Cash and cash equivalents at end of the period	<u>5,737,276</u>	<u>5,281,623</u>

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the three months ended September 30, 2024.

Compliance with the Corporate Governance Code

The Company has adopted and applied the principles and code provisions as set out in the Corporate Governance Code. During the three months ended September 30, 2024, 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. Xie Qing Hua, with terms of reference in compliance with the Listing Rules.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal controls and financial reporting with the management, including the review of the unaudited financial results of the Group for the three months ended September 30, 2024. The Audit Committee considers that the financial results for the three months ended September 30, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

DEFINITION

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

“Accumulated Number of Travelers Served”	total number of users who used our products and services in the twelve-month period ended September 30, 2024
“APUs”	annual paying users
“APP”	application program, the software program installed on a mobile phone
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“China”	People’s Republic of China

“Company”	Tongcheng Travel Holdings Limited (同程旅行控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 14, 2016
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“DAU”	daily active users
“Director(s)”	the director(s) of the Company
“GMV”	gross merchandise volume, the total value of merchandise sold in the specified market or through a specified platform during a given period
“Group”, “we”, “us”, or “our”	the Company, its subsidiaries and consolidated affiliated entities from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	IFRS Accounting Standards (comprising IFRS Accounting Standards and IAS Standards, as well as their amendments and interpretations) as issued from time to time by the International Accounting Standards Board
“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
“MPUs”	monthly paying users who make purchases on our platforms at least once during a calendar month
“OTA”	online travel agency
“RMB”	Renminbi, the lawful currency of China
“Shareholder(s)”	holder(s) of the Share(s)
“TSP(s)”	travel service provider(s)

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, November 19, 2024

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

Executive Directors

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

Non-executive Directors

Liang Jianzhang (*Co-Chairman*)
Jiang Hao
Xie Qing Hua
Brent Richard Irvin

Independent Non-executive Directors

Yang Chia Hung
Dai Xiaojing
Han Yuling