

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 YEAR ENDED DECEMBER 31, 2023

The Board of the Company is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2023, together with comparative figures for the same periods of 2022.

FOR THE THREE MONTHS ENDED DECEMBER 31, 2023

- Revenue increased by 109.6% year-to-year to RMB3,144.5 million in the fourth quarter of 2023 from RMB1,500.1 million in the same period of 2022.
- Adjusted EBITDA increased by 193.0% from RMB244.3 million in the fourth quarter of 2022 to RMB715.9 million in the same period of 2023. Adjusted EBITDA margin increased to 22.8% in the fourth quarter of 2023 from 16.3% in the fourth quarter of 2022.
- Adjusted net profit increased by 1,188.3% from RMB37.5 million in the fourth quarter of 2022 to RMB482.5 million in the fourth quarter of 2023. Adjusted net margin increased from 2.5% in the fourth quarter of 2022 to 15.3% in the fourth quarter of 2023.
- Average MPUs increased by 54.3% year-to-year from 24.3 million in the fourth quarter of 2022 to 37.5 million in the fourth quarter of 2023.

1. Key Financial Metrics for the three months ended December 31, 2023

	Unaudited Three months ended December 31,		Year-to-year change
	2023 <i>(in RMB'000)</i>	2022	
Revenue	3,144,542	1,500,066	109.6%
Profit/(loss) before income tax	385,183	(32,577)	N/A
Profit/(loss) for the period	311,126	(31,663)	N/A
Adjusted EBITDA	715,851	244,324	193.0%
Adjusted net profit for the period	482,546	37,455	1,188.3%
Revenue growth/(decrease) (year-to-year)	109.6%	(18.8)%	
Adjusted EBITDA margin	22.8%	16.3%	
Adjusted net margin	15.3%	2.5%	

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 December 31, 2023

	Three months ended December 31,		Year-to-year change
	2023	2022	
GMV (in RMB billion)	53.5	25.4	110.6%
Number of average MPUs (in million)	37.5	24.3	54.3%

FOR THE YEAR ENDED DECEMBER 31, 2023

- Revenue increased by 80.7% year-to-year to RMB11,896.2 million in 2023 from RMB6,584.7 million in 2022.
- Adjusted EBITDA increased by 117.4% year-to-year from RMB1,437.2 million in 2022 to RMB3,123.9 million in 2023. Adjusted EBITDA margin increased from 21.8% in 2022 to 26.3% in 2023.
- Adjusted net profit increased by 240.3% from RMB646.2 million in 2022 to RMB2,199.1 million in 2023. Adjusted net margin increased from 9.8% in 2022 to 18.5% in 2023.
- Average MPUs increased by 39.1% year-to-year from 29.7 million in 2022 to 41.3 million in 2023.
- APUs increased by 25.2% year-to-year from 187.5 million in 2022 to 234.7 million in 2023.

3. Key Financial Metrics for the year ended December 31, 2023

	Year ended		Year-to-year change
	December 31, 2023	2022	
	(in RMB'000)		
Revenue	11,896,244	6,584,666	80.7%
Profit/(loss) before income tax	1,853,689	(117,080)	N/A
Profit/(loss) for the year	1,565,563	(163,570)	N/A
Adjusted EBITDA	3,123,894	1,437,175	117.4%
Adjusted net profit for the year	2,199,101	646,172	240.3%
Revenue growth/(decrease) (year-to-year)	80.7%	(12.6)%	
Adjusted EBITDA margin	26.3%	21.8%	
Adjusted net margin	18.5%	9.8%	

Note:

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

4. Operating Metrics for the year ended December 31, 2023

	Year ended		Year-to-year change
	December 31, 2023	2022	
	(in RMB'000)		
GMV (in RMB billion)	241.5	122.7	96.8%
Number of average MPUs (in million)	41.3	29.7	39.1%
APUs (in million)	234.7	187.5	25.2%

BUSINESS REVIEW AND OUTLOOK

2023 marked a remarkable recovery for the Chinese travel industry. In the first half of the year, the industry demonstrated a strong resurgence, reflecting the increasing travel sentiment and demand. Going into the third quarter, the market reached its pinnacle and was marked by the significant increase in travel activities during the summer holidays. Despite the low season for travel in the fourth quarter, travel demand remained strong especially during the National Day holiday period, indicating sustained and robust travel interest.

As a leading Chinese OTA, we quickly adapted to the rising market demand and executed effective strategies to seize market opportunities. Throughout 2023, we constantly improved our products and services and expanded into new markets. Our user base and business scale achieved unprecedented levels during the year. We have made considerable strides in expanding our business, with international business, hotel management business and packaged tour business adding to the growth of the Company.

Results Highlights

The industry continued to manifest its vitality and resilience throughout the past year, and we once again capitalized on the opportunities and outperformed the market with remarkable results. For the fourth quarter of 2023, our average MPUs increased by 54.3% year-to-year from 24.3 million for the same period of 2022 to 37.5 million. Our GMV recorded a 110.6% increase from RMB25.4 billion in the fourth quarter of 2022 to RMB53.5 billion in the fourth quarter of 2023, mainly attributable to the increase in business volume during the quarter. On a yearly basis, our average MPUs increased by 39.1% year-to-year from 29.7 million in 2022 to 41.3 million in 2023. Our APUs for the year ended December 31, 2023 increased by 25.2% from 187.5 million by the end of 2022 to 234.7 million, marking a historic high. Our GMV achieved record high and increased by 96.8% year-to-year from RMB122.7 billion in 2022 to RMB241.5 billion in 2023.

For the fourth quarter of 2023, our revenue increased by 109.6% year-to-year to RMB3,144.5 million. Our adjusted net profit for the period increased by 1,188.3% year-to-year to RMB482.5 million. Our adjusted net margin was 15.3% in the fourth quarter of 2023. For the year ended December 31, 2023, we recorded robust financial growth and reached unparalleled heights in both our revenue and adjusted net profit. Our total revenue increased by 80.7% from RMB6,584.7 million in 2022 to RMB11,896.2 million in 2023. Our adjusted net profit for the year increased by 240.3% from RMB646.2 million in 2022 to RMB2,199.1 million in 2023. Our adjusted net margin increased from 9.8% in 2022 to 18.5% in 2023.

Business Review

To expand our traffic sources, we continued to pursue various channels in both online and offline scenarios. During the three months ended December 31, 2023, we maintained stable and effective traffic within Weixin mini-program and deepened strategic cooperation with Tencent. We explored various scenarios within the Tencent ecosystem to expand our user reach and made consistent efforts to refine our operations to enhance user acquisition efficiency. We collaborated with Tencent Games and launched e-Sports activities to promote our brand to the younger generations. We also optimized our entry point interfaces on QQ Browser and Weixin Search platform to deliver better user experience. In 2023, around 80% of our average MAUs were contributed by the Weixin mini-program.

We promoted our proprietary App with an effective marketing campaign that catered to the preferences of younger users by integrating trending topics. We also increased efforts in operating our mini-program on Alipay and explored the potential of the ecosystem. Moreover, we continued our partnership with a prominent handset vendor, offering its users convenient and reliable services for transportation ticketing and accommodation reservations. Simultaneously, we persisted in developing our offline user acquisition channels. The public transit initiative was an efficacious tool to grow our user base and extend our presence across the country, given the huge traffic volume of metro and intra-city buses. The offline user acquisition initiatives contributed meaningfully to our MPUs for the fourth quarter of 2023.

As a leading OTA in China, we aspire to create a travel platform that resonates with younger generations. Throughout the last year, we dedicated ourselves to crafting our marketing strategies with creativity. We initiated a variety of innovative marketing campaigns, such as e-sports games, open-door marketplace and music festivals, to strengthen our bonding with younger users. During the fourth quarter of 2023, we seized the opportunity of the rising popularity of skiing activities and launched a series of skiing events in Xinjiang and Jilin to reinforce our brand influence among younger users. With these marketing activities, we aim to continuously deliver products and services that cater to the preferences of younger generations.

We aim to enhance user value and grow user loyalty on our platform through in-depth insights and precise operations. We improved our Black Whale membership program by incorporating more benefits such as price protection and free cancellation. We also provided our Black Whale members with personalized travel consultancy and customer service to enhance their experiences. In the fourth quarter of 2023, the cumulative number of Black Whale members increased significantly.

We adhered to our strategic focus on penetrating the lower-tier cities market and successfully established a strong foothold there. Meanwhile, we continuously strengthened our market share in various targeted markets leveraging our competitive advantages. As of December 31, 2023, our registered users residing in non-first-tier cities in China accounted for approximately 86.9% of the total registered users. For the year ended December 31, 2023, approximately 72.7% of our new paying users on Weixin platform were from non-first-tier cities in China.

By fostering long-term and sustainable relationships with various TSPs, we continued to deliver exceptional one-stop-shop products and services to our users. As of December 31, 2023, our online platforms offered over 420,000 routes operated by more than 780 airlines and agencies, nearly 2.5 million hotel selections and alternative accommodation options, approximately 430,000 bus routes, over 840 ferry routes, and over 10,000 domestic tourist attractions ticketing services.

During the period under review, we registered outstanding performance in terms of revenue and volume for our transportation ticketing and accommodation reservation businesses. For the three months ended December 31, 2023, our revenue from transportation ticketing services increased by 94.9% year-to-year from RMB755.5 million to RMB1,472.8 million, mainly driven by the surge in the total ticketing volume and optimization of the value-added products and services. Our air ticket volume for the three months ended December 31, 2023 increased by over 16% compared to the same period of 2019, far exceeding the overall industry performance. Our train ticketing business experienced a revenue growth that outpaced the increase in business volume, due to our strategic shifts to monetization enhancement. Moreover, we capitalized on the opportunities arising from the surge in local and short-haul travel demand and enhanced the operations of our bus and car-hailing businesses.

Our accommodation business once again exhibited robust growth in both business volume and revenue. For the three months ended December 31, 2023, our revenue from the accommodation business increased by 73.2% year-to-year from RMB509.4 million to RMB882.5 million. The domestic room nights sold registered over 70% growth compared with the same period of 2019, largely due to our proactive exploration and seizing of opportunities across diverse hotel stay scenarios. In addition, we leveraged the significant traffic from our transportation business to grow our accommodation business through cross-selling strategies. We also made progress in rebuilding our international business by expanding international hotel supplies and engaging our users with more marketing campaigns. The international room nights sold for the fourth quarter fully recovered to the level in 2019.

In order to solidify our market position across the industry and introduce additional growth drivers to the Company, we are committed to diversifying our business streams. We further developed our hotel management business by adding more franchise hotel stores to our comprehensive brand matrix, ranging from medium to high stars, to cater to different customer segments and preferences. We also enhanced our packaged tour business by rebuilding supply chain, restructuring business system as well as establishing online and offline channels. In the fourth quarter of 2023, we completed the acquisition of Beijing Tongcheng Tourism Investment Group Co., Ltd. (北京同程旅業投資集團有限公司), a combination of a group of top-tier regional travel agency companies, which we believe will further strengthen our market position and influence along the supply chain of the travel industry.

We aspire to evolve from an OTA to an ITA and contribute to the advancement of the travel industry. To ensure a gratifying experience for users, we improved our intelligent Huixing system, which offers customized travel solutions according to their preferences. For our customer services, we persistently applied Artificial Intelligence Generated Content (AIGC) to improve efficiency and quality. On the other hand, we utilized our internet expertise and technologies to empower the travel industry. By leveraging our digitalization capability and profound user insights, we have assisted numerous airports in digital transformation and transit product development. In the fourth quarter of 2023, we signed a strategic agreement with Chengdu Shuangliu Airport, aiming to collaborate in establishing the airport as a regional transit hub. We also partnered with Changbai Mountain to develop an intelligent tourist service platform that consolidates local tourism information. Additionally, we've created a comprehensive portfolio of PMS brands to offer Software-as-a-Service (SaaS) solutions to more individual and chain hotels as well as alternative accommodation to enhance their daily operation efficiency.

We are committed to the sustainable development of the Company. Over the past year, we intensified our efforts to improve our ESG performance and attained remarkable results. Our MSCI ESG rating received AA grade for the second consecutive year in 2023. We were successfully included in The Sustainability Yearbook (China) 2023 by S&P Global. As a socially responsible enterprise, we are devoted to supporting the sustainable development of the travel industry. We continued our contribution to the rural revitalization through projects such as the "Lindu Warm Village". We also launched a training program on digital operation and marketing of rural tourism for tourism professionals to foster the growth of the rural economy. Moreover, we focused on the well-being of the community. We cooperated with various hotels in China throughout the year to offer complimentary supplies and resting areas to users under diverse scenarios, such as during the college admission exam season and in response to extreme weather conditions in China.

Business Outlook and Strategies

Throughout 2023, China's travel industry has obtained astonishing recovery momentum, driven by diversified travel demand. This trend has continued seamlessly in 2024, as evident by various travel demand soaring during the Chinese New Year travel rush. We have also observed notable shifts in travel behavior, particularly among younger generations, who now prefer spontaneous trips and actively seek unique, trending destinations that can spark discussions on social media platforms. Besides, local travel bureaus have shown a growing openness to changes and have acted to enhance travel services so as to better satisfy tourists' needs. With these trends, we anticipate that travel enthusiasm will be even stronger, leading to a robust expansion of the domestic travel market. At the same time, we expect the outbound travel sector to make remarkable progress in 2024, bolstered by the gradual restoration of international flight capacities and the relaxation of visa policies by various countries.

Over the past few years, we have achieved remarkable success in expanding user base, increasing market share, as well as enhancing brand awareness. We have persistently and effectively penetrated the lower-tier city markets, where our core business has witnessed rapid growth. In addition, we have made substantial progress in hotel management and packaged tour businesses, paving the way to a second growth trajectory for the Company. Furthermore, the resumption of exploration into international markets offers additional opportunities for business expansion in the future.

Going forward, we will continue to leverage our competitive strengths, including our solid market position, diverse traffic sources, and advanced technological capabilities. We will concentrate on augmenting user's loyalty and value while broadening our user base. We will intensify efforts to enrich and refine products and services, thereby enhancing user experiences. Besides, we are committed to utilizing our technology in transitioning from an OTA to an ITA. Furthermore, we will actively seek investment opportunities that are in line with our strategic objectives to support future growth. Finally, we will integrate corporate governance, environmental protection, and social responsibility in our operations to generate long-term sustainable value for our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Year ended December 31, 2023 compared to Year ended December 31, 2022

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Revenue	11,896,244	6,584,666
Cost of revenue	(3,158,033)	(1,806,640)
Gross profit	8,738,211	4,778,026
Service development expenses	(1,820,569)	(1,414,134)
Selling and marketing expenses	(4,472,815)	(2,801,244)
Administrative expenses	(711,194)	(701,141)
Net provision for impairment loss on financial assets	(17,482)	(28,361)
Fair value changes on investments measured at fair value through profit or loss	(32,493)	102,437
Other income	122,783	153,768
Other gains/(losses) – net	62,924	(113,541)
Operating profit/(loss)	1,869,365	(24,190)
Finance income	174,776	57,973
Finance costs	(157,050)	(136,737)
Share of results of associates	(33,402)	(14,126)
Profit/(loss) before income tax	1,853,689	(117,080)
Income tax expense	(288,126)	(46,490)
Profit/(loss) for the year	<u>1,565,563</u>	<u>(163,570)</u>
Profit/(loss) attributable to:		
Equity holders of the Company	1,554,131	(146,009)
Non-controlling interests	11,432	(17,561)
	<u>1,565,563</u>	<u>(163,570)</u>
Adjusted net profit for the year ^(a)	<u>2,199,101</u>	<u>646,172</u>

Note:

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

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 years indicated:

	Year ended December 31,			
	2023		2022	
	<i>RMB'000</i>		<i>RMB'000</i>	
Accommodation reservation services	3,899,514	32.8%	2,414,747	36.7%
Transportation ticketing services	6,030,047	50.7%	3,378,934	51.3%
Others	1,966,683	16.5%	790,985	12.0%
Total revenue	<u>11,896,244</u>	<u>100.0%</u>	<u>6,584,666</u>	<u>100.0%</u>

Revenue increased by 80.7% from RMB6,584.7 million for the year ended December 31, 2022 to RMB11,896.2 million for the year ended December 31, 2023.

Accommodation reservation services

We present accommodation reservation revenue on a net basis in circumstances where we do not assume inventory risk, and on a gross basis in circumstances where we pre-purchase accommodation room nights for which we take inventory risk. Revenue recognized on a gross basis represents the amounts billed to the users for the room nights sold, while the prices at which we pre-purchase the room nights from the accommodation suppliers are recorded as cost of revenue.

Revenue from accommodation reservation services increased by 61.5% to RMB3,899.5 million for the year ended December 31, 2023 from RMB2,414.7 million for the year ended December 31, 2022. The increase was mainly due to the increased demand of accommodation services as a result of the continuous recovery of the travel industry.

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 increased by 78.5% from RMB3,378.9 million for the year ended December 31, 2022 to RMB6,030.0 million for the year ended December 31, 2023. The increase was mainly due to strong rebound in demand in transportation ticketing services.

Others

Revenue from others mainly includes revenue from: (i) tourism services mainly comprising online and offline travel agency related services; (ii) advertising services; (iii) hotel management services; (iv) corporate travel services; and (v) ancillary value-added user services.

Revenue from others increased by 148.6% from RMB791.0 million for the year ended December 31, 2022 to RMB1,966.7 million for the year ended December 31, 2023. The increase was mainly due to the increase in revenue from (i) tourism services; (ii) advertising services; (iii) hotel management services; and (vi) corporate travel services.

Cost of revenue

Our cost of revenue consists primarily of: (i) order processing cost, representing the fees we pay to banks and payment channels for processing user payments; (ii) employee benefit expenses, representing the wages, salaries and other benefits (including share-based compensation) for our user services and TSP services employees; (iii) cost of pre-purchased travel related products, representing the prices we pay to TSPs to purchase travel products for which we take inventory risk; (iv) procurement costs, which represent the costs for sourcing ancillary value-added travel products and services from service providers; (v) bandwidth and servers custody fee; (vi) depreciation of property, plant and equipment and right-of-use assets; and (vii) others, which primarily include telephone and communication costs, tax and surcharges, travel and entertainment expense, 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 years ended December 31, 2023 and 2022:

	Year ended December 31,			
	2023		2022	
	RMB'000		RMB'000	
Order processing cost	1,332,083	42.2%	723,387	40.0%
Employee benefit expenses	479,664	15.2%	327,419	18.1%
Cost of pre-purchased travel related products	462,434	14.6%	154,906	8.6%
Procurement costs	431,293	13.7%	205,484	11.4%
Bandwidth and server custody fee	142,586	4.5%	136,838	7.6%
Depreciation of property, plant and equipment, and right-of-use assets	137,414	4.4%	121,678	6.7%
Others	172,559	5.4%	136,928	7.6%
Total cost of revenue	3,158,033	100.0%	1,806,640	100.0%

Cost of revenue increased by 74.8% from RMB1,806.6 million for the year ended December 31, 2022 to RMB3,158.0 million for the year ended December 31, 2023. The increase was mainly due to an increase in order processing cost from RMB723.4 million for the year ended December 31, 2022 to RMB1,332.1 million for the year ended December 31, 2023, as a result of increased GMV. The increase in cost of pre-purchased travel related products for the year ended December 31, 2023 was caused by the increase in cost of pre-purchased travel products of our tourism services. The increase in procurement cost was due to increased value-added user services. The employee benefit expenses was increased for the year ended December 31, 2023 as the number of our user service and TSP services increased. Excluding share-based compensation charges, cost of revenue accounted for 26.5% of revenue for the year ended December 31, 2023, which decreased from 27.2% for the year ended December 31, 2022.

Service development expenses

Service development expenses increased by 28.7% from RMB1,414.1 million for the year ended December 31, 2022 to RMB1,820.6 million for the year ended December 31, 2023. The increase was mainly due to the increased number of IT employees and relevant increased employee benefits. Excluding share-based compensation charges, service development expenses accounted for 14.7% of revenue for the year ended December 31, 2023, which decreased from 19.8% for the year ended December 31, 2022.

Selling and marketing expenses

Selling and marketing expenses increased by 59.7% from RMB2,801.2 million for the year ended December 31, 2022 to RMB4,472.8 million for the year ended December 31, 2023, which was mainly due to: (i) the increase in advertising and promotion expenses; (ii) the increase in agency commission expenses; and (iii) the increase in employee benefit expenses due to the increased number of sales employees. Excluding share-based compensation charges, selling and marketing expenses accounted for 37.3% of revenue for the year ended December 31, 2023 compared with 41.8% for the year ended December 31, 2022.

Administrative expenses

Administrative expenses were flattened at RMB711.2 million for the year ended December 31, 2023, compared with RMB701.1 million for the year ended December 31, 2022. Excluding share-based compensation charges, administrative expenses accounted for 4.1% of revenue for the year ended December 31, 2023, which decreased from 6.6% for the year ended December 31, 2022.

Net provision for impairment loss on financial assets

Net provision for impairment loss on financial assets decreased to RMB17.5 million for the year ended December 31, 2023 from RMB28.4 million for the year ended December 31, 2022, which was mainly due to the decrease in expected credit losses on trade and other receivables.

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

We recorded fair value loss on investments measured at fair value through profit or loss of RMB32.5 million for the year ended December 31, 2023, which mainly arose from the fair value losses recognized in one investment in the fourth quarter of 2023, being offset by the fair value gains in investments in certain public and private companies.

Other income

Other income decreased from RMB153.8 million for the year ended December 31, 2022 to RMB122.8 million for the year ended December 31, 2023. The decrease primarily reflected the decrease in government subsidies received.

Other gains/(losses) – net

We recorded net other gains of RMB62.9 million, compared to net other losses of RMB113.5 million for the year ended December 31, 2022. The increase was primarily due to (i) the decrease in foreign exchange loss; (ii) the increase in gains on derivative financial instruments; and (iii) the increase in investment income from time deposit.

Income tax expense

We recorded an income tax expense of RMB288.1 million and RMB46.5 million for the years ended December 31, 2023 and 2022, respectively. The increase in income tax expense was primarily due to the increased current income tax charge for the year ended December 31, 2023.

Profit/(loss) attributable to equity holders of the Company

As a result of the foregoing, profit/(loss) attributable to equity holders of the Company increased from a loss of RMB146.0 million for the year ended December 31, 2022 to a profit of RMB1,554.1 million for the year ended December 31, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Fourth Quarter of 2023 compared to Fourth Quarter of 2022

	Unaudited Three Months ended December 31,	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	3,144,542	1,500,066
Cost of revenue	(969,739)	(448,929)
Gross profit	2,174,803	1,051,137
Service development expenses	(515,273)	(366,508)
Selling and marketing expenses	(1,127,174)	(652,322)
Administrative expenses	(114,751)	(195,230)
Net reversal/(provision) for impairment loss on financial assets	2,308	(10,843)
Fair value changes on investments measured at fair value through profit or loss	(107,476)	58,092
Other income	32,391	48,712
Other gains – net	43,092	72,450
Operating profit	387,920	5,488
Finance income	49,397	21,040
Finance costs	(34,951)	(55,468)
Share of results of associates	(17,183)	(3,637)
Profit/(loss) before income tax	385,183	(32,577)
Income tax (expense)/credit	(74,057)	914
Profit/(loss) for the period	311,126	(31,663)
Profit/(loss) attributable to:		
Equity holders of the Company	310,101	(24,627)
Non-controlling interests	1,025	(7,036)
	311,126	(31,663)
Adjusted net profit for the period ^(a)	482,546	37,455

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 December 31,			
	2023		2022	
	<i>RMB'000</i>		<i>RMB'000</i>	
Accommodation reservation services	882,456	28.1%	509,430	34.0%
Transportation ticketing services	1,472,823	46.8%	755,548	50.4%
Others	789,263	25.1%	235,088	15.6%
Total revenue	3,144,542	100.0%	1,500,066	100.0%

Revenue increased by 109.6% from RMB1,500.1 million for the three months ended December 31, 2022 to RMB3,144.5 million for the three months ended December 31, 2023.

Accommodation reservation services

We present accommodation reservation revenue on a net basis in circumstances where we do not assume inventory risk, and on a gross basis in circumstances where we pre-purchase accommodation room nights for which we take inventory risk. Revenue recognized on a gross basis represents the amounts billed to the users for the room nights sold, while the prices at which we pre-purchase the room nights from the accommodation suppliers are recorded as cost of revenue.

Revenue from accommodation reservation services increased by 73.2% from RMB509.4 million for the three months ended December 31, 2022 to RMB882.5 million in the same period of 2023. The increase largely due to our proactive exploration and seizing of opportunities across diverse hotel stay scenarios. In addition, we leveraged the significant traffic from our transportation business to grow our accommodation business through cross-selling strategies.

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 increased by 94.9% from RMB755.5 million for the three months ended December 31, 2022 to RMB1,472.8 million for the three months ended December 31, 2023, which was mainly driven by the surge in the total ticketing volume and optimization of the value-added products and services.

Others

Revenue from others mainly includes revenue from: (i) tourism services mainly comprising online and offline travel agency related services; (ii) advertising services; (iii) hotel management services; (iv) membership services; (v) ancillary value-added user services; and (vi) corporate travel services.

Revenue from others increased by 235.7% from RMB235.1 million for the three months ended December 31, 2022 to RMB789.3 million for the three months ended December 31, 2023, which was mainly due to the increase in revenue contributed by (i) tourism services; (ii) advertising services; (iii) hotel management services; and (iv) corporate travel services.

Cost of revenue

Our cost of revenue consists primarily of: (i) order processing cost, representing the fees we pay to banks and payment channels for processing user payments; (ii) cost of pre-purchased travel related products, representing the prices we pay to TSPs to purchase travel products for which we take inventory risk; (iii) employee benefit expenses, representing the wages, salaries and other benefits (including share-based compensation) for our user services and TSP services employees; (iv) procurement costs, which represent the costs for sourcing ancillary value-added travel products and services from service providers; (v) depreciation of property, plant and equipment and right-of-use assets; (vi) bandwidth and servers custody fee; and (vii) others, which primarily include telephone and communication costs, tax and surcharges, travel and entertainment expense, 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 December 31, 2023 and 2022:

	Unaudited			
	Three months ended December 31,			
	2023		2022	
	<i>RMB'000</i>		<i>RMB'000</i>	
Order processing cost	297,116	30.6%	147,803	32.9%
Cost of pre-purchased travel related products	285,772	29.5%	41,035	9.1%
Employee benefit expenses	133,082	13.7%	94,928	21.1%
Procurement costs	131,866	13.6%	65,730	14.6%
Depreciation of property, plant and equipment, and right-of-use assets	37,744	3.9%	29,162	6.5%
Bandwidth and server custody fee	35,792	3.7%	31,868	7.1%
Others	48,367	5.0%	38,403	8.7%
Total cost of revenue	969,739	100.0%	448,929	100.0%

Cost of revenue increased by 116.0% from RMB448.9 million for the three months ended December 31, 2022 to RMB969.7 million for the three months ended December 31, 2023. The increase was mainly due to: (i) an increase in cost of pre-purchased travel related products from RMB41.0 million for the three months ended December 31, 2022 to RMB285.8 million for the three months ended December 31, 2023 due to the increase in cost of pre-purchased travel products of our tourism services; (ii) an increase in order processing cost from RMB147.8 million for the three months ended December 31, 2022 to RMB297.1 million for the three months ended December 31, 2023, as a result of increased GMV; (iii) an increase in procurement costs due to the increased sales of ancillary value-added travel products and services; and (iv) an increase in employee benefit expenses due to increased number of IT employees. Excluding share-based compensation charges, cost of revenue accounted for 30.7% of revenue for the three months ended December 31, 2023, compared with 29.7% for the same period of 2022.

Service development expenses

Service development expenses increased by 40.6% from RMB366.5 million for the three months ended December 31, 2022 to RMB515.3 million for the three months ended December 31, 2023. 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 15.5% of revenue for the three months ended December 31, 2023, compared with 22.8% for the same period of 2022.

Selling and marketing expenses

Selling and marketing expenses increased by 72.8% from RMB652.3 million for the three months ended December 31, 2022 to RMB1,127.2 million for the three months ended December 31, 2023. The increase was mainly due to (i) the increase in advertising and promotion expenses; (ii) the increased employee benefits due to the increased numbers of sales employees; and (iii) the increase in agency commission expenses. Excluding share-based compensation charges, selling and marketing expenses accounted for 35.4% of revenue for the three months ended December 31, 2023 compared with 42.8% for the same period of 2022.

Administrative expenses

Administrative expenses decreased from RMB195.2 million for the three months ended December 31, 2022 to RMB114.8 million for the three months ended December 31, 2023, which was mainly due to a non-recurring reversal of a provision for reorganization as recognised in the current year; and partially offset by the increase in employee benefit expenses and professional fees. Excluding share-based compensation charges, administrative expenses accounted for 1.4% of revenue for the three months ended December 31, 2023, which decreased from 8.2% for the same period of 2022.

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

We recorded net reversal for impairment loss on financial assets of RMB2.3 million for the three months ended December 31, 2023, and net provision for impairment loss on financial assets of RMB10.8 million for the same period of 2022, which was mainly due to the decrease in expected credit losses on trade and other receivables.

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

We recorded fair value losses on investments measured at fair value through profit or loss of RMB107.5 million for the three months ended December 31, 2023, compared with fair value gains of RMB58.1 million for the three months ended December 31, 2022. The decrease was mainly due to the fair value loss as recognized in one investment in the fourth quarter of 2023.

Other income

We recorded other income of RMB32.4 million for the three months ended December 31, 2023, compared with RMB48.7 million for the three months ended December 31, 2022. The decrease was mainly due to less government subsidies received.

Other gains – net

We recorded other gains in net value of RMB43.1 million and RMB72.5 million for the three months ended December 31, 2023 and 2022, respectively. The decrease was mainly due to (i) the decrease in foreign exchange gains; and (ii) losses on disposal of certain public companies.

Income tax expense

We recorded an income tax expense of RMB74.1 million and income tax credit of RMB0.9 million for the three months ended December 31, 2023 and 2022, respectively. The increase in income tax expense was primarily due to the impact of the increased taxable income for the three months ended December 31, 2023.

Profit/(loss) attributable to equity holders of the Company

As a result of the foregoing, profit/(loss) attributable to equity holders of the Company increased from a loss of RMB24.6 million for the three months ended December 31, 2022 to a profit of RMB310.1 million for the three months ended December 31, 2023.

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/year, 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/(loss) adjusted for (i) share-based compensation; (ii) amortization of intangible assets; (iii) depreciation of property, plant and equipment, and right-of-use assets; (iv) foreign exchange (gain)/loss; (v) net gains on investees; and (vi) others, including acquisition-related cost and net loss on foreign currency financial instruments, and other miscellaneous one-off items. Adjusted net profit for the period/year is defined as profit/(loss) for the period/year adjusted for (i) share-based compensation; (ii) amortization of acquired intangible assets; (iii) foreign exchange (gain)/loss; (iv) net gains on investees; and (v) others, including acquisition-related cost, net loss on foreign currency financial instruments, depreciation of property, plant and equipment and right-of-use assets from acquisition, and other miscellaneous one-off items.

The above items are excluded from our adjusted EBITDA and adjusted net profit for the period/year measures because these items are either non-cash in nature, or are not driven by core operations which render comparisons with prior periods/years and competitors less meaningful. We believe the adjusted EBITDA and adjusted net profit for the period/year 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/years and to the results of our competitors. Moreover, management uses these measures internally to evaluate the performance of our business as a whole. However, our presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

a. Reconciliation of adjusted EBITDA from operating profit/(loss)

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

	Three months ended		Year ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Operating profit/(loss)	387,920	5,488	1,869,365	(24,190)
Add/(less):				
Share-based compensation, gross ^(a)	116,623	110,466	348,136	441,091
Amortization of intangible assets	172,779	166,100	678,616	639,776
Depreciation of property, plant and equipment and right-of-use assets	70,193	48,060	232,141	200,412
Foreign exchange (gain)/loss ^(b)	(24,691)	(47,989)	66,767	215,356
Net gains on investees ^(c)	(9,529)	(41,066)	(36,834)	(43,009)
Others	2,556	3,265	(34,297)	7,739
Adjusted EBITDA	<u>715,851</u>	<u>244,324</u>	<u>3,123,894</u>	<u>1,437,175</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)/loss which is the result of macro-economic factors and can vary significantly from one period to the next.
- (c) Include dividend income, fair value changes on equity investments, and gains on disposal of investees.

b. Reconciliation of adjusted net profit for the period/year from profit/(loss) for the period/year

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

	Three months ended		Year ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Profit/(loss) for the period/year	311,126	(31,663)	1,565,563	(163,570)
Add/(less):				
Share-based compensation, net ^(a)	132,496	94,482	376,356	409,300
Amortization of intangible assets from acquisition ^(b)	66,345	59,830	254,588	219,111
Foreign exchange (gain)/loss ^(c)	(24,691)	(47,989)	66,767	215,356
Net gains on investees ^(d)	(9,529)	(41,066)	(36,834)	(43,009)
Others	6,799	3,861	(27,339)	8,984
Adjusted net profit for the period/year	<u>482,546</u>	<u>37,455</u>	<u>2,199,101</u>	<u>646,172</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 in relation to business combinations.
- (c) Represents foreign exchange (gain)/loss 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.

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

	Three months ended		Year ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Cost of revenue	4,157	3,569	10,266	17,239
Service development expenses	28,328	24,155	74,663	112,945
Selling and marketing expenses	14,133	10,817	36,676	46,799
Administrative expenses	70,005	71,925	226,531	264,108
Total share-based compensation, gross	116,623	110,466	348,136	441,091
Tax effect of temporary difference	15,873	(15,984)	28,220	(31,791)
Total share-based compensation, net	132,496	94,482	376,356	409,300

Liquidity and Financial Resources

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

We had cash and cash equivalents of RMB5,192.4 million and RMB3,547.0 million as of December 31, 2023 and 2022, respectively.

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

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Net cash generated from operating activities	4,003,442	302,315
Net cash used in investing activities	(1,762,217)	(397,031)
Net cash (used in)/generated from financing activities	(592,227)	1,535,489
Net increase in cash and cash equivalents	1,648,998	1,440,773
Cash and cash equivalents at beginning of the year	3,546,988	2,045,604
Effect of exchange rate changes on cash and cash equivalents	(3,588)	60,611
Cash and cash equivalents at end of the year	5,192,398	3,546,988

Net cash generated from operating activities

For the year ended December 31, 2023, net cash generated from operating activities was RMB4,003.4 million, which was primarily attributable to the profit before income tax of RMB1,853.7 million, as adjusted by (i) amortization of intangible assets of RMB678.6 million, depreciation of property, plant and equipment and right-of-use assets of RMB232.1 million, share-based compensation of RMB348.1 million, net foreign exchange loss of RMB66.8 million, fair value losses on investments measured at fair value through profit or loss of RMB32.5 million, net other gain of RMB127.9 million, and finance cost of RMB157.1 million; and (ii) changes in working capital, which primarily consisted of an increase trade receivable of RMB47.3 million, an increase in trade payables of RMB1,177.5 million, an increase in prepayment and other receivables of RMB1,359.2 million, and an increase in accrued expenses and current liabilities of RMB1,175.9 million. We also paid income tax of RMB192.5 million and received interest income of RMB173.0 million.

Net cash used in investing activities

For the year ended December 31, 2023, net cash used in investing activities was RMB1,762.2 million, which was primarily attributable to (i) payment for equity investment of RMB1,721.7 million; (ii) payment for purchases of property, plant and equipment, and right-of-use asset (including prepayments) of RMB952.1 million; and (iii) partially offset by net cash received from time deposits and wealth management products of RMB859.4 million.

Net cash used in financing activities

For the year ended December 31, 2023, net cash used in financing activities was RMB592.2 million, which was primarily due to (i) net repayment of long-term and short-term borrowings of RMB52.2 million; (ii) payment for settlement of long-term payable in respect of intangible assets of RMB528.9 million.

Ratio

As of December 31, 2023, our gearing ratio, calculated as total borrowings and lease liabilities divided by total equity attributable to equity holders of the Company was approximately 17.0%.

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. The outstanding balance of the loan was repaid in February 2023 and the security of the property had been released.

Capital Expenditure

	Year ended	
	December 31, 2023 <i>RMB'000</i>	December 31, 2022 <i>RMB'000</i>
Purchase of property, plant and equipment, and right-of-use assets	952,122	515,308
Purchase of intangible assets	550,971	476,155
Placement of long-term investments ^(a)	1,721,677	900,107
Total capital expenditure	3,224,770	1,891,570

Note:

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

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

Long-term Investments

	As at December 31,	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Investments accounted for using the equity method	1,429,800	1,379,267
Investments measured at fair value through profit or loss	1,039,294	758,307
Investments measured at amortized cost	683,879	1,843,160
Total long-term investments	3,152,973	3,980,734

Our long-term investments as of December 31, 2023 was RMB3,153.0 million, as compared to RMB3,980.7 million as of December 31, 2022. 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. The increase in our long-term investments measured at fair value through profit or loss was caused by investments in certain private companies and investment funds that we have no significant influence. Long-term investments measured at fair value through profit or loss also consists of wealth management products with terms of more than one year, denominated in RMB, with expected rates of return ranging from 2.97% to 8.00% per annum for the year ended December 31, 2023. 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. Investments measured at amortized cost represents investments in term deposits with terms from 3 years to 5 years which bear interests at fixed interest rates ranging from 3.10% to 3.55% per annum, denominated in RMB. The decrease in our long-term investment measured at amortized cost was mainly due to some of the investments were matured within one year. As of December 31, 2023 and 2022, total long-term investments as a percentage to the Group's total assets is 9.9% and 15.9%, respectively. We made long-term investments in accordance with our general strategy of investing or acquiring businesses that are supplement and benefit our business. As of December 31, 2023, none of these individual investments is regarded as material. We plan to fund our long-term investments using cash flows generated from our operations.

Short-term Investments

	<u>As at December 31,</u>	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Short-term investments measured at amortized cost	2,316,753	493,951
Short-term investments measured at fair value through profit or loss	1,631,715	2,669,201
Total short-term investments	<u>3,948,468</u>	<u>3,163,152</u>

Short-term investments measured at amortized cost in 2023 were time deposits within one year with fixed interest rates, denominated in RMB, USD or HKD. The investments were 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 were measured at amortized cost. Short-term investment measured at fair value through profit or loss primarily include wealth management products, denominated in RMB or USD, with expected rates of return ranging from 1.30% to 5.20% per annum for the year ended December 31, 2023. The returns on all of these wealth management products are not guaranteed, hence their contractual cash flow do not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss. As of December 31, 2023 and 2022, total short-term investments as a percentage to the Group's total assets is 12.5% and 12.6%, 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 banks and licensed financial institutions.

Material Acquisition and Disposals

On November 30, 2023, the Company acquired 100% equity interest in Beijing Tongcheng Tourism Investment Group Ltd. (北京同程旅業投資集團有限公司, “**Tongcheng Tourism**”), from a related party. Tongcheng Tourism was in a combination of several top-tier regional travel agency companies, and we believe the acquisition will further strengthen our market position and influence along the supply chain of the travel industry. The Company accounted for such acquisition as a business combination and started to consolidate the financial statements of Tongcheng Tourism from December 1, 2023.

On November 30, 2023, the Company acquired 57.1656% equity interest in Hainan Yanuoda Yuanrong Tourism Co., Ltd. (海南呀諾達圓融旅業股份有限公司, “**Yanuoda**”), from third parties independent from the Company. Yanuoda is engaged in the operation of tropical rainforest park in Sanya, Hainan. We believe such acquisition will further expand our supply chain of the travel industry. The Company accounted for such acquisition as a business combination and started to consolidate the financial statements of Yanuoda from December 1, 2023.

Save for the aforesaid matters referred to in this section headed “Material Acquisition and Disposals”, there were no other material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended December 31, 2023.

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 December 31, 2023, 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 December 31, 2023, we had a total of 9,945 full-time employees. As of the same date, approximately 32.31% and 7.06% of our full-time employees were based in Suzhou and Beijing, respectively, while remaining 60.63% 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 in the year ended December 31, 2023.

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2023

	Notes	Year ended December 31,	
		2023 RMB'000	2022 RMB'000
Revenue	2	11,896,244	6,584,666
Cost of revenue	3	(3,158,033)	(1,806,640)
Gross profit		8,738,211	4,778,026
Service development expenses	3	(1,820,569)	(1,414,134)
Selling and marketing expenses	3	(4,472,815)	(2,801,244)
Administrative expenses	3	(711,194)	(701,141)
Net provision for impairment loss on financial assets		(17,482)	(28,361)
Fair value changes on investments measured at fair value through profit or loss	9(e)	(32,493)	102,437
Other income		122,783	153,768
Other gains/(losses) – net	4	62,924	(113,541)
Operating profit/(loss)		1,869,365	(24,190)
Finance income		174,776	57,973
Finance costs		(157,050)	(136,737)
Share of results of associates		(33,402)	(14,126)
Profit/(loss) before income tax		1,853,689	(117,080)
Income tax expense	5	(288,126)	(46,490)
Profit/(loss) for the year		1,565,563	(163,570)
Profit/(loss) attributable to:			
– Equity holders of the Company		1,554,131	(146,009)
– Non-controlling interests		11,432	(17,561)
		1,565,563	(163,570)
Earnings/(losses) per share (expressed in RMB per share):			
– Basic	6	0.69	(0.07)
– Diluted	6	0.68	(0.07)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Profit/(loss) for the year	1,565,563	(163,570)
Other comprehensive income		
<i>Items that may not be subsequently reclassified to profit or loss:</i>		
– Currency translation differences	<u>18,658</u>	<u>101,634</u>
Other comprehensive income for the year, net of tax	<u>18,658</u>	<u>101,634</u>
Total comprehensive income/(loss) for the year	<u>1,584,221</u>	<u>(61,936)</u>
Total comprehensive income/(loss) for the year attributable to:		
– Equity holders of the Company	<u>1,572,789</u>	(44,375)
– Non-controlling interests	<u>11,432</u>	<u>(17,561)</u>
	<u>1,584,221</u>	<u>(61,936)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

		As at December 31,	
		2023	2022
	Notes	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,495,259	1,598,381
Right-of-use assets		589,251	111,329
Investments accounted for using the equity method	8	1,429,800	1,379,267
Investments measured at fair value through profit or loss	9	1,039,294	758,307
Investments measured at amortized cost	9	683,879	1,843,160
Intangible assets		9,580,301	8,580,738
Deferred income tax assets		206,209	209,486
Trade receivables	11	–	48,455
Prepayment and other receivables	10	792,970	121,488
		<u>16,816,963</u>	<u>14,650,611</u>
Current assets			
Trade receivables	11	1,218,288	888,475
Prepayment and other receivables	10	4,369,903	2,697,038
Inventories		997	–
Derivative financial instrument	12	24,699	–
Short-term investments measured at amortized cost	9	2,316,753	493,951
Short-term investments measured at fair value through profit or loss	9	1,631,715	2,669,201
Restricted cash		144,893	88,436
Cash and cash equivalents		5,192,398	3,546,988
		<u>14,899,646</u>	<u>10,384,089</u>
Total assets		<u>31,716,609</u>	<u>25,034,700</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		7,765	7,710
Share premium		20,115,692	19,877,004
Other reserves		(2,507,888)	(2,685,813)
Accumulated losses		87,142	(1,466,989)
		<u>17,702,711</u>	<u>15,731,912</u>
Non-controlling interests		<u>843,578</u>	<u>258,344</u>
Total equity		<u>18,546,289</u>	<u>15,990,256</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at December 31, 2023

		As at December 31,	
		2023	2022
	Notes	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	13	10,942	1,857,903
Lease liabilities		420,464	88,391
Derivative financial instrument	12	–	11,187
Other payables		74,636	327,446
Contract liabilities		32,324	37,904
Deferred income tax liabilities		744,860	605,011
		<u>1,283,226</u>	<u>2,927,842</u>
Current liabilities			
Borrowings	13	2,540,095	443,310
Trade payables	14	4,130,982	2,521,790
Other payables and accruals		4,939,325	3,039,846
Lease liabilities		40,736	25,038
Contract liabilities		111,184	51,420
Current income taxes liabilities		124,772	35,198
		<u>11,887,094</u>	<u>6,116,602</u>
Total liabilities		<u>13,170,320</u>	<u>9,044,444</u>
Total equity and liabilities		<u>31,716,609</u>	<u>25,034,700</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from operating activities	4,003,442	302,315
Net cash used in investing activities	(1,762,217)	(397,031)
Net cash (used in)/generated from financing activities	(592,227)	1,535,489
Net increase in cash and cash equivalents	1,648,998	1,440,773
Cash and cash equivalents at beginning of the year	3,546,988	2,045,604
Effect of exchange rate changes on cash and cash equivalents	(3,588)	60,611
Cash and cash equivalents at end of the year	<u>5,192,398</u>	<u>3,546,988</u>

NOTES

1. 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 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, provision of other travel-related products and services, hotel management services and tourism services, mainly comprising online and offline travel agency related services in the PRC.

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standard Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards (“IFRS”)
- IAS Standards (“IAS”)
- Interpretations developed by the IFRS Interpretations Committee (“IFRIC interpretations”) or its predecessor body, the standing interpretations Committee (“SIC interpretations”).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) which are carried at fair value.

(a) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for the first time for the Group’s financial year beginning on January 1, 2023:

- Insurance Contracts – IFRS 17
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The adoption of the abovementioned new and amended standards did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods, except that certain comparative figures in the disclosure note of deferred income tax have been restated upon the adoption of Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (“IAS 12 Amendments”). Following the IAS 12 Amendments, the Group is now presenting deferred income tax assets/liabilities in connection with the Group’s lease liabilities/right-of-use assets separately on a gross basis. Except for the impact on the disclosure of deferred income tax as described above, the adoption of IAS 12 Amendments has no other impact on the Group’s material accounting policies and also the presentation of these consolidated financial statements.

The Group applies the exemption to recognising deferred income tax assets and liabilities related to Pillar Two income taxes (if any), as provided in the Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”, in these consolidated financial statements. The Group is still in the process of assessing its exposure to the Pillar Two legislation. Due to the complexities in applying the legislation for the assessment, the quantitative impact is not yet reasonably estimable at this stage but management does not expect any significant impact will be resulted.

(b) New and amended standards not yet early adopted

The following amended accounting standards have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group.

	Effective date
• Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
• Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
• Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
• Supplier Finance Arrangements – Amendments to IAS 27 and IFRS 7	January 1, 2024
• Lack of Exchangeability – Amendments to IAS 21	January 1, 2025
• 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 profit/(loss), excluding those items which are not directly related to the segment performance like the other income/expenses – net, fair value gains/losses on investments measured at fair value through profit or loss, and other gains/losses – net (the “core operating results”). The CODM reviews the core operating results when making decisions about allocating resources and assessing performance of the Group as a whole. For the year ended December 31, 2023, the CODM considered the Group has only one reportable segment which mainly operates its businesses in the PRC and earns substantially all of the revenues from customers attributed to the PRC. As at December 31, 2023 and 2022, substantially all of the non-current assets of the Group were located or arised from transactions as conducted 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 sources and assess performance of the Group.

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Operating profit/(loss) per consolidated income statement	1,869,365	(24,190)
Add/(less):		
Other income	(122,783)	(153,768)
Fair value changes on investments measured at fair value through profit or loss	32,493	(102,437)
Other (gains)/losses – net	(62,924)	113,541
Operating profit/(loss) presented to the CODM	<u>1,716,151</u>	<u>(166,854)</u>

Revenue by service type for the years ended December 31, 2023 and 2022 are as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Accommodation reservation services	3,899,514	2,414,747
Transportation ticketing services	6,030,047	3,378,934
Others	1,966,683	790,985
Total revenue	<u>11,896,244</u>	<u>6,584,666</u>

3. Expenses by nature

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Employee benefit expense	3,144,799	2,308,771
Advertising and promotion expenses	2,894,590	1,700,635
Order processing cost	1,332,083	723,387
Depreciation and amortization expense	910,757	840,188
Commission expenses	505,540	282,395
Cost of pre-purchased travel related products	462,434	154,906
Procurement costs	431,293	205,484
Professional service fees and subcontractor charges	148,415	112,271
Bandwidth and servers custody fee	142,586	136,838
Travelling and entertainment expenses	112,732	63,447
Short-term rental and utility fees	74,885	48,370
Tax and surcharges	53,562	34,145
Telephone and communication	13,492	10,923
Audit fees	7,736	7,264
Others(a)	(72,293)	94,135
	10,162,611	6,723,159

Note:

- (a) Included in “Others” was a reversal of provision for reorganization costs of approximately RMB157.5 million as credited against the Group’s administrative expenses for the year ended December 31, 2023.

4. Other gains/(losses) – net

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Investment income from investments measured at amortized cost	101,520	85,394
Foreign exchange losses, net	(66,767)	(215,356)
Donation	(279)	(725)
Net (loss)/gain on disposal/partial disposal of investments accounted using the for equity method	(14,037)	17,024
Net loss on disposal of property, plant and equipment and termination of leases	(2,592)	(86)
Net gain/(loss) on derivative financial instruments	37,638	(7,305)
Others	7,441	7,513
	62,924	(113,541)

5. Income tax expense

The income tax expense of the Group for the years ended December 31, 2023 and 2022 is analyzed as follows:

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Current income tax	277,445	64,577
Deferred income tax	10,681	(18,087)
	288,126	46,490

(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 years ended December 31, 2023 and 2022.

(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 years ended December 31, 2023 and 2022, 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 years ended December 31, 2023 and 2022.

Three of the Company's directly hold subsidiaries incorporated in the PRC are qualified as High and New Technology Enterprise, and accordingly, they are subject to a reduced preferential CIT rate of 15% for the years ended December 31, 2023 and 2022, 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 years ended December 31, 2023 and 2022.

(d) PRC Withholding Tax ("WHT")

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

As of December 31, 2023 and 2022, 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 December 31, 2023 and 2022.

6. Earnings/(losses) per share

(a) Basic

Basic earnings/(losses) per share for the years ended December 31, 2023 and 2022 are calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended December 31,	
	2023	2022
Profit/(loss) attributable to equity holders of the Company (RMB'000)	1,554,131	(146,009)
Weighted average numbers of ordinary shares in issue (thousand shares)	2,245,843	2,221,973
Basic earnings/(losses) per share (RMB)	<u>0.69</u>	<u>(0.07)</u>

(b) Diluted

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

As at December 31, 2023, 148,200,441 share options and 48,527,438 RSUs (“restricted share units”) were outstanding in total. For the year ended December 31, 2023, 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 dilutive potential 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).

For the year ended December 31, 2022, the Group had incurred losses and hence the potential dilutive shares (i.e. outstanding share options and RSUs) were not included in the calculation of the diluted losses per share as their inclusion would be anti-dilutive. Therefore, the diluted losses per share were same as the basic losses per share for the year ended December 31, 2022.

The diluted earnings per share for the year ended December 31, 2023 are calculated a below:

	Year ended December 31, 2023
Profit attributable to equity holders of the Company (RMB'000)	<u>1,554,131</u>
Weighted average number of ordinary shares in issue (thousand shares)	2,245,843
Adjustments for RSUs granted to employees (thousand shares)	16,174
Adjustments for share options granted to employees (thousand shares)	<u>34,820</u>
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousand shares)	2,296,837
Diluted earnings per share (RMB)	<u><u>0.68</u></u>

7. Dividend

No dividend has been paid or declared by the Company or the companies now comprising the Group during the years ended December 31, 2023 and 2022.

8. Investments accounted for using the equity method

	Year ended December 31,	
	2023 <i>RMB'000</i>	2022 RMB'000
At beginning of the year	1,379,267	1,127,921
Additions (a)	178,809	424,250
Transfer to investments measured at fair value through profit or loss (b)	(125,738)	–
Shares of losses	(33,402)	(14,126)
Disposal/partial disposal	(2,265)	(62,652)
Dividend declared	(12,071)	(25,446)
Transfer to investment in subsidiaries	(1,800)	(70,415)
Share-based compensation to employees of the associates	7,609	772
Share of changes in other equity	39,550	(804)
Currency translation differences and others	(159)	(233)
	<u>1,429,800</u>	<u>1,379,267</u>

Notes:

- (a) During the years ended December 31, 2023 and 2022, the Group obtained equity interests in certain unlisted companies/investment funds through either direct investments or business combination. The aggregate amount was approximately RMB178.8 million and RMB424.3 million, respectively. These companies/investment funds are principally engaged in travel industry investments, hotel management, software development, other travel-related business. The Group does not have control over these companies/investment funds and only has significant influence on them through its representative in the board of directors of these companies/investment funds.
- (b) The Group exited the board of directors of the associate and thereafter no longer exercise significant influence, and therefore transferred the investment as an investment measured at fair value through profit or loss.

9. Investments

	As at December 31,	
	2023 <i>RMB'000</i>	2022 RMB'000
Current assets		
Short-term investments measured at		
– Amortized cost (a)	2,316,753	493,951
– Fair value through profit or loss (b)	1,631,715	2,669,201
	<u>3,948,468</u>	<u>3,163,152</u>
Non-current assets		
Long-term investments measured at		
– Amortized cost (c)	683,879	1,843,160
– Fair value through profit or loss (d)	1,039,294	758,307
	<u>1,723,173</u>	<u>2,601,467</u>

(a) Short-term investments measured at amortized cost

Short-term investments measured at amortized cost are time deposits within one year with fixed interest rates, denominated in RMB, USD or HKD. 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.

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

The short-term investments measured at fair value through profit or loss include wealth management products, denominated in RMB or USD, with expected rates of return ranging from 1.30% to 5.20% (2022: -4.61% to 5.85%) per annum or expected recoverable cash flows of 25% (2022: 100%) for the year ended December 31, 2023. 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 quoted prices (unadjusted) in active markets (level 1 of the fair value hierarchy) or the cash flow discounted using the expected return or expected recoverable cash flows based on management judgment (level 3 of the fair value hierarchy).

(c) Long-term investments measured at amortized cost

Long-term investments measured at amortized cost are time deposits with terms from 3 years to 5 years which bear interests at fixed interest rates ranging from 3.10% to 3.55% (2022: 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 December 31, 2023 and 2022, long-term investments measured at fair value through profit or loss represented equity interests held by the Group in several private and listed companies, funds 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 a valuation technique 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 2.97% to 8.00% (2022: -0.21% to 4.25%) per annum for the year ended December 31, 2023. 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 flow discounted using the expected return based on management judgment and are within level 3 of the fair value hierarchy.

The Group's investments as mentioned above are not considered as material on individual basis as none of them individually exceeds 5% of the Group's total assets as at December 31, 2023 and 2022.

(e) Amounts recognized in profit or loss

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Fair value changes in long-term investments measured at fair value through profit or loss	46,530	32,816
Fair value changes in short-term investments measured at fair value through profit or loss	(79,023)	69,621
	<u>(32,493)</u>	<u>102,437</u>

10. Prepayment and other receivables

	As at December 31,	
	2023 RMB'000	2022 RMB'000
Non-current		
Prepayment to suppliers	52,992	8,938
Prepayment for property, plant and equipment	424,734	109,015
Prepayment for right-of-use assets	180,440	–
Prepayment to related parties	1,300	106
Prepayment for equity investment	40,000	–
Total non-financial assets	<u>699,466</u>	<u>118,059</u>
Deposits	7,281	2,196
Others	86,223	1,233
Total financial assets	<u>93,504</u>	<u>3,429</u>
Non-current, total	<u>792,970</u>	<u>121,488</u>
Current		
Prepayment to accommodation suppliers	229,516	70,795
Prepaid taxation	111,309	144,063
Prepayment to tickets suppliers	779,802	399,448
Prepayment for advertising	50,627	39,350
Prepayment for office rental	2,589	1,374
Prepayment to related parties	63,606	32,973
Others	205,864	107,857
Total non-financial assets	<u>1,443,313</u>	<u>795,860</u>
Designated deposit account with restrictive use	2,007,597	1,184,342
Deposits	324,851	194,109
Receivable from related parties	428,738	419,158
Others	267,480	205,893
	<u>3,028,666</u>	<u>2,003,502</u>
Less: provision for impairment	(102,076)	(102,324)
Total financial assets	<u>2,926,590</u>	<u>1,901,178</u>
Current, total	<u>4,369,903</u>	<u>2,697,038</u>

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:

	As at December 31,	
	2023 RMB'000	2022 RMB'000
Up to 6 months	1,209,113	861,467
Over 6 months	132,606	258,025
	<u>1,341,719</u>	<u>1,119,492</u>
Less: allowance for impairment of trade receivables	(123,431)	(182,562)
	<u>1,218,288</u>	<u>936,930</u>
Trade receivables:		
– included in non-current assets	–	48,455
– included in current assets	1,218,288	888,475
	<u>1,218,288</u>	<u>936,930</u>
Total	<u>1,218,288</u>	<u>936,930</u>

12. Derivative financial instrument

The Group has the following derivative financial instrument which is accounted for as financial liability at fair value through profit or loss:

	As at December 31,	
	2023 RMB'000	2022 RMB'000
Current assets		
Capped foreign exchange forward contracts	24,699	–
Non-current liability		
Capped foreign exchange forward contract	–	11,187

Amount recognized in profit or loss

The following amounts were recognized in profit or loss as other gains/(losses) – net in relation to derivative financial instruments:

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Net realized gains on foreign exchange forward contracts	2,167	3,300
Unrealized loss on foreign exchange forward contract	35,471	(10,605)
	<u>37,638</u>	<u>(7,305)</u>

13. Borrowings

	As at December 31,	
	2023 RMB'000	2022 RMB'000
Included in non-current liabilities:		
Long-term unsecured bank borrowings	1,442	1,784,058
Long-term secured bank borrowings	9,500	73,845
	10,942	1,857,903
Included in current liabilities:		
Current portion of long-term unsecured bank borrowing (a)	1,814,969	323,525
Current portion of long-term secured bank borrowings	–	19,692
Short-term secured bank borrowings	90,990	100,093
Short-term unsecured bank borrowings (b)	634,136	–
	2,540,095	443,310
	2,551,037	2,301,213

Notes:

- (a) In January 2022, the Company has drawn down a long-term bank borrowing of USD296 million (translated at the exchange rate at date of receipt of the borrowing, equivalent to approximately RMB1,893.2 million). The bank borrowing is unsecured, denominated in USD and bears interest at London Interbank Offered Rate plus a margin of 1.5% per annum until January 17, 2023 and at Secured Overnight Financing Rate with a mark up of 1.5% per annum from January 18, 2023 onwards. The borrowing is originally repayable by installments prior to January 3, 2025. As at December 31, 2023, a bank deposit of USD5.1 million (equivalent to approximately RMB35.8 million) has been restricted as a guarantee deposit for the settlement of the related interest payable.

In December 2023, the Company has notified the bank to early repay the borrowing on January 18, 2024 and hence the borrowing has been identified as current liability.

On January 18, 2024, the Company has repaid the borrowing which is financed by a new short-term bank borrowing of USD255 million (equivalent to approximately RMB1,814.94 million). The bank borrowing is unsecured, denominated in USD and bears interest at Secured Overnight Financing Rate plus a margin of 1.1% per annum.

- (b) The Group has drawn down certain short-term bank borrowings totalling RMB620 million in 2023. These borrowings are unsecured and denominated in RMB. As at December 31, 2023, borrowings of approximately RMB570.2 million bear interests at fixed interests ranging from 2.55% to 2.90% per annum and borrowing of RMB50 million bears interest at the floating interest rate of Loan Prime Rate minus 0.85% per annum.

14. Trade payables

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

	As at December 31,	
	2023 RMB'000	2022 RMB'000
Up to 6 months	3,916,065	2,379,632
Over 6 months	214,917	142,158
	4,130,982	2,521,790

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 year ended December 31, 2023, the Group fully utilized the remaining net proceed of RMB355.1 million, which was unutilized as of the fiscal year of 2022 and brought forward to the fiscal year of 2023. For details of the breakdown of the use of proceeds, please refer to the 2023 Annual Report (as defined below) to be published in due course.

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 during the year ended December 31, 2023.

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 year ended December 31, 2023.

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 year ended December 31, 2023.

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 year ended December 31, 2023, 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 consolidated annual financial results of the Group for the year ended December 31, 2023. The Audit Committee considers that the annual financial results for the year ended December 31, 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Scope of Work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, condensed consolidated statement of cash flows and the related notes thereto for the year ended December 31, 2023 as set forth in this announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set forth in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this announcement.

Event After December 31, 2023

There are no other events affecting the Group which have occurred since December 31, 2023, being the end of the financial year for the Company.

FINAL DIVIDEND

The Board resolved to propose to the Shareholders at the AGM to be held on June 26, 2024 for the distribution of a final dividend of HKD0.15 per Share for the year ended December 31, 2023. The final dividend is expected to be paid on or about July 19, 2024 to the Shareholders whose names are listed on the register of members of the Company on July 5, 2024. On the basis of the total number of the issued Shares of 2,262,592,922 as of March 15, 2024, it is estimated that the aggregate amount of final dividend would be approximately HKD339,388,938. The actual total amount of final dividends to be paid will be subject to the total number of issued Shares as at the record date for determining the entitlement of Shareholders to the final dividend. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the Shareholders at the AGM. There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The register of members of the Company will be closed from June 21, 2024 (Friday) to June 26, 2024 (Wednesday), both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM. The Shareholders whose names appear on the register of members of the Company at the close of business on June 20, 2024 (Thursday) will be eligible to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on June 20, 2024 (Thursday).

The record date for qualifying to receive the proposed final dividend is July 5, 2024 (Friday). In order to determine the right of the Shareholders entitled to receive the proposed final dividend, which is subject to the approval by the Shareholders in the forthcoming AGM, the register of members of the Company will also be closed from July 3, 2024 (Wednesday) to July 5, 2024 (Friday), both days inclusive. All transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on July 2, 2024 (Tuesday).

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

The Company's annual report for the year ended December 31, 2023 (the "2023 Annual Report") containing all the information required by the Listing Rules will be dispatched to the Shareholders and/or made electronically available on the respective 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
“AGM”	the 2023 annual general meeting of the Company to be held on June 26, 2024 or any adjournment thereof
“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), 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 C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“ESG”	environmental, social, and government
“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 C3 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
“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)
“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, March 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