



Tongcheng-Elong Holdings Limited

同程艺龙控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0780)

***Tongcheng-Elong Announces 2020 First Quarter Results
Recorded Adjusted Profit of RMB 78.1 Million under the Industry Downturn
Being Confident for the Future***

(May 21, 2020 – Hong Kong) **Tongcheng-Elong Holdings Limited** (“Tongcheng-Elong” or the “Company”, together with its subsidiaries, the “Group”, stock code: 0780) announces its unaudited consolidated results for the three months ended March 31, 2020 (the “Reviewing Period”), together with comparative figures for the same period of 2019.

Results Review

During the Reviewing Period, the Company’s business was inevitably affected by the COVID-19 outbreak, the average MAU recorded a relatively modest decline of 25.5% year-to-year from 199.3 million for same period of 2019 to 148.4 million for the first quarter of 2020 as the Company seized the opportunities to capture the demand of users who had to resume work and made business travel in late February and March 2020. During the period under review, as the Chinese government has implemented strict crowd control and public health measures to bring the epidemic under control, the supply of different kinds of travel products decreased drastically. Together with the shrinking demand, business volume of the Company experienced a year-to-year decline. For the first quarter of 2020, the average MPU decreased by 35.9% year-to-year from 23.1 million for the same period of 2019 to 14.8 million. Total GMV decreased by 49.3% year-to-year from RMB35.9 billion for the same period of 2019 to RMB18.2 billion for the first quarter of 2020.

During the period under review, the total revenue decreased by 43.6% from RMB1,783.4 million for the first quarter of 2019 to RMB1,005.1 million. Despite the suppressed demand in tourism during the COVID-19 outbreak, the Company endeavored to capture the domestic recovery opportunities when the epidemic has been effectively controlled in China. Thanks to the advantages in lower-tier cities where travel restrictions were more relaxed in March 2020, the well-balanced user profile with higher proportions from business travelers and people who had to return to work, as well as the stable traffic sources on Weixin platforms, the Company was able to outperform the industry average. In addition, the Company started to operate in a cost-saving mode immediately after the outbreak of the COVID-19 and significantly reduced the marketing, operating and administrative costs. With flexible operations strategy, stringent cost control and light operating model, the Company did not only manage to breakeven under such a challenging environment, but achieved an adjusted profit for the period of RMB78.1 million and an adjusted net margin of 7.8% for the first quarter of 2020.

Business Review

During the epidemic, the Company implemented various kinds of initiatives to protect its customers and help its suppliers. The Company launched policies of refund and changes without penalties and have opened up a self-service online cancellation function to fast-track refund and changes. The Company also launched a “Safe Room” initiative to ensure a safe environment of its hotel guests. The Company offered one-year “Black Whale” paid membership to all the medical workers across Mainland China free of charge, so as to the pay tribute to their dedicated work during the epidemic. As of the end of March 2020, the Company has already given out the “Black Whale” membership to over 300,000 medical workers, which helped to promote its paid membership system and

enhance its brand awareness at the same time. As one of the OTA leaders, the Company gathered up its suppliers and established an Ark Alliance (方舟联盟) to promote tourist spots through online marketing for allies free of charge. Since the travel industry showed signs of recovery and the Chinese government started to proactively stimulate local consumptions, Tongcheng-Elong worked with local governments to revitalize the post-epidemic travel market. Riding on its huge traffic and core internet technology, Tongcheng-Elong helped to promote tourist destinations and build tourism brands free of charge for various cities and regions, and worked with local governments to distribute consumer coupons through our platforms. The Company launched “Hit The Road” initiative to encourage users to make sensible travel plans. With the initiative, the Company explored innovative marketing channels to capture the revitalization of the travel industry. Tongcheng-Elong utilized innovative live streaming programs to promote its brand so as to enhance user retention and facilitate monetization. Leveraging on its in-depth knowledge in mini-program, the Company conducted its first mini-program live-streaming in early March 2020. Since then, the Company continued to launch and promote marketing activities such as “Member’s Day” on mini-program live streaming. Tongcheng-Elong also launched live streaming programs with local governments and varieties of travel destinations on Weixin mini program and other short video platforms to promote the presale of the neighborhood attractions and resorts, which have received positive response from the users.

Tongcheng-Elong has maintained diversified and effective traffic channels and strived to explore new traffic sources during the reporting period. Among these channels, its traffic on Tencent-based platforms have been the most cost-effective and relatively stable amid the epidemic period. During the first quarter of 2020, about 82.5% of its average MAU was contributed from Tencent-based platforms. In addition, its extensive experience and in-depth knowledge in the operation of Weixin-based mini program have also benefitted them with stable traffic. Besides, Tongcheng-Elong has established a reciprocal cooperation with a short video platform to try new business format of “Travel + Live Streaming” by leveraging on the respective advantages of both parties. In the future, the Company will deepen collaborations in content marketing, scenario marketing, and short video promotions, which will broaden its user acquisition channels.

Tongcheng-Elong has significant advantage in lower-tier cities. Riding on the mutually beneficial partnership with Tencent, the effective sales and marketing strategies and the long-term relationship with its TSPs, the Company were able to further penetrate lower-tier cities. As of March 31, 2020, the percentage of its registered users resided in non-first-tier cities in China maintained at approximately 85.7%. For the three months ended 31 March 2020, approximately 56.1% of new registered users were from tier-3 or below cities in China, which increased from 44.3% over the same period of 2019. After the outbreak of COVID-19, the Chinese government imposed lockdown measures and travel restrictions in most of the major cities swiftly. While China has successfully contained the spread of the virus, lower-tier cities were the first to ease those measures and restrictions, leading to a faster recovery rate in lower-tier cities. The Company’s extensive reach in lower-tier cities and prompt business adjustments have enabled them to capture the recovery opportunities.

Tongcheng-Elong is a one-stop shop for travelers and provide comprehensive products and services to users throughout the journey. As of March 31, 2020, its online platforms offered over 7,000 domestic routes and over 1.3 million international routes operated by more than 800 domestic and international airlines and agencies, over 2.0 million hotels selections and alternative accommodation options, approximately 360,000 bus routes, over 560 ferry routes and approximately 8,000 domestic tourist attractions ticketing services. During the reporting period, the Company continued to optimize its value added products and services to meet users’ evolving travel needs. Huixing (慧行), an intelligent system that provides users with available, affordable and achievable travel solutions, has been very popular and well recognized by the users during the epidemic as there was limited supply of transportation selections. The Company also launched other value added services such as the COVID-19 insurance and further upgraded its car rental and airport pick-up and drop-off services to cater to users’ needs. All these ancillary products and services were well-received by the users during the outbreak.

Tongcheng-Elong followed its core strategy to transform from an OTA to an ITA. During the reporting period, the Company joined hands with Huawei to provide users with simple, convenient, intelligent and cross-platform travel assistant services. As soon as the users link up their “Tongcheng-Elong” accounts with the Huawei Ability Gallery on their mobile phones, booking information of train tickets will be synchronized to provide users with updated orders and travel information.

In late April 2020, Tongcheng-Elong upgraded its brand by launching a new brand name “同程旅行” (“ly.com”) and a new brand logo, as well as introducing a new slogan of “Together, let’s go!”. The Company clearly define its business with its new brand image and aim at increasing brand recognition among users. The new brand also reflects its ambition to better serve users with a younger mind.

Business Outlook and Strategies

Looking forward, the Company believes that the Company are well-positioned to capture the recovery trend and will be able to pursue future growth within a short period of time with its core competitive advantages in traffic channels, market positioning, technological innovations and operations. The Company will continue to focus on its core strategy, operate on cost-saving mode, act on the uncertainties and hunger for opportunities. The Company is confident that it can overcome the difficulties and grow into a better entity in the future.

In the long run, the Company believes that the online travel market in China will continue to evolve rapidly and provide immense growth potentials, thanks to the rising consumption power, expanding urbanization ratio and increasing online penetration rate of travel products, especially in lower-tier cities. In terms of long-term strategy, the Company will move along with the transformation from OTA to ITA as a pioneer in the industry. Leveraging on its diversified and cost-effective traffic sources, the Company will expand its user base and further penetrate into the travel market in China. Meanwhile, the Company will consolidate its market leading position by optimizing its products and services with innovative technologies and strengthening the long-term relationships with its suppliers. The Company will also keep its eyes open for merger and acquisition opportunities to seek future growth. Tongcheng-Elong is dedicated to improving its users’ travel experience, empowering its partners’ business capabilities and building a more efficient travel ecosystem.

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About Tongcheng-Elong Holdings Limited

Tongcheng-Elong Holdings Limited ("Tongcheng-Elong" or the "Company") is a market leader in China's online travel industry. The Company is the combined business resulting from the Tongcheng-eLong Merger, which was completed in March 2018. The shares of the Company were listed on the Hong Kong Stock Exchange on November 26, 2018. The Company is a one-stop shop for users' travel needs. With the mission of "We make travel easier and more joyful", the Company offers a comprehensive and innovative selection of products and services covering nearly all aspects of travel, including transportation ticketing, accommodation reservation and various ancillary value-added travel products and services designed to meet users' evolving travel needs throughout their trips. In 2019, the Company was selected as the "Most valuable TMT Company", "Most Welcomed IPO Company by Investors" and also awarded the "Best Mini Program of the Year" by Aladdin Index, "The Best Award of Mini Program Traffic" by iResearch etc. The Company is currently the sole operator of the "Rail & Flight" and "Hotel" portals in the mobile payment interface of Tencent's Weixin and Mobile QQ. In 2020 April, the Company launched a new service brand "同程旅行" ("ly.com"), selecting the new brand logo "Feiermeng" and the brand slogan "Together, let's go!", hoping to use a younger way to serve more users.

This press release is issued by **Wonderful Sky Financial Group Ltd.** on behalf of **Tongcheng-Elong Holdings Limited**

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