

For Immediate Release



Tongcheng Travel Holdings Limited
同程旅行控股有限公司
(Stock Code: 0780.HK)

Tongcheng Travel Core Business Recovery Outpaces Industry Average in 2021 on Strong MAUs and MPUs Growth

(22 March 2022 - Hong Kong) – **Tongcheng Travel Holdings Limited** ("Tongcheng Travel" or the "Company", together with its subsidiaries the "Group", Stock Code: 0780.HK), an innovator and leader in China's online travel industry, today announced its audited financial results for the year ended 31 December 2021 (the "period under review" or "FY2021").

Tongcheng Travel remained resilient and delivered a strong rebound in revenue and net profit in 2021 despite continued headwinds in the domestic market due to the sporadic resurgence of COVID-19 cases in certain cities. Financial highlights for FY2021 with comparative figures of the previous year are as follows:

- Revenue rose by 27.1% to RMB7.54 billion (2020: RMB5.93 billion)
- Adjusted EBITDA climbed by 38.7% to RMB1.90 billion (2020: RMB1.37 billion)
- Adjusted net profit surged by 35.9% to RMB1.30 billion (2020: RMB954.0 million)

Tongcheng Travel also achieved considerable year-on-year growth on operational fronts:

- Adjusted net margin expanded from 16.1% to 17.2%
- Adjusted EBITDA margin rose from 23.0% to 25.1%
- Number of average monthly active users ("MAUs") grew 34.2% from 191 million to 257 million
- Number of average monthly paying users ("MPUs") rose 36.1% from 23.0 million to 31.3 million
- Number of paying users in FY2021 ("APUs") increased by 28.2% from 160 million to 200 million, hitting a record high

Mr. Ma Heping, Executive Director and CEO of Tongcheng Travel, said, "We are pleased to report a year of growth amid challenging market conditions that brought hardship to the travel industry as a whole. Our focus in 2021 was set on achieving deeper market penetration by leveraging our stable and diverse traffic channels, competitive advantages in lower-tier cities, and comprehensive product and service offerings. The thrilling growth in MAUs, MPUs and APUs, which have all reached record highs in our corporate history in the period under review, attested to our business strategy. Going into 2022, while we will remain cautious and adjust our business strategy swiftly to market changes, we expect the domestic travel industry to recover gradually as vaccination rate increases nationwide and as the government announces more supportive measures, the business of Tongcheng Travel will also grow steadily."

Tongcheng Travel derived its revenues mainly from accommodation reservation services and transportation ticketing services, which accounted for 32.0% and 59.1%, respectively, of its total revenue in 2021. In 2021, revenue from accommodation reservation services rose by 23.8%

year-on-year to RMB2.41 billion, while revenue from transportation ticketing services grew by 28.4% to RMB4.46 billion. Benefitted from the rapid development of membership services and advertising services, Tongcheng Travel generated a revenue of 671 million from other businesses, representing a year-on-year increase of 30%.

As of 31 December 2021, Tongcheng Travel's online platforms offered over 9,000 domestic routes operated by over 730 airlines and agencies, over 2.1 million hotel selections and alternative accommodation options, approximately 400,000 bus routes, more than 710 ferry routes and about 8,000 domestic tourist attractions ticketing services. With comprehensive product offerings, Tongcheng Travel further implemented cross-selling strategies across different business lines, including transportation, accommodation, and tourist attractions. The strong analytics capability enables it to provide users with precise and optimal recommendations, optimize user interface displays, and explore different cross-selling scenarios to tap into market potentials.

Expanded traffic channels and served online and offline all-scenario to accelerate user acquisition

During the period under review, Tongcheng Travel further expanded and utilized its traffic channels within the Tencent ecosystem to explore business potentials. The Company further deepened its cooperation with Tencent during the period under review and co-launched a series of online and offline interactive marketing campaigns by leveraging several widely known IPs authorized by Tencent. These appealed to users, especially those of the younger generation.

To increase its online penetration, Tongcheng Travel collaborated with handset vendors to explore more application scenarios. It enriched the content on its App and optimized the interface. Innovative mobile features such as metasearch and voice assistant functions were launched by the Company to facilitate better user access to the Group's products and services, thus greatly enhancing user experience. In 2021, Tongcheng Travel was awarded the Most Popular Quick App and Best Partner by one of the most influential handset vendors.

As part of its offline user acquisition initiatives, Tongcheng Travel partnered with hotels, bus operators and tourist attractions to expand its user base. These continued to contribute meaningfully to the growth of paying user base.

Increased the advantages in lower-tier cities and strengthened brand recognition through effective marketing campaigns

Tongcheng Travel continued to penetrate lower-tier cities by expanding its user acquisition channels to more townships across China. It established and strengthened cooperation with urban and rural bus operators to penetrate into counties and towns quickly and effectively. As of 31 December 2021, the registered users residing in non-first-tier cities in China accounted for approximately 86.7% of the total registered users. For the year ended 31 December 2021, about 61.7% of its new paying users on the Weixin platform were from tier-3 or below cities in China.

In 2021, Tongcheng Travel launched an innovative marketing initiative called the "Blind Box of Air Tickets", which later evolved into a series of merchandise. This initiative has gone viral across social media platforms and earned Tongcheng Travel several marketing awards. It has also drawn a massive number of users of the younger generations to the Tongcheng Travel's platform and boosted traffic and user engagement.

In an effort to further enhance its brand awareness, Tongcheng Travel increased its marketing and branding investments during the period under review. In addition to multiple online and offline advertising channels, it sponsored several top TV programmes and drama series and appointed a new brand spokesperson who is highly popular among the younger generation.

Committed to promoting the digitization of the travel industry and sustainable growth of the Company and communities

Technology innovation is one of the core competencies of Tongcheng Travel. The Company continued to develop and apply proprietary technology to transform from an online travel agency (“OTA”) to intelligent travel assistant (“ITA”). During the period under review, Tongcheng Travel further optimized the Huixing system by integrating more supply chain resources such as airplane ticketing, train ticketing, bus ticketing and car-hailing services to provide users with more travel options under different scenarios. Tongcheng Travel also upgraded its AI-driven customer service to improve operating efficiency and established an intelligent customer experience platform to promptly address customer requests. Besides, a range of digitization support has been rendered to its suppliers and business partners. For instance, it also offered SaaS solutions to small and medium-sized hotels in lower-tier cities to help them improve daily operational efficiency. These initiatives are driven to facilitate the digitization of the travel industry as a whole.

Tongcheng Travel is committed to sustainable development, for the Company and for the communities it serves. The Company has set in place a board-level ESG committee and a corporate-level ESG and Data Security Committee during the period under review. It has launched a series of measures such as penalty-free changes or cancellations to provide users with peace of mind during the pandemic. It also provided migrant workers free public transportation service to help them return home safely. Applying its industry and technology expertise, Tongcheng Travel cooperated with Yan’an Airport and a local government in Yan’an to promote local produce there in a bid to revitalize rural areas and facilitate the sustainable development of local economy.

Promising business outlook

As the pandemic continues to accelerate the online penetration of the travel industry, the outlook for online travel agencies is promising. More importantly, the Chinese government encourages and supports the development and digitalization of the travel industry. The State Council has announced a development plan for the travel industry during the 14th Five-Year Plan period (2021-2025), emphasizing the importance of promoting smart tourism with digital and artificial intelligence-powered engagement, as well as expanding the application of new technologies in tourism.

Looking ahead, **Mr. Ma** said, “Tongcheng Travel will further penetrate the travel market by leveraging our diversified and cost-effective traffic sources to grow our user base and generate more traffic. Utilizing advanced technological innovations, we will also further enhance our products and services and strengthen our technical capabilities to attain higher efficiency and transfer from an OTA to ITA. On top of that, we will adhere to our business strategies and seek investment opportunities. Last but not least, we will integrate economic growth, environmental protection, corporate governance and social responsibility in our business strategies to create sustainable value for our stakeholders and the communities.”

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About Tongcheng Travel Holdings Limited (HKSE Stock Code: 0780.HK)

Tongcheng Travel (formerly known as Tongcheng-Elong) is an innovator and market leader in China's online travel industry. It was formed out of the merger of Tongcheng and eLong, the leading online travel agencies in China, in 2018. It is a one-stop shop for users' travel needs. With the mission "make travel easier and more joyful", Tongcheng Travel offers a comprehensive and innovative selection of products and services covering nearly all aspects of travel, including transportation ticketing, accommodation reservation, tourist attraction ticketing, and various ancillary value-added travel products and services designed to meet users' evolving travel needs throughout their trips primarily through its online platforms, which comprise its Tencent-based platforms, its proprietary mobile apps, quick apps and other channels.

As a technology-driven company, Tongcheng Travel leverages big data and AI capabilities to better understand the preferences and behaviors of users, thereby offering users customized products and services. Tongcheng Travel has a strategic focus on lower-tier cities in China and seized opportunities there supported by its diversified traffic sources, product innovation capability and flexible operation strategies. Through the in-depth understanding of user experience and advanced technological capabilities, Tongcheng Travel has been revolutionizing what consumers expect from the online travel industry, making the entire travel process more convenient, personalized and enjoyable than ever. Tongcheng Travel aims to develop and apply its advanced technology to transform from an online travel agency to intelligent travel assistant.

For more information, please visit the Group's website at <https://www.tongchengir.com>

*Issued by Cornerstones Communications Ltd. on behalf of **Tongcheng Travel Holdings Limited.***

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