Tongcheng-Elong Holdings Limited
同程藝龍控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 0780)

Consolidate Industry Leadership and Accelerate the Development of Lower-tier Markets
Tongcheng-Elong Announces 2020 Third Quarter Results
Continues Strong Recovery Trend

(23 November 2020 – Hong Kong) - Innovator and leader in China's online travel industry - 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 September 30, 2020 (the "Reviewing Period").

3Q2020 Results Key Highlights

• Revenue was RMB1,914.5 million, on a quarter-to-quarter basis, the revenue in the third quarter of 2020 increased by 59.5%. Revenue decreased by 7.2% year-to-year from RMB2,062.1 million in the same period of 2019. Such decrease was narrowed down compared with 24.6% decline in the second quarter of 2020.

• Adjusted EBITDA was RMB499.3 million. The year-to-year decrease was narrowed down to 8.8% in the third quarter of 2020 from 39.3% in the second quarter of 2020. Adjusted EBITDA margin increased from 22.3% in the previous quarter, to 26.1%.

• Adjusted profit is RMB372.5 million. The year-to-year decrease of adjusted profit was narrowed down to 11.2% in the third quarter of 2020 from 43.2% in the previous quarter. Adjusted net margin increased from 16.3% in the previous quarter, to 19.5%, and basically returned to the level of the same period last year.

• Average MAUs increased to 245.8 million from the second quarter of 2020, increased by 5.0% year-to-year, and achieved the highest level in the Company's history.

• Average MPUs was flatten year-to-year at 29.8 million in the same period of 2019 and increased by 60.2% quarter-to-quarter from 18.6 million in the second quarter of 2020 to 29.8 million.

3Q2020 Operation and business progress

Driven by the significant boost in market confidence and demand in the third quarter of 2020, the search volume on the Company's platforms improved quarter-to-quarter, especially during the summer holiday and before the golden week of National Holiday in early October. For the three months ended September 30, 2020, the Company's average MAUs further enhanced from the second quarter of 2020 to 245.8 million and with a positive 5.0% year-to-year growth and achieved the highest level in the Company's history. Average MPUs fully recovered year-to-year and improved greatly quarter-to-quarter by 60.2% for the three months ended

September 30, 2020, to 29.8 million, as the Chinese government has effectively contained the virus and travel demand has significantly recovered. Meanwhile, the increasing contributions from the Company's offline user acquisition channels have also helped the recovery of MPUs, Offline user acquisition initiatives have contributed 11% to MPUs in the third quarter of 2020. Total GMV was 39.7 billion, significantly increasing by 77.2% when compared with the second quarter of 2020. The decrease was narrowed down to 16.6% year-to-year for the three months ended September 30, 2020.

Operating Metrics for the Three Months ended September 30, 2020

	Three Months ended September 30,		Year-to-year change
	2020	2019	
GMV (in RMB billion)	**39.7**	47.6	(16.6)%
Number of average MAUs (in million)	**245.8**	234.0	5.0%
Number of average MPUs (in million)	**29.8**	29.8	–

The Company's revenue was generated primarily from accommodation reservation business and transportation ticketing business. Revenue decreased by 7.2% from RMB2,062.1 million for the three months ended September 30, 2019 to RMB1,914.5 million for the three months ended September 30, 2020. The decrease was narrowed down compared with 24.6% in the second quarter of 2020. Further, on a quarter-to-quarter basis, the revenue in the third quarter of 2020 increased by 59.5%.

Thanks to a robust recovery trend of demand of accommodation in China and further increased cross-selling from transportation business to accommodation business, revenue from accommodation reservation services was almost flatten at RMB684.6 million for the three months ended September 30, 2020, compared with RMB693.7 million in the same period of 2019.

Attributable to the accelerating recovery of domestic travelling, the Company saw revenue from transportation ticketing services rebounded from RMB725.8 million in the second quarter of 2020 to RMB1,055.1 million in the third quarter of 2020.

	Unaudited Three Months ended September 30,			
	2020		2019	
	RMB'000		RMB'000	
Accommodation reservation services	**684,559**	**35.8%**	693,736	33.6%
Transportation ticketing services	**1,055,118**	**55.1%**	1,139,621	55.3%
Others	**174,841**	**9.1%**	228,773	11.1%
Total revenue	**1,914,518**	**100.0%**	2,062,130	100.0%

Business Review and Outlook

During the period under review, the Company continued to leverage its diversified and effective traffic channels. The Company's Tencent-based platforms continued to be its most cost-effective and stable traffic sources. The Company deepened its cooperation with Weixin and further explored the potential of the "Search+Travel" ecosystem which allows users to have quick access to the Company's transportation ticketing services by conducting keywords search on Weixin's search portal. The Company also established solid cooperation with Tencent by launching various marketing campaigns with its online games platform to increase its brand recognition among younger generations, echoing its brand image and company strategy.

Moreover, the Company diversified its traffic channels by fostering and further penetrating other online traffic sources, such as quick APPs and short video platforms. Serving as additional user acquisition channels, the Company launched a range of initiatives with various handset vendors which enabled users to make direct booking and receive itinerary reminders through its quick APPs on mobile phones and other mobile devices. In addition to online traffic sources, the Company strived to broaden its offline traffic channels. The Company's offline user acquisition initiatives in bus ticketing, attraction ticketing and accommodation businesses have helped enhance our market share in lower-tier cities. The Company worked with bus operators and tourist attractions to set up vending machines to acquire users. The Company collaborated with hotels to set up QR code scanning function and direct offline users to make online bookings through its mini-program. All of these offline user acquisition methods have attained excellent progress and have supported its business recovery in the third quarter of 2020.

The Company further solidified its leading position in China's OTA market. The Company successfully captured recovery opportunities with a strong market presence in lower-tier cities. As of September 30, 2020, the Company's registered users residing in non-first-tier cities in China accounted for approximately 86.1% of the total registered users. For the three months ended September 30, 2020, approximately 67.2% of its new paying users on Weixin platform were from tier-3 or below cities in China, which increased from 63.3% over the same period of 2019. The Company continued to raise its market share by penetrating into untilled markets in both accommodation and ticketing businesses. For the third quarter of 2020, Tongcheng-Elong has registered nearly 30% year-to-year growth in room nights sold in lower tier cities, over 80% year-to-year growth in bus ticketing volume and over 20% year-to-year growth in domestic air ticketing volume.

The Company maintained long-term and close relationships with various TSPs to offer users with one-stop shop products and services throughout their journeys. As of September 30, 2020, the Company's online platform offered over 7,800 domestic routes operated by over 790 airlines and agencies, around 2 million hotels selections and alternative accommodation options, nearly 380,000 bus routes, over 660 ferry routes and approximately 8,000 domestic tourist attractions ticketing services. In order to further strengthen its relationship with TSPs as well as capturing the recovery opportunities, the Company have cooperated with upstream suppliers such as airports, tourist attractions, local travel bureaus to carry out live-streaming activities and offline marketing promotions. Moreover, leveraging on the Company's one-stop shop strategy and precise recommendations to users through accumulating and analyzing user behavior data, the Company further increased cross-selling from transportation business to accommodation business.

The Company continued to develop and apply its advanced technology to transform from an OTA to ITA. The Company further enhanced users' travel experience by technological innovation. During the pandemic, the Company have continuously optimized the algorithm and business insights of its intelligent Huixing system which provides intelligent travel solutions to users and create opportunities to increase both monetization rate and cross-selling to air ticketing business. In addition, the Company aspires to enhance the

technology level of the whole travel industry by providing technology solutions to its TSPs including airports and hotels to enhance their operation efficiencies.

Business Outlook and Strategies

The pandemic has been effectively controlled in China. The Chinese government also introduced various policies to stimulate domestic consumption which helped the travel market to recover. With the Company's core competitive advantages including stable and cost-effective traffic channels, advanced technology innovations as well as a flexible and efficient operating model, the Company is confident that the Company will continue to outperform the industry.

In the long run, the acceleration of urbanization, improvement in consumers' power and infrastructure investment will continue to bring enormous potential to the travel industry. The Company will further penetrate the travel market in China by leveraging on its cost-effective traffic sources, especially in lower-tier cities. Moreover, the Company will enhance its products and services with technological innovations to transform from an OTA to ITA, as well as strengthening the long-term relationships with its suppliers to build a more complete travel ecosystem. The Company will also seek merger and acquisition opportunities to boost future growth for its business.

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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 22, 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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