

**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)*

***Tongcheng-Elong Announces 2020 Interim Results
Q2 Recorded Adjusted Net Profit of RMB196.2 Million
Continued profitability and Consolidation of Industry Leadership***

(28, August 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 interim results for the six months ended June 30, 2020 (the “Reviewing Period”).

The Chinese economy, especially the travel industry, has suffered a major reduction due to the outbreak of COVID-19 since late January 2020, and the virus has spread across the world and became a pandemic since early March 2020. The global economy has been severely affected. In China, the pandemic has been effectively controlled and restrictions on movement and travel in lower-tier cities were relaxed in April 2020. The overall situation has been further improved and travel industry has shown clear sign of recovery as people’s life began to return to normal in China since the second quarter of 2020.

Amid the pandemic period, the Company adopted multiple measures to help ensure user’s safety and support suppliers while also implementing effective anti-pandemic measures. By continuing to operate with diversified traffic channels, expanding the coverage in low-tier cities, and adapting intelligent means to enhance efficiency, the year-to-year decline in the Company’s key metrics in second quarter in the 2020 have significantly narrowed down when compared with the first quarter of 2020. The Company’s overall performance has shown a positive trend, with a quarter-to-quarter rebound in terms of the average MAUs and average MPUs.

Results Review

Compared with remarkable decrease in the previous quarter, the Company is glad to see a recovery trend in the second quarter of 2020 for some key metrics, which was attributable to the restoration of economic activities and living orders in mainland China since the outbreak of COVID-19 being contained.

For the three month ended June 30, 2020, the revenue decreased by 24.6% year-to-year to RMB1,200.1 million compared with the same period of 2019. Such decrease was narrowed down compared with 43.6% decline in the first quarter of 2020. Also, on a quarter-to-quarter basis, the revenue in the second quarter of 2020 increased by 19.4%. The adjusted EBITDA dropped to RMB267.3 million in the second quarter of 2020. The year-to-year decrease of adjusted EBITDA was narrowed down to 39.3% in the second quarter of 2020 from 74.2% in the first quarter of 2020. Adjusted EBITDA margin decreased from 27.7% in the second period of 2019 or increased from 15.8% in the previous quarter, to 22.3%. Adjusted net profit dropped to RMB196.2 million in the second quarter of 2020. The year-to-year decrease of adjusted net profit was narrowed down to 43.2% in the second quarter of 2020 from 82.6% in the previous quarter. Adjusted net margin decreased from 21.7% in the second quarter of 2019, or increased from 7.8% in the previous quarter, to 16.3%. Average MAUs slightly decreased by 3.3% year-to-year from 181.6 million in same period of 2019 but increased by 18.3% quarter-to-quarter from 148.4 million in the first quarter of 2020. Average MPUs decreased by 32.9% year-to-year from 27.7 million in the same period of 2019 but increased by 25.7% quarter-to-quarter from 14.8 million in the first quarter of 2020 to 18.6 million.

In the first half of 2020, the revenue decreased by 34.6% year-to-year to RMB2,205.2 million compared with the same period of 2019. Adjusted EBITDA decreased by 59.6% year-to-year to RMB426.3 million. Adjusted EBITDA margin decreased from 31.3% in the same period of 2019 to 19.3%. Adjusted net profit decreased by

65.5% year-to-year to RMB274.2 million. Adjusted net margin decreased from 23.5% in the same period of 2019 to 12.4%.

Riding on the recovery trend, Tongcheng-Elong continued to optimize its brand, products and technology to capture the domestic demand. As a pioneer and veteran in the travel industry, the Company once again acutely captured the opportunities of industry change in traffic channel and accumulated extensive experience in mini-program operations. The company did not only leverage on the stable traffic sources on Weixin, but also further promote other traffic channels such as our own APPs, quick APPs (輕應用), and live-streaming on different platforms. Moreover, its cooperation with handset vendors and offline channels have enabled us to acquire users in an effective way. Together with its advantages in lower-tier cities and business traveler segments which recovered faster, low user acquisition cost and further enhancement in operating efficiency, the Company managed to outperform the industry average.

Business Review

In the depths of the pandemic, the Company focused on protecting its users and supporting its suppliers by implementing various kinds of initiatives. The Company opened up a self-service online cancellation function on its platform for users to fast-track refund and changes. The Company also launched a “Safe Room” initiative to ensure a safe environment for hotel guests. To help its suppliers, the Company established an Ark Alliance (方舟聯盟) to form allies and promote tourist spots via online marketing for free. To capture the revitalization of the travel industry, the Company also launched “Hit The Road” (啟程計劃) initiative to explore innovative marketing channels such as live streaming to enhance brand awareness and promote interactions with users. The Company’s innovative live streaming programs with local governments, airports, airlines and travel destinations on Weixin mini program and other short video platforms have received positive feedback from its users and have successfully promoted tourist destinations and tourism for various cities and regions. In response to Chinese government’s initiative to stimulate domestic consumption, the Company leveraged on its huge traffic and advanced technology and worked with local governments and suppliers to distribute consumer coupons through its platform. All the Company’s efforts made during the challenging period were well recognized by its users and will continue to help enhancing its user retention and monetization in the coming future.

During the period under review, the Company diversified its traffic channels by fostering and further penetrating other online traffic sources such as quick APPs and live streaming activities on different platforms. The Company dedicated additional efforts in promoting and enhancing its operations in quick APPs. The Company launched a series of initiatives with China’s major handset vendors as additional user acquisition channels. To seize the opportunities brought by the upsurge of live streaming, the Company cooperated with local governments and tourist attractions to introduce a new format of “Travel + Live Streaming” promotion which covered various cities and travel scenarios. The Company also developed the content together with its live-streaming platform partners to attract traffic. In the second quarter of 2020, the Company’s MAUs from other non-Weixin channels has already achieved a positive growth. In addition to online traffic sources, the Company strived to broaden its traffic channels through offline user acquisition. The Company collaborated with hotels, bus operators and tourist attractions to gain offline users and have yielded initial positive results.

The Company further consolidated its leading position in China’s OTA market, especially in lower-tier cities. The Company extended its reach in lower-tier cities in China and captured the recovery and growth opportunities in these cities. As of June 30, 2020, the percentage of the Company’s registered users resided in non-first-tier cities in China maintained at approximately 85.9%. For the three months ended June 30, 2020, approximately 63.1% of its new registered users were from tier-3 or below cities in China, which increased from 61.5% in the same period of 2019. The Chinese government has successfully contained the spread of COVID-19 and relaxed the corresponding measures and restrictions in lower-tier cities in April, but the pandemic control in high-tier cities remained volatile and experienced some challenges in the second quarter of 2020. With the Company’s extensive reach and experience in lower-tier cities, the Company offered tailored recommendations and targeted promotions to lower-tier cities users to ride on the recovery opportunities. The Company’s dedicated efforts in developing the market allowed it to achieve business growth in lower-tier cities and further enhance its market position. In the second quarter of 2020, the room night sold in lower-tier cities achieved a year-to-year growth of about 15%.

The Company maintained long-term and close relationships with various TSPs to offer users with one-stop-shop products and services throughout the journey. During the period under review, the Company further enhanced its

products and services to meet users' evolving travel needs. Due to the limited supply of transportation tickets during the pandemic, the Company's intelligent travel solutions system "Huixing (慧行)" has received overwhelming response from users. The Company also launched other value-added products and services according to the latest circumstances to cater for users' needs. For accommodation business, the Company tapped into the niche demand and offered innovative products and services to its hotel guests. All of these ancillary products and services will further enhance its user stickiness and monetization.

The Company continued to develop and apply its advanced technology to transform from an OTA to ITA. Tongcheng-Elong further upgraded Huixing by enhancing algorithm capability which helped to improve the cross-selling from train tickets to air tickets. The Company optimized its customer service procedure to enhance the efficiency of customer services and proactively provide information and reminders tailor-made for different kinds of users. To cater for the special needs of some users, the Company implemented a Real-Time Communication technology (RTC) and became the first OTA to adopt video customer service. As a leading OTA player, the Company always aim to contribute to the acceleration of online travel penetration in China. The Company worked with bus operators to promote the digitalization of bus ticketing industry by setting up vending machines at bus stations and transferred the transaction from offline to online. The Company also cooperated with tourist attractions and helped enhancing the digitalization and online penetration of the industry, especially when crowd control measures such as requirement for reservation and limitation for daily visitors were implemented during the pandemic. In addition, the Company enhanced the value proposition to its TSPs by developing mini programs for airports, developing revenue management systems for airlines and offering PMS systems for hotels. These will not only enhance the technology level of the whole travel industry, but also expand the Company's revenue stream.

In the second quarter of 2020, the Company launched 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!". By upgrading its brand, the Company reinforced its young and modern brand image and further emphasized on its targeted customers. The new brand reflects the Company's ambition to provide convenient, intelligent and reliable travel services with a younger mind, which has been well-recognized by the Company's users.

Business Outlook and Strategies

With effective control measures implemented by the Chinese government and the dedication of medical staff, the pandemic has been effectively controlled in China. Recently, China shows strong signs of economic rebound after the outbreak of COVID-19. The Chinese government also introduced various policies to encourage domestic consumption. Although market uncertainties will remain in the rest of the year, the Company will continue to monitor market changes and adjust its strategies swiftly according to market dynamics. With the Company's core competitive advantages including stable and cost-effective traffic channels, advanced technology innovations as well as flexible and efficient operating model, the Company are confident to capture the recovery opportunities and continue to outperform the industry.

Based on the currently available information, for the third quarter of 2020, the Company expect net revenue to decrease by approximately 5.0% to 10.0% year-to-year, and its adjusted net profit for the period to be in the range of RMB300.0 million to RMB400.0 million. The above are preliminary estimates which have not been reviewed by the Company's auditor and the Audit Committee, and remain subject to change.

In terms of long-term development, the Company believe the ongoing development and further investment in infrastructure in China will continue to provide immense growth potentials to the travel industry. The increasing online penetration rate of travel industry and expanding demand for high quality travel products and services will create enormous business opportunities for the Company. Tongcheng-Elong will further penetrate into the travel market in China, especially in lower-tier cities, by leveraging on the Company's diversified and cost-effective traffic sources. The Company will enhance its products and services with technology innovations and pursue its transformation from an OTA to ITA. The Company will continue to strengthen the long-term relationships with its suppliers to build a more efficient travel ecosystem. The Company will also look for merger and acquisition opportunities to boost future growth.

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**

For further information, please contact:

Wonderful Sky Financial Group Company Ltd.

Ms. Iris Xing

Tel: 3970 2135

Email: tongchengelong@wsfg.hk