

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-Elong Holdings Limited

同程藝龍控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0780)

ANNOUNCEMENT OF THE RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2019

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the three months ended March 31, 2019, together with comparative figures for the same period of 2018.

Tongcheng-eLong Merger was completed on March 9, 2018. Accordingly, the consolidated financial information of our Group for the period ended March 31, 2018 included the financial information of eLong from January 1, 2018 to March 9, 2018 and the consolidated financial information of eLong and Tongcheng Online Business from March 10, 2018 to March 31, 2018.

In order to facilitate readers of this announcement to assess our performance as a combined business, certain financial and operating data for the three months ended March 31, 2018 are presented on a “combined” basis, as indicated when used, by combining such data of each of eLong and Tongcheng Online Business. Such combined information may not have reflected the actual situation as of or for the relevant times as Tongcheng and eLong may not have been managed and operated under the same group as of or for such times.

KEY HIGHLIGHTS

For three months ended March 31, 2019, on a combined basis:

- Revenue increased by 17.5% year-to-year to RMB1,783.4 million from RMB1,517.5 million in the same period of 2018.
- Adjusted EBITDA increased by 34.0% year-to-year to RMB615.6 million from RMB459.4 million in the same period of 2018. Adjusted EBITDA margin increased from 30.3% in the same period of 2018 to 34.5%.
- Adjusted profit for the period increased by 8.7% year-to-year to RMB448.5 million from RMB412.5 million in the same period of 2018. Adjusted net margin decreased from 27.2% in the same period of 2018 to 25.1%.
- Average MAUs increased by 22.0% year-to-year from 163.4 million in same period of 2018 to 199.3 million.
- Average MPUs increased by 36.7% year-to-year from 16.9 million in the same period of 2018 to 23.1 million.

1. Key Financial Metrics on a Combined Basis

	Unaudited			
	Three months ended March 31, 2019	Three months ended March 31, 2018	Period ended March 9, 2018	Three months ended March 31, 2018
	Group (in RMB'000)	Group	Tongcheng Online Business (in RMB'000)	Combined
Revenue	1,783,411	682,364	835,148	1,517,512
Adjusted EBITDA	615,570	129,934	329,515	459,449
Adjusted profit for the period	448,450	187,754	224,744	412,498
Revenue growth (year-to-year)	17.5%			N/A
Adjusted EBITDA margin	34.5%			30.3%
Adjusted net margin	25.1%			27.2%

Note:

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

2. Financial Summary on the Group's Standalone Basis

	Unaudited		
	Three Months ended		Year-to- year change
	March 31,		
	2019	2018	
	RMB '000	RMB '000	
Revenue	1,783,411	682,364	161.4%
Gross profit	1,285,141	488,279	163.2%
Profit before income tax	195,478	597,294	(67.3%)
Profit for the period	97,440	682,095	(85.7%)
Adjusted profit for the period	448,450	187,754	138.8%

3. Operating Metrics on a Combined Basis

	Three Months ended		
	March 31,		Year-to- year change
	2019	2018	
GMV (in RMB billion)	35.9	29.0	23.8%
Number of MAUs (in million)	199.3	163.4	22.0%
Number of MPUs (in million)	23.1	16.9	36.7%

Business Review and Outlook

Results Highlights on a Combined Basis

Leveraging the synergistic benefits of our extensive user reach, innovative product development and superior user experience, we have achieved strong growth and further improved profitability during the period under review. Our total revenue increased by 17.5% from RMB1,517.5 million in the first quarter of 2018 to RMB1,783.4 million in the first quarter of 2019. Our adjusted profit for the period increased by 8.7% from RMB412.5 million in the first quarter of 2018 to RMB448.5 million in the first quarter of 2019. Our adjusted net margin decreased from 27.2% in the first quarter of 2018 to 25.1% in the first quarter of 2019 because of a relatively lower effective tax rate in the first quarter of 2018, when we recognized a tax credit of approximately RMB117.8 million for the utilization of previously unrecognized tax losses based on our best estimate of the future utilization of the tax losses under the circumstance that our major PRC subsidiaries turned profitable in 2017 and first quarter of 2018.

We have further consolidated our market leading position in China's online travel industry. With the synergies and benefits brought by the Tongcheng-elong Merger, our GMV achieved a year-to-year growth of 23.8% and reached RMB35.9 billion in for the first quarter of 2019. We maintained our growth momentum during the period under review and continued to be one of the fastest growing companies in China's OTA industry.

Our deeper penetration in the lower-tier cities in China and continuous innovation on the ancillary value-added products and services have reaped gratifying growth of our MAUs and MPUs. For the three months ended March 31, 2019, our average MAUs increased by 22.0% from 163.4 million in the first quarter of 2018 to 199.3 million, of which 173.1 million were derived from Tencent-based platforms. We have also further enhanced our conversion rate as the average MPUs increased by 36.7% from 16.9 million in the first quarter of 2018 to 23.1 million in the first quarter of 2019.

Business Review

Benefiting from the strategic partnership with Tencent and our effective sales and marketing strategies, we were able to develop an extensive and engaged user base with low user acquisition cost. We have successfully diversified our traffic sources on Tencent-based platforms, which was made possible by our continuing efforts devoted to the Weixin-based mini program. Currently, Weixin users can access our Weixin-based mini program through: (1) Weixin Payment (Wallet) portal and a drop-down list of users' favorite or most frequently used mini programs, which generated an average MAUs of 105.2 million in the first quarter of 2019, accounting for 60.8% of the total average MAUs of our Tencent-based platforms; (2) interactive advertisements placed on the Tencent-based platforms, which generated an average MAUs of 35.1 million in the first quarter of 2019, accounting for 20.3% of the total average MAUs of our Tencent-based platforms; and (3) the sharing and search functions in Weixin, which generated an average MAUs of 32.8 million in the first quarter of 2019, accounting for 18.9% of the total average MAUs of our Tencent-based platforms.

Having laid the groundwork to capitalize on the immense opportunities on Tencent-based platforms, we set our sights on further extending our reach in the non-first-tier cities in China which have increasing demand for quality travel products. As of March 31, 2019, approximately 85.5% of our registered users reside in non-first-tier cities in China. For the three months ended March 31, 2019, we have effectively penetrated in lower-tier cities and approximately 61.5% of new paying Weixin users were from tier-3 or below cities, which increased from 55.7% over the same period of 2018.

We have established extensive long-term strategic partnerships and alliances with TSPs to offer users with one-stop-shop products and services throughout the journey. As of March 31, 2019, our online platforms offered over 6,923 domestic routes and over 1.2 million international routes operated by 789 domestic and international airlines and agencies, over 1.5 million hotels and alternative accommodation options, approximately 314,000 bus routes and over 447 ferry routes. While we offer a comprehensive selection of products and services covering nearly all aspects of travel, including transportation ticketing and accommodation reservation, we also provide a large variety of ancillary value-added products and services designed to meet users' evolving travel needs. With the successful implementation of our Weixin-based mini program, we could capture more revenue opportunities when users are on the road or when users arrive their destinations.

Benefitting from the investment in our advanced technology infrastructure and AI capabilities, we are en route to transform from an OTA to an ITA. We have deployed additional efforts to enhance automation which brought us cost saving benefit by improving our operation efficiency. We have enhanced our user experience and stickiness by developing our “Huixing” (慧行), “Buddha” (如來) and “Intelligent Hotel” systems. Recently, we have reached another strategic cooperation with Tencent. With close cooperation with Weixin Payment, our users with sufficient “Weixin Payment Point” (微信支付分) could enjoy the benefit of “no deposit” when they place accommodation orders through our platform. Users can save time from checking-in and checking-out at the hotel counters and the accommodation fee will be debited from their accounts after they leave the hotels. This accommodation upgrade service brings more convenience to our users.

Business Outlook and Strategies

The online travel market in China is rapidly evolving and offering vast growth potential. With improving transportation infrastructure, as well as increasing demand for high quality travel driven by the rising consumption power and expanding urbanization ratio, China's travel market, especially in low-tier cities, will continue to experience strong growth in the future.

As a market leader in China's OTA industry, we will endeavor to capture the enormous business opportunities in China's travel market through the following initiatives. We will continue to expand our user base with diversified traffic sources on the Weixin platform. We intend to deepen our penetration in lower-tier cities which offer immense business opportunities. We also plan to further consolidate our market position as the one-stop shop for user's travel needs throughout the journey by expanding our product and service offerings and enhancing user engagement and stickiness. Furthermore, we will leverage on our strong data analytics and technology capabilities and move forward to be the pioneer transforming from OTA to ITA.

MANAGEMENT DISCUSSION AND ANALYSIS

First Quarter of 2019 compared to First Quarter of 2018

	Unaudited Three Months ended March 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,783,411	682,364
Cost of revenue	(498,270)	(194,085)
Gross profit	1,285,141	488,279
Service development expenses	(430,052)	(189,234)
Selling and marketing expenses	(469,723)	(241,991)
Administrative expenses	(228,322)	(382,129)
Fair value changes on investments measured at fair value through profit or loss	23,407	8,573
Other income	4,131	1,291
Other gains, net	2,870	3,183
Operating profit/(loss)	187,452	(312,028)
Finance income	13,987	1,701
Finance costs	(2,900)	(964)
Fair value change on redeemable convertible preferred shares measured at fair value through profit or loss	—	907,734
Share of results of associates	(3,061)	851
Profit before income tax	195,478	597,294
Income tax (expense)/credit	(98,038)	84,801
Profit for the period	97,440	682,095
Attributable to:		
Equity holders of the Company	97,322	682,469
Non-controlling interests	118	(374)
Adjusted profit for the period ^(a)	448,450	187,754

Note:

- (a) Please see “Other Financial Information -Non-IFRS Financial Measures” below for more information about adjusted 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 March 31,			
	2019		2018	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Accommodation reservation services	489,164	27.4	449,586	65.9
Transportation ticketing services	1,258,948	70.6	208,169	30.5
Others	35,299	2.0	24,609	3.6
Total revenue	<u>1,783,411</u>	<u>100.0</u>	<u>682,364</u>	<u>100.0</u>

Revenue increased by 161.4% from RMB682.4 million for the three months ended March 31, 2018 to RMB1,783.4 million for the three months ended March 31, 2019.

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 prepurchase 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 prepurchase the room nights from the accommodation suppliers are recorded as cost of revenue. For the three months ended March 31, 2019 and 2018, inventory-risk-taking room nights accounted for approximately 0.3% and 0.5%, respectively, of the total of room nights booked through our online platforms, and its financial impact on accommodation reservation revenue was immaterial.

Revenue from accommodation reservation services increased by 8.8% from RMB449.6 million for the three months ended March 31, 2018 to RMB489.2 million for the three months ended March 31, 2019. The increase was mainly because of the increased room nights and revenue per room night.

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 act primarily as an agent, assume no inventory risk and no obligations for cancelled ticket reservations, and therefore record the revenue on a net basis.

Revenue from transportation ticketing services increased significantly from RMB208.2 million for the three months ended March 31, 2018 to RMB1,258.9 million for three months ended March 31, 2019, which was mainly due to our consolidation of the financial results of Tongcheng Online Business since March 2018.

Others

Other revenue mainly includes: (i) revenue from advertising services; (ii) fees collected from Tongcheng Holdings for selling its travel products and services through our online platforms; and (iii) revenues generated from ancillary value-added user services.

Revenue from others increased by 43.4% from RMB24.6 million for the three months ended March 31, 2018 to RMB35.3 million for three months ended March 31, 2019, which was mainly due to the increase in revenue from advertising services.

Cost of revenue

Our cost of revenue consists primarily of: (i) employee benefit expenses, representing the wages, salaries, and other benefits (including share-based compensation) paid to our user services and TSP services employees; (ii) order processing cost, representing the fees we pay to banks and payment channels for processing user payments; (iii) cost of prepurchased inventory-risk-taking room nights, representing the prices we pay to accommodation suppliers for room nights prepurchased for which we take inventory risk; (iv) depreciation of property, plant and equipment; and (v) others, which primarily include telephone and communication costs, tax and surcharges, travel and entertainment cost, professional fees, user fulfilment fees (which represents compensation paid to users due to user 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 March 31, 2019 and 2018:

	Unaudited			
	Three Months ended March 31,			
	2019		2018	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Employee benefit expenses	109,567	22.0	30,378	15.7
Order processing cost	233,820	46.9	60,286	31.1
Cost of prepurchased inventory-risk-taking room nights	44,558	8.9	37,177	19.2
Depreciation of property, plant and equipment	32,323	6.5	11,736	6.0
Others	78,002	15.7	54,508	28.0
Total cost of revenue	<u>498,270</u>	<u>100.0</u>	<u>194,085</u>	<u>100.0</u>

Cost of revenue increased by 156.7% from RMB194.1 million for the three months ended March 31, 2018 to RMB498.3 million for the three months ended March 31, 2019. The increase was mainly due to: (i) a significant increase in processing cost from RMB60.3 million for the three months ended March 31, 2018 to RMB233.8 million for the three months ended March 31, 2019, primarily because of the increased order processing cost of transportation ticketing services as a result of increased GMV in the three months ended March 31, 2019; and (ii) a significant increase in employee benefit expenses from RMB30.4 million in the three months ended March 31, 2018 to RMB109.6 million in the three months ended March 31, 2019, primarily due to the increased share-based compensation charges. Excluding share-based compensation charges, cost of revenue accounted for 27.1% of revenue for the three months ended March 31, 2019, which decreased from 28.1% for the same period of 2018.

Gross profit

As a result of the foregoing, our gross profit increased by 163.2% from RMB488.3 million for the three months ended March 31, 2018 to RMB1,285.1 million for the three months ended March 31, 2019. Our gross margin increased from 71.6% in the three months ended March 31, 2018 to 72.1% in the three months ended March 31, 2019.

Service development expenses

Service and development expenses increased 127.3% from RMB189.2 million for the three months ended March 31, 2018 to RMB430.1 million for the three months ended March 31, 2019. The increase was mainly due to (i) increased employee benefits expenses driven by increased share-based compensation charges; and (ii) a significant increase in depreciation and amortization expenses, which in turn was driven by our increased intangible assets in relation to the merger of Tongcheng Online Business in March 2018. Excluding share-based compensation charges, service development expenses accounted for 18.7% of revenue for the three months ended March 31, 2019, which decreased from 24.1% for the same period of 2018.

Selling and marketing expenses

Selling and marketing expenses increased by 94.1% from RMB242.0 million for the three months ended March 31, 2018 to RMB469.7 million for the three months ended March 31, 2019, which was mainly due to (i) the increased advertising and promotion spending on sales channels; and (ii) an increase in employee benefit expenses driven by the increased share-based compensation charges. Excluding share-based compensation charges, selling and marketing expenses accounted for 24.9% of revenue for the three months ended March 31, 2019 compared with 35.1% for the same period of 2018.

Administrative expenses

Administrative expenses decreased significantly from RMB382.1 million for the three months ended March 31, 2018 to RMB228.3 million for the three months ended March 31, 2019, which was mainly due to the following one-off expenses incurred in the three months ended March 31, 2018: (i) a significant one-off reorganization expense incurred by the selling shareholders of Tongcheng Network arising from the Reorganization in 2018 which shall be borne by us as agreed between us and such selling shareholders; (ii) a significant one-off expense relating to the issuance of ordinary shares to Tencent at a discount in conjunction with the Tongcheng-eLong Merger in 2018; and (iii) an one-off expense relating to merge of Tongcheng Online Business. Excluding share-based compensation charges and above mentioned one-off nature expense items, administrative expenses accounted for 4.5% of revenue for the three months ended March 31, 2019, which increased from 2.9% for the same period of 2018.

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

We recorded fair value gains on investments measured at fair value through profit or loss of RMB23.4 million for the three months ended March 31, 2019, compared with RMB8.6 million for the three months ended March 31, 2018. The increase was primarily driven by fair value changes on short-term wealth management products.

Other income

Other income increased by 220.0% from RMB1.3 million for the three months ended March 31, 2018 to RMB4.1 million for the three months ended March 31, 2019. The increase primarily reflected increased government subsidiaries received.

Other gains, net

Other gains decreased by 9.8% from RMB3.2 million for the three months ended March 31, 2018 to RMB2.9 million for the three months ended March 31, 2019. This decrease was mainly due to a decrease in foreign exchange gain of RMB0.7 million.

Fair value change on redeemable convertible preferred shares measured at fair value through profit or loss

We recorded fair value gain on redeemable convertible preferred shares measured at fair value through profit or loss of RMB907.7 million in the three months ended March 31, 2018, primarily because we re-designated our preferred shares as ordinary shares on a one-to-one basis in connection with the Tongcheng-eLong Merger, which lowered the fair value of the preferred shares and the decrease in the fair value of such preferred shares was recognized as a fair value gain.

Income tax (expense)/credit

We recorded an income tax expense of RMB98.0 million for the three months ended March 31, 2019 and an income tax credit of RMB84.8 million for the three months ended March 31, 2018, as we utilized the previous unrecognized tax losses in the first quarter of 2018, and increased profit in the three months ended March 31, 2019.

Profit attributable to equity holders of the Company

As a result of the foregoing, profit attributable to equity holders of the Company decreased by 85.7% to from RMB682.5 million for the three months ended March 31, 2018 to RMB97.3 million for the three months ended March 31, 2019.

OTHER FINANCIAL INFORMATION

Non-IFRS Financial Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use certain non-IFRS measures, namely adjusted EBITDA and adjusted profit for the period, as additional financial metrics. These non-IFRS financial measures are not required by or presented in accordance with IFRS.

We believe that non-IFRS measures facilitate comparisons of our operating performance by eliminating potential impacts of items that our management do not consider indicative of our operating performance. We believe that such non-IFRS measures present useful information in understanding and evaluating our consolidated results of operations in the same manner as they help our management. 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 three months ended March 31, 2019 and 2018:

	Unaudited	
	Three Months Ended	
	March 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Operating profit/(loss)	187,452	(312,028)
Add:		
Share-based compensation	285,750	47,705
Amortization of intangible assets	101,950	36,616
Depreciation of property, plant and equipment	40,418	13,706
Reorganization cost	—	220,953
Issuance of ordinary shares at discount	—	113,099
Acquisition-related cost	—	9,883
Adjusted EBITDA	615,570	129,934

b. Reconciliation of adjusted profit for the period from profit for the period

The following table reconciles our adjusted profit for the period to profit for the period, its most directly comparable financial measure calculated and presented in accordance with IFRS, for the three months ended March 31, 2019 and 2018:

	Unaudited	
	Three Months ended	
	March 31,	
	2019	2018
	RMB'000	RMB'000
	2019	2018
	RMB'000	RMB'000
Profit for the period	97,440	682,095
Add:		
Share-based compensation	285,750	47,705
Amortization of intangible assets from acquisition	65,260	21,753
Fair value change on redeemable convertible preferred shares measured at fair value through profit and loss ^(a)	—	(907,734)
Reorganization cost	—	220,953
Issuance of ordinary shares at discount	—	113,099
Acquisition-related cost	—	9,883
Adjusted profit for the period	448,450	187,754

Note:

- (a) Represents the fair value gain on redeemable convertible preferred shares issued to eLong Cayman's shareholders measured at fair value through profit or loss. We designate redeemable convertible preferred shares as financial liabilities at fair value through profit or loss. Please refer to "History, Reorganization and Corporate Structure-Major Shareholding Changes of Our Company" in the Prospectus for more information about preferred shares.

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

	Unaudited	
	Three Months ended	
	March 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of revenue	15,723	2,231
Service development expenses	96,572	24,709
Selling and marketing expenses	24,841	2,650
Administrative expenses	148,614	18,115
Total share-based compensation	<u>285,750</u>	<u>47,705</u>

CONSOLIDATED INCOME STATEMENTS

For the three months ended March 31, 2019

	Unaudited	
	Three Months Ended	
	March 31,	
	2019	2018
	RMB'000	RMB'000
Revenue	1,783,411	682,364
Cost of revenue	(498,270)	(194,085)
Gross profit	1,285,141	488,279
Service development expenses	(430,052)	(189,234)
Selling and marketing expenses	(469,723)	(241,991)
Administrative expenses	(228,322)	(382,129)
Fair value changes on investments measured at fair value through profit or loss	23,407	8,573
Other income	4,131	1,291
Other gains, net	2,870	3,183
Operating profit/(loss)	187,452	(312,028)
Finance income	13,987	1,701
Finance costs	(2,900)	(964)
Fair value change on redeemable convertible preferred shares measured at fair value through profit or loss	—	907,734
Share of results of associates	(3,061)	851
Profit before income tax	195,478	597,294
Income tax (expense)/credit	(98,038)	84,801
Profit for the period	97,440	682,095
Profit attributable to:		
– Equity holders of the Company	97,322	682,469
– Non-controlling interests	118	(374)
	97,440	682,095

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2019

	Unaudited	
	Three Months Ended	
	Mach 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	97,440	682,095
Other comprehensive (loss)/income		
<i>Items that may be subsequently reclassified to profit or loss</i>		
– Currency translation differences	(28,848)	—
<i>Items that may not be subsequently reclassified to profit or loss</i>		
– Fair value change relating to preferred shares due to own credit risk	—	932
Other comprehensive (loss)/income for the period, net of tax	(28,848)	932
Total comprehensive income for the period	68,592	683,027
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	68,474	683,401
– Non-controlling interests	118	(374)
	68,592	683,027

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2019

	Unaudited As of March 31, 2019 RMB'000	As of December 31, 2018 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	952,887	934,361
Right-in-use assets, net	21,055	—
Investments accounted for using the equity method	46,070	48,731
Investments measured at fair value through profit or loss	85,665	52,442
Land use right	15,954	16,038
Intangible assets	7,860,897	7,961,640
Deferred income tax assets	259,441	249,781
Prepayment and other receivables	36,701	31,485
	<u>9,278,670</u>	<u>9,294,478</u>
Current assets		
Trade receivables	859,551	857,326
Prepayment and other receivables	603,918	523,470
Short-term investments measured at amortized cost	296,119	261,086
Short-term investments measured at fair value through profit or loss	3,332,818	2,570,170
Restricted cash	74,271	140,930
Cash and cash equivalents	2,711,343	3,143,883
	<u>7,878,020</u>	<u>7,496,865</u>
Total assets	<u><u>17,156,690</u></u>	<u><u>16,791,343</u></u>
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	7,156	7,156
Share premium	17,311,220	17,311,220
Treasury stock	(15)	(15)
Other reserves	(2,466,155)	(2,722,834)
Accumulated losses	(2,962,752)	(3,060,074)
	<u>11,889,454</u>	<u>11,535,453</u>
Non-controlling interests	<u>(7,524)</u>	<u>(7,642)</u>
Total equity	<u><u>11,881,930</u></u>	<u><u>11,527,811</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2019

	Unaudited	
	As of	As of
	March 31,	December 31,
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES		
Non-current liabilities		
Borrowings	147,690	152,613
Deferred income tax liabilities	560,265	570,054
Long-term lease liabilities	14,863	—
Other payables and accruals	6,675	6,674
	729,493	729,341
Current liabilities		
Borrowings	19,692	19,692
Trade payables	2,914,001	2,569,092
Other payables and accruals	1,272,512	1,799,749
Short-term lease liabilities	9,241	—
Contract liabilities	87,558	15,084
Current income taxes liabilities	242,263	130,574
	4,545,267	4,534,191
Total liabilities	5,274,760	5,263,532
Total equity and liabilities	17,156,690	16,791,343

CONDENSED STATEMENT OF CASH FLOWS

For the three months ended March 31, 2019

	Unaudited	
	For the Three Months	
	Ended March 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows generated from operating activities	438,560	600,088
Net cash flows (used in)/generated from investing activities	(802,503)	752,045
Net cash flows (used in)/generated from financing activities	(38,250)	181,838
Net (decreased)/increase in cash and cash equivalents	(402,193)	1,533,971
Cash and cash equivalents at beginning of the period	3,143,883	701,748
Effect of exchange rate changes on cash and cash equivalents	(30,347)	(1,817)
Cash and cash equivalents at end of the period	<u>2,711,343</u>	<u>2,233,902</u>

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has applied the principles and code provisions as set out in the Corporate Governance Code and has complied with the code provisions in the Corporate Governance Code for the three-month period ended March 31, 2019.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the three-month period ended March 31, 2019.

Audit Committee

The audit committee has three members comprising two independent non-executive Directors, being Mr. Wu Haibing (chairman of the Audit Committee) and Ms. Han Yuling and one non-executive Director, being Mr. Lin Haifeng, with terms of reference in compliance with the Listing Rules.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the unaudited financial results for the three months ended March 31, 2019 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

DEFINITION

In this announcement, unless the context otherwise require, the following expressions shall have the following meaning:

“AI”	artificial intelligence
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“China” or “PRC”	People’s Republic of China, except where the context requires otherwise and only for the purposes of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	Tongcheng-Elong Holdings Limited (同程藝龍控股有限公司), 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 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“eLong” or “eLong Cayman”	eLong Inc., a corporation incorporated under the laws of the Cayman Islands on May 19, 2004
“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 and, unless otherwise indicated, the historical results of operations for the three-month period ended March 31, 2018 and financial condition of the Group as of December 31, 2018 presented and discussed in this announcement do not reflect those of Tongcheng Online Business
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited

“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”	the listing of the Shares on the Main Board of the Stock Exchange, which occurred on the Listing Date
“Listing Date”	November 26, 2018, the date on which the Shares are listed on the Main Board of the Stock Exchange
“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
“MPUs”	monthly paying users who make purchases on our platforms at least once during a calendar month
“OTA”	online travel agency
“Prospectus”	the prospectus dated November 14, 2018 issued by the Company
“Reorganization”	the reorganization arrangements undertaken by the Group in preparation for the Listing
“RMB”	Renminbi, the lawful currency of China
“Share(s)”	ordinary share(s) in the share capital of the Company, currently of nominal value US\$0.0005 each
“Shareholder(s)”	holder(s) of the Share(s)
“Tencent”	Tencent Holdings Limited, a company incorporated in the British Virgin Islands on November 23, 1999 and subsequently 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 (stock code: 700)

“Tencent-based platforms”	(i) our proprietary Weixin-based mini programs, which can be accessible by Weixin users through the “Rail & Flight” and “Hotel” portals in Weixin Wallet, the mobile payment interface of Tencent’s Weixin or from the drop-down list of the favorite or most frequently used mini programs in Weixin; and (ii) the “Rail & Flight” and “Hotel” in QQ Wallet, the mobile payment interface of Tencent’s Mobile QQ and certain other portals in Mobile QQ
“Tongcheng” or “Tongcheng Network”	Tongcheng Network Technology Limited (同程網絡科技股份有限公司), a joint stock limited company established under the laws of the PRC on March 10, 2004
“Tongcheng-eLong Merger”	the acquisition of Tongcheng Network by the Company
“Tongcheng Holdings”	Tongcheng Holdings Co., Ltd. (同程控股股份有限公司), a joint stock limited company established under the laws of the PRC on March 17, 2017 pursuant to a spin-off from Tongcheng Network
“Tongcheng Online Business”	the online business unit of Tongcheng Network which comprises transportation ticketing, accommodation reservation and certain other travel-related online services offered through its online platforms
“TSP”	travel service providers
“USD” or “US\$”	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-Elong Holdings Limited
Ma Heping
*Executive Director and
Chief Executive Officer*

Hong Kong, May 14, 2019

As at the date of this announcement, the Board comprises the following:

Executive Directors

Wu Zhixiang (*Co-Chairman*)

Ma Heping (*Chief Executive Officer*)

Independent Non-executive Directors

Wu Haibing

Dai Xiaojing

Han Yuling

Non-executive Directors

Jiang Hao

Liang Jianzhang (*Co-Chairman*)

Lin Haifeng

Brent Richard Irvin