

**IPO FACT SHEET**
**Tongcheng-Elong Holdings Ltd (780 HK)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$1,262.9m – HK\$1,819.6m
<b>Placement Tranche:</b>	143,839,600 shares
<b>Price:</b>	HK\$8.78 – HK\$12.65
<b>Board lot:</b>	400
<b>Entry fee:</b>	HK\$5,110.99
<b>Historical PE</b>	82.17x – 118.39x
<b>Net tangible asset per share:</b>	HK\$1.50 – HK\$1.76
<b>Market Cap (post-IPO):</b>	HK\$18b – HK\$26b
<b>Open:</b>	14 Nov 2018
<b>Close:</b>	12.00 noon on 19 Nov 2018
<b>Trading:</b>	26 Nov 2018
<b>Sponsor:</b>	Morgan Stanley Asia Ltd, J.P. Morgan Securities (Far East) Ltd and CMB International Capital Ltd

<b>Year ended 31 Dec</b>	<b>(RMB'000)</b>	<b>yoy % chg</b>
Revenue		
2016	2,204,565	114.8%
2017	2,518,591	14.2%
(Loss)/Profit for the year/period		
2016	-2,160,596	124.4%
2017	194,377	-109.0%

**BACKGROUND**

- They are the combined business resulting from the Tongcheng-eLong Merger, which was completed in March 2018.
- Before mobile internet began to gain momentum, Tongcheng and eLong had each acutely recognized its tremendous disruption potential and became the earliest Chinese OTAs that developed marketing models to offer promotional location-based travel products on mobile platforms.
- More recently, along with the proliferation of multi-function “super apps,” Tongcheng and eLong both established collaborations with Tencent through which their online platforms were integrated with Tencent’s super apps.
- Tongcheng and eLong were among the first third-party online service providers operating portals on the mobile payment interface of Tencent’s Weixin and were, according to iResearch, among the first OTAs to reach users nationwide through super apps.
- They are currently the sole operator of the “Rail & Flight” and “Hotel” portals in the mobile payment interface of Tencent’s Weixin and Mobile QQ, provided that we remain a market leader with the ability to deliver good user experience.
- Weixin and Mobile QQ are two of the largest super apps in China in terms of user base, according to iResearch.
- They have continued to develop various travel-related ancillary products and services, such as onboard food delivery and access to airport or train station lounges, designed to meet user needs that are not addressed by customary travel products.

**BUSINESS STRATEGY AND FUTURE PLANS**

- Expand product and service offerings.
- Grow user base and enhance user engagements.
- Deepen cooperation with TSPs.
- Strengthen big data and AI innovations.
- Pursue strategic alliances, acquisitions and investments.

**COMPETITIVE STRENGTHS**

- Innovator and leader in China’s online travel industry.
- Extensive and cost-effective user reach.

- Large and attractive user base.
- Superior user experience.
- Leading information technology and data capabilities.
- Management team with extensive industry experience and entrepreneurial culture.

#### KEY RISKS

- Any severe or prolonged downturn in the global or Chinese economy may have a material and adverse effect on their business and results of operations.
- Disruptions in the travel industry may materially and adversely affect their business and results of operations.
- They operate in a highly competitive industry and may face increased competition.
- They incurred losses in the past and they may incur losses in the future.
- They may fail to achieve the anticipated synergies and other benefits from the Tongcheng-eLong Merger.
- Any deterioration in their relationship with Tencent, particularly regarding their Tencent-based platforms, could have a material adverse effect on their business and prospects for growth.
- If they are found to be in violation of current or future PRC laws, regulations and government policies, they could be subject to penalties, and their business operations may be materially and adversely affected.

#### DIVIDEND POLICY

- No fixed dividend policy

#### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Is expected to be used to enhance their products and services offerings and their TSP and user bases in the following 24 to 36 months.	434.10	30.0%
Is expected to be used to fund potential acquisition, investment, joint venture and partnership opportunities that they believe are in line with their overall business strategies in the following 24 to 36 months.	434.10	30.0%
Is expected to be used to enhance their overall technology capabilities in the following 24 to 36 months.	434.10	30.0%
Is expected to be used for working capital and general corporate purposes.	144.60	10.0%
<b>Total:</b>	<b>1,446.90</b>	<b>100.00%</b>

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