

eLong Reports Preliminary Fourth Quarter and Fiscal Year 2004 Unaudited Financial Results

BEIJING, China –March 1, 2005 - eLong, Inc. (Nasdaq: LONG), a leading online travel service provider in China, today announced its unaudited financial results for the fourth quarter and fiscal year ended December 31, 2004.

Business Highlights

Highlights for the fourth quarter 2004:

- Total revenues increased 48% year-over-year and 6% sequentially to RMB40.3 million (US\$4.9 million).
- Gross margins were 85%.
- The Company completed its initial public offering and the listing of its American Depository Shares (ADSs) on the Nasdaq National Market on November 2, 2004.
- The Company completed the acquisition of Ray Time, one of China's leading operators of hotel loyalty programs on November 26, 2004.
- In January 2005, IAC/InterActiveCorp (NASDAQ: IACI) completed the purchase of 17,362,134 shares of high-vote ordinary stock of eLong for an aggregate cash purchase price of \$107.8 million, or US\$6.21 per share (the equivalent of \$12.42 per ADS), giving IAC ownership of approximately 52% of the Company's outstanding capital stock (on a fully diluted basis), representing approximately 96% of the total voting power of eLong.

Highlights for fiscal 2004:

- Total revenues were RMB138.5 million (US\$16.7 million), an 86% increase year-over-year.
- Revenues from air ticketing were RMB10.1 million (US\$1.2 million) increasing 170% year-over-year.
- Gross margins were 87%.
- As of December 31, 2004, the Company's cash balance was RMB646 million (US\$78.0 million), including restricted cash of RMB35.7 million (US\$4.3 million).

“We enter 2005 as one of China's leading travel companies and with our strong capital base and committed employees we are well positioned. Our core focus this year is on providing travelers with the best available travel products. We aim to lead the way in online travel as we believe it is one of the most attractive long-term growth areas in the Chinese e-commerce market,” remarked Justin Tang, Chairman and Chief Executive Officer of eLong.

Business Results

Total revenues for the fourth quarter ended December 31, 2004, were RMB40.3 million (US\$4.9 million), an increase of 48% from RMB27.2 million (US\$3.3 million) reported in the same period in 2003 and an increase of 6% from RMB38.0 million (US\$4.6 million) reported in the previous quarter. The Company recorded a net loss of RMB10.9 million (US\$1.3 million) for the quarter. The US GAAP loss per ADS for the fourth quarter was RMB0.90 (US\$0.108). Adjusted loss for the quarter (a non-GAAP measure), which excludes amortization of stock compensation and intangibles, was RMB7.8 million (US\$944,000). Adjusted loss per ADS for the quarter (also a non-GAAP measure) was RMB0.62 (US\$0.075). Please refer to the attached table for a reconciliation of net loss and loss per ADS under US GAAP to adjusted loss and adjusted loss per ADS.

Total revenues for fiscal 2004 were RMB138.5 million (US\$16.7 million), an increase of 86% from RMB74.4 million (US\$9.0 million) for fiscal 2003. The Company recorded a net loss of RMB21.0 million (US\$ 2.5 million) for fiscal 2004. The US GAAP loss per ADS for fiscal 2004 was RMB2.33 (US\$0.282). Adjusted loss for fiscal 2004 (a non-GAAP measure), which excludes amortization of stock compensation and intangibles, was RMB11.0 million (US\$1.3 million). Adjusted loss per ADS for fiscal 2004 (a non-GAAP measure) was RMB1.20 (US\$0.145). Please refer to the attached table for a reconciliation of net loss and loss per ADS under US GAAP to adjusted loss and adjusted loss per ADS.

Revenue from hotel reservations for the fourth quarter totaled RMB33.3 million (US\$4.0 million), an increase of 52% year-over-year and 10% sequentially. The total number of hotel room nights booked through eLong in the fourth quarter was 582,000, compared with 536,000 in the previous quarter and 373,000 in the corresponding period a year ago. Growth in hotel reservation revenues was due primarily to an increase in the number of customers selecting eLong for their travel needs.

Revenue from hotel reservations for fiscal 2004 totaled RMB111.4 million (US\$13.5 million), an increase of 85% year-over-year. The total number of hotel room nights booked through eLong in fiscal 2004 was 1.96 million compared with 1.03 million in fiscal 2003.

As of December 31, 2004, eLong's customers were able to book hotel rooms through eLong at discounted rates at more than 2,600 hotels in 220 cities across China. www.eLong.net, the Company's website, which is maintained in the English language, currently provides customers with the ability to book international hotels, car rentals, activities and vacation packages through a private-label service owned and operated by IAC/InterActiveCorp through IAC Travel. Customers can now take advantage of expanded options for booking a complete vacation to more than 720 worldwide destinations.

Revenues from air ticketing during the fourth quarter totaled RMB2.9 million (US\$347,000), a 105% increase year-over-year and a 15% decrease sequentially. The lower total air ticketing revenues were the result of lower air ticketing revenues from corporate customers in the fourth quarter as compared with the third quarter.

Revenues from air ticketing during fiscal 2004 totaled RMB10.1 million (US\$1.2 million), an increase of 170% year-over-year. eLong sold 250,000 air tickets in fiscal 2004 compared with 73,000 in fiscal 2003.

Gross margins in the fourth quarter remained relatively unchanged from the previous quarter at 85%, and gross margins in fiscal 2004 were 87%.

Operating expenses for the fourth quarter, excluding stock-based compensation and amortization of intangibles, were RMB41.4 million (US\$5.0 million), an increase of 29% from the previous quarter. This increase in operating expenses was due to a number of factors, including additional operating expenses attributable to Ray Time, which the Company acquired in November 2004, additional spending in sales and marketing and service development associated with hotel and air business, and additional administrative expenses.

Operating expenses for fiscal 2004, excluding stock-based compensation and amortization of intangibles, were RMB130.7 million (US\$15.8 million), an increase of 112%, compared with RMB61.5 million (US\$7.4 million) in fiscal 2003. The increase was due to our business expansion as well as somewhat lower than normal operating expenses in the second and third quarters of 2003 as operations were scaled back due to the outbreak of SARS.

During the fourth quarter we had non operating expenses of RMB913,000 (US\$110,000) as compared with non operating income of RMB455,000 (US\$54,000) in the third quarter of 2004. This change was primarily due to a RMB3.0 million (US\$362,000) investment provision made in the fourth quarter with no comparable provision in the third quarter. The fourth quarter investment provision was partly offset by fourth quarter interest income of Rmb2.1 million (US\$253,000) earned on our cash deposits resulting in a non operating expense of Rmb913,000 (US\$110,000).

Adjusted loss, a non-GAAP measure that excludes amortization of stock compensation and intangibles, in the fourth quarter was RMB7.8 million (US\$944,000), compared with adjusted income of RMB1.4 million (US\$167,000) in the third quarter. This decrease was primarily due to higher operating expenses which exceeded the gross profit contribution from the additional revenues.

Adjusted loss for fiscal year 2004 totaled RMB11.0 million (US\$1.3 million) compared with an adjusted income of RMB3.0 million (US\$361,000) in fiscal 2003.

As of December 31, 2004, the Company's cash balance was US\$78.0 million, including restricted cash of US\$4.3 million. On January 7, 2005, the Company received RMB892.2 million (US\$107.8 million) from IAC/InterActiveCorp in connection with the exercise of its warrant of which RMB446.1 million (US\$53.9 million) was used by the Company to buy back shares from existing shareholders resulting in a net cash inflow of RMB446.1 million (US\$53.9 million).

“In the fourth quarter, eLong once again demonstrated healthy revenue growth. Top-line growth will remain a key focus for us as we look to take advantage of our strong position and the opportunities in China's travel market,” said Derek Palaschuk, eLong's Chief Financial Officer.

Business Outlook

eLong estimates total revenues for the first quarter 2005 to be RMB37.3 million (US\$4.5 million) an increase of 40% from the first quarter of 2004, US GAAP net loss of RMB14.5 million (US\$1.8 million) and adjusted loss of RMB10.5 million (US\$1.3 million). First quarter loss per ADS is expected to be RMB0.60 (US\$0.07) and first quarter adjusted loss per ADS is expected to be RMB0.44 (US\$0.05).

Note to the Financial Statements

The unaudited financial information disclosed above is preliminary. The audit of the financial statements and related notes to be included in our annual report on Form 20-F for the year ended December 31, 2004 is still in progress.

Adjustments to the financial statements may be identified when the audit work is completed, which could result in significant differences between our audited financial statements and this preliminary unaudited financial information.

Safe Harbor Statement

Statements in this press release concerning eLong's future business, operating results and financial condition are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995. These statements are based upon management's current views and expectations with respect to future events and are not a guarantee of future performance. Furthermore, these statements are, by their nature, subject to a number of risks and uncertainties that could cause actual performance and results to differ materially from those discussed in the forward-looking statements as a result of a number of factors. Factors that could affect the Company's actual results and cause actual results to differ materially from those included in any forward-looking statement include, but are not limited to, eLong's historical operating losses, its limited operating history, declines or disruptions in the travel industry, the recurrence of SARS, eLong's reliance on having good relationships with hotel suppliers and airline ticket suppliers, collection risk with respect to eLong's corporate travel accounts receivable, the possibility that eLong will be unable to timely comply with Section 404 of the Sarbanes-Oxley Act of 2002, the risk that eLong will not be successful in competing against new and existing competitors, risks associated with IAC's investment in eLong and the integration of eLong's business with that of IAC's, changes in eLong's management team and other key personnel and other risks outlined in eLong's filings with the U.S. Securities and Exchange Commission (or SEC), including eLong's registration statement on Form F-1 filed with SEC in connection with eLong's IPO and eLong's Form 6-K filed with the SEC in connection with this press release. eLong undertakes no obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

Conference Call

eLong will host a conference call to discuss the fourth quarter and fiscal year 2004 earnings at 7:00pm Eastern Time, March 1, 2005 (Beijing/Hong Kong time: March 2, 2005 at 8:00am). The management team will be on the call to discuss quarterly results and highlights and to answer questions. The toll-free number for U.S. participants is 1-877-697-2796 and the dial-in number for Hong Kong participants is +852-2258-4102. The passcode for all participants is 2326439

Additionally, a live and archived **web cast** of this call will be available on the Investor Relations section of the eLong web site at <http://ir.elong.net>.

About eLong, Inc.

Founded in 1999, eLong is an independent travel service company headquartered in Beijing with a national presence across China. The Company uses web-based distribution technologies and a 24-hour nationwide call center to provide consumers with consolidated travel information and the ability to access hotel reservations at discounted rates at over 2,600 hotels in major cities across China. The Company also offers air ticketing and other travel related services, such as rental cars, vacation packages and corporate travel services.

eLong operates the websites <http://www.elong.com> and <http://www.elong.net>

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eLong, Inc. CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED, IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	Three Months Ended				Year Ended		
	Dec. 31, 2003	Sep. 30, 2004	Dec. 31, 2004	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2004
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
Revenues							
Hotel commissions	21,825	30,155	33,254	4,018	60,253	111,434	13,464
Airticketing commissions	1,404	3,392	2,882	347	3,744	10,091	1,219
Other travel revenue	447	322	1,446	175	2,234	2,470	298
Total travel revenue	23,676	33,869	37,582	4,540	66,231	123,995	14,981
Non travel	3,483	4,163	2,731	330	8,160	14,459	1,747
Total revenues	27,159	38,032	40,313	4,870	74,390	138,454	16,728
Cost of services	2,832	5,023	5,887	711	9,370	17,978	2,172
Gross profit	24,327	33,009	34,426	4,159	65,020	120,476	14,556
Operating expenses							
Service development	740	1,633	1,808	219	2,022	7,691	929
Sales and marketing	16,423	22,712	26,752	3,232	44,903	88,653	10,712
General and administrative	3,845	5,648	10,717	1,295	10,513	27,159	3,281
Stock-based compensation	32	2,050	2,966	358	1,353	9,669	1,168
Amortization of intangibles	20	60	121	15	20	301	36
Business tax and surcharges	1,500	2,060	2,098	253	4,109	7,220	872
Total operating expenses	22,560	34,163	44,462	5,372	62,920	140,693	16,998
Profit/(loss) from operations	1,767	(1,154)	(10,036)	(1,213)	2,100	(20,217)	(2,442)
Other income/(expenses)	(18)	455	(913)	(110)	(21)	(481)	(58)
Income/(loss) before income tax expense	1,749	(699)	(10,949)	(1,323)	2,079	(20,698)	(2,500)
Income tax expense	390	-	14	2	463	298	36
Minority interest	-	24	(66)	(8)	-	(43)	(5)
Net income/(loss)	1,359	(723)	(10,897)	(1,317)	1,616	(20,953)	(2,531)
Less: Amortization of options to preferred shareholder	-	-	414	50	-	414	50
Net income/ (loss) available for common shareholders	1,359	(723)	(11,311)	(1,367)	1,616	(21,367)	(2,581)
Basic income/(loss) per share	0.08	(0.05)	(0.45)	(0.054)	0.09	(1.17)	(0.141)
Diluted income/(loss) per share	0.05	(0.05)	(0.45)	(0.054)	0.07	(1.17)	(0.141)
Basic income/(loss) per ADS	0.16	(0.10)	(0.90)	(0.108)	0.18	(2.33)	(0.282)
Diluted income/(loss) per ADS	0.09	(0.10)	(0.90)	(0.108)	0.13	(2.33)	(0.282)
Shares used in computing basic net income/(loss) per share	16,788	14,395	25,258	25,258	17,587	18,319	18,319
Shares used in computing diluted net income/(loss) per share	29,574	14,395	25,258	25,258	24,716	18,319	18,319

Note 1: The conversion of Renminbi (RMB) into United States dollars (USD) is based on the noon buying rate of USD1.00 = RMB8.2765 on December 31, 2004 in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve. No representation is intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into U.S.dollars at that rate on December 31, 2004.

eLong, Inc. CONSOLIDATED SUMMARY BALANCE SHEET DATA
(UNAUDITED, IN THOUSANDS)

	<u>Dec. 31, 2003</u>	<u>Dec. 31, 2004</u>	<u>Dec. 31, 2004</u>
	RMB	RMB	US\$
ASSETS			
Current assets			
Cash and cash equivalents	73,132	610,047	73,708
Cash held in escrow	-	35,735	4,318
Accounts receivable from non-corporate travel, net	19,296	18,222	2,202
Accounts receivable from corporate travel, net	9,202	18,490	2,234
Total Accounts receivable, net	<u>28,498</u>	<u>36,712</u>	<u>4,436</u>
Investment securities	447	432	52
Prepaid expenses and other current assets	8,539	13,302	1,607
Deferred tax assets	14	-	-
Total current assets	<u>110,630</u>	<u>696,228</u>	<u>84,121</u>
Deferred tax assets	644	586	71
Equipment and software, net	8,109	15,428	1,864
Goodwill	8,998	20,333	2,457
Intangibles	2,180	4,579	553
Other non-current assets	-	1,321	160
Total assets	<u>130,561</u>	<u>738,475</u>	<u>89,226</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable	11,041	8,183	989
Accrued expenses and other payables	18,210	49,462	5,976
Advances from customers	35	341	41
Business and other taxes payable	667	1,114	135
Total current liabilities	<u>29,953</u>	<u>59,100</u>	<u>7,141</u>
Total liabilities	29,953	59,100	7,141
Minority interest	-	2,457	297
Shareholders' equity			
Series A preferred shares	113,957	-	-
Stock warrant	-	84,906	10,259
Ordinary shares	1,390	3,298	398
Additional paid-in capital	9,656	672,684	81,276
Other equity items	(427)	(38,620)	(4,666)
Accumulated deficit and other comprehensive income	(23,968)	(45,350)	(5,479)
Total shareholders' equity	<u>100,608</u>	<u>676,918</u>	<u>81,788</u>
Total liabilities and shareholders' equity	<u>130,561</u>	<u>738,475</u>	<u>89,226</u>

**eLong, Inc RECONCILIATION OF US GAAP INCOME/(LOSS) AND EPS TO
NON-GAAP ADJUSTED INCOME/(LOSS) AND EPS
(UNAUDITED, IN THOUSANDS EXCEPT PER SHARE AMOUNTS)**

	Three Months Ended				Year Ended		
	Dec. 31, 2003	Sep. 30, 2004	Dec. 31, 2004	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2004
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
Net income/ (loss) available for common shareholders	1,359	(723)	(11,311)	(1,367)	1,616	(21,367)	(2,581)
Amortization of non-cash stock-based compensation	32	2,050	3,380	408	1,353	10,083	1,218
Amortization of intangibles	20	60	121	15	20	301	36
Adjusted income/ (loss) available for common shareholders	1,411	1,387	(7,810)	(944)	2,989	(10,983)	(1,327)
Basic adjusted income/(loss) per share	0.08	0.10	(0.31)	(0.037)	0.17	(0.60)	(0.072)
Diluted adjusted income/(loss) per share	0.05	0.04	(0.31)	(0.037)	0.12	(0.60)	(0.072)
Basic adjusted income/(loss) per ADS	0.17	0.19	(0.62)	(0.075)	0.34	(1.20)	(0.145)
Diluted adjusted income/(loss) per ADS	0.10	0.08	(0.62)	(0.075)	0.24	(1.20)	(0.145)
Shares used in computing adjusted basic income/loss per share	16,788	14,395	25,258	25,258	17,587	18,319	18,319
Shares used in computing adjusted diluted income/loss per share	29,574	35,182	25,258	25,258	24,716	18,319	18,319

Use of Non-GAAP Financial Information

To supplement our consolidated financial statements presented herein in accordance with accounting principles generally accepted in the United States (“US GAAP”), the Company also uses non-GAAP measures of adjusted net income/(loss) and adjusted diluted income/(loss) per ADS, which are adjusted from results based on US GAAP to exclude the impact of non-cash charges related to certain stock based compensation, as well as the impact of charges related to intangibles. Management believes these non-GAAP financial measures enhance the user’s overall understanding of our current financial performance and our prospects for the future and, additionally, uses these non-GAAP financial measures for the general purpose of analyzing and managing the Company’s business. Specifically, we believe the non-GAAP financial measures provide useful information to both management and investors by excluding certain charges that we believe are not indicative of our core operating results. The presentation of this additional information is not meant to be considered superior to, in isolation from or as a substitute for results prepared in accordance with US GAAP.