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Tongcheng-Elong Holdings Limited

同程藝龍控股有限公司

(於開曼群島註冊成立的有限公司)

(股份代號：0780)

CONTINUING CONNECTED TRANSACTIONS THE ENTERING INTO OF THE SUZHOU CHENGYI SUPPLEMENTAL ARRANGEMENTS

Reference is made to the sections headed “Contractual Arrangements” and “Connected Transactions” of the Prospectus in relation to, among other things, the Contractual Arrangements. The Board hereby announces that, in order to increase the registered capital of Suzhou Chengyi in response to the request of the CBIRC, on March 19, 2019, the relevant parties as detailed below entered into the following agreements:

- (1) the Suzhou Chengyi Loan Agreement, pursuant to which Longyue Tiancheng WFOE agreed to provide a loan of RMB20,400,000 and a loan of RMB19,600,000 to Mr. Wu and Mr. Ma respectively, which shall be used solely to make the necessary capital contribution to Suzhou Chengyi; and
- (2) the Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement, Suzhou Chengyi Amended and Restated Share Pledge Agreement, Suzhou Chengyi Amended and Restated Powers of Attorney and Suzhou Chengyi Amended and Restated Irrevocable Undertakings, pursuant to which consequential administrative changes were made to reflect the increased registered capital of Suzhou Chengyi and the entering into of the Suzhou Chengyi Loan Agreement.

IMPLICATIONS UNDER THE LISTING RULES

After the Suzhou Chengyi Supplemental Arrangements take effect, the financial results of Suzhou Chengyi will continue to be accounted for and consolidated in the accounts of the Group as if it is a wholly-owned subsidiary of the Company. Mr. Wu and Mr. Ma, being the executive Directors of the Company, are Connected Persons. Accordingly, the transactions contemplated under the Suzhou Chengyi Supplemental Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the Suzhou Chengyi Supplemental Arrangements are reproduced from the Existing VIE Structure as provided under one of the conditions of the IPO Waiver, the Suzhou Chengyi Supplemental Arrangements are on substantially the same terms as those currently in place under the Existing VIE Structure and the Suzhou Chengyi Loan Agreement is structured in substantially the same terms as the existing loan agreement in relation to Beijing E-dragon, the Stock Exchange has confirmed that the transactions contemplated under the Suzhou Chengyi Supplemental Arrangements are exempt from strict compliance with (i) the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules and (ii) the requirement of setting an annual cap for the transactions under the Suzhou Chengyi Supplemental Arrangements.

INTRODUCTION

Reference is made to the sections headed “Contractual Arrangements” and “Connected Transactions” of the Prospectus in relation to, among other things, the Contractual Arrangements. The Board hereby announces that, in order to increase the registered capital of Suzhou Chengyi in response to the request of the CBIRC to have a registered capital of RMB40 million (the “**Capital Increase**”), on March 19, 2019, the relevant parties as detailed below entered into the following agreements:

- (1) the Suzhou Chengyi Loan Agreement, pursuant to which Longyue Tiancheng WFOE agreed to provide a loan of RMB20,400,000 and a loan of RMB19,600,000 to Mr. Wu and Mr. Ma respectively, which shall be used solely to make the necessary capital contribution to Suzhou Chengyi; and
- (2) the Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement, Suzhou Chengyi Amended and Restated Share Pledge Agreement, Suzhou Chengyi Amended and Restated Powers of Attorney and Suzhou Chengyi Amended and Restated Irrevocable Undertakings, pursuant to which consequential administrative changes were made to reflect the increased registered capital of Suzhou Chengyi and the entering into of the Suzhou Chengyi Loan Agreement.

The Exclusive Technology Consulting and Service Agreement will not be amended and restated. Upon execution of the Suzhou Chengyi Supplemental Arrangements, the Contractual Arrangements of Suzhou Chengyi shall refer to the Suzhou Chengyi Supplemental Arrangements and the Exclusive Technology Consulting and Service Agreement.

Suzhou Chengyi will remain a consolidated affiliated entity of the Company and its financial results will continue to be accounted for and consolidated in the accounts of the Group.

REASONS AND BENEFITS FOR THE TRANSACTIONS

The main businesses of Suzhou Chengyi and its subsidiaries are, among others, the provision of insurance agency services through online platforms operated under Beijing E-dragon and Tongcheng Network and call center businesses. As of the date of this announcement, Tianyuan Difang is the only entity in the Group that engages in the aforementioned insurance agency business and is held by Suzhou Chengyi as to 50.02% and Tongcheng Network as to 49.98%.

Suzhou Chengyi is owned by Mr. Wu as to 51% and Mr. Ma as to 49%. As disclosed in the Prospectus, (i) due to applicable regulatory restrictions on foreign ownership in insurance agency services and (ii) applicable laws and regulatory restrictions on foreign investors conducting call center services (the “Relevant Businesses”), the Group has in place a series of contractual arrangements with Suzhou Chengyi that are designed to allow the Company to exercise control over the operations of Suzhou Chengyi and enjoy the economic benefits generated by Suzhou Chengyi. Please refer to the section headed “Contractual Arrangements” of the Prospectus for the detailed reasons why the Company’s businesses are required to be carried out by way of contractual arrangements from the perspective of compliance of PRC laws and the details of the Existing VIE Structure.

Shortly after the Listing of the Company on November 26, 2018, the Company has received a verbal request from CBIRC to inject capital into Suzhou Chengyi such that its registered capital will be increased to RMB40 million. The purpose for such capital injection is to ensure that Suzhou Chengyi, as a shareholder of Tianyuan Difang, has sufficient self-owned funds.

Since the increase in registered capital of Suzhou Chengyi should be contributed by the Suzhou Chengyi Registered Shareholders, Longyue Tiancheng WFOE entered into the Suzhou Chengyi Loan Agreement with Suzhou Chengyi Registered Holders, pursuant to which Longyue Tiancheng WFOE agreed to provide a loan of RMB20,400,000 to Mr. Wu, and a loan of RMB19,600,000 to Mr. Ma, respectively, for them to make the necessary capital contribution to Suzhou Chengyi.

Longyue Tiancheng WFOE, the Suzhou Chengyi Registered Shareholders and other relevant parties also entered into the other Suzhou Chengyi Supplemental Arrangements on March 19, 2019, in order to make consequential administrative changes to the Contractual Arrangements of Suzhou Chengyi to reflect the increased registered capital of Suzhou Chengyi and the entering into of the Suzhou Chengyi Loan Agreement.

The Company’s PRC Legal Advisor is of the opinion that the Suzhou Chengyi Supplemental Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations and that:

- (i) as confirmed by the parties to each of the Suzhou Chengyi Supplemental Arrangements, they have obtained all necessary approvals and authorisations to execute and perform the Suzhou Chengyi Supplemental Arrangements;

- (ii) parties to each of the Suzhou Chengyi Supplemental Arrangements are entitled to execute such agreements and perform their respective obligations thereunder. Each of the Suzhou Chengyi Supplemental Arrangements is binding on the parties thereto and none of them would be deemed as “concealment of illegal intentions with a lawful form” and void under Contract Law of the People’s Republic of China (《中華人民共和國合同法》);
- (iii) none of the Suzhou Chengyi Supplemental Arrangements violates any provisions of the articles of association of Suzhou Chengyi or Longyue Tiancheng WFOE;
- (iv) the parties to each of the Suzhou Chengyi Supplemental Arrangements are not required to obtain any approvals or authorisations from the PRC governmental authorities, except that:
- any equity pledge contemplated under the Suzhou Chengyi Amended and Restated Share Pledge Agreement is subject to the registration with competent SAMR;
 - the exercise of the option by Longyue Tiancheng WFOE of its right under the Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement to acquire all or part of the equity interests in Suzhou Chengyi is subject to the approvals of, filing with and/or registrations with PRC governmental authorities; and
 - the arbitration awards/interim remedies provided under the dispute resolution provision of the Suzhou Chengyi Supplemental Arrangements shall be recognized by the PRC courts before compulsory enforcement.
- (v) Each of the Suzhou Chengyi Supplemental Arrangements is valid, legal and binding under the PRC laws, except for the following provisions regarding dispute resolution:
- the Suzhou Chengyi Supplemental Arrangements provide that any dispute shall be submitted to CIETAC for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Beijing. They also provide that the arbitrator may award interim remedies over the shares or assets of Suzhou Chengyi and/or its subsidiaries or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of Suzhou Chengyi and/or its subsidiaries, and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company), PRC and the places where the principal assets of Suzhou Chengyi and/or its subsidiaries are located also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies against the shares or properties of Suzhou Chengyi and/or its subsidiaries; and
 - to the extent permitted by PRC laws and where appropriate, the arbitration tribunal may grant any remedies in accordance the relevant agreement and applicable PRC laws, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the equity interest or assets of Suzhou Chengyi and/or its subsidiaries and awards directing Suzhou Chengyi and/or its subsidiaries to conduct liquidation.

Notwithstanding the foregoing and as disclosed in the Prospectus, in March and April 2018, representatives of the Company and the PRC Legal Advisor consulted the MIIT and CBIRC. The PRC Legal Advisor has advised the Company that (i) the relevant authorities have confirmed that the adoption of the Existing VIE Structure does not constitute a breach of the relevant PRC laws or regulations concerning foreign ownership restrictions; and (ii) the relevant authorities are competent to give the relevant confirmation. The PRC Legal Advisor is of the view that the use of the Existing VIE Structure and the Suzhou Chengyi Supplemental Arrangements do not constitute a breach of the relevant PRC laws or regulations concerning foreign ownership restrictions.

The Company has been advised by the PRC Legal Advisor, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to the above opinion of the PRC Legal Advisor. The Company has been further advised by the PRC Legal Advisor that if the PRC government finds that the Suzhou Chengyi Supplemental Arrangements do not comply with the applicable PRC laws or regulations concerning foreign ownership restrictions, the Company could be subject to severe penalties, which could include:

- (i) revoking the business and operating licenses of Longyue Tiancheng WFOE and Suzhou Chengyi;
- (ii) restricting or prohibiting related party transactions among Longyue Tiancheng WFOE and Suzhou Chengyi;
- (iii) imposing fines or other requirements with which the Company, Longyue Tiancheng WFOE and Suzhou Chengyi may find difficult or impossible to comply;
- (iv) requiring the Company, Longyue Tiancheng WFOE and Suzhou Chengyi to restructure the relevant ownership structure or operations; and
- (v) restricting or prohibiting the use of any proceeds from the Global Offering (as defined in the Prospectus) to finance the Company's business and operations in the PRC.

The imposition of any of these penalties could have a material adverse effect on the Company's ability to conduct its business.

Based on the above analysis and advice from the PRC Legal Advisor, the Directors are of the view that the adoption of the Suzhou Chengyi Supplemental Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations and that each of the arrangements under the Suzhou Chengyi Supplemental Arrangements conferring significant control and economic benefits from Suzhou Chengyi is enforceable under relevant laws and regulations.

The Directors also believe that the Suzhou Chengyi Supplemental Arrangements are fair and reasonable because: (i) the entering into of the Suzhou Chengyi Loan Agreement replicates the existing loan agreement in relation to Beijing E-dragon (except in relation to the parties, the amount of the loan and other corresponding changes), (ii) the entering into of the Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement replicates the existing arrangement in relation to Beijing E-dragon where a loan is provided to its registered holder; (iii) the entering into of the Suzhou Chengyi Amended and Restated Share Pledge Agreement, Suzhou Chengyi Amended and Restated Powers of Attorney and Suzhou Chengyi Amended and Restated Irrevocable Undertakings are merely to reflect the increased registered capital of Suzhou Chengyi and the entering into of the Suzhou Chengyi Loan Agreement, and are administrative in nature, (iv) there is no change in nature of the existing Contractual Arrangements in relation to Suzhou Chengyi, and (v) a number of other companies use similar arrangements to accomplish the same purpose.

Further, the Directors are of a view that it is in the best interests of the Company's Shareholders and creditors to enter into the Suzhou Chengyi Supplemental Arrangements because the amount of secured liabilities owed by the Suzhou Chengyi Registered Shareholders to the Company will be RMB40 million instead of RMB1 million, and the Company will not have to compete with the other unsecured creditors of the Suzhou Chengyi Registered Shareholders in a winding up situation for any deficit, which will be detrimental to the Company's Shareholders and creditors as a whole. As of the date of this announcement, the Company has not encountered any interference or encumbrance from any PRC governing bodies in operating its business through Suzhou Chengyi under the Existing VIE Structure.

SUZHOU CHENGYI SUPPLEMENTAL ARRANGEMENTS

The Suzhou Chengyi Supplemental Arrangements will be on substantially the same terms as those currently in place under the Existing VIE Structure.

The Suzhou Chengyi Loan Agreement and the Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement replicate the existing arrangement in relation to Beijing E-dragon where a loan is provided to its registered holder.

In relation to the contractual arrangements under the Suzhou Chengyi Supplemental Arrangements, the Company will fulfill and comply with the same conditions as those imposed on the contractual arrangements under the Existing VIE Structure as disclosed on pages 225 to 227 of the Prospectus, *mutatis mutandis*.

A summary of the principal terms of the Suzhou Chengyi Supplemental Arrangements is set forth below.

(1) Suzhou Chengyi Loan Agreement

Date: March 19, 2019

Parties: (a) the Longyue Tiancheng WFOE
(b) Suzhou Chengyi Registered Holders

Subject: Longyue Tiancheng WFOE agreed to lend a total of RMB40 million to the Suzhou Chengyi Registered Shareholders, to be used to make capital contribution to Suzhou Chengyi, of which a loan of RMB20,400,000 will be lent to Mr. Wu and a loan of RMB19,600,000 will be lent to Mr. Ma. The loans must not be used for any other purposes without the lender's prior written consent.

Upon the Longyue Tiancheng WFOE exercising its exclusive call option, it will require the Suzhou Chengyi Registered Holders to repay the loans by transferring all or part of their equity interest in Suzhou Chengyi to the Longyue Tiancheng WFOE or any of their designated person and use the proceeds of such transfer as repayment of the loans. If the proceeds of such transfer is equal to or less than the principal of the loans under the Suzhou Chengyi Loan Agreement, the loans are considered interest-free. If the proceeds of such transfer is higher than the principal of the loans under the Suzhou Chengyi Loan Agreement, any surplus is considered interest for the loans under the Suzhou Chengyi Loan Agreement.

The Suzhou Chengyi Loan Agreement is structured in substantially the same terms as the existing loan agreement in relation to Beijing E-dragon as detailed in the section headed "Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements — Loan Agreement" of the Prospectus.

Term:

The term of the loans is 20 years from the date when the Suzhou Chengyi Loan Agreement takes effect from the date of registration of the capital increase of Suzhou Chengyi with competent SAMR. The Suzhou Chengyi Loan Agreement shall be automatically renewed indefinitely upon expiration of each 20-year period. Each loan will become due and payable upon Longyue Tiancheng WFOE's demand under any of the following circumstances: (i) Mr. Wu or Mr. Ma is being removed from the various positions held by them with Longyue Tiancheng WFOE, the related party of Longyue Tiancheng WFOE or Suzhou Chengyi or ceases to be a shareholder of Suzhou Chengyi or the related party of Suzhou Chengyi, (ii) the death or incapacity of Mr. Wu or Mr. Ma, (iii) Mr. Wu or Mr. Ma being engaged or involved in criminal activities, (iv) any third party making a claim against Mr. Wu or Mr. Ma exceeding RMB100,000, or (v) Longyue Tiancheng WFOE exercising its option to purchase all or part of the equity interests in Suzhou Chengyi held by Mr. Wu or Mr. Ma, to the extent permitted by PRC laws and regulations that the PRC foreign ownership restrictions applicable to Suzhou Chengyi and its subsidiaries' service have been lifted, or (vi) Mr. Wu's or Mr. Ma's breach of the representations, warranties, covenants or obligations under the Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement.

(2) Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement

Date: March 19, 2019

Parties:

- (a) Suzhou Chengyi
- (b) the Longyue Tiancheng WFOE
- (c) the Suzhou Chengyi Registered Holders

Subject: Upon the entering into of the Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement, the Exclusive Share Purchase Right Agreement shall be null and void. The Suzhou Chengyi Registered Holders granted Longyue Tiancheng WFOE an irrevocable and exclusive right to purchase, or designate one or more persons (each, a “designee”) to purchase, the equity interests then held by the relevant Suzhou Chengyi Registered Holders in, and/or the assets of Suzhou Chengyi (the “Optioned Interest”) once or at multiple times at any time in part or in whole at the sole and absolute discretion of Longyue Tiancheng WFOE to the extent permitted under the applicable laws of PRC. Where Longyue Tiancheng WFOE chooses to purchase the Optioned Interest, the relevant Suzhou Chengyi Registered Holders shall cause Suzhou Chengyi to promptly convene a shareholders’ meeting, at which a resolution shall be adopted approving the relevant Suzhou Chengyi Registered Holders’ transfer of the Optioned Interests to Longyue Tiancheng WFOE and/or its designees.

Suzhou Chengyi and the Suzhou Chengyi Registered Holders, among other things, have covenanted that:

- (i) without the prior written consent of Longyue Tiancheng WFOE, it/he shall not in any manner supplement, change or amend the articles of association of Suzhou Chengyi, increase or decrease its registered capital or number of shares, or change the structure of its registered capital in other manner;
- (ii) maintain Suzhou Chengyi’s operation as a going concern, obtain all government permits and licenses necessary for its business, and prudently and effectively operate its business in accordance with sound financial and business practices;

- (iii) without the prior consent of Longyue Tiancheng WFOE, it/he shall not sell, transfer, mortgage or dispose of in any manner any assets of more than RMB500,000 of Suzhou Chengyi, business, operation rights, legitimate interest in its income, or permit the creation of any secured interests thereon;
- (iv) without the prior consent of Longyue Tiancheng WFOE, it/he shall not change or remove any of Suzhou Chengyi's directors or senior management personnel;
- (v) without the prior consent of Longyue Tiancheng WFOE, Suzhou Chengyi shall not incur, inherit, guarantee or assume any debt of more than RMB500,000, except for (i) debts incurred in the ordinary course of business other than through loans and (ii) debts disclosed to Longyue Tiancheng WFOE and the incurrence, inheritance, guarantee or assumption of which was consented to by Longyue Tiancheng WFOE;
- (vi) always operate all businesses during the ordinary course of business to maintain Suzhou Chengyi's asset value and refrain from any action/omission that may adversely affect its operating status and asset value; and
- (vii) without the prior consent of Longyue Tiancheng WFOE, Suzhou Chengyi shall not execute any major contract with a value above RMB500,000, except for contracts executed in the ordinary course of business.

Further, each of the Suzhou Chengyi Registered Holders, among other things, has also covenanted that:

- (i) without the prior written consent of Longyue Tiancheng WFOE, he shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Suzhou Chengyi held by such shareholder, or allow the encumbrance thereon, except for the interest pledged in accordance with the Suzhou Chengyi Supplemental Arrangements;

- (ii) without the prior written consent of Longyue Tiancheng WFOE, he shall not, on any shareholders' meeting of Suzhou Chengyi, vote in favor of, support or sign any shareholders' resolutions approving (i) the amendment of the articles of association or increase/decrease of registered share capital or number of shares, or in any manner change the share capital of Suzhou Chengyi; or (ii) the sale, transfer, mortgage or disposal of any legal or beneficial interest in Suzhou Chengyi, or the encumbrance thereon, except in favor of Longyue Tiancheng WFOE or its designees, as the case may be;
- (iii) without the prior written consent of Longyue Tiancheng WFOE, he shall not, on any shareholders' meeting of Suzhou Chengyi, vote in favor of, support or sign any shareholders' resolutions approving the merger or integration of Suzhou Chengyi, or the acquisition of or investment in any parties;
- (iv) he shall immediately notify Longyue Tiancheng WFOE upon the actual or potential occurrence of litigation, arbitration or administrative action in respect of the equity interest held by him;
- (v) upon the exercise by Longyue Tiancheng WFOE (or its designees) of the irrevocable and exclusive right to purchase the equity interests then held by him, and/or the assets of Suzhou Chengyi, he shall consent to such transfer or purchase of the equity interests and/or assets;
- (vi) he shall sign all necessary and applicable documents and take all necessary and applicable action to commence action or claim or defend any action or claim as is necessary or appropriate to safeguard the ownership rights in Suzhou Chengyi; and
- (vii) he shall appoint any designee of Longyue Tiancheng WFOE as the director of Suzhou Chengyi, at the request of Longyue Tiancheng WFOE.

Save for the terms below, the terms of the Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement are the same as those under the Exclusive Share Purchase Right Agreement in relation to Suzhou Chengyi.

- the purchase price for the purchase by Longyue Tiancheng WFOE of the equity interests held by the Mr. Wu and Mr. Ma in Suzhou Chengyi upon exercise of the option by Longyue Tiancheng WFOE shall be RMB20,400,000 for Mr. Wu and RMB19,600,000 for Mr. Ma, or any other amount as separately agreed between Longyue Tiancheng WFOE and Mr. Ma or Mr. Wu, respectively;
- the purchase price to be received by Mr. Wu and Mr. Ma shall be used to offset their respective loan due to Longyue Tiancheng WFOE under the Suzhou Chengyi Loan Agreement, in which case the loans shall be deemed as the pre-paid purchase price; and
- reference to the Contractual Agreements in relation to Suzhou Chengyi shall include Suzhou Chengyi Loan Agreement.

The above amendments replicated the current arrangements in relation to Beijing E-dragon whereby Mr. Jiang Hao (the registered shareholder of Beijing E-dragon) was provided with a loan for the capital contribution of Beijing E-dragon. Please also refer to pages 176 — 178 of the Prospectus for details of the Exclusive Share Purchase Right Agreement in relation to Suzhou Chengyi and page 177 of the Prospectus for details of the Exclusive Share Purchase Right Agreement in relation to Beijing E-dragon.

Term:

The Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement shall remain effective for a period of 20 years from the date of registration of the capital increase of Suzhou Chengyi with competent SAMR, and automatically renewed upon expiration of the preceding 20 year-period unless the Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement is terminated by Longyue Tiancheng WFOE by written notice.

(3) Suzhou Chengyi Amended and Restated Share Pledge Agreement

Date: March 19, 2019

Parties:

- (a) Suzhou Chengyi
- (b) the Longyue Tiancheng WFOE
- (c) the Suzhou Chengyi Registered Holders

Subject: Upon the entering into of the Suzhou Chengyi Amended and Restated Share Pledge Agreement, the Share Pledge Agreement shall be null and void.

The Suzhou Chengyi Registered Holders agreed to pledge all their respective equity interests in Suzhou Chengyi that they own, including any interest or dividend paid for the shares, to Longyue Tiancheng WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts of the Suzhou Chengyi Registered Holders under the Exclusive Technology Consulting and Services Agreement, the Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement, the Suzhou Chengyi Amended and Restated Powers of Attorney and the Suzhou Chengyi Loan Agreement.

Upon the knowledge, or discovery of the occurrence of any circumstances or event that may lead to an event of default (as defined in the Suzhou Chengyi Amended and Restated Share Pledge Agreement), the Suzhou Chengyi Registered Holders shall immediately notify Longyue Tiancheng WFOE in writing. Longyue Tiancheng WFOE shall be entitled to immediately exercise the pledge and may exercise any remedy measure under applicable PRC laws and the Contractual Arrangement of Suzhou Chengyi, including but not limited to being paid in priority with the monetary valuation that the Suzhou Chengyi Registered Holders' equity interest is converted into or from the proceeds from auction or sale of the Suzhou Chengyi Registered Holders' equity interest. Longyue Tiancheng WFOE is not liable for any loss incurred by its due exercise of such rights and powers.

Save for the terms below, the terms of the Suzhou Chengyi Amended and Restated Share Pledge Agreement are the same as those under the Share Pledge Agreement in relation to Suzhou Chengyi.

- the pledged assets and maximum amount of guarantee for the performance of contractual obligations under the Contractual Arrangements in relation to Suzhou Chengyi is updated to RMB40,000,000;
- the respective registered capital held by Mr. Wu and Mr. Ma in Suzhou Chengyi is updated to RMB20,400,000 and RMB19,600,000, respectively;
- the maximum amount of guarantee of Mr. Wu and Mr. Ma is updated to RMB20,400,000 and RMB19,600,000, respectively; and
- reference to the Contractual Agreements in relation to Suzhou Chengyi shall include Suzhou Chengyi Loan Agreement.

Please also refer to pages 178 and 179 of the Prospectus for details of the Share Pledge Agreement.

Term:

The share pledge under the Suzhou Chengyi Amended and Restated Share Pledge Agreement takes effect upon the completion of registration with the competent SAMR and shall remain valid until the occurrence of the following events, whichever is earlier:

- all outstanding contractual obligations under the Contractual Arrangements of Suzhou Chengyi have been fully performed, all outstanding debts under the Contractual Arrangements of Suzhou Chengyi have been fully paid, or achieved through other applicable means;
- Longyue Tiancheng WFOE exercises in full the equity pledge under the Suzhou Chengyi Amended and Restated Share Pledge Agreement in accordance with the terms and conditions therein to exercise its entitled rights under the Contractual Arrangements of Suzhou Chengyi; or
- Longyue Tiancheng WFOE releases the share pledge under the Suzhou Chengyi Amended and Restated Share Pledge Agreement.

(4) Suzhou Chengyi Amended and Restated Powers of Attorney

Date: March 19, 2019

Parties: (a) the Longyue Tiancheng WFOE
(b) each of the Suzhou Chengyi Registered Holders

Subject: Upon the entering into of each of the Suzhou Chengyi Amended and Restated Powers of Attorney, the Powers of Attorney shall be null and void.

Each of the Suzhou Chengyi Registered Holders irrevocably appointed Longyue Tiancheng WFOE (as well as the successors, including a liquidator, if any, replacing Longyue Tiancheng WFOE) or its designee(s) (including its directors) as his sole exclusive agent to exercise on his behalf, certain powers, including without limitation: (i) exercise all shareholder's rights and shareholder's voting rights in accordance with law and the constitutional documents of Suzhou Chengyi, including but not limited to the appointment, election or removal of directors, supervisors and senior management, the sale or transfer of any or all of the shares in Suzhou Chengyi and the winding up of Suzhou Chengyi, (ii) to call shareholders' meetings of Suzhou Chengyi, to accept any notice on shareholders' meetings, and to execute any and all written resolutions and meeting minutes in the name and on behalf of such shareholder, and (iii) to file documents with the relevant companies registry.

Further, pursuant to the the Suzhou Chengyi Amended and Restated Powers of Attorney and to ensure the the Suzhou Chengyi Amended and Restated Powers of Attorney do not give rise to a conflict of interest, each of the Suzhou Chengyi Registered Holders irrevocably undertakes that, where such Suzhou Chengyi Registered Holder is also serving as a Director or senior management of the Company, such Suzhou Chengyi Registered Holder shall assign his interest under the Suzhou Chengyi Amended and Restated Powers of Attorney to other Directors or senior management of the Company who do not have any conflict of interests.

Each of the Suzhou Chengyi Registered Holders irrevocably undertakes and acknowledges that in the event of his bankruptcy, divorce or any other circumstances resulting in a change in the ownership of the equity interest in Suzhou Chengyi, (i) the relevant Contractual Arrangement of Suzhou Chengyi shall be equally binding on his successor, and (ii) his will, divorce agreement, debt arrangements or any other legal documents and/or restructuring agreements shall, in respect of any disposal concerning Suzhou Chengyi and its respective subsidiaries, unless otherwise agreed by Longyue Tiancheng WFOE in written form, be subject to the terms of the Contractual Arrangement of Suzhou Chengyi.

Save for the terms below, all other terms of the Suzhou Chengyi Amended and Restated Powers of Attorney are the same as those under the Powers of Attorney in relation to Suzhou Chengyi.

- the respective registered capital held by Mr. Wu and Mr. Ma in Suzhou Chengyi is updated to RMB20,400,000 and RMB19,600,000, respectively; and
- the reference to the Contractual Agreements in relation to Suzhou Chengyi shall include Suzhou Chengyi Loan Agreement. Please also refer to pages 179 and 180 of the Prospectus for details of the Powers of Attorney.

Term:

The Suzhou Chengyi Amended and Restated Powers of Attorney shall remain effective from the date of registration of the capital increase of Suzhou Chengyi with competent SAMR for the period that the relevant Suzhou Chengyi Registered Holders is a shareholder of Suzhou Chengyi, unless Longyue Tiancheng WFOE has given written instructions to the contrary.

(5) Suzhou Chengyi Amended and Restated Irrevocable Undertakings

Date: March 19, 2019

Subject: Upon the entering into of each of the Suzhou Chengyi Amended and Restated Irrevocable Undertakings, the Spouse Undertakings shall be null and void.

The spouse of each of Mr. Wu and Mr. Ma expressly and irrevocably acknowledged and has undertaken that (i) any equity interests held by such Suzhou Chengyi Registered Holder in Suzhou Chengyi do not fall within the scope of their communal properties; (ii) each of them will not have any claim on the interests of Suzhou Chengyi obtained through the Suzhou Chengyi Supplemental Arrangements; (iii) each of them never participated and will not participate in the operation or management of Suzhou Chengyi.

Save for the terms below, the terms of the Suzhou Chengyi Amended and Restated Irrevocable Undertakings are the same as those under the Spouse Undertakings in relation to Suzhou Chengyi.

- the respective registered capital held by Mr. Wu and Mr. Ma in Suzhou Chengyi is updated to RMB20,400,000 and RMB19,600,000, respectively, and
- the reference to the Contractual Agreements in relation to Suzhou Chengyi shall include Suzhou Chengyi Loan Agreement.

Please also refer to page 181 of the Prospectus for details of the Spouse Undertakings.

Term: The Suzhou Chengyi Amended and Restated Irrevocable Undertakings shall remain effective from date of registration of the capital increase of Suzhou Chengyi with competent SAMR.

(6) Confirmation from the Suzhou Chengyi Registered Holders

Each of the Suzhou Chengyi Registered Holders irrevocably undertakes and acknowledges that in the event of his death, bankruptcy, divorce or any other circumstances resulting in a change in the ownership of the equity interest in Suzhou Chengyi, (i) the Suzhou Chengyi Supplemental Arrangements shall be equally binding on his successor, and (ii) his will, divorce agreement, debt arrangements or any other legal documents and/or restructuring agreements shall, in respect of any disposal concerning Suzhou Chengyi and its respective subsidiaries, unless otherwise agreed by Longyue Tiancheng WFOE in written form, be subject to the terms of the Suzhou Chengyi Supplemental Arrangements.

The PRC Legal Advisor is of the view that if the above confirmation is strictly observed by relevant parties, (i) the death of Suzhou Chengyi Registered Holders would not affect the validity of the Suzhou Chengyi Supplemental Arrangements, and (ii) the successors of Suzhou Chengyi Registered Holders would be bound by the Suzhou Chengyi Supplemental Arrangements in respect of the equity interest of Suzhou Chengyi Registered Holders.

In addition, the Suzhou Chengyi Registered Holders confirmed that, in order to avoid any practical difficulties in enforcing the Suzhou Chengyi Supplemental Arrangements, subject to requirement by Longyue Tiancheng WFOE, they will unwind the Suzhou Chengyi Supplemental Arrangements and transfer all of the shares of Suzhou Chengyi held by them to Longyue Tiancheng WFOE or its designee as soon as the applicable laws of the PRC allow Longyue Tiancheng WFOE to operate the business operated by Suzhou Chengyi and its subsidiaries without the Suzhou Chengyi Supplemental Arrangements.

(7) Dispute Resolution

Under the dispute resolution provisions of the agreements under the Suzhou Chengyi Supplemental Arrangements, in the event of any dispute relating to the Suzhou Chengyi Supplemental Arrangements, any party may submit the relevant dispute to CIETAC for arbitration, in accordance with the then effective arbitration rules and procedures. The arbitration shall be conducted in Beijing. The arbitration ruling shall be final and binding on all parties. The dispute resolution provisions also provide that the arbitral tribunal may award remedies over the shares or assets of Suzhou Chengyi and/or its subsidiaries or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of Suzhou Chengyi and/or its subsidiaries, and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company), PRC and the places where the principal assets of Suzhou Chengyi and/or its subsidiaries are located also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies against the shares held by the Suzhou Chengyi Registered Holders in Suzhou Chengyi or properties thereof.

To the extent permitted by PRC laws and where appropriate, the arbitration tribunal may grant any remedies in accordance the relevant agreement and applicable PRC laws, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the equity interest or assets of Suzhou Chengyi and/or its subsidiaries and awards directing to Suzhou Chengyi and/or its subsidiaries to conduct liquidation.

However, the PRC Legal Advisor has advised that (i) an arbitration tribunal would not be able to grant such kind of injunctive relief or winding up order of Suzhou Chengyi and/or its subsidiaries under PRC laws; (ii) interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; and (iii) even if the abovementioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the Suzhou Chengyi Supplemental Arrangements.

Since PRC arbitration tribunal cannot award legal remedies such as injunctive relief or winding up orders, Longyue Tiancheng WFOE can only seek similar but not identical remedies from CIETAC under PRC law, such as cessation of infringements or return of property. Alternatively, Longyue Tiancheng WFOE may seek remedies from a PRC court in accordance with PRC law, including interim injunctive relief over the assets or shares of Suzhou Chengyi and a winding up order against Suzhou Chengyi.

As a result of the above, in the event that Suzhou Chengyi or the Suzhou Chengyi Registered Holders breach any of the Suzhou Chengyi Supplemental Arrangements, the Company may not be able to obtain sufficient remedies in a timely manner, and the Company's ability to exert effective control over Suzhou Chengyi and conduct the Company's business could be materially and adversely affected.

(8) Potential Conflicts of Interests

Each of the Suzhou Chengyi Registered Holders has given their irrevocable undertakings in the Suzhou Chengyi Amended and Restated Powers of Attorney which address potential conflicts of interests that may arise in connection with the Suzhou Chengyi Supplemental Arrangements.

(9) Liquidation of Suzhou Chengyi

Pursuant to the Suzhou Chengyi Amended and Restated Share Pledge Agreement, in the event of a mandatory liquidation required by the PRC laws, the Suzhou Chengyi Registered Holders shall, upon the request of Longyue Tiancheng WFOE (i) deposit the proceeds into an account designated and supervised by Longyue Tiancheng WFOE and used to secure Suzhou Chengyi's and the Suzhou Chengyi Registered Holders' obligations under the Suzhou Chengyi Supplemental Arrangements in priority to any other payment, or (ii) give the proceeds they received from liquidation as a gift to Longyue Tiancheng WFOE, or its designee(s) to the extent permitted by the PRC laws.

Accordingly, in a winding up of Suzhou Chengyi, Longyue Tiancheng WFOE is entitled to liquidation proceeds of Suzhou Chengyi based on Suzhou Chengyi Supplemental Arrangements for the benefit of the Company's creditors/Shareholders.

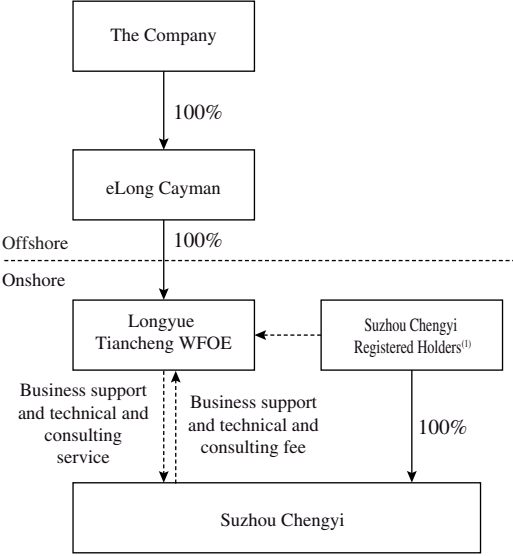
(10) Succession

As advised by the PRC Legal Advisor, the provisions set out in the Suzhou Chengyi Supplemental Arrangements are also binding on any successors of the Suzhou Chengyi Registered Holders. Although the Suzhou Chengyi Supplemental Arrangements do not specify the identity of successors to the Suzhou Chengyi Registered Holders under the succession law of the PRC, statutory successors may include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents, and as such any breach by the successors would be deemed to be a breach of the Suzhou Chengyi Supplemental Arrangements. In case of a breach, Longyue Tiancheng WFOE can enforce their rights against the successors. Pursuant to the Suzhou Chengyi Supplemental Arrangements, any successor of the Suzhou Chengyi Registered Holders shall assume any and all rights and obligations of the Suzhou Chengyi Registered Holders under the Suzhou Chengyi Supplemental Arrangements as if the successor was a signing party to such Suzhou Chengyi Supplemental Arrangements.

The PRC Legal Advisor is of the view that (i) the Suzhou Chengyi Supplemental Arrangements provide protection to the Group even in the event of death or divorce of any Suzhou Chengyi Registered Holders and (ii) the loss of capacity, death or divorce of the Suzhou Chengyi Registered Holders would not affect the validity of the Suzhou Chengyi Supplemental Arrangements, and Longyue Tiancheng WFOE can enforce its rights under the Suzhou Chengyi Supplemental Arrangements against the successors of the Suzhou Chengyi Registered Holders.

DIAGRAM OF CONTRACTUAL ARRANGEMENTS IN RELATION TO SUZHOU CHENGYI

The following diagram illustrates the Group’s Contractual Arrangements relating to Suzhou Chengyi prior to, and after, the entering into of the Suzhou Chengyi Supplemental Arrangements.



Notes:

1. Suzhou Chengyi Registered Holders refer to Mr. Wu and Mr. Ma, the executive Directors of the Company, who hold 51% and 49% of the equity interests of Suzhou Chengyi, respectively.
2. “—>” denotes direct legal and beneficial ownership in the equity interest.
3. “-->” denotes contractual relationship.
4. “-----” denotes the control by Longyue Tiancheng WFOE over the Suzhou Chengyi Registered Holders and Suzhou Chengyi through (1) powers of attorney to exercise all shareholders’ rights in Suzhou Chengyi, (2) exclusive options to acquire all or part of the first priority equity interests in Suzhou Chengyi and (3) equity pledges over the equity interest in Suzhou Chengyi.

THE FOREIGN INVESTMENT LAW AND ITS POSSIBLE IMPACT ON SUZHOU CHENGYI AND ITS BUSINESS OPERATIONS

On March 15, 2019, the National People’s Congress promulgated the Foreign Investment Law (外商投資法) which will take effect on January 1, 2020. The FIL will replace the existing laws regulating foreign investment in PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law. The FIL embodies an expected regulatory trend in PRC to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

The FIL does not explicitly stipulate the contractual arrangements as a form of foreign investment. The FIL does not mention concepts including “de facto control” and “controlling through contractual arrangements” nor did it specify the regulation on controlling through contractual arrangements. Furthermore, the FIL does not specifically stipulate rules on the Relevant Businesses. Instead, the FIL stipulates that “foreign investors invest in PRC through any other methods under laws, administrative regulations, or provisions prescribed by the State Council”. Therefore, as advised by the PRC legal Advisor, the Contractual Arrangements of Suzhou Chengyi will not be affected under the FIL.

Nevertheless, there are possibilities that the implementing rules of the FIL (if any), future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a way of foreign investment, and then whether the Contractual Arrangements of Suzhou Chengyi will be recognized as foreign investment, whether the Contractual Arrangements of Suzhou Chengyi will be deemed to be in violation of the foreign investment access requirements and how the Contractual Arrangements of Suzhou Chengyi will be handled are uncertain.

In addition, the FIL does not specify what actions shall be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by PRC entities and/or citizens.

RISKS AND LIMITATIONS RELATING TO THE SUZHOU CHENGYI SUPPLEMENTAL ARRANGEMENTS

(1) Economic risks of the Company

Under the relevant PRC laws and regulations, the Longyue Tiancheng WFOE is not legally required to share the losses of, or provide financial support to Suzhou Chengyi. Further, Suzhou Chengyi is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. The Longyue Tiancheng WFOE intends to continuously provide to or assist Suzhou Chengyi in obtaining financial support when deemed necessary. In addition, given that the Group conducts its business operations in the PRC through the Contractual Arrangement Entities, including Suzhou Chengyi, which hold the requisite PRC operational licenses and approvals, and that their financial position and result of operations are consolidated into the Group’s financial statements under the applicable accounting principles, the Company’s business, financial position and results of operations would be adversely affected if the Contractual Arrangement Entities suffer losses.

However, as provided in the Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement, without the prior consent of Longyue Tiancheng WFOE, Suzhou Chengyi shall not, among others, (i) sell, transfer, pledge or dispose of in any manner any of its assets, businesses or revenue worth more than RMB 500,000, or allow any security interest to be created thereon; (ii) execute any material contract with a value above RMB500,000, except those entered

into in the ordinary course of business; (iii) incur, inherit, guarantee or allow any debt with a value above RMB 500,000, unless if it is incurred in the ordinary course of business other than through loans, or is disclosed to and consented by Longyue Tiancheng WFOE; (iv) enter into any consolidation or merger with any third party, or acquire or invest in any third party; and (v) increase or reduce its registered capital, or alter the structure of the registered capital in any other way. Therefore, due to the relevant restrictive provisions in the agreement, the potential adverse effect on Longyue Tiancheng WFOE and the Company in the event of any loss suffered from Suzhou Chengyi can be limited to a certain extent.

(2) Limitations and substantial costs in exercising the option to acquire ownership in Suzhou Chengyi

If the Suzhou Chengyi Registered Holders were to attempt to voluntarily liquidate Suzhou Chengyi without obtaining the Company's prior consent, the Company could effectively prevent such unauthorized voluntary liquidation by exercising the Company's right to request the Suzhou Chengyi Registered Holders to transfer all of their respective equity ownership interests to a PRC entity or individual designated by the Company in accordance with the option agreement with the Suzhou Chengyi Registered Holders.

In addition, under the Suzhou Chengyi Supplemental Arrangements, the Suzhou Chengyi Registered Holders do not have the right to receive dividends or retained earnings or other distributors from Suzhou Chengyi without the Company's consent. In the event that the Suzhou Chengyi Registered Shareholders initiate a voluntary liquidation proceeding without the Company's authorization or attempts to distribute the retained earnings or assets of Suzhou Chengyi without the Company's prior consent, the Company may need to resort to legal proceedings to enforce the terms of the Suzhou Chengyi Supplemental Arrangements. Any such legal proceeding may be costly and may divert the Company's management's time and attention away from the operation of the Company's business, and the outcome of such legal proceeding will be uncertain.

(3) Potential changes in the PRC foreign investment legal regime

Notwithstanding the PRC Legal Advisor is of the view that the Suzhou Chengyi Supplemental Arrangements governed by PRC law are valid and binding in accordance with its terms and applicable PRC laws and regulations currently in effect and does not violate any applicable PRC law currently in effect in any material respect, there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations.

The relevant PRC regulatory authorities have broad discretion in determining whether a particular contractual structure violates PRC laws and regulations. Given the uncertain legal and business environment in the PRC, it is difficult to foresee whether the PRC regulatory authorities will take the same view regarding the Suzhou Chengyi Supplemental Arrangements as the PRC Legal Advisor in the future.

If the PRC government finds that the Suzhou Chengyi Supplemental Arrangements do not comply with its restrictions on foreign investment, or if the PRC government otherwise finds that the Company, Suzhou Chengyi or any of its subsidiaries are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate the Company's business, the relevant PRC regulatory authorities, including but not limited to MOFCOM, MIIT and CBIRC, would have broad discretion in dealing with such violations or failures, including, without limitation:

- revoking the Company's business and operating licenses;
- discontinuing or restricting the Company's operations;
- imposing fines or confiscating any of the Company's income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements with which the Company or the Company's PRC subsidiaries and Suzhou Chengyi may not be able to comply;
- requiring the Company's or the Company's PRC subsidiaries and Suzhou Chengyi to restructure the relevant ownership structure or operations; or
- taking other regulatory or enforcement actions that could be harmful to the Company's business.

Any of these actions could cause significant disruption to the Company's business operations, and may materially and adversely affect the Company's business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on the Company and on the Company's ability to consolidate the financial results of Suzhou Chengyi in the Company's consolidated financial statements, if the PRC governmental authorities find the Company's legal structure and Suzhou Chengyi Supplemental Arrangements to be in violation of PRC laws, rules and regulations. If any of these penalties results in the Company's inability to direct the activities of Suzhou Chengyi that most significantly impact its economic performance and/or the Company's failure to receive the economic benefits from Suzhou Chengyi, the Company may not be able to consolidate Suzhou Chengyi into the Company's consolidated financial statements in accordance with the IFRS.

In the scenario that the Suzhou Chengyi Supplemental Arrangements might be regarded as invalid and illegal under the FIL, the Company might be required to dispose of the operation of the Relevant Businesses, and the Company would not be able to continue to conduct the Relevant Businesses. If the Company no longer has a sustainable business after such disposal, the Stock Exchange might delist the Company. For details of the Company's potential measures to maintain control over and receive economic benefits from the Contractual Arrangements in relation to Suzhou Chengyi, please refer to the section of the Prospectus headed "Contractual Arrangements—Development in the PRC Legislation on Foreign Investment".

In order to continuously monitor the development of the FIL to assess the possible impact on the Suzhou Chengyi Supplemental Arrangements and the business of Suzhou Chengyi, the Board will monitor the updates of the FIL and discuss with the PRC Legal Advisor on a regular basis.

The Company will disclose as soon as possible (i) any material developments to the FIL as and when they occur; (ii) a clear description and analysis of the FIL, specific measures taken by the Company to fully comply with the FIL supported by a PRC legal opinion and any material impact of the FIL on the Company's operations and financial position.

(4) The Suzhou Chengyi Supplemental Arrangements may not provide control as effective as direct ownership

The Suzhou Chengyi Supplemental Arrangements are intended to provide the Company with effective control over Suzhou Chengyi and allow the Company to obtain economic benefits from it. Although the Company has been advised by the PRC Legal Advisor that the Suzhou Chengyi Supplemental Arrangements with Suzhou Chengyi constitute valid and binding obligations enforceable against each party of such agreements in accordance with their terms, these Suzhou Chengyi Supplemental Arrangements may not be as effective in providing control over Suzhou Chengyi as direct ownership. If Suzhou Chengyi or its shareholders fail to perform their respective obligations under the Suzhou Chengyi Supplemental Arrangements, the Company may incur substantial costs and expend substantial resources to enforce the Company's rights.

All of the Suzhou Chengyi Supplemental Arrangements are governed by and interpreted in accordance with PRC laws, and disputes arising from the Suzhou Chengyi Supplemental Arrangements will be resolved through arbitration or litigation in PRC. However, the legal system in PRC is not as developed as in other jurisdictions, such as the United States. There are very few precedents and little official guidance as to how Contractual Arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the outcome of arbitration or litigation. These uncertainties could limit the Company's ability to enforce the Suzhou Chengyi Supplemental Arrangements. In the event the Company is unable to enforce the Suzhou Chengyi Supplemental Arrangements, or the Company experiences significant delays or other obstacles in the process of enforcing the Suzhou Chengyi Supplemental Arrangements, the Company may not be able to exert effective control over Suzhou Chengyi and may lose control over the assets owned by Suzhou Chengyi. As a result, the Company may be unable to consolidate Suzhou Chengyi in the consolidated financial statements and the Company's ability to conduct business may be negatively affected.

(5) The Suzhou Chengyi Registered Holders may have potential conflicts of interest with the Company

The Company's control over Suzhou Chengyi is based upon the Contractual Arrangements in relation with Suzhou Chengyi and the Suzhou Chengyi Registered Holders. The Suzhou Chengyi Registered Holders may potentially have a conflict of interest with the Company, and they may breach the Suzhou Chengyi Supplemental Arrangements, if they believe it would further their own interest or if they otherwise act in bad faith. The Company cannot assure that when conflicts of interest arise between the Company and Suzhou Chengyi, the Suzhou Chengyi Registered Holders will act in the Company's interests or that the conflicts of interest will be resolved in the Company's favor.

In addition, the Suzhou Chengyi Registered Holders may breach or cause Suzhou Chengyi to breach the Suzhou Chengyi Supplemental Arrangements. If Suzhou Chengyi or the Suzhou Chengyi Registered Holders breach Suzhou Chengyi Supplemental Arrangements with the Company or otherwise have disputes with the Company, the Company may have to initiate legal proceedings, which involve significant uncertainty. Such disputes and proceedings may significantly disrupt the Company's business operations, adversely affect the Company's ability to control Suzhou Chengyi and otherwise result in negative publicity. The Company cannot assure that the outcome of any such dispute or proceeding will be in the Company's favor.

(6) The Suzhou Chengyi Supplemental Arrangements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. The Company could face material adverse tax consequences if the PRC tax authorities determine that the Suzhou Chengyi Supplemental Arrangements are not at arm's-length and adjust Suzhou Chengyi's income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by Suzhou Chengyi, which could in turn increase its tax liabilities without reducing the Company's tax liabilities.

In addition, the PRC tax authorities may impose late payment fees and other penalties to Suzhou Chengyi for under-paid taxes. The Company's consolidated income may be adversely affected if the Company's tax liabilities increase or if the Company are found to be subject to late payment fees or other penalties.

(7) Other risks relating to the Suzhou Chengyi Supplemental Arrangements

Please refer to the section headed “Risk Factors — Risks Relating to Our Contractual Arrangements” in the Prospectus for the details of other risk factors.

The Company does not maintain an insurance policy to cover the risks relating to the Suzhou Chengyi Supplemental Arrangements.

The principal terms of the Suzhou Chengyi Supplemental Arrangements are published on the Company’s investor relation website.

INFORMATION OF THE GROUP

The Company is a market leader in PRC’s online travel industry. Through the Company’s online platforms, mobile apps and websites, 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.

INFORMATION ABOUT THE PARTIES TO THE SUZHOU CHENGYI SUPPLEMENTAL ARRANGEMENTS

The Suzhou Chengyi Registered Holders are Mr. Wu and Mr. Ma. Mr. Wu is an executive Director and the Co-Chairman of the Board. Mr. Ma is an executive Director and the Chief Executive Officer of the Company.

Suzhou Chengyi is a limited liability company established in the PRC and a consolidated affiliated entity of the Company.

The Longyue Tiancheng WFOE is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. The Longyue Tiancheng WFOE is principally engaged in the services of providing technical support, consultation and other services in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

After the Suzhou Chengyi Supplemental Arrangements take effect, the financial results of Suzhou Chengyi will continue to be accounted for and consolidated in the accounts of the Group as if it is a wholly-owned subsidiary of the Company. Mr. Wu and Mr. Ma, being the executive Directors of the Company, are Connected Persons. Accordingly, the transactions contemplated under the Suzhou Chengyi Supplemental Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the Suzhou Chengyi Supplemental Arrangements are reproduced from the Existing VIE Structure as provided under one of the conditions of the IPO Waiver, the Suzhou Chengyi Supplemental Arrangements are on substantially the same terms as those currently in place under the Existing VIE Structure and the Suzhou Chengyi Loan Agreement is structured in substantially the same terms as the existing loan agreement in relation to Beijing E-dragon, the Stock Exchange has confirmed that the transactions contemplated under the Suzhou Chengyi Supplemental Arrangements are exempt from strict compliance with (i) the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules, and (ii) the requirement of setting an annual cap for the transactions under the Suzhou Chengyi Supplemental Arrangements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“Beijing E-dragon”	Beijing eLong Information Technology Co., Ltd. (北京藝龍資訊技術有限公司), a limited liability company established under the laws of the PRC on November 28, 2000, which is one of the Contractual Arrangement Entities
“Board”	the board of directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“CIETAC”	China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會)
“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
“Connected Person(s)”	has the meaning in rules 14A.07 to 14A.11 the Listing Rules
“Contractual Arrangement(s)”	the series of contractual arrangements entered into by, among others, certain wholly-owned subsidiaries of the Company and the Contractual Arrangement Entities
“Contractual Arrangement Entity(ies)”	Beijing E-dragon, Suzhou Chengyi and Tongcheng Network
“Director(s)”	the director(s) of the Company

“Exclusive Share Purchase Right Agreement”	the Exclusive Share Purchase Right Agreement dated April 13, 2018 between the Suzhou Chengyi Registered Holders, Suzhou Chengyi and the Longyue Tiancheng WFOE
“Exclusive Technology Consulting and Services Agreement”	the Exclusive Technology Consulting and Services Agreement dated April 2, 2018 between Suzhou Chengyi and Longyue Tiancheng WFOE, pursuant to which Suzhou Chengyi agreed to engage Longyue Tiancheng WFOE as its exclusive provider of technical support, consulting services and other services in exchange for a fee, the details of which are disclosed on pages 175 and 176 of the Prospectus
“Existing VIE Structure”	a series of contractual arrangements among Suzhou Chengyi, Longyue Tiancheng WFOE, and the Suzhou Chengyi Registered Holders that are designed to allow the Company to exercise control over the operations of Suzhou Chengyi and enjoy the economic benefits generated by Suzhou Chengyi, as disclosed in the Prospectus
“Group”	the Company, its subsidiaries and its consolidated affiliated entities from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	International Financial Reporting Standards, amendments, and interpretations, as issued from time to time by the International Accounting Standards Board
“IPO Waiver”	in respect of the Contractual Arrangements, the waiver granted by the Stock Exchange to the Company from strict compliance with the announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules, as further detailed on pages 225 to 227 of the Prospectus
“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
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange, which occurred on November 26, 2018

“Longyue Tiancheng WFOE”	Suzhou Longyue Tiancheng Information Technology Co., Ltd. (蘇州龍越天程資訊科技有限公司), a limited liability company incorporated in the PRC, a wholly foreign owned enterprise and a wholly-owned subsidiary of the Company
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“Mr. Ma”	Mr. Ma Heping (馬和平), the executive Director
“Mr. Wu”	Mr. Wu Zhixiang (吳志祥), the executive Director
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Powers of Attorney”	the Powers of attorney, each dated April 13, 2018 and entered into between each of the Suzhou Chengyi Registered Holders and the Longyue Tiancheng WFOE
“PRC Legal Advisor”	Zhong Lun Law Firm, the legal advisor to the Company as to the PRC laws
“PRC”	the 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
“Prospectus”	the prospectus dated November 14, 2018 issued by the Company
“SAMR”	State Administration for Market Regulation (中華人民共和國國家市場監督管理總局)
“Share Pledge Agreement”	the Share Pledge Agreement dated April 13, 2018 between Suzhou Chengyi, Longyue Tiancheng WFOE, and the Suzhou Chengyi Registered Holders
“Share(s)”	ordinary shares in the share capital of the Company, currently of nominal value of US\$0.0005 each
“Shareholder(s)”	holder(s) of the Share(s)
“Spouse Undertaking(s)”	the signed undertakings provided by each of the Suzhou Chengyi Registered Holders and the spouse of each of them
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Suzhou Chengyi”	Suzhou Chengyi Internet Technology Co., Ltd. (蘇州程藝網絡科技有限公司), a limited liability company established in the PRC, the financial results of which have been consolidated and accounted for as a consolidated affiliated entity of the Group by virtue of the Existing VIE Structure
“Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement”	the Exclusive Share Purchase Right Agreement dated March 19, 2019 between Suzhou Chengyi, Longyue Tiancheng WFOE, and the Suzhou Chengyi Registered Holders, as further detailed in the section headed “Suzhou Chengyi Supplemental Arrangements” of this announcement
“Suzhou Chengyi Amended and Restated Irrevocable Undertakings”	the signed undertakings dated March 19, 2019 provided by each of the Suzhou Chengyi Registered Holders and the spouse of each of them as further detailed in the section headed “Suzhou Chengyi Supplemental Arrangements” of this announcement
“Suzhou Chengyi Amended and Restated Powers of Attorney”	the Powers of Attorney dated March 19, 2019 between Longyue Tiancheng WFOE and each of the Suzhou Chengyi Registered Holders, as further detailed in the section headed “Suzhou Chengyi Supplemental Arrangements” of this announcement
“Suzhou Chengyi Amended and Restated Share Pledge Agreement”	the Share Pledge Agreement dated March 19, 2019 between Suzhou Chengyi, Longyue Tiancheng WFOE, and the Suzhou Chengyi Registered Holders, as further detailed in the section headed “Suzhou Chengyi Supplemental Arrangements” of this announcement
“Suzhou Chengyi Loan Agreement”	the Suzhou Chengyi Loan Agreement dated March 19, 2019 between Longyue Tiancheng WFOE and the Suzhou Chengyi Registered Holders, as further detailed in the section headed “Suzhou Chengyi Supplemental Arrangements” of this announcement
“Suzhou Chengyi Registered Holders”	Mr. Wu and Mr. Ma, who hold 51% and 49% of the equity interest in Suzhou Chengyi respectively
“Suzhou Chengyi Supplemental Arrangements”	collectively, Suzhou Chengyi Loan Agreement, Suzhou Chengyi Amended and Restated Exclusive Share Purchase Right Agreement, Suzhou Chengyi Amended and Restated Share Pledge Agreement, Suzhou Chengyi Amended and Restated Powers of Attorney and Suzhou Chengyi Amended and Restated Irrevocable Undertakings

“Tianyuan Difang”	Tianyuan Difang (Beijing) Insurance Agency Company Limited (天圓地方(北京)保險代理有限公司), a limited liability company established under the laws of the PRC on May 28, 2010
“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
“VIE”	variable interest entity(ies)
“%”	per cent

By Order of the Board
Tongcheng-Elong Holdings Limited
Ma Heping
*Executive Director and
Chief Executive Officer*

Hong Kong, March 20, 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

Liang Jianzhang (*Co-Chairman*)
Jiang Hao
Lin Haifeng
Brent Richard Irvin