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## Tongcheng Travel Holdings Limited

同程旅行控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0780)

### CONTINUING CONNECTED TRANSACTIONS

#### THE FRAMEWORK AGREEMENTS

On August 22, 2023, the Company (as service provider) entered into the Framework Agreements with each of Shanghai Mehood and Hunan Bolin (as accommodation supplier, and each being a connected subsidiary of the Company) for the provision of the Online Booking Services by the Group to the Hotel Partner Entities for an initial term of three years from August 22, 2023 to July 31, 2026.

In exchange for the provision of the Online Booking Services to the Hotel Partner Entities, the Group shall receive commission fees for each room night booked through the Online Platforms. The pricing basis of the provision of the Online Booking Services is primarily determined either (a) by reference to the commission rate set and charged by similar online platform service providers of comparable size in the market, or (b) the commission rate charged by the Group for providing the Online Booking Services for other accommodation suppliers which are Independent Third Parties. For further details of the pricing policies, please refer to the section headed “*Pricing Policies*” in this announcement. The aggregate commission fees receivable by the Group in respect of its provision of the Online Booking Services to the Hotel Partner Entities (and/or their respective member hotels) under each of the Framework Agreements shall, in any event, not exceed the Annual Caps set forth in the section headed “*Annual Caps and the basis of determination*” in this announcement.

#### REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS

The Hotel Partner Entities (and their respective member hotels) offers, inter alia, accommodation products. Through establishing long-term and sustainable business relationships with these selected ecosystem partners, the Group can (i) offer competitive pricing structure to the users across its Online Platforms which are open metasearch platforms; (ii) continue to enrich, supplement and diversify its existing product offering; (iii) increase hotel selection coverage for its large scale of users; and (iv) establish meaningful and value-adding linkage between the upstream and downstream businesses of the supply chain for the hotel and alternative accommodation related products of the Group, and lastly, (v) empower the tourism supply chain through its own platforms and technological advantages.

## **IMPLICATION UNDER THE LISTING RULES**

Each of Shanghai Mehood and Hunan Bolin is a non-wholly owned subsidiary of the Company where Mr. Ma (an executive Director and the Chief Executive Officer of the Company) can exercise (or control the exercise of) 10% or more voting power in each of them. Accordingly, each of Shanghai Mehood and Hunan Bolin is a connected subsidiary of the Company, and the transactions between the Group and each of Shanghai Mehood and Hunan Bolin constitute Continuing Connected Transactions for the Company.

As the highest Annual Cap in respect of the Continuing Connected Transactions under each of the Framework Agreements exceed 0.1% but less than 5%, the Framework Agreements and the Continuing Connected Transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements and exempted from the requirement of approval from the independent Shareholders under Chapter 14A of the Listing Rules.

## **THE FRAMEWORK AGREEMENTS**

The principal terms of each of the Framework Agreements are set out below:

**Date** : August 22, 2023

**Parties** : (a) the Company (as service provider); and  
(b) Shanghai Mehood and Hunan Bolin, respectively (as accommodation suppliers), and each a connected subsidiary of the Company.

**Term** : An initial term of three years from August 22, 2023 to July 31, 2026.

Upon expiry of the initial term of each of the Framework Agreements, the term shall be automatically renewed or extended for another three years upon mutual agreement, provided that such renewal or extension of term complies with the Listing Rules, applicable laws and regulations.

**Nature of transactions** : Subject to the Framework Agreements, the Company has agreed to provide (or procure its subsidiaries and/or consolidated affiliated entities to provide) access to the Online Platforms for the Hotel Partner Entities (and/or their respective member hotels) to offer accommodation services as accommodation suppliers (i.e. the Online Booking Services). For each valid order confirmed by the users on the Online Platforms, the Group will receive commission from the relevant Hotel Partner Entity.

During the term of each of the Framework Agreements, members of the Group and the Hotel Partner Entities may respectively enter into separate agreements from time to time in respect of the provision of the relevant services from the relevant party subject to the terms and conditions set out under each of the Framework Agreements.

**Payment terms** : A user of an Online Platform may opt to either pay the relevant Hotel Partner Entity (or its member hotel) for the room night(s) purchased directly (a) at the relevant Online Platform; or (b) at the hotel under the relevant Hotel Partner Entity (or its member hotel). The Group receives a percentage or sum of the amount billed to the users (or the transaction value) for the room nights sold through the Online Platform, as commission, from the relevant Hotel Partner Entity.

Specific terms of payment for the commission (including the payment schedule) will be agreed and set out in detail in the individual agreements, on normal commercial terms and no less favourable than those charged by the Group to the independent customers for comparable services.

**Pricing basis** : The pricing basis of the provision of the Online Booking Services, allowing access to the Online Platforms for the Hotel Partner Entities (and/or their member hotels) to sell their accommodation services under each of the Framework Agreements is set forth below.

The amount payable by the Hotel Partner Entities for the provision of the Online Booking Services shall be primarily determined either (a) by reference to the commission rate set and charged by similar online platform service providers of comparable size in the market, or (b) the commission rate charged by the Group for providing the Online Booking Services for other accommodation suppliers which are Independent Third Parties.

Where such market and/or commission rate is unavailable, the amount payable to the Group shall be determined with reference to cost-plus basis, being the actual costs plus service fees for the value-added service, together with any cost of sales and administrative expenses incurred by the Group (including, without limitation, research and development costs and technician hiring costs), taking into account of (a) the expected cost of sales, expenses to be incurred and the market demands and expectations; and (b) the overall quality of the hotel room products and/or services offered by the Hotel Partner Entities (and/or their member hotels) and the scale of its target users.

**Pricing policies** : The aggregate commission fees receivable by the Group in respect of its provision of the Online Booking Services to the Hotel Partner Entities (and/or their respective member hotels) under the Framework Agreements shall, in any event, not exceed the Annual Caps set forth below under the paragraphs headed “*Annual Caps and the basis of determination*”.

For further details on the pricing policies for the Framework Agreements and the Continuing Connected Transactions contemplated thereunder, please refer to the section headed “*Pricing Policies & Internal Control Measures*” in the announcement.

**Annual Caps and the basis of determination** : The Company estimates that the Annual Caps in respect of the provision of the Online Booking Services under the Framework Agreements during the term of the Framework Agreements are as follows:

<b>Financial year ending</b>	<b>Annual Cap</b>	<b>Period covered</b>
December 31, 2023	RMB6,000,000	4 months and 11 days from August 22, 2023 to December 31, 2023
December 31, 2024	RMB23,100,000	12 months from January 1, 2024 to December 31, 2024
December 31, 2025	RMB30,600,000	12 months from January 1, 2025 to December 31, 2025
December 31, 2026	RMB25,500,000	7 months from January 1, 2026 to July 31, 2026

The Annual Caps are estimated based on the commission fees calculated with reference to:

- (a) the historical amount of commission fees paid by the Hotel Partner Entities to the Group for the seven months ended July 31, 2023, being an aggregate amount of approximately RMB4,523,417;
- (b) the expected annual increase of our user base of the Online Platforms;
- (c) the estimated amount of accommodation resources that can be sold by the Hotel Partner Entities for the three years from August 22, 2023 to July 31, 2026, with reference to the related historical transaction amount achieved; and
- (d) the increasing demand of the Hotel Partner Entities (and/or their respective member hotels) for the Online Booking Services from the Group, taking into account the expansion plans and the increasing scale in number of member hotels.

During the period commencing from January 1, 2023 up to August 21, 2023 (both days inclusive), the highest applicable percentage ratio in relation to the aggregate historical amount of commission fees paid by the Hotel Partner Entities to the Group in respect of the Online Booking Services was less than 0.1%.

## INFORMATION OF THE PARTIES

### The Group

The Company is a market leader in China's online travel industry. The Group offers a comprehensive and innovative selection of products and services covering nearly all aspects of travel, including transportation ticketing, accommodation reservation, attraction ticketing services and various ancillary value-added travel products and services designed to meet users' evolving travel needs.

### Shanghai Mehood

Shanghai Mehood is a company established in the PRC with limited liability which is principally engaged in the provision of comprehensive commercial management services, enterprise, hotel and restaurant management, as well as professional design services.

As at the date of this announcement, Shanghai Mehood is a non-wholly owned subsidiary of the Company, and is directly or indirectly held by (i) the Company as to approximately 49%, (ii) Mr. Ma as to approximately 20% (through his control in Tianjian Chengda Limited Partnership), (iii) Shanghai Mehood Hotel Management Co., Ltd.\* (上海美豪酒店管理股份有限公司, a company controlled by Zhang Xiaoling (張曉玲) and Gong Zhaoqing (龔兆慶), each an Independent Third Party to the best of the Directors' knowledge and belief having made due and reasonable enquiries) as to approximately 21%, and (iv) other remaining shareholders whom, on an individual basis, held less than 10% in Shanghai Mehood.

### Hunan Bolin

Hunan Bolin is a company established in the PRC with limited liability and is principally engaged in the provision of hotel management services, enterprise management consulting services, marketing planning services, conferences, exhibitions and related services, sales of hotel supplies, property management, apartment management, accommodation services, and pre-packaged food (including frozen food) sales.

As at the date of this announcement, Hunan Bolin is a non-wholly owned subsidiary of the Company, and is directly or indirectly held by (i) the Company as to approximately 44%, (ii) Mr. Ma as to approximately 16% (through his control in Tianjian Chengda Limited Partnership), (iii) Bolin Hotel Group Co., Ltd.\* (珀林酒店集團有限公司, a company beneficially owned as to approximately 56.77%, 14.11%, 13.45%, 10.98% and 4.69% by Tan Jindong (譚金東), Tan Jinjiao (譚金嬌), Tan Jinhua (譚金花), Cheng Yuanlian (成原蓮) and Dai Bin (戴斌) respectively, each an Independent Third Party to the best of the Directors' knowledge and belief having made due and reasonable enquiries) as to approximately 25%, and (iv) other remaining shareholders whom, on an individual basis, held less than 10% in Hunan Bolin.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS**

As a market leader in China's online travel industry, the Company is a one-stop shop for users' travel needs, offering a comprehensive and innovative selection of products and services covering nearly all aspects of travel. Currently, the Online Platforms of the Group provide a large, diversified accommodation offerings to cater to users' varying budgets and preferences, as of June 30, 2023 offering access to over 2.5 million hotels and alternative accommodation options in addition to international and domestic flight routes, bus routes and ferry routes.

The Hotel Partner Entities (and their respective member hotels) offers, inter alia, accommodation products as well as sophisticated and comprehensive auxiliary services across multiple disciplines, including multi-brand hotel management services.

Through establishing long-term and sustainable business relationships with these selected ecosystem partners, the Group can (i) offer competitive pricing structure to the users across its Online Platforms which are open metasearch platforms; (ii) continue to enrich, supplement and diversify its existing product offering; (iii) increase hotel selection coverage for its large scale of users; and (iv) establish meaningful and value-adding linkage between the upstream and downstream businesses of the supply chain for the hotel and alternative accommodation related products of the Group, and lastly, (v) empower the tourism supply chain through its own platforms and technological advantages. On the other hand, through collaborating with the Group, the Hotel Partner Entities can (i) take full advantage on the open metasearch platforms, extensive network and partnerships of the Group with various alliances; (ii) reach massive sales market and/or user base via the Online Platforms and further enlarge their respective customer bases; and (iii) through building direct partnerships and connections, whereby the Online Platforms are linked directly to own booking systems, better manage inventory and pricing information and confirm bookings on a real-time basis.

The Framework Agreements have been negotiated and agreed on an arms' length basis by the parties thereto. The Directors (including the independent non-executive Directors but excluding Mr. Ma) are of the view that (i) the Framework Agreements are entered into in the ordinary and usual course of business of the Group; and (ii) the terms of the Continuing Connected Transactions and the Annual Caps constituted thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

From the perspective of good corporate governance, Mr. Ma (an executive Director and the Chief Executive Officer of the Company) had abstained from voting on the relevant resolution(s) approving, inter alia, the Framework Agreements at the relevant Board meeting. Saved as disclosed aforesaid, no other Director has any material interest in the Continuing Connected Transactions, or is required to abstain from voting on the Board resolution(s).

## **IMPLICATION UNDER THE LISTING RULES**

Each of Shanghai Mehood and Hunan Bolin is a non-wholly owned subsidiary of the Company where Mr. Ma (an executive Director and the Chief Executive Officer of the Company) can exercise (or control the exercise of) 10% or more voting power in each of them. Accordingly, each of Shanghai Mehood and Hunan Bolin is a connected subsidiary of the Company, and the transactions between the Group and each of Shanghai Mehood and Hunan Bolin constitute Continuing Connected Transactions for the Company.

As the highest Annual Cap in respect of the Continuing Connected Transactions under the Framework Agreements, exceed 0.1% but less than 5%, the Framework Agreements and the Continuing Connected Transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements and exempted from the requirement of approval from the independent Shareholders under Chapter 14A of the Listing Rules.

## **PRICING POLICIES & INTERNAL CONTROL MEASURES**

The Group has pricing policies and comprehensive internal control systems in place to ensure that the terms underlying the Continuing Connected Transactions constituted by the Framework Agreements are fair and reasonable, conducted in accordance with the terms of the respective agreements, on normal commercial terms that are no less favourable to the Group.

### **Pricing Policies**

In order to ensure that the pricing terms are on normal commercial terms and no less favourable to the Group, before an individual agreement is entered into, the relevant business, procurement and sales departments of the Group will make reasonable enquiry with similar service providers in the market, which are Independent Third Parties, as to prices or fees of the relevant services. The pricing terms under each such individual agreement pursuant to the Framework Agreements are then determined by reference to the quotations obtained. The relevant business, procurement and sales departments of the Group will generally obtain around two to three quotations from different Independent Third Parties. The finance and legal departments of the Group will review the terms of the individual agreements, focusing on the pricing and payment terms.

In addition, the business department of the Company will, on a routine basis, conduct regular checks on the market fee and/or commission rates for the purpose of reviewing and re-assessing if the fees charged for the Continuing Connected Transactions remain fair and reasonable and in accordance with the pricing basis set forth under the Framework Agreements, and make adjustments where appropriate. If there is any change in the pricing policies in the future, the Company endeavours to fully comply with the relevant requirements under Chapter 14A of the Listing Rules, where applicable.

## Internal Control Measures

The designated team of senior management from business operations, legal, risk control and finance departments also endeavours to continuously monitor continuing connected transactions of the Group (including those constituted by the Framework Agreements) and the utilization of the Annual Caps from time to time. Such designated team continuously traces and regularly monitors the progress of continuing connected transactions (including the utilization of the Annual Caps) and reports to the Board with a view of ensuring that the actual transaction amounts incurred or received (or to be incurred or to be received) for each type of Continuing Connected Transactions shall not exceed the relevant Annual Cap(s).

## FORWARD-LOOKING STATEMENTS

**There is no assurance that any forward-looking statements regarding the business development of the Group in this announcement or any of the matters or transactions set out herein are attainable, will actually occur or will be realised or are complete or accurate. The financial and other data relating to the Group as disclosed in this announcement has also not been audited or reviewed by its auditors. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place any excessive reliance on the information disclosed herein. Any shareholder or potential investor who is in doubt is advised to seek advice from professional advisors.**

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the meanings as set out below:

“Annual Cap(s)”	the projected maximum amount receivable under the Framework Agreements, on an annual basis, as described in the paragraphs headed “ <i>Annual Caps and the basis of determination</i> ” in this announcement;
“Board”	the board of Directors;
“Company”	Tongcheng Travel Holdings Limited (同程旅行控股有限公司) (formerly known as Tongcheng-Elong Holdings Limited (同程藝龍控股有限公司)), an exempted company incorporated under the laws of the Cayman Islands with limited liability the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 780);
“connected person(s)”	shall have the meanings ascribed to it under the Listing Rules;
“connected subsidiary(ies)”	shall have the meanings ascribed to it under the Listing Rules, and for the purposes of this announcement, shall mean the Hotel Partner Entities;
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Framework Agreements, particulars of which are set out in the section headed “ <i>Nature of transactions</i> ” in this announcement;

“Director(s)”	the director(s) of the Company;
“Framework Agreements”	collectively, the Shanghai Mehood Framework Agreement, and the Hunan Bolin Framework Agreement;
“Group”	the Company, its subsidiaries and consolidated affiliated entities;
“Hotel Partner Entities”	Shanghai Mehood, Hunan Bolin and any of their respective subsidiaries and/or consolidated affiliated entities;
“Hunan Bolin”	Hunan Bolin Hotel Management Co., Ltd.* (湖南珀林酒店管理有限公司);
“Human Bolin Framework Agreement”	the framework agreement dated August 22, 2023 entered into by the Company and Hunan Bolin;
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Ma”	Mr. Ma Heping, an executive Director and the Chief Executive Officer of the Company;
“Online Booking Services”	online accommodation reservation and/or booking services provided (or to be provided as the case may be) by the Group to the Hotel Partner Entities (and/or their respective member hotels) (as accommodation suppliers), receiving commission for each room night booked through the Online Platforms;
“Online Platforms”	online platforms of the Group, which comprise (i) Tencent-based platforms, (ii) mobile apps, and (iii) websites through which the Group delivers its travel product offerings;
“percentage ratio(s)”	shall have the meanings ascribed to it under Rule 14.07 of the Listing Rules;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macao Special Administrative Region of the People’s Republic of China and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) in the share capital of the Company, currently of nominal value USD0.0005 each;

“Shareholder(s)”	holder(s) of the Share(s);
“Shanghai Mehood”	Shanghai Mehood Business Management Co., Ltd.* (上海美豪商業管理有限公司);
“Shanghai Mehood Framework Agreement”	the framework agreement dated August 22, 2023 entered into by the Company and Shanghai Mehood;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tianjian Chengda Limited Partnership”	Tianjin Tianjian Chengda Enterprise Management Partnership (Limited Partnership)* (天津天健誠達企業管理合夥企業(有限合夥)), a limited partnership of which, as at the date of this announcement, (i) was held by its general partner Suzhou Sucheng Enterprise Management Limited Company* (蘇州蘇橙企業管理有限公司), a company directly controlled by Mr. Ma, as to 0.01%; (ii) was directly held by Mr. Ma as to 99%; and (iii) was held by Mr. Zhu Runzhou (朱潤洲先生), an Independent Third Party, as to 0.99%;
“users”	users of the Online Platforms;
“%”	percent.

By order of the Board  
**Tongcheng Travel Holdings Limited**  
**Ma Heping**  
*Executive Director and  
Chief Executive Officer*

Hong Kong, August 22, 2023

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

***Executive Directors***

Wu Zhixiang (*Co-Chairman*)  
Ma Heping (*Chief Executive Officer*)

***Non-executive Directors***

Liang Jianzhang (*Co-Chairman*)  
Jiang Hao  
Xie Qing Hua  
Brent Richard Irvin

***Independent Non-executive Directors***

Yang Chia Hung  
Dai Xiaojing  
Han Yuling

\* *For identification purposes only*