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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)

### DISCLOSEABLE TRANSACTION

## ACQUISITION OF 100% EQUITY INTEREST IN THE TARGET COMPANY

### THE ACQUISITION

Reference is made to the announcement of the Company dated February 19, 2023, pursuant to which the Investor (an indirectly wholly-owned subsidiary of the Company) entered into the Letter of Intent with the Target Company and the Sellers in relation to the possible acquisition of the Target Equity. The Company is pleased to announce that on October 20, 2023 (after trading hours), the Investor has entered into the Equity Transfer Agreement with the Sellers, pursuant to which the Sellers agreed to sell, and the Investor agreed to purchase, the Target Equity at the Consideration of RMB691,150,000.

The Consideration was arrived after arm's length negotiations amongst the Investor and the Sellers after taking into account factors, such as (i) the appraised value of the 100% equity interest in the Target Company as at December 31, 2022 and (ii) the historical operating and financial performance of the Target Group. See section headed "*Basis of Determination of the Consideration*" in this announcement below for details. The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is a market leader in China's online travel industry. The Company has been exploring potential acquisition opportunities which it believes to be in line with the overall business strategies of the Group. Through the Acquisition, the ecosystem of tourism related businesses currently offered by the Group can be further enriched. With more value-added travel products and services added to the Group's portfolio, customer online duration and stickiness can be improved and thereby serves for increasing the average revenue per user value of existing users. The Company is confident that the Acquisition can allow the Group to further achieve greater economies of scale, solidify its market leading first-mover advantage and further strengthen its market position of comprehensive travel products and service offerings.

## **IMPLICATIONS UNDER THE LISTING RULES**

Given that the Acquisition and the Disclosed Transaction were entered into by wholly-owned subsidiaries (or consolidated affiliated entity(ies)) of the Company with the same party or with parties connected or otherwise associated with one another; and are expected to all complete within a 12-month period, the Acquisition and the Disclosed Transaction would be required to be aggregated as a series of transactions pursuant to Rules 14.22 and 14.23 of the Listing Rules.

Accordingly, (i) the Acquisition, on a standalone basis, and (ii) the Acquisition and the Disclosed Transaction, on an aggregated basis, constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement of the Company dated February 19, 2023.

On February 19, 2023, the Investor (an indirectly wholly-owned subsidiary of the Company) entered into the Letter of Intent with the Target Company and the Sellers, pursuant to which, the Sellers shall sell, and the Investor shall acquire, the Target Equity for a total consideration not exceeding an indicative consideration of RMB700,000,000. The Letter of Intent was non-legally binding to the parties thereof save for those provisions relating to, inter alia, the Earnest Money and the Exclusivity Period.

The Company is pleased to announce that on October 20, 2023 (after trading hours), the Investor has entered into the Equity Transfer Agreement with the Sellers, pursuant to which the Sellers agreed to sell, and the Investor agreed to purchase, the Target Equity at the Consideration of RMB691,150,000.

## **THE EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are set out below:

### **Date**

October 20, 2023 (after trading hours)

### **Parties**

- (a) the Investor, as purchaser; and
- (b) the Sellers, each as seller.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, each of the Sellers and their respective ultimate beneficial owner(s) is an Independent Third Party.

## **Asset to be acquired**

The Target Equity, which represents the entire equity interest in the Target Company.

## **Consideration and payment terms**

The Consideration for the Target Equity is RMB691,150,000 and shall be payable in three (3) tranches in accordance with the terms and conditions of the Equity Transfer Agreement:

- (a) **First Installment:** RMB207,345,000, having applied the Earnest Money (in the amount of RMB70,000,000 paid by the Investor to the Sellers in accordance with the terms of the Letter of Intent as at the date of this announcement) to such sum, and payable in cash within ten (10) days upon satisfaction of the conditions (or waiver thereof, if applicable) that, *inter alia*:
  - (i) paragraphs (a) to (d) of the Conditions Precedent (as defined below) having been fulfilled on an ongoing basis; and
  - (ii) the relevant members of the Target Group having procured (1) the discharge of any pre-existing guarantee(s), and (2) the discharge of the relevant business licenses pursuant to applicable laws and regulations; and that there being no outstanding disputes or potential disputes;
- (b) **Second Installment:** RMB414,690,000, which is payable in cash within five (5) days upon Closing (as defined below); and
- (c) **Third Installment:** RMB69,115,000, which is payable in cash within fifteen (15) days upon satisfaction of the conditions (or waiver thereof, if applicable) that, *inter alia*:
  - (i) Conditions Precedent having been fulfilled on an ongoing basis;
  - (ii) the Sellers and the Target Company having procured that the relevant Operating Companies having completed the relevant registration and/or filing with the Administrative Department of Tourism on changes in shareholders, legal representatives or change of business premises for their respective travel agency operations;
  - (iii) the Sellers and the Target Company having procured that all relevant Operating Companies are sufficiently covered under travel agency liability insurance; and
  - (iv) the Sellers and the Target Company having procured that non-compete undertakings having been executed and delivered by the relevant parties in such manner approved by the Investor.

## **Conditions precedent**

Closing of the Acquisition (the “**Closing**”) is conditional upon fulfilment (or waiver thereof, where applicable) of the following customary conditions precedent (the “**Conditions Precedent**”), including without limitation:

- (a) the Investor having completed necessary due diligence on the Target Group to its satisfaction;
- (b) the approval(s) of the relevant regulatory authorities which are necessary in connection with the execution, delivery and performance of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained (and such approval(s) not being subsequently revoked prior to the Closing);
- (c) the Sellers, the Target Company and their respective shareholders having passed all necessary resolutions to approve the Equity Transfer Agreement and the transactions contemplated thereunder;
- (d) the representations and warranties in respect of the Sellers and the Target Company being true, accurate and not misleading;
- (e) the Target Company having completed all necessary pre-closing reorganization in the manner approved by the Investor;
- (f) all registration and/or filing procedures in respect of industrial and commercial registration changes having been completed in respect of the relevant legal representatives, directors and financial officers of the relevant members of the Target Group; and
- (g) the Target Equity being free from encumbrances and there being no litigation, arbitration or any other form of dispute (including any pending or potential litigation, arbitration or any form of administrative or judicial proceeding) to which such Target Equity is subject of.

## **Closing**

Closing shall take place within fifteen (15) days after all Conditions Precedent have been fulfilled (or waived, where applicable).

Upon Closing, the Investor will own 100% equity interest in the Target Company, and the Target Company shall become an indirectly wholly-owned subsidiary of the Company, the financial results of which will be consolidated into the financial statements of the Group.

## **BASIS OF DETERMINATION OF THE CONSIDERATION**

The Consideration was arrived after arm's length negotiations amongst the Investor and the Sellers after taking into account factors, such as:

- (i) the appraised value of 100% equity interest in the Target Company as at December 31, 2022, which was approximately RMB730,000,000, as assessed by the Independent Valuer by the application of the asset-based approach;
- (ii) the historical operating and financial performance of the Target Group, particularly operating losses recorded during the two financial years ended December 31, 2022, which was attributable to the sharp decline in business and operation during the COVID-19 epidemic and has impacted the overall assessment of the Target Company;
- (iii) the prevailing inbound, domestic and outbound tourism market and industry landscape and global macroeconomic conditions;
- (iv) the principal business of the Target Group in inbound, domestic and outbound tourism with a number of travel agencies and sizable offline stores, which is believed to create synergistic effect with the businesses of the Group; and
- (v) the information set out under the section headed "*Reasons for and Benefits of the Acquisition*" below.

The Company was advised by the Independent Valuer that there had not been any event which would materially affect its opinion since December 31, 2022 up to the date of its report (being May 23, 2023).

On the above basis, the Directors (including the independent non-executive Directors) consider that the Consideration (and its basis of determination) is fair and reasonable, on normal commercial terms and in the interests of, and favourable to, the Company and the Shareholders as a whole.

## **INFORMATION OF THE TARGET GROUP**

The Target Company is principally engaged in inbound, domestic and outbound tourism businesses through its travel agencies, covering major tourist destinations and client sources located in Jiangsu, Zhejiang, Guangdong, Fujian, Jiangxi, Shandong, Anhui, Beijing, Hubei, and Hunan in the Mainland China. With deep roots to the local tourism market for decades, the Target Group is a brand name well-known for its wide range of travel product offerings and strong product design capabilities, having served over 10 million travelers prior to the epidemic. Currently, the Target Group operates over 500 offline stores in the Mainland China.

As of the date of this announcement, the Target Company was held as to approximately 95.92% by Tongcheng Air Travel and 4.08% by Suzhou Tiancheng. The Target Group is principally engaged in inbound, domestic and outbound tourism businesses through its travel agencies.

The unaudited consolidated financial information of the Target Group for the financial years ended December 31, 2021 and 2022 and the seven months ended July 31, 2023, prepared in accordance with the PRC Generally Accepted Accounting Principles, are set forth below:

	<b>For the financial year ended December 31, 2021 RMB'000 (Unaudited)</b>	<b>For the financial year ended December 31, 2022 RMB'000 (Unaudited)</b>	<b>For the seven months ended July 31, 2023 RMB'000 (Unaudited)</b>
Revenue	923,169	574,008	1,046,745
Net profit (or loss) before taxation	(60,167)	(68,339)	3,874
Net profit (or loss) after taxation	(65,510)	(71,060)	2,367

As at July 31, 2023, (i) the unaudited consolidated total assets of the Target Group and (ii) the unaudited net asset value of the Target Group amounted to approximately RMB1,807 million and RMB826 million, respectively.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is a market leader in China's online travel industry, and offers a comprehensive and innovative selection of products and services covering nearly all aspects of travel. The Company has been exploring potential acquisition, investment, joint venture and partnership opportunities which it believes to be in line with the overall business strategies of the Group. As 2023 has been the year in which the tourism industry resumes to normalcy, the Company wishes to seize any suitable investment opportunities in this post-pandemic era.

The Board believes that the Acquisition is in line with the business development strategies of the Group in terms of (i) further enriching the vacation products and content offerings under the ecosystem of tourism related businesses of the Group, (ii) with more value-added travel products and services added to the Group's portfolio, improving customer online duration and stickiness thereby increasing the average revenue per user value of existing users, and will deliver the following benefits:

- (a) through the pooling of a number of resources owned by the Group and the Target Group, including without limitation, (1) the valuable data and customers of offline marketing and operation businesses of the Target Group, and (2) the network, experience and intellectual properties owned by the Target Group (including domain name and trademarks);
- (b) the enhancement of cash inflow and financial position of the Group by consolidating the Target Group, which is also expected to provide the Group with an additional source of profit.

Taking into account of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisition is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. The Company is confident that the Acquisition can allow the Group to further achieve greater economies of scale, solidify its market leading advantage and further consolidate its market position of comprehensive travel products and service offerings.

## **INFORMATION OF THE GROUP, THE INVESTOR AND THE SELLERS**

### **The Group and the Investor**

The Group 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.

The Investor is a limited liability company established in the PRC and an indirectly wholly-owned subsidiary of the Company. It is principally engaged in the provision of platform service for hotel businesses.

### **The Sellers, being Tongcheng Air Travel and Suzhou Tiancheng**

Tongcheng Air Travel is a limited liability company established in the PRC which is principally engaged in the tourism business, conference and exhibition services, aviation operations support services, airline business services, and air transport cargo packing services. As at the date of this announcement, Tongcheng Air Travel was directly wholly-owned by Suzhou Hanglv.

Suzhou Tiancheng is a limited partnership established in the PRC. It is principally engaged in the venture capital and industrial investments. As at the date of this announcement, Suzhou Tiancheng was directly owned as to 98.36% by Tongcheng Air Travel and 1.64% by Mr. Wu Jiazhu (吳嘉竹).

To the best knowledge, information and belief of the Directors after making reasonable enquiries, as at the date of this announcement, each of Tongcheng Air Travel, Suzhou Tiancheng and their respective ultimate beneficial owners, is an Independent Third Party.

## **IMPLICATIONS UNDER THE LISTING RULES**

Given that the Acquisition and the Disclosed Transaction were entered into by wholly-owned subsidiaries (or consolidated affiliated entity(ies)) of the Company with the same party or with parties connected or otherwise associated with one another; and are expected to all complete within a 12-month period, the Acquisition and the Disclosed Transaction would be required to be aggregated as a series of transactions pursuant to Rules 14.22 and 14.23 of the Listing Rules.

Accordingly, (i) the Acquisition, on a standalone basis, and (ii) the Acquisition and the Disclosed Transaction, on an aggregated basis, constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the 100% equity interest in the Target Company by the Investor from the Sellers;
“Board”	the board of Directors;

“Company”	Tongcheng Travel Holdings Limited (同程旅行控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 780);
“Consideration”	the consideration of RMB691,150,000 for the Acquisition;
“Director(s)”	the director(s) of the Company;
“Disclosed Transaction”	the transfer of the entire equity interest of Tongcheng International Travel Service Co., Ltd.* (同程國際旅行社有限公司) to an indirectly wholly-owned subsidiary of the Company as disclosed in the announcements of the Company dated December 29, 2022 and March 9, 2023;
“Earnest Money”	has the meaning ascribed to it in the section headed “ <i>Exclusivity Period and Earnest Money</i> ” in the February Announcement;
“Equity Transfer Agreement”	the equity transfer agreement entered into amongst the Sellers, the Target Company and the Investor dated October 20, 2023 (after trading hours) regarding the Equity Transfer;
“Exclusivity Period”	has the meaning ascribed to it in the section headed “ <i>Exclusivity Period and Earnest Money</i> ” in the February Announcement;
“February Announcement”	the announcement of the Company dated February 19, 2023 in relation to the Letter of Intent;
“Group”	the Company, its subsidiaries and consolidated affiliated entities;
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules);
“Independent Valuer”	Shanghai Shenwei Asset Appraisal Co., Ltd.* (上海申威資產評估有限公司), the independent valuer engaged by the Company for the valuation of the Target Equity;
“Investor”	eLong Net Information Technology (Beijing) Co., Ltd.* (藝龍網信息技術(北京)有限公司), a registered wholly foreign owned enterprise under the PRC laws and an indirect wholly-owned subsidiary of Company principally engaged in the provision of platform service of hotel business;
“Letter of Intent”	the letter of intent dated February 19, 2023 entered into amongst the Investor, the Sellers, the Target Company in relation to the possible transfer of the Target Equity, details of which are set out in the February Announcement;

“Limited Partnership”	Suzhou Huafan Runhe Venture Capital Partnership (Limited Partnership)* (蘇州華帆潤禾創業投資合夥企業(有限合夥)), (i) the general partner of which is Suzhou Industrial Park Investment Management; (ii) which, to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, was held by Shenzhen Lihui Fengying No. 1 Venture Capital Partnership (Limited Partnership)* (深圳力滙豐盈一號創業投資合夥企業(有限合夥), as to approximately 47.71% (which in turn was held as to approximately 78.96% by Guangdong Pearl River Investments Co., Ltd.* (廣東珠江投資股份有限公司, the ultimate beneficial owner of which is Mr. Zhu Weihang* (朱偉航)), save for the aforesaid, there are no other shareholders who hold 10% or more equity interest in and of the Limited Partnership;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Operating Company(ies)”	collectively and individually, the subsidiaries of the Target Company;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sellers”	collectively, Tongcheng Air Travel and Suzhou Tiancheng;
“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);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Suzhou Hanglv”	Suzhou Tongcheng Hanglv Technology Co., Ltd.* (蘇州同程航旅科技有限公司), which was held (a) by the Limited Partnership as to approximately 18.00%; (b) by Shanghai Ctrip International Travel Agency Co., Ltd.* (上海攜程國際旅行社有限公司) as to approximately 15.09%; (c) by subsidiaries of Tencent Holdings as to approximately 13.33%; and (d) by Shenzhen Overseas Chinese Town Capital Investment Management Co., Ltd.* (深圳華僑城資本投資管理有限公司, the ultimate beneficial owner of which is the State-owned Assets Supervision and Administration Commission of the State Council* (國務院國有資產監督管理委員會)) as to approximately 11.54% as at the date of this announcement, and save for the aforesaid, there are no other shareholders who hold 10% or more equity interest in and of Suzhou Hanglv;
“Suzhou Industrial Park Investment Management”	Suzhou Industrial Park Tiancheng Jiahua Investment Management Co., Ltd.* (蘇州工業園區天程嘉華投資管理有限公司), which is directly owned as to 20% by each of Mr. Ma Heping (馬和平, an executive Director and chief executive officer of the Company), Mr. Wu Zhixiang (吳志祥, an executive Director and Co-Chairman of the Company), and three Independent Third Parties, namely Mr. Wang Zhuan (王專), Mr. Zhang Hailong (張海龍) and Ms. Wu Jian (吳劍);

“Suzhou Tiancheng”	Suzhou Industrial Park Tiancheng Jiajing Venture Capital Partnership (Limited Partnership)* (蘇州工業園區天程佳境創業投資合夥企業(有限合夥)), the general partner of which is Mr. Wu Jiazhu (吳嘉竹);
“Target Company”	Beijing Tongcheng Tourism Investment Group Co., Ltd.* (北京同程旅業投資集團有限公司), a limited liability company established in the PRC;
“Target Equity”	the entire equity interest in the Target Company held by the Sellers, which represent 100% equity interest in the Target Company as at the date of this announcement;
“Target Group”	collectively, the Target Company and its subsidiaries;
“Tencent Holdings”	Tencent Holdings Limited, a company re-domiciled to the Cayman Islands on February 27, 2004 as an exempted company under the laws of the Cayman Islands, whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 700);
“Tongcheng Air Travel”	Tongcheng Air Travel Service Group Co., Ltd.* (同程航空旅遊服務集團有限公司);
“USD”	United States dollars, the lawful currency of the United States of America; and
“%”	percent.

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

Hong Kong, October 23, 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