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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 IN RELATION TO THE 2023 TENCENT TRAVELLING RESOURCES SALES FRAMEWORK AGREEMENT

THE 2023 TENCENT TRAVELLING RESOURCES SALES FRAMEWORK AGREEMENT

Reference is made to the section headed “Connection Transactions – *Tencent Travelling Resources Sales Framework Agreement*” of the Prospectus dated November 14, 2018. As disclosed in the Prospectus, the Company had previously entered into the 2018 Tencent Travelling Resources Sales Framework Agreement. Subsequently on December 8, 2020, the 2018 Tencent Travelling Resources Sales Framework Agreement was renewed as the Existing Tencent Travelling Resources Sales Framework Agreement with an initial term of three years from January 1, 2021 to December 31, 2023, unless terminated earlier in accordance with the terms thereof. The transactions and the proposed annual caps under the Existing Tencent Travelling Resources Sales Framework Agreement for each of the three years ending December 31, 2023 were fully-exempt from the announcement, reporting and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As the Company intends to continue to enter into transactions of similar nature under the Existing Tencent Travelling Resources Sales Framework Agreement, and along with the expected continuing increase of our user base and growing demand for the Travelling Resources, the Board is pleased to announce that on October 27, 2023 (after trading hours), Tencent Computer and the Company has terminated the Existing Tencent Travelling Resources Sales Framework Agreement (which ceased to be of effect from October 27, 2023) and entered into the 2023 Tencent Travelling Resources Sales Framework Agreement, pursuant to which, the Company will offer its travelling resources for sale on the Tencent-based Platforms. Commissions will be paid by the Company to Tencent Group for utilizing the Tencent-based Platforms for the sales of our Travelling Resources.

LISTING RULES IMPLICATIONS

As Tencent Computer is a wholly-owned subsidiary of Tencent, a substantial shareholder of the Company which held approximately 21.12% of the Shares as at the date of this announcement, Tencent Computer is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

Since the highest applicable ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the highest annual cap for the continuing connected transactions contemplated under the 2023 Tencent Travelling Resources Sales Framework Agreement is expected to exceed 0.1% but is less than 5%, the transactions and the proposed annual caps thereof are subject to reporting, annual review and announcement requirements but are exempt from independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the section headed “Connection Transactions – *Tencent Travelling Resources Sales Framework Agreement*” of the Prospectus of the Company dated November 14, 2018. As disclosed in the Prospectus, the Company had previously entered into the 2018 Tencent Travelling Resources Sales Framework Agreement. On December 8, 2020, Tencent Computer and the Company agreed to renew the 2018 Tencent Travelling Resources Sales Framework Agreement and entered into the Existing Tencent Travelling Resources Sales Framework Agreement for an initial term of three years from January 1, 2021 to December 31, 2023, unless terminated earlier in accordance with the terms thereof. Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the highest annual cap in respect of the continuing connected transactions contemplated under the Existing Tencent Travelling Resources Sales Framework Agreement was expected to be less than 0.1%, the transactions and the proposed annual caps thereof for each of the three years ending December 31, 2023 were fully-exempt from the announcement, reporting and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As the Company intends to continue to enter into transactions of similar nature under the Existing Tencent Travelling Resources Sales Framework Agreement, and along with the expected continuing increase of our user base and growing demand for the Travelling Resources, the Board is pleased to announce that on October 27, 2023 (after trading hours), Tencent Computer and the Company has terminated the Existing Tencent Travelling Resources Sales Framework Agreement and entered into the 2023 Tencent Travelling Resources Sales Framework Agreement. The Existing Tencent Travelling Resources Sales Framework Agreement thus ceased to be of effect from October 27, 2023.

Further details on the 2023 Tencent Travelling Resources Sales Framework Agreement are set forth below.

THE 2023 TENCENT TRAVELLING RESOURCES SALES FRAMEWORK AGREEMENT

Date: October 27, 2023 (after trading hours)

Parties:

- (1) Tencent Computer, as service provider and a connected person of the Company; and
- (2) the Company

Term

The 2023 Tencent Travelling Resources Sales Framework Agreement has a term of three years from October 27, 2023, to October 26, 2026. Subject to compliance with the Listing Rules and applicable laws and regulations, the 2023 Tencent Travelling Resources Sales Framework Agreement may be renewed for a further term of three years upon the mutual consent of both parties, unless the parties agree in writing to terminate.

Nature of transactions

Pursuant to the terms of the 2023 Tencent Travelling Resources Sales Framework Agreement, Tencent Computer will grant the Group access to the Tencent-based Platforms to sell the Travelling Resources.

The precise scope of the calculation of commissions and/or service fees payable by the Group for the access to the Tencent-based Platforms will be specified in the respective implementation agreements to be entered into under the 2023 Tencent Travelling Resources Sales Framework Agreement.

Pricing basis

For the grant of access to the Tencent-based Platforms by Tencent Group and/or its associates, the commissions and/or service fees payable to Tencent Group and/or its associates by the Group shall be determined based on prevailing market rates. In determining the prevailing market rates, the Group takes into account (i) the rates charged by the other third-party travelling resources providers that provide similar services by Tencent Group and/or its associates; and (ii) the business demands for such services provided by the Tencent Group and/or its associates.

Before entering into any procurement, service or implementation agreement pursuant to the 2023 Tencent Travelling Resources Sales Framework Agreement, the Group will endeavour to assess its business needs and compare the commission rates proposed by Tencent Group with the rates offered by other comparable service providers. The Group will only enter into a procurement service or implementation agreement with Tencent Group when (i) the commission rates proposed by Tencent Group are in line with or lower than the prevailing market rates; and (ii) the agreement and its terms thereof are no less favourable than those quoted by other comparable service providers which are independent third parties.

Proposed annual caps

The Company estimates that the annual caps for the 2023 Tencent Travelling Resources Sales Framework Agreement for the three years ending October 26, 2026 are as follows:

| Financial year ending | Annual cap <i>(in RMB'000)</i> | Period covered |
|------------------------------|--|--|
| December 31, 2023 | 15,000 | 2 months and 5 days from October 27, 2023 to December 31, 2023 |
| December 31, 2024 | 35,000 | 12 months from January 1, 2024 to December 31, 2024 |
| December 31, 2025 | 49,000 | 12 months from January 1, 2025 to December 31, 2025 |
| December 31, 2026 | 68,000 | 9 months and 26 days from January 1, 2026 to October 26, 2026 |

Historical transaction amounts

The commission paid by the Group to Tencent Computer for utilizing the Tencent-based Platforms for the sales of our Travelling Resources was approximately RMB3,105,000 and RMB1,940,000 for the two years ended December 31, 2021 and 2022, respectively; and approximately RMB5,224,000 for the nine months ended September 30, 2023. During the period commencing from January 1, 2023 up to October 26, 2023 (both days inclusive), the highest applicable percentage ratio in relation to the aggregate historical amount of commission paid by the Group to Tencent Computer for utilizing the Tencent-based Platforms for the sales of our Travelling Resources was less than 0.1%.

Basis of determination of the annual caps

In arriving at the above proposed annual caps, the Group has taken into account the commission payable calculated with reference to (i) the abovementioned historical amounts; (ii) the expected exponential increase of our user base and user demand during the term of the 2023 Tencent Travelling Resources Sales Framework Agreement (particularly during year-end or festive seasons) in light of the travel industry returning to normalcy; (iii) the expected annual increase of the user base of the Tencent-based Platforms; and (iv) the estimated amount of our Travelling Resources which can be sold on the Tencent-based Platforms during the term of the 2023 Tencent Travelling Resources Sales Framework Agreement.

Reasons for and benefits of entering into the 2023 Tencent Travelling Resources Sales Framework Agreement

As Tencent Group has accumulated a large user base in the online travel industry, the Group's products and services could continue to reach more potential users and thereby increase our market penetration via the Tencent-based Platforms. Furthermore, the continuous cooperation with the Tencent-based Platforms is in addition to our cooperation with other online platform service providers and helps to diversify our service providers engagement. The Directors believe that entering into the 2023 Tencent Travelling Resources Sales Framework Agreement would continue to benefit the Company by ensuring a long-term collaboration with the Tencent-based Platforms, which enables us to continue to grow in the travel products and services market.

LISTING RULES IMPLICATIONS

As Tencent Computer is a wholly-owned subsidiary of Tencent, a substantial shareholder of the Company which held approximately 21.12% of the Shares as at the date of this announcement, Tencent Computer is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

As disclosed in the Prospectus and in this announcement, the continuing connected transactions under the 2018 Tencent Travelling Resources Sales Framework Agreement and the Existing Tencent Travelling Resources Sales Framework Agreement were fully-exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the highest applicable ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the highest annual cap for the continuing connected transactions contemplated under the 2023 Tencent Travelling Resources Sales Framework Agreement is expected to exceed 0.1% but is less than 5%, the transactions and the proposed annual caps during the term thereof are subject to reporting, annual review and announcement requirements but are exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTERNAL CONTROL MEASURES

The Group has a comprehensive internal control system to ensure that the 2023 Tencent Travelling Resources Sales Framework Agreement is fair and reasonable, conducted in accordance with the terms of the agreement, on normal commercial terms that are no less favorable to the independent third parties and in accordance with the respective pricing policy.

The Group has designated a team of senior management from the business operations, legal, risk control and finance departments to continuously monitor continuing connected transactions. The team of senior management continuously traces and regularly monitors the progress of continuing connected transactions and reports to the Board. In particular, the business department of the Company will conduct regular checks on the market fee rates for the purpose of considering if, among others, the commission or fees payable to a specific type of continuing connected transaction is fair and reasonable and in accordance with the pricing basis prescribed under the relevant agreement. The marketing team of the Company will gather market intelligence by way of research, investigation and obtaining quotations of reference market fee rates on a regular basis and/or prior to price negotiation of implementation agreement which will then be entered into the computer system of the Group. The team of senior management together with the finance department of the Group regularly monitor the actual amounts incurred for each type of continuing connected transactions for the purpose of ensuring the relevant annual caps are not exceeded.

DIRECTORS' CONFIRMATION

The 2023 Tencent Travelling Resources Sales Framework Agreement has been negotiated and agreed on an arms' length basis by the parties thereto. The Directors (including the independent non-executive Directors but excluding those Directors who have abstained from voting on the relevant board resolution(s)) are of the view that 2023 Tencent Travelling Resources Sales Framework Agreement is entered into in the ordinary and usual course of business, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, the Directors (including the independent non-executive Directors but excluding those Directors who have abstained from voting on the relevant board resolution(s)) are of the view that the proposed annual caps under the 2023 Tencent Travelling Resources Sales Framework Agreement for the term thereof 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. Xie Qing Hua and Mr. Brent Richard Irvin (each, a non-executive Director) abstained from voting on the resolutions approving the 2023 Tencent Travelling Resources Sales Framework Agreement in relation to Tencent Group at the relevant board meeting due to their positions at Tencent Group.

Saved as disclosed above, no other Director was considered to have any material interest or is required to abstain from voting on the relevant Board resolution(s).

INFORMATION ON THE PARTIES

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 in travelling.

Tencent Group is principally engaged in the provision of value-added services, online advertising services and FinTech and business services. The shares of Tencent are listed on the Main Board of the Stock Exchange (stock code: 700).

Tencent Computer is a wholly-owned subsidiary of Tencent and principally engages in the provision of value-added services and internet advertising services in the PRC.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

| | |
|---|---|
| “2018 Tencent Travelling Resources Sales Framework Agreement” | a travelling resources sales framework agreement dated November 6, 2018 with Tencent Computer, the initial term of which commenced on November 26, 2018 and ended on the third anniversary thereof |
| “2023 Tencent Travelling Resources Sales Framework Agreement” | the travelling resources sales framework agreement dated October 27, 2023, entered into between the Company and Tencent Computer, in relation to the provision of access to the platforms of Tencent Group and/or its associates for the Group's offering of Travelling Resources |
| “associate(s)” | has the meaning ascribed to it or them under the Listing Rules |
| “Board” | the board of Directors |
| “Company” | Tongcheng Travel Holdings Limited (同程旅行控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 780) |
| “connected person(s)” | has the meaning ascribed to it or them under the Listing Rules |

| | |
|---|--|
| “continuing connected transaction(s)” | has the meaning ascribed to it or them under the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “Existing Tencent Travelling Resources Sales Framework Agreement” | a travelling resources sales framework agreement dated December 8, 2020 with Tencent Computer, the initial term of three years from January 1, 2021 but ceased to be of effect from October 27, 2023 |
| “Group”, “we”, “us”, or “our” | the Company and its subsidiaries and consolidated affiliated entities from time to time |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “independent third party(ies)” | party(ies) not connected with any of the Directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time |
| “PRC” | the People’s Republic of China |
| “Prospectus” | the prospectus of the Company dated November 14, 2018 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | ordinary share(s) in the share capital of the Company with nominal value of US\$0.0005 each |
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed to it or them under the Listing Rules |
| “substantial shareholder(s)” | has the meaning ascribed to it or them under the Listing Rules |
| “Tencent” | 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 (stock code: 700) |
| “Tencent Computer” | Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a wholly-owned subsidiary of Tencent |

| | |
|---------------------------|---|
| “Tencent Group” | Tencent, its subsidiaries and controlled entities |
| “Tencent-based Platforms” | the online and mobile platforms of Tencent Group (including but limited to Tencent Maps (騰訊地圖) and tencent mobility service (騰訊出行服務)) |
| “Travelling Resources” | including but not limited to, transportation ticketing services, vacation products and attraction ticketing services and accommodation booking services sold by the Group |
| “%” | per cent |

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

Hong Kong, October 27, 2023

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

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

Mr. Yang Chia Hung
Mr. Dai Xiaojing
Ms. Han Yuling