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If you have sold or transferred all your shares in **Tongcheng Travel Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.



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)

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO TENCENT STRATEGIC COOPERATION AND
MARKETING PROMOTION FRAMEWORK AGREEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**



**INDEPENDENT FINANCIAL ADVISER
TO THE INDEPENDENT BOARD COMMITTEE AND
THE INDEPENDENT SHAREHOLDERS**

A notice convening the EGM of Tongcheng Travel Holdings Limited to be held at Meeting Room Zhuozheng, 2/F, Four Points by Sheraton Suzhou, No. 8 Moon Bay Road, Suzhou Industrial Park, Jiangsu, China at 3:00 p.m. on September 30, 2024 is set out on pages 50 to 51 of this circular. The letter of recommendation from the Independent Board Committee, the full text of which is set out on page 26 of this circular. The letter of advice issued by South China Capital Limited, being the Independent Financial Adviser, the full text of which is set out on pages 27 to 43 of this circular.

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.tongchengir.com). Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM (or any adjournment thereof) if they so wish.

September 10, 2024

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DEFINITIONS

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

“2016 Share Incentive Plan”	the share incentive plan adopted and approved by the Company on August 26, 2016
“2018 Share Incentive Plan”	the share incentive plan adopted and approved by the Company on March 9, 2018
“2019 Share Option Plan”	the 2019 share option plan approved by an ordinary resolution passed by shareholders of the Company at the extraordinary general meeting of the Company held on August 2, 2019
“2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement”	the strategic cooperation and marketing promotion framework agreement entered into between Tencent Computer and the Company on July 30, 2021
“2022 Share Option Plan”	the 2022 share option plan adopted and approved by the Company on May 31, 2022
“2024 Share Scheme”	the 2024 share scheme approved and adopted by the Company at the annual general meeting held on June 26, 2024
“2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement”	the strategic cooperation and marketing promotion framework agreement entered into between Tencent Computer and the Company on July 30, 2024, pursuant to which the parties agreed to renew 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement for a term of three years commencing from August 1, 2024
“APP”	Application
“APUs”	annual paying users
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it or them under the Listing Rules

DEFINITIONS

“Beijing E-dragon”	Beijing eLong Information Technology Co., Ltd. (北京藝龍信息技術有限公司), 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
“China” or “PRC”	People’s Republic of China
“C-Travel”	C-Travel International Limited, a limited liability company incorporated under the laws of the Cayman Islands on March 3, 2006 and a wholly-owned subsidiary of Trip.com Group
“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 on January 14, 2016
“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
“Contractual Arrangement Entities”	the entities the Company controls through certain contractual arrangements
“Ctrip Hong Kong”	Ctrip.com (Hong Kong) Limited
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on September 30, 2024 to consider and, if thought fit, approve the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder, or any adjournment thereof
“Group”	the Company and its subsidiaries and consolidated affiliated entities from time to time
“HKEX”	Hong Kong Exchanges and Clearing Limited

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Image Frame”	Image Frame Investment (HK) Limited
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Yang Chia Hung, Mr. Dai Xiaojing and Ms. Han Yuling, established to advise the Independent Shareholders on the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions
“Independent Financial Adviser” or “South China”	South China Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the Transactions
“Independent Shareholders”	Shareholders other than any Shareholder who has a material interest in the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement
“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
“Latest Practicable Date”	September 2, 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“MAUs”	monthly active users who access the Group’s platforms at least once during a calendar month
“Marketing Services Framework Agreement”	the marketing services framework agreement entered into between the Company and Tencent Computer on August 29, 2019 (as amended on October 11, 2020)

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“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“MPUs”	monthly paying users who make purchases on the Group’s platforms at least once during a calendar month
“NASDAQ”	NASDAQ Global Select Market
“OTA”	online travel agency
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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
“Supplemental Marketing Services Framework Agreement”	the supplemental marketing services framework agreement dated October 11, 2020 entered into between the Company and Tencent Computer to amend certain annual caps of the continuing connected transactions under the Marketing Services Framework Agreement
“Suzhou Chengyi”	Suzhou Chengyi Internet Technology Limited (蘇州程藝網絡科技有限公司), a limited liability company established under the laws of the PRC on March 21, 2018, which is one of the Contractual Arrangement Entities

DEFINITIONS

“TCH Sapphire”	TCH Sapphire Limited
“Tencent”	Tencent Holdings Limited, a company redomiciled 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 (HKEX: 00700 (HKD Counter) and 80700 (RMB Counter))
“Tencent Computer”	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a subsidiary of Tencent
“Tencent Game”	an online game platform operated by Tencent
“Tencent Group”	Tencent, its subsidiaries and controlled entities
“Tencent’s Key Services”	Tencent’s Weixin and Mobile QQ
“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, which is one of the Contractual Arrangement Entities
“Transactions”	the transactions contemplated under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, brief particulars of which are set out in the section headed “Nature of the Transactions” of this circular
“Trip.com Group”	Trip.com Group Limited, previously known as Ctrip.com International, Ltd. (“ Ctrip ”), a limited liability company incorporated under the laws of the Cayman Islands on March 3, 2000, the American depositary shares of which are listed on the NASDAQ and the ordinary shares of which are listed on the Stock Exchange (NASDAQ: TCOM; HKEX: 9961)
“%”	per cent

LETTER FROM THE BOARD



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)

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

Registered office in the Cayman Islands:

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

September 10, 2024

To the Shareholders

Dear Sir or Madam,

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO TENCENT STRATEGIC COOPERATION AND
MARKETING PROMOTION FRAMEWORK AGREEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in connection with the proposal to be put forward at the EGM to consider and approve the renewal of 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement by entering into the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement.

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The 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement had expired on July 31, 2024. As the Group intends to continue carrying out transactions of similar nature under the 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement in the ordinary and usual course of business of the Group, Tencent Computer and the Company has agreed to enter into the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement. For further details regarding the pre-existing framework agreements, being the 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, please refer to the circular of the Company dated September 10, 2021.

Pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, (i) Tencent Computer (and/or any of its subsidiaries or associates) has agreed to provide traffic support and related services to the Company (and/or any of its subsidiaries or Contractual Arrangement Entities); and (ii) Tencent Computer and the Company have agreed to engage in various advertising and marketing promotion and related services with each other for a term of three years commencing from August 1, 2024 to July 31, 2027. In addition, the parties agreed that after the expiry of the initial term of the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the parties have the intention to continue to maintain a good cooperative relationship under a similar model.

This circular contains the explanatory statement in compliance with the Listing Rules and gives all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution. A notice convening the EGM is set out on pages 50 to 51 of this circular. The letter of recommendation from the Independent Board Committee, the full text of which is set out on page 26 of this circular. The letter of advice issued by South China, being the Independent Financial Adviser, the full text of which is set out on pages 27 to 43 of this circular.

2024 TENCENT STRATEGIC COOPERATION AND MARKETING PROMOTION FRAMEWORK AGREEMENT

Background

Reference is made to the announcement of the Company dated July 30, 2024 in relation to the renewal of 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement.

On July 30, 2024 (after trading hours), Tencent Computer and the Company has entered into the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, pursuant to which:

- (i) Tencent Computer (and/or any of its subsidiaries or associates) has agreed to provide traffic support and related services to the Company (and/or any of its subsidiaries or Contractual Arrangement Entities); and

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- (ii) Tencent Computer and the Company have agreed to engage in various advertising and marketing promotion and related services with each other

in each case, for a term of three years from August 1, 2024 to July 31, 2027.

The principal terms of the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement are summarized below.

The 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement

Date

July 30, 2024

Parties

- (i) Tencent Computer
- (ii) The Company

Term

The 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement has an initial term of three years commencing from August 1, 2024 to July 31, 2027. In addition, the parties agreed that after the expiry of such initial term, the parties have the intention to continue to maintain a good cooperative relationship under a similar model.

Nature of the Transactions

Pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement:

- (i) Tencent Computer (and/or any of its subsidiaries or associates) has agreed to provide the Company (and/or any of its subsidiaries or Contractual Arrangement Entities) with traffic support and related services via, among others, its key services, channels, products and tools, including but not limited to authorize the Company to utilize the Tencent's Key Services, software and intellectual property rights of Tencent Computer, and the provision of certain professional technology services;
- (ii) Tencent Computer (and/or any of its subsidiaries or associates) has agreed to provide advertising and marketing promotion and related services to the Company (and/or any of its subsidiaries or Contractual Arrangement Entities), including but not limited to advertisement promotion, membership and video benefits, product operation services and ticketing distribution services; and

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- (iii) the Company (and/or any of its subsidiaries or Contractual Arrangement Entities) has agreed to provide advertising and marketing promotion and related services to Tencent Computer (and/or any of its subsidiaries or associates), including but not limited to advertisement promotion and membership, video benefits and ticketing distribution services.

In respect of the provision of traffic support and related services, Tencent Computer mainly provides the Company with its traffic sources by authorizing the Group to utilize its platform, channels and products. In particular, the Group operates its proprietary mini-programs and optimizes its entry point interfaces on Tencent's Key Services (Weixin and Mobile QQ) to reach and acquire users. The Company also collaborates with Tencent Games to facilitate its brand promotion and enhance brand recognition among the younger generations.

The precise scope of service, service fee calculation and other details of the service arrangement under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement shall be agreed between the relevant parties separately.

Pricing basis

The prices and/or services fees of each definitive agreement to be entered into under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement (in respect of services encompassed thereunder, including the ticketing distribution service) shall be based on:

- (i) the standard prices published on the following official websites of (1) the Company or any of its subsidiaries or Contractual Arrangement Entities including but not limited to Tongcheng black whale membership cards, and (2) Tencent Computer or any of its subsidiaries or associates, including but not limited to QQ music membership cards, Tencent Video membership cards and other membership cards for the products and services of Tencent Group; or
- (ii) the prices, market fees and/or commission rates, and terms offered to independent third parties.

The standard prices are determined with reference to, among others, the costs and expenses of such services, the market prices of the similar services from other comparable third parties and the expected profit margin. As the standard prices of Tencent Computer or any of its subsidiaries or associates offered to independent third parties are amended and published on the official website from time to time, the Group will check that the rates that it is charged on the Group is consistent with such published rates on a monthly basis. In addition, before entering into any definitive agreement pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the Group will assess its business needs, compare the historical transaction fees with other services providers and obtain services fee quote from two other comparable services providers, so that it can compare the services fees

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proposed by the Tencent Group with the services fees offered by other comparable value-added services and internet advertising services providers. The Company will only enter into a definitive agreement with the Tencent Group if the services fees and/or commission rates offered to the Group by the Tencent Group are no less favourable than (1) those from other independent third party providers; and (2) those offered by the Tencent Group to independent third parties.

The payment and settlement terms will be separately agreed by the parties through arm's length negotiations after taking into account of the type of the service and the size of the respective transaction and specified in the definitive agreements to be entered under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, provided that such payment and settlement arrangements shall be on normal or better commercial terms. In any event, based on previous practice of the Group, the settlement of any outstanding service fee incurred under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement will not exceed six months from the date of the invoice issued. Therefore, the Board is of the view that such payment and settlement terms allow the Group to maintain flexibility in capital operation, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

With the aforementioned procedures, the Company (and/or any of its subsidiaries or Contractual Arrangement Entities) will enter into arm's length negotiation with Tencent Computer (and/or any of its subsidiaries or associates) and the definitive agreement to be entered into under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement shall be on normal commercial terms and in accordance with market principles including voluntariness, equality, fairness and good faith, and consideration will be given to the reasonableness of the cost structure of the products and/or services to be provided.

In addition to the above factors, the Group has designated a cross-department internal review team to continuously monitor the transactions under 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, including the pricing policies. For each transaction thereunder, the team is responsible for conducting market research, collecting historical data and ascertaining the specific basis and calculation method of the services fees after comprehensively considering a variety of factors relating to the particular service, ensuring that the service fees are consistent with normal commercial terms:

- (i) in relation to the service fees payable by the Group in respect of the traffic support and related services under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the service fees are determined after undertaking all necessary internal review procedures with reference to the followings, among others: (1) the breadth of user base of Tencent's Key Services providing the relevant traffic support; (2) the number of active users and the relevant paying users brought to the Company by Tencent's Key Services; (3) the stability of the relevant traffic support provided by the Tencent Group; and (4) the historical service fees charged in the previous similar transactions with the Tencent Group; and

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- (ii) in relation to the service fees payable or charged in respect of the advertising and marketing promotion and related services under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the service fees are determined after undertaking all necessary internal review procedures with reference to the followings: (1) the breadth of users of the advertising services provider and its brand awareness; (2) the actual effect of the relevant advertising, including but not limited to the number of new customers attracted, the number of lost customers recalled, and the number of active users converted into paying users; and (3) the historical service fees paid or charged in the previous similar transactions with the Tencent Group.

Historical amount

The table below sets forth the historical amounts under the 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Marketing Services Framework Agreement (as supplemented by the Supplemental Marketing Services Framework Agreement) for the three years ended December 31, 2023 and the seven months ended July 31, 2024:

	For the year ended December 31, 2021 (RMB'000)	For the year ended December 31, 2022 (RMB'000)	For the year ended December 31, 2023 (RMB'000)	For the seven months ended July 31, 2024 (RMB'000)
Service fees payable by the Group in relation to traffic support	159,201	459,656	550,390	345,885
Service fees payable by the Tencent Group in relation to advertising and marketing promotion services	10,046	19,872	13,796	27,382
Service fees payable by the Group in relation to advertising and marketing promotion services	297,093	397,389	536,267	392,208

- (i) *Service fees payable by the Group in relation to traffic support*

The annual caps previously set for the three years ended December 31, 2023 and the seven months ended July 31, 2024 were RMB210,000,000, RMB540,000,000, RMB580,000,000 and RMB360,000,000, respectively, and the corresponding utilization rates against the relevant annual caps are 75.81%, 85.12%, 94.89% and 96.08%, respectively.

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(ii) Service fees payable by the Tencent Group in relation to advertising and marketing promotion services

The annual caps previously set for the three years ended December 31, 2023 and the seven months ended July 31, 2024 were RMB54,733,000, RMB66,000,000, RMB79,000,000 and RMB55,000,000, respectively; and the corresponding utilization rates against the relevant annual caps are 18.35%, 30.11%, 17.46% and 49.79%, respectively.

Due to adjustments in service cooperation strategies as a result of the changes in the external market environment and corporate policies, the annual caps were not utilized as the Company had anticipated when such annual caps were formulated.

(iii) Service fees payable by the Group in relation to advertising and marketing promotion services

The annual caps previously set for the three years ended December 31, 2023 and the seven months ended July 31, 2024 were RMB336,183,000, RMB608,000,000, RMB776,800,000 and RMB512,113,000, respectively, and the corresponding utilization rates against the relevant annual caps are 88.37%, 65.36%, 69.04% and 76.59%, respectively.

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Proposed annual caps and basis of determination

The Company estimates that the proposed annual caps for the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement for the term of three years from August 1, 2024 to July 31, 2027 are as follows:

	For the seven months ended July 31, 2024 pursuant to the 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement (RMB'000)	For the five months ending December 31, 2024 pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement (RMB'000)	An aggregate of (i) the seven months ended July 31, 2024 pursuant to the 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and (ii) the five months ending December 31, 2024 pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, being the total proposed annual cap for the year ending December 31, 2024 (RMB'000)	For the year ending December 31, 2025 pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement (RMB'000)	For the year ending December 31, 2026 pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement (RMB'000)	For the seven months ending July 31, 2027 pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement (RMB'000)
Service fees payable by the Group in relation to traffic support and related services	360,000	289,000	649,000	706,000	738,000	442,000
Service fees payable by the Tencent Group in relation to advertising and marketing promotion and related services	55,000	40,000	95,000	80,000	81,000	50,000
Service fees payable by the Group in relation to advertising and marketing promotion and related services	512,113	470,000	982,113	1,130,000	1,190,000	717,000

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In arriving at the above proposed annual caps, the Group has taken into account the following factors:

- (i) The Group's effective and stable traffic channels from the Tencent's Key Services:

In relation to this factor, coupled with the efforts to expand traffic sources by tapping into various channels in both online and offline scenarios, the Group has continued to maintain effective and stable traffic within Weixin mini-program and deepen its strategic cooperation with the Tencent Group with respect to the Tencent's Key Services.

In particular, the Group explored various scenarios within the Tencent ecosystem to expand its user reach and made consistent efforts to refine its operations to enhance user acquisition efficiency. The Group further collaborated with Tencent Games and launched e-Sports activities to promote its brand to the younger generations. The Group also optimized the entry point interfaces on QQ Browser and Weixin Search platform to deliver better user experience. In 2023, around 80% of the average MAUs were contributed by the Weixin mini-program; and approximately 72.7% of new paying users on Weixin platform were from non-first-tier cities in China. Based on the continuous contribution to the Group's average MPUs from Weixin mini-program brought by the traffic support provided by Tencent Group in relation to Tencent's Key Services and expected continuous demand in transportation ticketing and accommodation reservation services provided by the Group through its operation of the Tencent's Key Services based on the Group's internal business forecast and analysis, the Group believes that it is necessary to continuously increase its marketing effort through the traffic support and advertising and promotion services.

In determining the annual cap for the traffic support under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement for the year ending December 31, 2024, has taken into account: (1) the business contribution and importance of the effective and stable traffic channels from the Tencent's Key Services; and (2) the number of the relevant active users and paying users brought to the Company by Tencent's Key Services over the years, as demonstrated by the fact that around 80% of its average MAUs in 2023 was contributed from Weixin mini-program with majority of the traffic from Weixin Pay interface/entry points and the drop-down list of users' favourite or most frequently used mini-programs, the Group proposed the annual cap for the service fees payable by the Group in relation to traffic support and related services.

Following year 2024, the monthly average amount of the Group's proposed annual cap for the two years ending December 31, 2026 and the seven months ending July 31, 2027 represents a growth rate of approximately 2% to 5% as compared with the previous period, as the Group has taken into account: (1) the steady growth of the general economy of the PRC in the upcoming years where the gross domestic

LETTER FROM THE BOARD

product is expected to keep pace with a growth rate of approximately 5%; and (2) the three-year plan promulgated by the Ministry of Culture and Tourism of the PRC to boost domestic tourism and stimulate tourism related spending and spur economic growth, at which initiatives to enhance quality travel options, overall travel experience and increase financial support for the tourism industry are expected to be implemented.

The Group has also considered the importance of the Tencent Group to its ongoing revenue contribution and currently the proposed annual cap for each of the two years ending December 31, 2026 represents less than 10% of the revenue of the Group for the year ended December 31, 2023. In addition, since the scope of traffic support via Tencent Group's key services, channels, products and tools under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement includes authorizing the Company to utilize intellectual property rights and software of Tencent Computer, it is essential for the Group for reaching more users in Tencent and strengthening the Group's own brand awareness. Based on the aforementioned factors and with the below assessment, the Group considered that the proposed annual caps for the service fees payable by the Group in relation to traffic support and related services with the compound annual growth rates of approximately 9% from 2024 to 2027 are fair and reasonable:

- (1) the Weixin mini-program was served as a pivotal channel of the Group's traffic and around 80% of the average MAUs of the Group for each of the two financial years ended December 31, 2022 and 2023 was contributed from Weixin mini-program;
 - (2) for each of the two financial years ending December 31, 2026 and 2027, the proposed annual cap represents not more than 10% of the Group's revenue for the financial year ended December 31, 2023; and
 - (3) the significant growth in revenue of the Group for the financial year ended December 31, 2023 (being 81% as mentioned below) and the first quarter of 2024 (being 49% as mentioned below), which is generally in line with the increasing trend of travel industry in the PRC and the number of outbound tourists in the PRC (in terms of number of domestic tourists, which has recorded an increase of about 17% in the first quarter of 2024; and the number of outbound tourists, which is expected to record an increase of about 49% in 2024), with an additional buffer of a certain percentage on top to provide for operational flexibility and potential increment in the transaction volume.
- (ii) The historical amounts paid to the Tencent Group pursuant to the 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement:

In relation to this factor, the Group considered that it has been marketing through the advertisement and promotion services provided by Tencent Group efficiently and effectively since 2019, as demonstrated by the number of new customers attracted and the number of active users converted into paying users.

LETTER FROM THE BOARD

Following a year of strong recovery in 2023, the Group recorded an increase of average MPUs year-to-year from 29.7 million to 41.3 million, and the APUs increased by 25.2% from 187.5 million in 2022 to 234.7 million in 2023. It is expected that the Group will continue to benefit from these advertisement and promotion services and achieve positive growth in paying users and paying ratio if the Group strengthens its promotion effort in the post-pandemic era.

In determining the proposed annual cap for the services fees payable by the Group in relation to advertising and marketing promotion and related services for the year ending December 31, 2024, the Group takes into account: (1) the historical actual amount and anticipated increase in the promotional expenditure of the Group in line with the potentially increasing demand for and revenue generated from the transportation ticketing and accommodation reservation services provided by the Group; (2) the Group's strategic focus to expand its market share in mass market; and (3) the Group's plan to expand the scope of cooperation in marketing and promotion with Tencent Group in view of the market leading position of the Tencent Group. As such, the Group intends to further increase its marketing efforts by allocating more resources on online advertising and promotion for capturing further user demand. In determining the proposed caps for the two years ending December 31, 2026 and the seven months ending July 31, 2027, the monthly average amount of such annual cap represents a year-over-year growth rate of approximately 0.2%, 5.3% and 3.3% as compared with the previous period, respectively, after the Group takes into account the expected increasing trend of market demand and transactions volume in the booming travel market. With reference to the historical transaction amount incurred under the 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and taking into account the factors as abovementioned and the following assessment, the Group proposed to significantly increase the annual cap with the compound annual growth rates of approximately 22% from 2024 to 2027 for the service fees payable by the Group in relation to advertising and marketing promotion and related services:

- (1) Tencent Group has the largest number of users in China as of December 2023 and approximately 80% of the Group's average MAUs for each of the two financial years ended December 31, 2022 and 2023 was attributed to the Weixin mini-program;
- (2) for each of the two financial years ending December 31, 2025 and 2026, the proposed annual cap represents about 10% of the Group's revenue for the financial years ended December 31, 2023;
- (3) the Group's plan to expand the scope of cooperation in marketing and promotion with Tencent Group in view of the market leading position of the Tencent Group; and
- (4) the Group had a significant growth in revenue for the financial year ended December 31, 2023 (being 81% as mentioned below) and the first quarter of 2024, (being 49% as mentioned below), generally in line with the

LETTER FROM THE BOARD

increasing trend of travel industry (in terms of number of domestic tourists, which has recorded an increase of about 17% in the first quarter of 2024; and the number of outbound tourists, which is expected to record an increase of about 49% in 2024) in the PRC, with an additional buffer of a certain percentage on top to provide for operational flexibility and potential increment in the transaction volume.

- (iii) The Group's branding promotions and strategies for the mass market (including but not limited to lower-tier cities markets) to increase the intensity and scale of marketing and promotion activities, such as increasing the promotion of its proprietary APP "Tongcheng Travel" in order to promote the Group's products and services:

In relation to this factor, the Group further reinforced its leading position in China's OTA mass market, especially in lower-tier cities. The Group continues to anticipate a stable growth rate of paying user acquisition from the mass market. As at March 31, 2024, the Group's registered users residing in non-first-tier cities in China accounted for approximately 87% of the total registered users. For the three months ended March 31, 2024, over 70% of the Group's new paying users on Weixin were from non-first tier cities in China. Currently, the online penetration rate of travel business in lower-tier cities is relatively low, signifying immense opportunities for the Group. With the Group's strategic focus on the mass market, including but not limited to lower-tier cities and efforts in offline user acquisition, the Group has successfully captured the rebound opportunities in the mass market, including but not limited lower-tier cities market and gained more market shares in the major business segments, including accommodation and transportation. In order to further penetrate these lower-tier cities, the Group considers it is necessary to further strengthen the utilization of Tencent Group's traffic support and advertising and marketing promotion and related services to enable the Group to leverage Tencent's large user base and attract more consumers and merchants from these lower-tier cities to the Group's platform in order to enlarge its user base and enhance its business growth. Therefore, the Group proposed such annual caps for the services fees payable to Tencent Group for the traffic support and advertising and marketing promotion and related services.

- (iv) The Group's plan to further expand the scope and scenarios of cooperation in marketing, promotion and related services between the Group and the Tencent Group, such as traffic replacement, joint event operations and ticketing distribution:

In relation to this factor, since the China travel industry has sustained strong recovery momentum in 2023 and marked its significant post-pandemic revival, the Group's business continued to improve year over year. The Group's revenue had been increasing rapidly from approximately RMB6,585 million for the year ended December 31, 2022 to RMB11,896 million for the year ended December 31, 2023, and approximately RMB2,586 million for the first quarter of 2023 to RMB3,866 million for the first quarter of 2024, representing a significant growth of about 81%

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and 49%, respectively. The Company also observed that the Chinese economy has continued its steady growth momentum in the first half of 2024. The Chinese government has consistently provided support to the travel industry, aiming to accelerate the growth of tourism consumption and drive economic expansion. Based on the Company's 2023 financial results, the Group's average MPUs recovered quickly and its APUs in 2023 even achieve a year-to-year increase due to the continuous recovery of the travel industry. Based on the factors stated below, the Group believes that increased traffic support, and advertising and promotion services is essential for the Group to capture the opportunities of the remarkable expansion of the domestic travel market, and the Group considered that the proposed annual caps for the service fees payable by the Tencent Group in relation to advertising and marketing promotion and related services with the compound annual growth rates of approximately 22% from 2024 to 2027 are fair and reasonable:

- (1) in terms of the traffic support, given that the number of Weixin users has been increasing year-over-year with the monthly active users reaching 1.343 billion as of December 31, 2023, the Company will be able to reach a wider range of users by leveraging on Tencent's ecosystem, including but not limited Weixin Pay, Weixin Official Accounts, Weixin Video Accounts, Weixin Search, and Weixin mini-program;
 - (2) in terms of the advertising and market promotion services provided by Tencent Group, the Group intends to expand the placements of performance-based advertising via various channels on Weixin platform such as Weixin Search and Weixin Moments, and enhance the joint event operations on e-Sports and music festival with Tencent Group; and
 - (3) in terms of the advertising and market promotion services provided by the Group, the Group will continue to provide diversified market promotion services to Tencent Group. In particular, the Group will deepen its cooperation with Tencent Group in relation to the membership cards as well as the ticketing services of e-Sports events.
- (v) The increasing demand for and revenue generated from the transportation ticketing and accommodation reservation services provided by the Group through its operation of the Tencent's Key Services, based on the Group's internal business forecast and analysis; and
- (vi) The increasing trend of market demands and transactions volume amidst the booming travel market for domestic travels, as demonstrated by the statistics promulgated by the Ministry of Culture and Tourism of the PRC. According to such public statistics, domestic tourists in the PRC increased to 4.89 billion in 2023 from 2.36 billion over the same period of last year, representing a year-on-year increase of 93.30%, amongst which, urban residents made 3.76 billion domestic trips, a year-on-year increase of 94.90%; rural residents made 1.13 billion domestic trips, a year-on-year increase of 88.50%. For the first quarter of 2024, in a sample survey

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conducted by the Ministry of Culture and Tourism of the PRC, close to 1.42 billion domestic tourists were recorded, with a year-on-year increase of 16.7%. On average, such domestic tourists spent a total of RMB1.52 trillion on travel with a year-on-year increase of 17.0%.

Reasons for and Benefits of Entering into the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement

Tencent is a leading provider of internet value-added services in the PRC; whereas, the Group is a market leader in the online tourism industry in China. The cooperation between the Group and Tencent Group under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement is expected to mutually benefit both parties and create synergies in the following ways:

- (i) On the one hand, leveraging Tencent's market leading position and large user base in the PRC, the Group can utilize Tencent's traffic support, advertising and marketing promotion and related services to attract more consumers and merchants to its platform, thereby enlarging its user base and enhancing its business growth. The Group believes that the provision of these services by the Tencent Group will continue to enable the Group to increase its users and potential new users' awareness of and familiarity with its platform, mobile apps and services which will be crucial to the success of the Group's business.
- (ii) On the other hand, leveraging the long-standing cooperation between the Tencent Group and the Group and the familiarity of platforms and channels of each party, not only will the Group's provision of advertising and marketing services to the Tencent Group allow Tencent products to reach more OTA users, further enriching the variety of Tencent users, strengthens OTA users' awareness of Tencent products, and maximize the market impact of the Tencent product launch in the OTA industry, it can also allow the Group to offer more diversified, flexible and customized advertising and marketing services, further providing the Group with a steady revenue stream and broadening return to the Shareholders as a whole.

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.

Tencent Group is principally engaged in the provision of value-added services, online advertising services and FinTech and business services in the PRC. The shares of Tencent are listed on the Main Board of the Stock Exchange (HKEX: 00700 (HKD Counter) and 80700 (RMB Counter)).

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

Listing Rules Implications

As Tencent Computer is a subsidiary of Tencent, a substantial shareholder of the Company which holds approximately 20.48% of the Shares as at the Latest Practicable Date, Tencent Computer is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable ratio (as defined in Rule 14.07 of the Listing Rules) of the proposed annual caps in respect of the continuing connected transactions contemplated under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement is more than 5%, the Transactions and the proposed annual caps thereunder are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Directors' Confirmation in relation to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement

The 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement has been negotiated and agreed on an arms' length basis by the parties thereto. The Directors (excluding Mr. Xie Qing Hua and Mr. Brent Richard Irvin who shall abstain from voting and the independent non-executive Directors whose views will be formed after receiving advice from the Independent Financial Adviser) are of the view that the 2024 Tencent Strategic Cooperation and Marketing Promotion 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.

Mr. Xie Qing Hua is currently serving as the corporate vice president of Tencent; whereas Mr. Brent Richard Irvin is currently serving as the corporate vice president of Tencent.

From the perspective of good corporate governance, Mr. Xie Qing Hua and Mr. Brent Richard Irvin abstained from voting on the resolution approving the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement at the relevant board meeting(s) due to their positions at the Tencent Group.

Saved as disclosed above, no other Director has any material interests or is required to abstain from voting on the Board resolution.

LETTER FROM THE BOARD

Approval by Independent Shareholders

The Company will seek the Independent Shareholders' approval at the EGM for, among others, the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement on the condition that:

1. The annual transaction amounts of the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement shall not exceed the respective annual caps;
2. (i) The 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement will be entered into in the ordinary and usual course of business of the Group and either (1) on normal commercial terms or better; or (2) if there is no available comparison, on terms no less favorable than terms available to the Group from independent third parties; and

(ii) The Transactions will be entered into in accordance with the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will comply with relevant provisions of the Listing Rules in relation to the Transactions under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement.

INTERNAL CONTROL MEASURES

The Group has a comprehensive internal control system to ensure that the terms of the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement are fair and reasonable, and the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement is conducted on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Relevant internal control measures include the following:

- (i) 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.
- (ii) With respect to the advertising and marketing promotion and related services to be provided by the Company (and/or any of its subsidiaries or Contractual Arrangement Entities), the relevant personnel of the business department of the Company will

LETTER FROM THE BOARD

conduct quarterly checks on the market fee rates for the purpose of considering if the service fee charged for a specific type of transaction is fair and reasonable and in accordance with the pricing basis for the relevant continuing connected transactions.

- (iii) With respect to the traffic support and the advertising and marketing promotion and related services to be provided by Tencent Computer (and/or any of its subsidiaries or associates), the relevant personnel of the business department of the Company will conduct quarterly checks on the service fees payable to the Tencent Group for the purpose of considering if the service fee payable under each definitive agreement is fair and reasonable and in accordance with the pricing basis for the relevant continuing connected transactions.
- (iv) The team of senior management together with the finance department of the Group quarterly monitor the actual amounts incurred for each type of continuing connected transactions for the purpose of ensuring the relevant annual caps are not exceeded. If the actual transaction amounts reach approximately 80% of the respective annual caps at any given time of the year, the finance department of the Group shall immediately report to the senior management. If the remaining cap for that year is expected to be insufficient to meet the Group's future business needs, the senior management will report to the Board, and the Board will seek advice from its professional advisers and consider taking appropriate measures to revise the relevant annual caps in accordance with the applicable requirements under the Listing Rules.
- (v) To ensure the Company is complying with the applicable rules in relation to the continuing connected transactions under the Listing Rules, the in-house legal department reviews and implements the above internal procedures quarterly.
- (vi) The team of senior management of the Group organizes and runs internal control tests quarterly to evaluate the completeness and effectiveness of the internal control measures in relation to continuing connected transactions.
- (vii) The Board conducts an annual review of the implementation of continuing connected transactions and conducts a review of financial statements which include the disclosure of continuing connected transactions semi-annually. The review mainly includes a review of whether the Group and the connected persons have fulfilled the terms of the agreements in relation to continuing connected transactions during the relevant year or semi-annually and whether the actual transaction amounts incurred between the Group and the connected persons are within the annual caps.

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- (viii) The team of senior management of the Group collects and reviews continuing connected transactions each month in order to guarantee (1) the connected persons have fulfilled the terms of the agreements in relation to continuing connected transactions during the relevant month; and (2) the actual transaction amounts incurred and estimated to be incurred between the Company and the connected persons are within the annual caps.
- (ix) The independent non-executive Directors conduct annual review of continuing connected transactions and provide annual confirmations in the Company's annual report on whether the continuing connected transactions are conducted: (1) in the Group's ordinary course of business; (2) in accordance with normal commercial terms or better and on terms that are fair and reasonable; (3) in accordance with the terms of the relevant agreements; and (4) in the interests of the Company and the Shareholders as a whole.
- (x) The Company's external auditors will also conduct an annual review of the continuing connected transactions of the Group in accordance with Rule 14A.56 of the Listing Rules, including the pricing policies and the annual caps thereof.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from September 25, 2024 (Wednesday) to September 30, 2024 (Monday) (both days inclusive), in order to determine the eligibility of shareholders to attend the EGM, during which period no share transfers will be registered. To be eligible to attend the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on September 24, 2024 (Tuesday).

EXTRAORDINARY GENERAL MEETING

Set out on pages 50 to 51 of this circular is the notice of the EGM at which, inter alia, ordinary resolution will be proposed to the Shareholders to consider and approve the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, and the Transactions thereunder.

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tongchengir.com). Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM (or any adjournment thereof) if they so wish.

LETTER FROM THE BOARD

In accordance with the Listing Rules, Tencent and its associates (holding 476,215,740 Shares, representing 20.48% of the Shares, as of the Latest Practicable Date) are considered to have a material interest in the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement. Therefore, Tencent and its associates will, at the EGM, abstain from voting on the ordinary resolution to approve the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder (including the proposed annual caps). Save as disclosed above, no other Shareholder has any material interest in the proposed resolution and is required to abstain from voting on such resolution.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 66(1) of the Articles of Association, a resolution put to the vote at any general meeting shall be decided on a poll save that the Chairman may, in good faith, allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorized representative shall have one vote for each share registered in his/her/its name in the register of members. A Shareholder entitled to more than one vote need not use up all his/her/its votes nor cast all the votes in the same way.

RECOMMENDATION OF THE BOARD

The Directors are of the opinion that the terms of the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder (including the proposed annual caps) are fair and reasonable, on normal commercial terms or better, and the Transactions are carried out in the ordinary and usual course of business. They are also of the opinion that the Transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Independent Shareholders vote in favour of the relevant ordinary resolution to be proposed at the EGM.

RECOMMENDATION OF THE INDEPENDENT FINANCIAL ADVISER AND THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder (including the proposed annual caps), and South China has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders.

The Independent Financial Adviser considers the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder (including the proposed annual caps) are on normal commercial terms and in the ordinary and usual course of business of the Group. The Independent Financial Adviser also considers that the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder (including the proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The full text of the letter from the

LETTER FROM THE BOARD

Independent Financial Adviser issued by South China containing its recommendation in respect of the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement (including the proposed annual caps) is set out on pages 27 to 43 of this circular.

The Independent Board Committee, having taken into account the advice of South China, considers the terms of the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder (including the proposed annual caps) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the relevant ordinary resolution to be proposed at the EGM to approve the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder (including the proposed annual caps). The full text of the letter from the Independent Board Committee is set out on page 26 of this circular.

Yours faithfully,

By order of the Board

Tongcheng Travel Holdings Limited

Ma Heping

Executive Director and Chief Executive Officer



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)

September 10, 2024

To the Independent Shareholders

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO TENCENT STRATEGIC COOPERATION AND
MARKETING PROMOTION FRAMEWORK AGREEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Dear Sir or Madam,

We have been appointed as the Independent Board Committee to advise you in connection with the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder (including the proposed annual caps), details of which are set out in the letter from the Board contained in the circular issued by the Company to the Shareholders dated September 10, 2024, of which this letter forms part. We wish to draw your attention to the letter from the Independent Financial Adviser as set out on pages 27 to 43 of the circular. Terms defined in the circular shall have the same meanings when used herein, unless the context otherwise requires.

Having considered the information set out in the letter from the Board, the terms of the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the advice of South China in relation thereto as set out on pages 27 to 43 of the circular, we are of the view that the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder (including the proposed annual caps) are on normal commercial terms and conducted in the ordinary and usual course of the business of the Group. We are also of the view that the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder (including the proposed annual caps) are in the interests of the Company and the Shareholders as a whole, and are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend that the Independent Shareholders vote in favour of the relevant ordinary resolution to be proposed at the EGM to approve the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder (including the proposed annual caps).

Yours faithfully,

For and on behalf of the Independent Board Committee

Tongcheng Travel Holdings Limited

YANG Chia Hung DAI Xiaojing HAN Yuling

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser setting out its opinion regarding the Transactions (including the proposed respective annual caps) pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement for the purpose of inclusion in this circular.



South China Capital Limited

28/F., Bank of China Tower
No. 1 Garden Road
Central
Hong Kong

September 10, 2024

*To the Independent Board Committee and
the Independent Shareholders*

Tongcheng Travel Holdings Limited

Tongcheng Travel Mansion
No. 66 Yunhui Road
Suzhou Industrial Park
Jiangsu
China

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO TENCENT STRATEGIC COOPERATION AND MARKETING PROMOTION FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions (including the proposed respective annual caps) contemplated under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, details of which are contained in the letter from the Board (the “**Letter from the Board**”) as set out in the circular dated September 10, 2024 (the “**Circular**”). Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those ascribed in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

References are made to the Company's announcement and circular dated July 30, 2021 and September 10, 2021, respectively, in relation to the 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement. As such agreement had expired on July 31, 2024, the Board proposes to renew it by entering into the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As Tencent Computer is a subsidiary of Tencent, a substantial shareholder of the Company which holds approximately 20.48% of the Shares as at the Latest Practicable Date, therefore Tencent Computer is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable ratio (as defined in Rule 14.07 of the Listing Rules) of the proposed annual caps in respect of the Transactions is more than 5%, the Transactions and the proposed annual caps thereunder are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Yang Chia Hung, Mr. Dai Xiaojing and Ms. Han Yuling, has been established to make recommendation to the Independent Shareholders regarding the Transactions (including the proposed respective annual caps) contemplated under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement.

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the Transactions (including the proposed respective annual caps) contemplated under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement are (i) conducted in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; (iii) fair and reasonable so far as the Independent Shareholders are concerned; and (iv) in the interests of the Company and the Shareholders as a whole, and to further give independent advice to the Independent Board Committee and the Independent Shareholders as to whether they should vote in favour of the Transactions (including the proposed respective annual caps) contemplated under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, we have acted as the independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to the continuing connected transactions, details of which were set out in the circular of the Company dated December 11, 2023 (the “**Previous Engagement**”). The professional fees in connection with the Previous Engagement had been fully settled, and the amount involved therein was very insignificant when compared to the total revenue of South China Capital Limited and its holding and member companies as a whole. We therefore are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we do not consider the Previous Engagement gives rise to any conflict of interests for South China Capital Limited in respect of the Transactions. Apart from normal professional fees paid or payable to us in connection with the Previous Engagement as well as this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to the Listing Rules.

BASIS OF OUR OPINION

In arriving at our recommendation, we have reviewed, among other things, the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the Company’s annual reports for each of the financial year ended December 31, (the “**FY(s)**”) 2022 (the “**2022 Annual Report**”) and the FY 2023 (the “**2023 Annual Report**”) and its quarterly results announcement for the three months ended March 31, 2024 (the “**2024 Q1 Announcement**”). We have also discussed with the management of the Group (the “**Management**”) regarding the commercial implications of the Transactions (including the proposed respective annual caps). In addition, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the Management. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and the Management for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information which forms a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations whose omission would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group and the Tencent Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation regarding the Transactions (including the proposed respective annual caps) contemplated under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

The Company is an investment holding company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 0780).

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.

2. The 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement

2.1 Information of the Tencent Group

The Tencent Group is primarily engaged in the provision of value-added services, online advertising services and FinTech and business services in the PRC. The shares of Tencent are listed on the Main Board of the Stock Exchange (HKEX: 0700 (HKD Counter) and 80700 (RMB Counter)).

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

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2.2 Reasons for and benefits of entering into the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement

As mentioned in the Letter from the Board, given that Tencent is a leading provider of internet value-added services in the PRC; whereas, the Group is a market leader in the online tourism industry in China, the cooperation between the Group and the Tencent Group under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement is expected to mutually benefit both parties and create synergies in the following ways:

- (i) On the one hand, leveraging Tencent's market leading position and large user base in the PRC, the Group can utilize Tencent's traffic support, advertising and marketing promotion and related services to attract more consumers and merchants to its platform, thereby enlarging its user base and enhancing its business growth. The Group believes that the provision of these services by the Tencent Group will continue to enable the Group to increase its users and potential new users' awareness of and familiarity with its platform, mobile apps and services which will be crucial to the success of the Group's business.
- (ii) On the other hand, leveraging the long-standing cooperation between the Tencent Group and the Group and the familiarity of platforms and channels of each party, not only will the Group's provision of advertising and marketing services to the Tencent Group allow Tencent products to reach more OTA users, further enriching the variety of Tencent users, strengthens OTA users' awareness of Tencent products, and maximize the market impact of the Tencent product launch in the OTA industry, it can also allow the Group to offer more diversified, flexible and customized advertising and marketing services, further providing the Group with a steady revenue stream and broadening return to the Shareholders as a whole.

We have reviewed the 2022 Annual Report and 2023 Annual Report and we understand, among other things:

- the Group has been maintaining stable and effective traffic channels from Weixin mini-program and deepening strategic cooperation with Tencent. In year 2023, around 80% (2022: around 80%) of the average monthly active users (the "MAUs") were contributed from Weixin mini-program. The Group has collaborated with Tencent Games and launched e-Sports activities to promote its brand to the younger generations. The Group has also optimized its entry point interfaces on QQ Browser and Weixin Search platform to deliver better user experience; and
- the Group has also operates (i) its proprietary Weixin-based mini-programs, which can be accessible by Weixin users through the "Rail & Flight" and "Hotel" portals in Weixin Service, the mobile payment interface of Tencent's Weixin or from the drop-down list of the favorite or most frequently used mini-programs in Weixin; and (ii) the "Rail & Flight" in QQ Wallet, the mobile payment interface of Tencent's Mobile QQ and certain other portals in Mobile QQ.

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Based on this understanding, we concur with the Board's view that entering into the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement is in the interests of the Company and the Shareholders as a whole.

2.3 Principal terms of the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement

On July 30, 2024, Tencent Computer and the Company have entered into the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement for an initial term of three years commencing from August 1, 2024 to July 31, 2027, pursuant to which the parties agreed that after the expiry of such initial term, they have the intention to continue to maintain a good cooperative relationship under a similar model.

Nature of the transactions

Pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement:

- (i) Tencent Computer (and/or any of its subsidiaries or associates) has agreed to provide the Company (and/or any of its subsidiaries or Contractual Arrangement Entities) with traffic support and related services via, among others, its key services, channels, products and tools, including but not limited to authorize the Company to utilize the Tencent's Key Services, software and intellectual property rights of Tencent Computer, and the provision of certain professional technology services;
- (ii) Tencent Computer (and/or any of its subsidiaries or associates) has agreed to provide advertising and marketing promotion and related services to the Company (and/or any of its subsidiaries or Contractual Arrangement Entities), including but not limited to advertisement promotion, membership and video benefits, product operation services and ticketing distribution services; and
- (iii) the Company (and/or any of its subsidiaries or Contractual Arrangement Entities) has agreed to provide advertising and marketing promotion and related services to Tencent Computer (and/or any of its subsidiaries or associates), including but not limited to advertisement promotion and membership, video benefits and ticketing distribution services.

In respect of the provision of traffic support and related services, Tencent Computer mainly provides the Company with its traffic sources by authorizing the Group to utilize its platform, channels and products. In particular, the Group operates its proprietary mini-programs and optimizes its entry point interfaces on Tencent's Key Services (Weixin and Mobile QQ) to reach and acquire users from Tencent Group. The Company also collaborates with Tencent Games to facilitate its brand promotion and enhance brand recognition among the younger generations.

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The precise scope of service, service fee calculation and other details of the service arrangement under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement shall be agreed between the relevant parties separately.

Pricing basis

The prices and/or service fees of each definitive agreement to be entered into under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement (in respect of services encompassed thereunder, including the ticketing distribution service) shall be based on:

- (1) the standard prices published on the following official websites of (i) the Company or any of its subsidiaries or Contractual Arrangement Entities, including but not limited to Tongcheng black whale membership cards, and (ii) Tencent Computer or any of its subsidiaries or associates, including but not limited to QQ music membership cards, Tencent Video membership cards and other membership cards for the products and services of Tencent Group; or
- (2) the prices, market fees and/or commission rates and terms offered to independent third parties.

The standard prices are determined with reference to, among others, the costs and expenses of such services, the market prices of the similar services from other comparable third parties and the expected profit margin. As the standard prices of Tencent Computer or any of its subsidiaries or associates offered to independent third parties are amended and published on the official website from time to time, the Group will regularly check that the rates that it is charged on the Group is consistent with such published rates on a monthly basis. In addition, before entering into any definitive agreement pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the Group will assess its business needs, compare the historical transaction fees with other service providers and obtain service fee quote from two other comparable service providers, so that it can compare the service fees proposed by the Tencent Group with the service fees offered by other comparable value-added services and internet advertising service providers. The Company will only enter into a definitive agreement with the Tencent Group if the service fees and/or commission rates offered to the Group by the Tencent Group are no less favourable than (a) those from other independent third party providers and (b) those offered by the Tencent Group to independent third parties.

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The payment and settlement terms will be separately agreed by the parties through arm's length negotiations by taking into account of the type of the service and the size of the transaction and specified in the definitive agreements to be entered under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, provided that such payment and settlement arrangements shall be on normal or better commercial terms. In any event, based on previous practice of the Group, the settlement of any outstanding service fee incurred under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement will not exceed six months from the date of the invoice issued. Therefore, the Board is of the view that such payment and settlement terms allow the Group to maintain flexibility in capital operation, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

With the aforementioned procedures, the Company (and/or any of its subsidiaries or Contractual Arrangement Entities) will enter into arm's length negotiation with Tencent Computer (and/or any of its subsidiaries or associates) and the definitive agreement to be entered into under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement shall be on normal commercial terms and in accordance with market principles including voluntariness, equality, fairness and good faith, and consideration will be given to the reasonableness of the cost structure of the products and/or services to be provided.

With reference to the aforementioned pricing terms, we have reviewed a total of three sets of sample transaction documents (two of which involved transactions payable by the Group and one of which involved transactions payable by the Tencent Group) entered into with connected parties in connection with the transactions contemplated under the 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement in the years 2023 and 2024. We consider the selected sample transaction documents that we have reviewed to be representative and sufficient because, in respect of selection criteria, (i) they were randomly selected; (ii) they took place in 2023 and 2024 that can reflect the Group's latest business practice in its ordinary and usual course of business; and (iii) as we did not identify any anomaly when we reviewed such samples, we therefore did not require further samples. We have compared the pricing of the sample transaction documents with the standard price as shown in the official website of the Tencent Group, and we found that (i) the pricing of the sample transaction documents is in line with the standard price as shown in the official website of the Tencent Group; and (ii) the respective pricing offered by Tencent Group to the Group were no less favourable than those offered to other customers of the Tencent Group. We understand that (i) the sample size was in line with our usual practice; (ii) these reviewed sample transaction documents have adhered to the principles of the aforementioned pricing bases, for instance, the pricing terms with the connected parties (either payable by the Group or payable by the Tencent Group) were no less favourable to the Group than those with independent third parties; and (iii) according to the official website of the related products of Tencent Group, the respective pricing offered by Tencent Group to the Group were no less favourable than those offered to other customers of the Tencent Group.

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We also note from the 2022 Annual Report and 2023 Annual Report that, in accordance with the Listing Rules, (1) the auditor of the Company has reviewed the continuing connected transactions of the Group for each of the two FYs 2022 and 2023 and confirmed that such transactions: (i) have received the approval of the Board; (ii) were in accordance with the pricing policies of the Group; (iii) were entered into in accordance with the relevant agreement governing the transaction; and (iv) have not exceeded the caps; and (2) the independent non-executive Directors have also reviewed the continuing connected transactions of the Group for each of the two FYs 2022 and 2023 and confirmed that such transactions were, (i) in the ordinary and usual course of its business; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement (including the pricing principle and guidelines set out therein) governing them and on terms that were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In addition, in respect of the payment and settlement terms, (i) we have also compared the credit period for the sample agreements under the 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement with the credit periods granted to/provided by independent third party customers/suppliers, as the case maybe, where we have noted that the credit period with the Tencent Group has been no more favourable than those with the independent third party customers/suppliers; (ii) according to the 2023 Annual Report, the aging analyses for the Group's trade receivables within 60 days were about 77% and 90% as at December 31, 2022 and 2023. On such basis, the credit period allowable to the Tencent Group is not more favourable than those granted to the Group's other independent third party customers; (iii) according to the 2023 Annual Report, the aging analyses for the Group's trade payables within 60 days were about 94% and 95% as at December 31, 2022 and 2023. On such basis, the credit period allowable to the Group is not less favourable than those granted to the Group's other independent third party suppliers; and (iv) according to the official website of the related products of Tencent Group, we also note that the respective payment terms offered by Tencent Group to the Group were no less favourable than those offered to other customers of the Tencent Group.

Having considered, in particular, (i) our review of the pricing terms of the sample transaction documents, which shall primarily make reference to market prices which are applicable to or no less favourable than those with independent third parties; (ii) the track record of compliance by the Group, where the auditor of the Company and the independent non-executive Directors had reviewed and will continue to review the continuing connected transactions of the Group; and (iii) the internal control measures, particularly the regular checks on the market rates for the relevant continuing connected transactions, we are of the view that the terms of the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

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2.4 Proposed annual caps and basis of determination

The below table sets out (i) the historical transaction amounts under the respective category; and (ii) the annual caps previously set for each of FY 2021, FY 2022, FY 2023 and the seven months ended July 31, 2024.

	For FY			For the seven months ended
	2021	2022	2023	July 31, 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<u>Historical transaction amounts</u>				
Service fees payable by the Group in relation to traffic support	159,201	459,656	550,390	345,885
Service fees payable by the Tencent Group in relation to advertising and marketing promotion services	10,046	19,872	13,796	27,382
Service fees payable by the Group in relation to advertising and marketing promotion services	297,093	397,389	536,267	392,208
<u>Historical annual caps</u>				
Service fees payable by the Group in relation to traffic support	210,000	540,000	580,000	360,000
Service fees payable by the Tencent Group in relation to advertising and marketing promotion services	54,733	66,000	79,000	55,000
Service fees payable by the Group in relation to advertising and marketing promotion services	336,183	608,000	776,800	512,113
<u>Utilisation rates</u>				
Service fees payable by the Group in relation to traffic support	75.81%	85.12%	94.89%	96.08%
Service fees payable by the Tencent Group in relation to advertising and marketing promotion services	18.35%	30.11%	17.46%	49.79%
Service fees payable by the Group in relation to advertising and marketing promotion services	88.37%	65.36%	69.04%	76.59%

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The Company estimates the proposed annual caps in respect of the Transactions to be contemplated under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement for each of the five months ending December 31, FY 2024, FY 2025, FY 2026 and the seven months ending July 31, 2027 (the “**New CCT Period**”):

	For the seven months ended July 31, 2024 pursuant to the 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement <i>RMB'000</i>	For the five months ending December 31, 2024 pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement <i>RMB'000</i>	An aggregate of (i) the seven months ended July 31, 2024 pursuant to the 2021 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and (ii) the five months ending December 31, 2024 pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, being the total proposed annual cap for the year ending December 31, 2024 <i>RMB'000</i>	For the full FY 2025 pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement <i>RMB'000</i>	For the full FY 2026 pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement <i>RMB'000</i>	For the seven months ending July 31, 2027 pursuant to the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement <i>RMB'000</i>
<u>Proposed annual caps</u>						
Service fees payable by the Group in relation to traffic support and related services	360,000	289,000	649,000	706,000	738,000	442,000
Service fees payable by the Tencent Group in relation to advertising and marketing promotion and related services	55,000	40,000	95,000	80,000	81,000	50,000
Service fees payable by the Group in relation to advertising and marketing promotion and related services	512,113	470,000	982,113	1,130,000	1,190,000	717,000

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(i) *Proposed annual caps for the service fees payable by the Group in relation to traffic support and related services*

In respect of the proposed annual caps for the service fees payable by the Group in relation to traffic support and related services, we have discussed with and have been advised by the Management that:

- coupled with the efforts to expand traffic sources by tapping into various channels in both online and offline scenarios, the Group has continued to maintain stable and effective traffic within Weixin mini-program and deepen its strategic cooperation with the Tencent Group with respect to the Tencent's Key Services. In particular, the Group explored various scenarios within the Tencent ecosystem to expand its user reach and made consistent efforts to refine its operations to enhance user acquisition efficiency;
- given that the number of Weixin users has been increasing year over year with the monthly active users reaching 1.343 billion as of December 31, 2023, the Company will be able to reach a wider range of users by leveraging on Tencent's ecosystem, including but not limited to Weixin Pay, Weixin Official Accounts, Weixin Video Accounts, Weixin Search, and Weixin mini-program;
- the Group further collaborated with Tencent Games and launched e-Sports activities to promote its brand to the younger generations. The Group also optimized the entry point interfaces on QQ Browser and Weixin Search platform to deliver better user experience;
- in 2023, around 80% of the average MAUs were contributed by the Weixin mini-program; and approximately 72.7% of new paying users on Weixin platform were from non-first-tier cities in China;
- the three-year plan promulgated by the Ministry of Culture and Tourism of the PRC to boost domestic tourism and stimulate tourism related spending and spur economic growth, at which initiatives to enhance quality travel options, overall travel experience and increase financial support for the tourism industry are expected to be implemented;
- since the scope of traffic support and related services via Tencent's Key Services, channels, products and tools under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement includes authorizing the Company to utilize intellectual property rights and software of Tencent Computer, it is essential to the Group for reaching more users in Tencent and strengthening the Group's brand awareness; and

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- the proposed annual caps for the traffic support and related services were determined based on, among other things, (i) the historical service fees charged in the previous similar transactions with the Tencent Group; (ii) the business contribution and importance of the effective and stable traffic channels from the Tencent's Key Services over the years, as demonstrated by the fact that around 80% of the Group's average MAUs in 2023 was contributed from Weixin mini-program with majority of the traffic from Weixin Pay interface/entry points and the drop-down list of users' favourite or most frequently used mini-programs; (iii) the breadth of user base of Tencent's Key Services providing the relevant traffic support and related services; (iv) the number of the relevant active users and paying users brought to the Group by the Tencent's Key Services; (v) the stability of the relevant traffic support and related services provided by the Tencent Group; and (vi) the steady growth of the general economy of the PRC in the upcoming years where the gross domestic product is expected to keep pace with a growth rate of approximately 5%.

Based on our independent review of the 2023 Annual Report, the 2024 Q1 Announcement, and our independent research from public website, we noted that (i) around 80% of the average MAUs of the Group for each of the two FYs 2022 and 2023 was contributed from Weixin mini-program; (ii) the Weixin mini-program was served as a pivotal channel of the Group's traffic; (iii) the service fees payable by the Group in relation to traffic support and related services for each of the two FYs 2025 and 2026 represents less than 10% of the revenue of the Group of FY 2023; (iv) the Group's revenue had been increasing rapidly from (a) approximately RMB6,585 million for the FY 2022 to RMB11,896 million for the FY 2023; and (b) approximately RMB2,586 million for the first quarter of 2023 to RMB3,866 million for the first quarter of 2024, representing a significant growth of about 81% and 49% respectively; (v) the proposed annual caps represent the compound annual growth rates (the "CAGR") of about 9% from FYs 2024 (based on the annualized actual transaction amount for the seven months ended July 31, 2024) to 2027 (based on the annualized proposed annual caps for the seven months ending July 31, 2027); (vi) according to the data released by the Ministry of Culture and Tourism of the PRC, the number of domestic tourists reached approximately 1.4 billion in the first quarter of 2024, representing a year-on-year increase of about 17%; (vii) according to an article on china.com.cn at website address of http://travel.china.com.cn/txt/2024-05/31/content_117226181.shtml, the number of outbound tourists in the PRC will exceed 130 million in 2024, implying a year on year increase of about 49%; and (viii) according to an article on paper.cn at website address of http://paper.people.com.cn/rmrb/html/2024-04/15/nw.D110000renmrb_20240415_5-03.htm, the gross domestic product of the PRC is expected to grow at 5% in 2024.

Taking into account, (i) the Weixin mini-program was served as a pivotal channel of the Group's traffic and around 80% of the average MAUs of the Group for each of the two FYs 2022 and 2023 was contributed from Weixin mini-program; (ii) for each of the two FYs 2026 and 2027, the proposed annual cap represents less than 10% of the Group's revenue for the FY 2023, which is acceptable after having considered the importance of the Tencent Group to the ongoing revenue generation of the Group; and (iii) the growth of the proposed annual caps is prudent since the Group had a significant growth in revenue for the FY 2023 and the first

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quarter of 2024, which is generally in line with the increasing trend of travel industry in the PRC and the number of outbound tourists in the PRC, we consider the proposed annual caps for the service fees payable by the Group in relation to traffic support and related services to be fair and reasonable so far as the Independent Shareholders are concerned.

(ii) Proposed annual caps for the service fees payable by the Tencent Group in relation to advertising and marketing promotion and related services

In respect of the proposed annual caps for the service fees payable by the Tencent Group in relation to advertising and marketing promotion and related services, we have discussed with and have been advised by the Management that:

- the proposed annual caps for the service fees payable by the Tencent Group in relation to advertising and marketing promotion and related services for the New CCT Period were determined based on, among other things, (i) the expected service fee charged in the previous similar transactions with the Tencent Group for the seven months ended July 31, 2024; (ii) the Group's branding promotions and strategies for the mass market (including but not limited to lower-tier cities markets) to increase the intensity and scale of marketing and promotion activities, such as increasing the promotion of its proprietary APP "Tongcheng Travel" in order to promote the Group's products and services; and (iii) the breadth of users of the Group and its brand awareness. As such, the Group will continue to provide diversified market promotion services to Tencent Group.

We have reviewed the 2023 Annual Report and the 2024 Q1 Announcement, and noted that (i) the Group's revenue had been increasing rapidly from (a) approximately RMB6,585 million for the FY 2022 to RMB11,896 million for the FY 2023; and (b) approximately RMB2,586 million for the first quarter of 2023 to RMB3,866 million for the first quarter of 2024, representing a significant growth of about 81% and 49% respectively; (ii) the proposed annual cap for the service fees payable by the Tencent Group in relation to advertising and marketing promotion and related services for each of the two FYs 2025 and 2026 merely represents less than 1% of the total revenue of the Group for the FY 2023; (iii) the proposed annual caps represent the CAGR of about 22% from FYs 2024 (based on the annualized proposed annual caps for the seven months ended July 31, 2024) to 2027 (based on the annualized proposed annual caps for the seven months ending July 31, 2027); (iv) according to the data released by the Ministry of Culture and Tourism of the PRC, the number of domestic tourists reached approximately 1.4 billion in the first quarter of 2024, representing a year-on-year increase of about 17%; and (v) according to an article on china.com.cn at website address of http://travel.china.com.cn/txt/2024-05/31/content_117226181.shtml, the number of outbound tourists in the PRC will exceed 130 million in 2024, representing a year on year increase of about 49%.

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Taking into account, (i) the transactions are revenue in nature to the Group which can bring in positive income stream to the Group; (ii) the growth of the proposed annual caps (being 22% as mentioned above) is justifiable since the Group had a significant growth in revenue for the FY 2023 (being 81% as mentioned above) and the first quarter of 2024 (being 49% as mentioned above), which is generally in line with the increasing trend of travel industry (in terms of number of domestic tourists, which having an increase of about 17% in the first quarter of 2024, and the outbound tourists, which expected to have an increase of about 49% in 2024) in the PRC as we believe such service fees payable by the Tencent Group is proportionate to the number of tourists, we consider the proposed annual caps for the service fees payable by the Tencent Group in relation to advertising and marketing promotion and related services to be fair and reasonable so far as the Independent Shareholders are concerned.

(iii) Proposed annual caps for the service fees payable by the Group in relation to advertising and marketing promotion and related services

In respect of the proposed annual caps for the service fees payable by the Group in relation to advertising and marketing promotion and related services, we have discussed with and have been advised by the Management that:

- the proposed annual caps for the New CCT Period had taken into account (i) the historical actual amount and anticipated increase in the promotional expenditure of the Group in line with the potentially increasing demand for and revenue generated from the transportation ticketing and accommodation reservation services provided by the Group; (ii) the Group's strategic focus to expand its market share in the mass market; (iii) the Group's plan to expand the scope of cooperation in marketing and promotion with Tencent Group in view of the market leading position of the Tencent Group; (iv) the breadth of users of the advertising service provider and its brand awareness; and (v) the actual effect of the relevant advertising, including but not limited to the number of new customers attracted, the number of lost customers recalled, and the number of active users converted into paying users. As such, the Group intends to (1) further increase its marketing efforts by allocating more resources on online advertising and promotion for capturing further user demand and (2) expand the placements of performance-based advertising via various channels on Weixin platform such as Weixin search and Weixin Moments, and enhance the joint event operations on e-sports and music festival with Tencent Group.

Based on our independent review of the 2023 Annual Report, the 2024 Q1 Announcement, and our independent research from public website, we noted that (i) around 80% of the average MAUs of the Group for each of the two FYs 2022 and 2023 was contributed from Weixin mini-program; (ii) according to the data released by QuestMobile (北京貴士信息科技有限公司), a mobile internet business intelligence service provider in China, Tencent Group has the largest total number of users, which was over 1.2 billion in China as of December 2023; (iii) the proposed annual caps for the service fees payable by the Group in relation to advertising and marketing promotion and related services for each of the two FYs 2025 and 2026 represent

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about 10% of the revenue of the Group of FY 2023; (iv) the Group's revenue had been increasing rapidly from (a) approximately RMB6,585 million for the FY 2022 to RMB11,896 million for the FY 2023; and (b) approximately RMB2,586 million for the first quarter of 2023 to RMB3,866 million for the first quarter of 2024, representing a significant growth of about 81% and 49%, respectively; (v) the proposed annual caps represent a CAGR of about 22% from FYs 2024 (based on the annualized proposed annual caps for the seven months ended July 31, 2024) to 2027 (based on the annualized proposed annual caps for the seven months ending July 31, 2027); (vi) according to the data released by the Ministry of Culture and Tourism of the PRC, the number of domestic tourists reached approximately 1.4 billion in the first quarter of 2024, representing a year-on-year increase of about 17%; and (vii) according to an article on china.com.cn at website address of http://travel.china.com.cn/txt/2024-05/31/content_117226181.shtml, the number of outbound tourists in the PRC will exceed 130 million in 2024, representing a year on year increase of about 49%.

Taking into account, (i) Tencent Group has the largest number of users in China as of December 2023 while around 80% of the Group's average MAUs for each of the two FYs 2022 and 2023 was contributed from the Weixin mini-program; (ii) for each of the two FYs 2025 and 2026, the proposed annual cap represents about 10% of the Group's revenue for the FY 2023, which is acceptable after having considered the importance of the Tencent Group to the ongoing revenue generation of the Group; (iii) the Group's plan to expand the scope of cooperation in marketing and promotion with Tencent Group in view of the market leading position of the Tencent Group; and (iv) the growth of the proposed annual caps (being 22% as mentioned above) is justifiable since the Group had a significant growth in revenue for the FY 2023 (being 81% as mentioned above) and the first quarter of 2024 (being 49% as mentioned above), which are generally in line with the increasing trend of travel industry (in terms of number of domestic tourists, which having an increase of about 17% in the first quarter of 2024, and the outbound tourists, which expected to have an increase of about 49% in 2024) in the PRC as we believe such service fees payable by the Group is proportionate to the number of tourists, we consider the proposed annual caps for the service fees payable by the Group in relation to advertising and marketing promotion and related services to be fair and reasonable so far as the Independent Shareholders are concerned.

3. Internal control procedures of the Group

Please refer to the section headed "Internal Control Measures" in the Letter from the Board for the details of internal control measures of the Group.

Based on (i) the section headed "Internal Control Measures" in the Letter from the Board, particularly the regular checks on the market rates for the relevant continuing connected transactions; and (ii) the track record of compliance by the Group, where the auditor of the Company and the independent non-executive Directors had reviewed and will continue to review the continuing connected transactions of the Group, we consider that the Group has sufficient internal control measures for the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement.

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RECOMMENDATION

Having taken into account the principal factors and reasons as referred to the above, we are of the view that the Transactions (including the proposed respective annual caps) contemplated under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution(s) to be proposed at the EGM to approve the Transactions (including the proposed respective annual caps) contemplated under the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement.

Yours faithfully,

For and on behalf of

South China Capital Limited

Nicholas Cheng

Managing Director

Felix Leung

Associate Director

Note: Mr. Nicholas Cheng and Mr. Felix Leung are licensed persons registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. Mr. Nicholas Cheng has extensive experience in corporate finance industry and has participated in, and completed, the provision of independent financial advisory services for numerous connected transactions involving listed companies in Hong Kong. Mr. Felix Leung has over ten years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company and their respective associates in the Shares, underlying Shares or debentures of the Company or any of the associated corporations of the Company (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in the Shares

Name of Director	Capacity/nature of interest	Number of shares held	Approximate percentage of shareholding in the total issued share capital (%)
Mr. Wu Zhixiang ⁽¹⁾	Founder of a discretionary trust, Beneficial interest	17,774,600 (L)	0.76%
Mr. Ma Heping ⁽²⁾	Founder of a discretionary trust, Beneficial interest	59,438,810 (L)	2.56%
Mr. Jiang Hao ⁽³⁾	Interest of controlled corporation, Beneficial Interest, Grantee of restricted shares units	9,462,950 (L)	0.41%
Mr. Liang Jianzhang ⁽⁴⁾	Beneficial Interest, Interest of spouse	20,663,026 (L)	0.89%

(L) denotes a long position

Notes:

- (1) Travel Maps Limited directly holds 8,575,400 Shares in the Company. As Travel Maps Limited is wholly-owned by The Travel Maps Trust, of which Mr. Wu Zhixiang is the founder, Mr. Wu is deemed to be interested in the Shares in which Travel Maps Limited is interested.

3,500,000, 3,500,000, 500,000, 700,000, 500,000, and 500,000 options were granted to Mr. Wu pursuant to the 2018 Share Incentive Plan, 2019 Share Option Plan and 2022 Share Option Plan on March 9, 2018, May 18, 2018, October 23, 2020, October 21, 2021, June 29, 2022, and October 20, 2023, respectively. As at the Latest Practicable Date, Mr. Wu beneficially owns 9,199,200 options granted pursuant to the 2018 Share Incentive Plan, 2019 Share Option Plan and 2022 Share Option Plan.

- (2) Adventure Together Limited directly holds 9,499,140 Shares in the Company. As Adventure Together Limited is wholly-owned by The Hope Family Trust, of which Mr. Ma Heping is the founder, Mr. Ma is deemed to be interested in the Shares in which Adventure Together Limited is interested.

6,914,155, 6,914,155, 6,914,160, 1,600,000, 1,600,000, 1,600,000, 1,700,000, 1,700,000 and 21,000,000 options were granted to Mr. Ma pursuant to the 2018 Share Incentive Plan, 2019 Share Option Plan, 2022 Share Option Plan and 2024 Share Scheme on March 9, 2018, May 18, 2018, September 1, 2018, December 20, 2019, October 23, 2020, October 21, 2021, June 29, 2022, October 20, 2023 and June 27, 2024, respectively. As at the Latest Practicable Date, Mr. Ma beneficially owns 49,939,670 options granted pursuant to the 2018 Share Incentive Plan, 2019 Share Option Plan, 2022 Share Option Plan and 2024 Share Scheme.

- (3) Oasis Limited directly holds 5,555,560 Shares in the Company. As Oasis Limited is indirectly wholly-owned and controlled by Mr. Jiang Hao, Mr. Jiang is deemed to be interested in the Shares in which Oasis Limited is interested.

1,803,695, 1,803,695 and 1,500,000 options were granted to Mr. Jiang pursuant to the 2018 Share Incentive Plan on March 9, 2018, May 18, 2018 and September 1, 2018, respectively. Mr. Jiang is also granted restricted share units in respect of 8,300,000 shares pursuant to the 2016 Share Incentive Plan on August 26, 2016. As at the Latest Practicable Date, Mr. Jiang beneficially owns 3,907,390 options granted pursuant to the 2016 Share Incentive Scheme and 2018 Share Incentive Plan.

- (4) Mr. Liang Jianzhang was deemed to be interested in (i) 17,563,826 shares of the Company held by him as a beneficial owner; and (ii) 3,099,200 shares of the Company held through his spouse. Smart Charm Limited directly holds 3,099,200 Shares in the Company. As Smart Charm Limited is wholly owned and controlled by the spouse of Mr. Liang Jianzhang, Mr. Liang is therefore deemed to be interested in the Shares in which Smart Charm Limited is interested.

Interests in associated corporations

Name of Director	Name of associated corporation	Number of shares held	Approximate percentage of interests (%)
Mr. Wu Zhixiang ⁽¹⁾	Tongcheng Network	25,447,745	22.86%
	Suzhou Chengyi	N/A ⁽¹⁾	51.0%
Mr. Ma Heping	Tongcheng Network	1,093,162	0.98%
	Suzhou Chengyi	N/A ⁽¹⁾	49.0%
	Beijing E-dragon	N/A ⁽¹⁾	50.0%

Note:

- (1) As Suzhou Chengyi and Beijing E-dragon are limited liability companies established in the PRC, the percentage of shareholding is determined with reference to the percentage of subscribed registered capital of each shareholder.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company and their respective associates has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which will be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the Shares and underlying Shares which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Substantial Shareholder	Capacity/nature of interest	Total number of ordinary shares	Approximate percentage of shareholding in the total issued share capital
TCH Sapphire ⁽¹⁾	Beneficial owner	310,899,020 (L)	13.37%
Image Frame ⁽¹⁾	Beneficial owner	158,365,730 (L)	6.81%
Tencent ⁽¹⁾	Interest in controlled corporations	476,215,740 (L)	20.48%
C-Travel ⁽²⁾	Beneficial owner	288,273,190 (L)	12.40%
	Interest in controlled corporations ⁽³⁾	122,995,180 (L)	5.29%
		411,268,370 (L)	17.69%
Ctrip Hong Kong ⁽²⁾	Beneficial owner	148,966,590 (L)	6.41%
Trip.com Group ⁽²⁾	Interest in controlled corporations	560,234,960 (L)	24.10%

(L) denotes a long position

Notes:

- (1) Under the SFO, Tencent is deemed to be interested in (i) the 310,899,020 Shares held by TCH Sapphire, (ii) the 158,365,730 Shares held by Image Frame, and (iii) the 6,950,990 Shares held by Elite Strength Limited, each of which is a wholly-owned subsidiary of Tencent.
- (2) Under the SFO, Trip.com Group is deemed to be interested in (i) the 288,273,190 Shares held by C-Travel, (ii) the 148,966,590 Shares held by Ctrip Hong Kong, and (iii) the 27,332,270 Shares held by Luxuriant Holdings Limited, each of which is a wholly-owned subsidiary of Trip.com Group. Under the SFO, Trip.com Group is also deemed to be interested in 95,662,910 Shares held by EP II Investment Fund L.P., an exempted limited partnership established in the Cayman Islands because Ctrip Investment Holding Ltd, a wholly-owned subsidiary of Trip.com Group, contributed more than one-third of the capital to EP II Investment Fund L.P. However, EP II Investment Fund L.P. does not constitute an associate of Trip.com Group under the Listing Rules as Trip.com Group does not control 30% or more of the voting power in EP II Investment Fund L.P.
- (3) Under the SFO, C-Travel is deemed to be interested in (i) the 27,332,270 Shares held by Luxuriant Holdings Limited, which is a wholly-owned subsidiary of C-Travel, and (ii) the 95,662,910 Shares held by EP II Investment Fund L.P., given Ctrip Investment Holding Ltd, a wholly-owned subsidiary of C-Travel, contributed more than one-third of the capital to EP II Investment Fund L.P.

Save as disclosed above, as at the Latest Practicable Date, the Company is not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

4. QUALIFICATIONS AND CONSENT

The following is the qualifications of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualifications
South China	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO

- (a) As at the Latest Practicable Date, South China had not had any beneficial interest in the share capital of any member of the Group, did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and did not have any interest, either directly or indirectly, in any assets which had been, since December 31, 2023, being the date of the latest published audited accounts of the Company, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

- (b) South China has given and has not withdrawn its written consent to the issue of this circular with inclusion of its opinion and letter, as the case may be, and the references to its name included herein in the form and context in which they respectively appear.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Company since December 31, 2023, being the date to which the latest published audited financial statements of the Company have been made.

6. SERVICE CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any member of the Group referred to in Rule 13.68 of the Listing Rules (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

7. INTERESTS OF DIRECTORS

- (a) The Directors are not aware of any Director or his respective close associates having, as at the Latest Practicable Date, any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under the Listing Rules.
- (b) Save as disclosed in the section headed “*Directors’ Report – Connected and Continuing Connected Transactions*” of the Company’s 2023 Annual Report, the announcement of the Company dated July 30, 2024 and this circular, no Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant to the business of the Group taken as a whole.
- (c) Since December 31, 2023, being the date of the latest published audited consolidated accounts of the Company, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to, any member of the Group.

8. GENERAL

- (a) The registered office of the Company is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The corporate headquarter of the Company in the PRC is Tongcheng Travel Mansion, No. 66 Yunhui Road, Suzhou Industrial Park, Jiangsu, China.
- (c) The principal place of business of the Company in Hong Kong is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (d) The Company's principal share registrar and transfer agent in the Cayman Islands is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (e) The Company's Hong Kong branch share registrar is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (f) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in the case of any inconsistency.

9. DOCUMENTS ON DISPLAY

Electronic copy of the following document will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.tongchengir.com>) for display for a period of 14 days from the date of this circular thereafter:

- 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (“EGM”) of Tongcheng Travel Holdings Limited (the “Company”) will be held at Meeting Room Zhuozheng, 2/F, Four Points by Sheraton Suzhou, No. 8 Moon Bay Road, Suzhou Industrial Park, Jiangsu, China on Monday, September 30, 2024 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as ordinary resolution of the Company. Unless the context requires otherwise, capitalized terms used in this notice shall have the same meanings as those ascribed in the Circular.

AS ORDINARY RESOLUTION

1. “THAT

- (i) the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder (including the proposed annual caps) be and are hereby approved, ratified and confirmed; and
- (ii) any Director be and is hereby authorized for and on behalf of the Company to sign, seal, execute, perfect, deliver and do all such documents, deeds, acts, matters and things as he may in his discretion consider necessary or desirable or expedient for the purpose of or in connection with the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and to make and agree such variations of a non-material nature in or to the terms of the 2024 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement as he may in his discretion consider to be desirable and in the interests of the Company.”

By order of the Board

Tongcheng Travel Holdings Limited

Ma Heping

Executive Director and Chief Executive Officer

Hong Kong, September 10, 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. The proxy does not need to be a shareholder of the Company.
- (2) Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (3) In order to be valid, the completed form of proxy must be deposited at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong), at least 48 hours before the time appointed for holding the above meeting or any adjournment thereof (as the case may be). The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
- (4) The register of members of the Company will be closed from September 25, 2024 (Wednesday) to September 30, 2024 (Monday), both days inclusive, in order to determine the eligibility of shareholders to attend the above meeting, during which period no share transfers will be registered. To be eligible to attend the above meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on September 24, 2024 (Tuesday).
- (5) Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, voting for the resolution set out in this notice will be taken by poll at the above meeting.