

## RELATED PARTY TRANSACTIONS

*We are seeking a listing on the Hong Kong Stock Exchange pursuant to Chapter 19C of the Hong Kong Listing Rules. Pursuant to Rule 19C.11 of the Hong Kong Listing Rules, Chapter 14A of the Hong Kong Listing Rules, governing connected transactions, does not apply to us. The following discussion of related party transactions has been prepared pursuant to the requirements of Form 20-F of the SEC, and is included in this document for disclosure purposes only.*

### CONTRACTUAL ARRANGEMENTS

Please refer to “History and Corporate Structure—Contractual Arrangements” for a summary of the contractual arrangements and the variable interest entity structure adopted by the Company.

Our subsidiaries, consolidated affiliated entities, and the subsidiaries of the consolidated affiliated entities have engaged, during the ordinary course of business, in a number of customary transactions with each other. All of these inter-company balances have been eliminated in consolidation.

### AMOUNTS DUE FROM RELATED PARTIES

As of December 31, 2018, 2019 and 2020, we had RMB5.1 billion, RMB5.2 billion and RMB4.2 billion (US\$638 million), respectively, due from related parties. The decrease of the balance from December 31, 2019 to December 31, 2020 was primarily due to the repayment of loans from certain related parties including Du Xiaoman and the acquisition of Investee A.

### AMOUNTS DUE TO RELATED PARTIES

As of December 31, 2018, 2019 and 2020, we had RMB6.1 billion, RMB6.1 billion and RMB4.9 billion (US\$746 million), respectively, due to related parties. The decrease of the balance from December 31, 2019 to December 31, 2020 was primarily due to payment of unsettled payments to Du Xiaoman and the acquisition of Investee A.

### TRANSACTIONS WITH RELATED PARTIES

#### **Trip.com**

In 2018, 2019 and 2020, related party transactions with Trip.com mainly comprised the online marketing services that we provided to Trip.com, which were in the total amount of RMB774 million, RMB627 million and RMB204 million (US\$31 million), respectively.

#### **Du Xiaoman**

In August 2018, we completed the divestiture of Du Xiaoman, following which we recognized our non-controlling equity interest in Du Xiaoman as an equity method investment and Du Xiaoman became a related party.

For the years ended December 31, 2018, 2019 and 2020, related party transactions with Du Xiaoman comprised the online marketing services, cloud service and other services that we provided to Du Xiaoman, which were in the total amount of RMB256 million, RMB731 million and RMB678 million (US\$104 million), respectively.

In 2018, we provided multiple short-term loans to Du Xiaoman in the amount of RMB12.0 billion with interest rates ranging from 5.00% to 7.00%. As of December 31, 2018, all short-term loans extended to Du Xiaoman had been repaid in full.

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In 2018, we provided three term loans to Du Xiaoman in the amount of RMB3.8 billion with terms ranging from two to five years, which are intended for working capital purposes. These loans bear interest rates ranging from 4.28% to 5.00% in 2018, and 0% to 5.00% since 2019. Du Xiaoman repaid one term loan in the principal amount of RMB500 million in October 2020. The principal amount outstanding as of February 28, 2021 was RMB3.3 billion (US\$513 million).

In 2018, Du Xiaoman provided us with two term loans in the amount of RMB3.4 billion with terms of three and five years, which are intended for general corporate purposes. These loans bear interest rates ranging from 3.78% to 4.28% in 2018, and were revised to 0% since 2019, based on the re-entered agreements. The principal amount outstanding as of February 28, 2021 was RMB3.2 billion (US\$487 million).

The background of the above loan arrangements with Du Xiaoman is that, our cash is mainly onshore due to our extensive business operation within the PRC, and had offshore cash needs; Du Xiaoman had considerable cash resources offshore due to its equity financing, and had onshore spending needs. To meet both company’s needs, we and Du Xiaoman entered into several loan agreements (including onshore loan agreements and offshore loan agreements) in 2018, under which certain of our onshore subsidiaries lent RMB loans to one of Du Xiaoman’s onshore affiliates inside the PRC, and Du Xiaoman lent USD loans to one of our subsidiaries outside the PRC, respectively. Our PRC Legal Adviser is of the opinion that these loan agreements were executed for actual business purposes of us and Du Xiaoman, and these agreements did not expressly provide that the loan under one agreement constitutes collateral to guarantee repayment of the loan under the other agreement; if such arrangements are deemed as constituting the cross-border guarantee requiring registration by the foreign exchange regulatory authority, we could face order to rectify, warning and a fine no more than RMB300,000 pursuant to PRC laws and regulations relating to foreign exchanges. Please see “Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to our PRC subsidiaries, consolidated affiliated entities and certain related parties, or making additional capital contributions to our PRC subsidiaries, which could adversely affect our ability to fund and expand our business” for more details. However, in practice, such arrangements do not meet the requirements for relevant registration and thus there is obstacle to completing the registration with relevant authority; instead, the PRC foreign exchange regulatory authority is more likely to require the relevant parties to revise the relevant loan agreement and remove the provisions it deems as constituting security interests or require the parties to repay the loan separately inside or outside the PRC. As of the date of this document, we have not received any enquiry, notice or penalty from the PRC foreign exchange regulatory authority regarding this matter. We and Du Xiaoman will not offset the loans inside and outside the PRC directly. If our arrangements with Du Xiaoman are raised by the PRC foreign exchange regulatory authority and determined against us, the fine is not a material penalty pursuant to relevant PRC laws and regulations relating to foreign exchanges and will not have a material adverse impact on our financial and business operations.

### **Other related parties**

In 2018, 2019 and 2020, related party transactions with an investee over which we have significant influence, mainly related to hardware products purchased from and sold to the investee, which amounted to RMB1.9 billion and RMB249 million, respectively, in 2019, and RMB102 million and RMB77 million, respectively, in 2018. The Company acquired such investee in July 2020, and accordingly, all corresponding outstanding balances have been eliminated in the consolidated balance sheets as at December 31, 2020. The transaction amounts with the investee in 2020 were insignificant.

**RELATED PARTY TRANSACTIONS**

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In 2018, 2019 and 2020, with the approval from our board of directors, we reimbursed Mr. Robin Yanhong Li the fees and expenses incurred in connection with his use of an aircraft beneficially owned by his family member for our business purposes. The hourly rate for use of the aircraft was determined based on an analysis of market rates for the charter of comparable aircrafts. The service charges for the use of the aircraft for 2018, 2019 and 2020 were insignificant.