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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Tongcheng-Elong 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.

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**Tongcheng-Elong Holdings Limited**  
**同程藝龍控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 0780)**

**(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
TENCENT STRATEGIC COOPERATION AND MARKETING  
PROMOTION FRAMEWORK AGREEMENT**  
**(2) PROPOSED CHANGE OF COMPANY NAME, STOCK SHORT  
NAME AND COMPANY LOGO**  
**AND**  
**(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



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A notice convening the extraordinary general meeting of Tongcheng-Elong 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 28, 2021 is set out on pages 48 to 50 of this circular. The letter of recommendation from the Independent Board Committee, the text of which is set out on pages 23 to 24 of this circular. The letter of advice issued by First Shanghai Capital Limited, being the Independent Financial Adviser, the text of which is set out on pages 25 to 41 of this circular.

A form of proxy for use at the extraordinary general meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.tcelir.com](http://www.tcelir.com)). Whether or not you are able to attend the extraordinary general meeting, 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 Shops 1712-1716, 17th 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 extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the extraordinary general meeting (or any adjournment thereof) if they so wish.

September 10, 2021

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## DEFINITIONS

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*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
“APUs”	annual paying user
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it or them under the Listing Rules
“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 Affiliated Entities
“Board”	the board of Directors
“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
“Change of Company Name”	the change of the English name and the dual foreign name in Chinese of the Company from “Tongcheng-Elong Holdings Limited 同程藝龍控股有限公司” to “Tongcheng Travel Holdings Limited 同程旅行控股有限公司” respectively
“Company”	Tongcheng-Elong Holdings Limited (同程藝龍控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 14, 2016

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## DEFINITIONS

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“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 Affiliated Entities”	the entities the Company controls through certain contractual arrangements
“Director(s)”	director(s) of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on September 28, 2021 to consider and, if thought fit, approve the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the Transactions contemplated thereunder and the Change of Company Name, or any adjournment thereof
“Group”	the Company and its subsidiaries and Contractual Affiliated Entities from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Wu Haibing, Mr. Dai Xiaojing and Ms. Han Yuling, established to advise the Independent Shareholders on the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions
“Independent Financial Adviser” or “First Shanghai”	First Shanghai 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”	has the meaning ascribed to them under the Listing Rules; and in relation to approving the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions at the Extraordinary General Meeting

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## DEFINITIONS

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“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 6, 2021, 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
“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)
“MAUs”	monthly active users who access the Group’s platforms at least once during a calendar month
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“MPUs”	monthly paying users who make purchases on the Group’s platforms at least once during a calendar month
“OTA”	online travel agency
“PRC”	the People’s Republic of China
“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

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## DEFINITIONS

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“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 Affiliated Entities
“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 (stock code: 700)
“Tencent Computer”	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a subsidiary of Tencent
“Tencent Group”	Tencent, its subsidiaries and controlled entities
“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
“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 Affiliated Entities

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## DEFINITIONS

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“Trip.com Group”	Trip.com Group Limited, previously known as Ctrip.com International, Ltd. (“ <b>Ctrip</b> ”), a limited liability company incorporated under the laws of the Cayman Islands on March 3, 2000 whose shares are listed on NASDAQ (stock symbol: TCOM) and on the Main Board of the Stock Exchange (stock code: 9961)
“Transactions”	the transactions contemplated under the 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
“%”	per cent

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LETTER FROM THE BOARD

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**Tongcheng-Elong Holdings Limited**  
**同程藝龍控股有限公司**

*(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. Cheng Yun Ming Matthew  
Mr. Brent Richard Irvin

*Independent Non-executive Directors:*

Mr. Wu Haibing  
Mr. Dai Xiaojing  
Ms. Han Yuling

*Registered office:*

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, 2021

*To the Shareholders*

Dear Sir or Madam,

- (1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
TENCENT STRATEGIC COOPERATION AND MARKETING  
PROMOTION FRAMEWORK AGREEMENT**
- (2) PROPOSED CHANGES OF COMPANY NAME, STOCK SHORT  
NAME AND COMPANY LOGO**
- AND**
- (3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information in connection with the proposals to be put forward at the Extraordinary General Meeting to consider and approve (1) the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder and (2) the Change of Company Name. Pursuant to the Tencent



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## LETTER FROM THE BOARD

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Strategic Cooperation and Marketing Promotion Framework Agreement, (i) Tencent Computer (and/or any of its subsidiaries or associates) has agreed to provide traffic support to the Company (and/or any of its subsidiaries or Contractual Affiliated Entities), and (ii) Tencent Computer and the Company have agreed to engage in various advertising and marketing promotion services with each other for a term of three years from August 1, 2021 to July 31, 2024. In addition, the parties agreed that after the expiry of the initial term of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the parties will consider cooperating with each other for a term of three years in priority to other providers if the terms and quality of products offered by the Company are comparable to those offered by such other providers. Pursuant to the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, Tencent Computer and the Company have also agreed to terminate the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement with effect from the effective date of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, which expanded the scope of services to be provided under the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement.

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 resolutions. A notice convening the Extraordinary General Meeting is set out on pages 48 to 50 of this circular. The letter of recommendation from the Independent Board Committee, the text of which is set out on pages 23 to 24 of this circular. The letter of advice issued by First Shanghai, being the Independent Financial Adviser, the text of which is set out on pages 25 to 41 of this circular.

### **(1) TENCENT STRATEGIC COOPERATION AND MARKETING PROMOTION FRAMEWORK AGREEMENT**

#### **Background**

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

On July 30, 2021, Tencent Computer and the Company entered into the 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 to the Company (and/or any of its subsidiaries or Contractual Affiliated Entities), and (ii) Tencent Computer and the Company have agreed to engage in various advertising and marketing promotion services with each other for a term of three years from August 1, 2021 to July 31, 2024. In addition, the parties agreed that after the expiry of the initial term of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the parties will consider cooperating with each other for a term of three years in priority to other providers if the terms and quality of products offered by the Company are comparable to those offered by such other providers. Pursuant to the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, Tencent Computer and the Company have also agreed to terminate the

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## LETTER FROM THE BOARD

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Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement with effect from the effective date of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, which expanded the scope of services to be provided under the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement.

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

### **The Tencent Strategic Cooperation and Marketing Promotion Framework Agreement**

#### ***Date***

July 30, 2021

#### ***Parties***

- (1) Tencent Computer
- (2) The Company

#### ***Term***

The Tencent Strategic Cooperation and Marketing Promotion Framework Agreement has an initial term of three years from August 1, 2021 to July 31, 2024. In addition, the parties agreed that after the expiry of the initial term of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the parties will consider cooperating with each other for a term of three years in priority to other providers if the terms and quality of products offered by the Company are comparable to those offered by such other providers.

#### ***Nature of the Transactions***

Pursuant to the 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 Affiliated Entities) with traffic support via, among others, its key services, channels, products and tools, including but not limited to authorizing the Company to utilize the Tencent's Key Services, software and intellectual property rights of Tencent Computer, and 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 services to the Company (and/or any of its subsidiaries or Contractual Affiliated Entities), including but not limited to advertisement promotion, membership and video benefits and product operation services; and (iii) the Company (and/or any of its subsidiaries or Contractual Affiliated Entities) has agreed to provide advertising and marketing promotion services to Tencent Computer (and/or any of its subsidiaries or associates), including but not limited to advertisement promotion and

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## LETTER FROM THE BOARD

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

Further, as the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement has expanded the scope of services to be provided under the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement, Tencent Computer and the Company also agreed to terminate the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement with effect from the effective date of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement. The annual cap for the year ending December 31, 2021 under the Supplemental Marketing Services Framework Agreement has not been exceeded as at the date of this circular and will not be exceeded before the Independent Shareholders' approval is obtained at the Extraordinary General Meeting for the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement.

### *Pricing basis*

The prices and/or services fees of each definitive agreement to be entered into under the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement shall be based on (1) the standard prices published on the official websites of (i) the Company or any of its subsidiaries or Contractual Affiliated Entities, if applicable, and (ii) Tencent Computer or any of their subsidiaries or associates, if applicable, or (2) the prices and terms offered to independent third parties. As the standard prices of Tencent Computer or any of their 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. In addition, before entering into any definitive agreement pursuant to the 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 proposed by the Tencent Group with the services fees offered by other comparable value-added services and Internet advertising services providers. We will only enter into a definitive agreement with the Tencent Group if the services fees offered to our Group by the Tencent Group are no less favourable than (a) those from other independent third party provider and (b) those offered by the Tencent Group to independent third parties.

With the aforementioned procedures, the Company (and/or any of its subsidiaries or Contractual Affiliated 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 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.

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## LETTER FROM THE BOARD

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In addition to the above factors:

- (a) in relation to the service fees payable by the Group in respect of the traffic support under the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the Group will further take into account, among others, (i) the breadth of user base of Tencent's Key Services providing the relevant traffic support, (ii) the number of active users and paying users the relevant brought to the Company by Tencent's Key Services, (iii) the stability of the relevant traffic support provided by the Tencent Group, and (iv) the historical service fee charged in the previous similar transactions with the Tencent Group; and
- (b) in relation to the service fees payable or charged in respect of the advertising and marketing promotion services under the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the Group will further take into account (i) the breadth of users of the advertising services provider and its brand awareness, (ii) 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 (iii) the historical service fee paid or charged in the previous similar transactions with the Tencent Group.

The Group entered into an amended and related business cooperation agreement dated December 25, 2017 (the "**Tencent Cooperation Agreement**") with Tencent Computer, pursuant to which Tencent Computer agreed that the Group would be the sole operator of the portals in Tencent's Key Services mobile payment interface, and through such cooperation, the Group's travel products and service can reach the users in Tencent's social communication ecosystem in return for accessing fees paid by the Group to Tencent Group, as particularized in the prospectus of the Company dated November 14, 2018. Pursuant to the term of the Tencent Cooperation Agreement, the Group made payments for the services fees prior to the listing of the shares of the Company on November 26, 2018 and no further payment was required from August 1, 2018 to July 31, 2021. Therefore, the annual cap under the Tencent Cooperation Agreement was zero for each of the three years ending December 31, 2018, 2019 and 2020. In order to maintain payment flexibility by the Group, the Group agreed with Tencent Group that the service fees in relation to the traffic support under the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement shall be paid by installments as opposed to one-off payment as provided in the Tencent Cooperation Agreement.

The Group will review and re-assess the service fees semi-annually (where applicable) and make adjustments if necessary. Such review and adjustment (if any) will be made by the independent non-executive Directors. If there is any change in pricing policy in the future, the Group shall fully comply with the relevant requirements under Chapter 14A of the Listing Rules (if applicable).

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## LETTER FROM THE BOARD

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### *Proposed annual caps and basis of determination*

The Company estimates that the annual caps for the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement for the term of three years from August 1, 2021 to July 31, 2024 are as follows:

	For the five months ending December 31, 2021 (RMB'000)	For the year ending December 31, 2021 (RMB'000)	For the year ending December 31, 2022 (RMB'000)	For the year ending December 31, 2023 (RMB'000)	For the seven months ending July 31, 2024 (RMB'000)
Service fees payable by the Group in relation to traffic support	210,000	210,000	540,000	580,000	360,000
Service fees payable by the Tencent Group in relation to advertising and marketing promotion services	23,000	54,733 <sup>(Note 1)</sup>	66,000	79,000	55,000
Service fees payable by the Group in relation to advertising and marketing promotion services	213,333	336,183 <sup>(Note 2)</sup>	608,000	776,800	512,113

*Notes:*

- (1) The proposed annual caps for the services fees payable by the Tencent Group in relation to advertising and marketing promotion services for the year ending December 31, 2021 is the sum of (a) the annual cap of the amount payable by the Tencent Group to the Group pursuant to the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement for the seven months ended July 31, 2021, which is calculated on pro-rata basis based on the annual cap of such amount for the year ending December 31, 2021 as disclosed in the announcement of the Company dated October 11, 2020, and (b) the proposed annual cap of service fees payable by the Tencent Group in relation to advertising and marketing promotion services for the five months ending December 31, 2021.
- (2) The proposed annual caps for the services fees payable by the Group in relation to advertising and marketing promotion services for the year ending December 31, 2021 is the sum of (a) the annual cap of the amount payable by the Group to the Tencent Group pursuant to the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement for the seven months ended July 31, 2021, which is calculated on pro-rata basis based on the annual cap of such amount for the year ending December 31, 2021 as disclosed in the announcement of the Company dated October 11, 2020, and (b) the proposed annual cap of service fees payable by the Group in relation to advertising and marketing promotion services for the five months ending December 31, 2021.

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## LETTER FROM THE BOARD

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

- (i) the historical amounts paid to the Tencent Group pursuant to the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement;
- (ii) the Group's effective and stable traffic channels from the Tencent's Key Services;
- (iii) the Group's branding and lower-tier cities markets strategy to increase the intensity and scale of marketing and promotion activities, such as increasing the promotion of Tongcheng-Elong application in order to promote the Group's products and services;
- (iv) the Group's plan to further expand the scope and scenarios of cooperation in marketing and promotion between the Group and the Tencent Group, such as traffic replacement and joint event operations and etc.;
- (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 future recovery and growth opportunities of the online travel agent industry in the PRC, having taken into account the impact of COVID-19.

In relation to the factor (i) above, the historical transaction amount paid by the Group to the Tencent Group under the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 was approximately RMB14,179,000, RMB75,332,000 and RMB24,108,000 (unaudited), respectively. The historical transaction amount paid by the Tencent Group to the Group under the Marketing Services Framework Agreement for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 was approximately RMB24,963,000, RMB7,589,000 and RMB6,035,000 (unaudited), respectively. In particular, 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. Despite the challenging market situation during COVID-19 which led to a lower actual historical transaction amount in the recent periods, the Group still recorded an increase of average MAUs year-to-year from 27.1 million to 28.7 million and increase of paying ratio 13.2% to 14.6% in the fourth quarter of 2020. 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 upcoming period since the fourth quarter of year 2021 along with the recovery from COVID-19. In determining the proposed annual caps for the services fees payable by the Group in relation to advertising

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## LETTER FROM THE BOARD

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and marketing promotion services for the year ending December 31, 2021, the Group takes 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 proposed increase in budget for the Group's advertising and promotion plans since the fourth quarter of year 2021 (including the anticipated possible scale and frequency of promotion), (iii) the Group's strategic focus to expand its market share in lower-tier cities and (iv) 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 cap for the years ending December 31, 2022 and 2023 and the seven months ending July 31, 2024, the monthly average amount of such annual cap represents a growth rate of approximately 19%, 28% and 13% as compared with the previous period, respectively, after the Group takes into account the expected recovery of its business after gradual reduction in transmission of COVID-19. With reference to the historical transaction amount incurred under the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement and taking into account the factors as abovementioned, the Group proposed to increase the annual cap for the service fees payable by the Group in relation to advertising and marketing promotion services.

In relation to the factor (ii) above, the Group has been deepening its cooperation with the Tencent Group with respect to the Tencent's Key Services. In particular, the Group has experienced a change in Weixin Pay interface layout in the fourth quarter of 2020. The new layout presents the Group's entry points under a separate category of "Travel & Transportation", enhancing the visibility and recognition of the Group's entry points. The Group deepened its cooperation with Weixin by further exploring the potential of the "Search+Travel" ecosystem which allows users to have quick access to our transportation ticketing services by conducting keyword search on Weixin. In the first quarter of 2021, approximately 83.0% of the Group's average MAUs was contributed from Weixin Mini Program with the majority of the traffic from Weixin Pay interface/entry points and the drop-down list of users' favorite or most frequently used Weixin Mini Program, which demonstrates the Group's advertising efficiency and improvement of brand awareness through Tencent's Key Services. Based on the continuous contribution to the Group's average MAUs 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 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement for the year ending December 31, 2021, after taking into account (a) the business contribution and importance of the effective and stable traffic channels from the Tencent's Key Services, (b) the number of active users and paying users the relevant brought to the Company by Tencent's Key Services over the years, as demonstrated by the fact that 80.9% of our



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## LETTER FROM THE BOARD

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average MAUs in 2020 and 83.0% of the Group's average MAUs in the first quarter of 2021 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 existing annual cap for the service fees payable by the Group in relation to traffic support. Following year 2021, the monthly average amount of the Group's proposed annual cap for the years ending December 31, 2022 and 2023 and the seven months ending July 31, 2024 represents a growth rate of approximately 6% to 7% as compared with the previous period, the Group had taken into account the expected recovery of the general economy of the PRC in the upcoming years where the gross domestic product is expected to grow at approximately 5% to 8%. The Group also considered the importance of the Tencent Group to its ongoing revenue contribution and currently the proposed annual cap for each of the years ending December 31, 2022 and 2023 represents less than 10% of the revenue of the Group for the year ended December 31, 2020. In addition, since the scope of traffic support via Tencent Group's key services, channels, products and tools under the 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. Based on the aforementioned factors, the Group considered that the proposal annual cap is fair and reasonable.

In relation to the factor (iii) above, the Group further reinforced its leading position in China's OTA market, especially in lower-tier cities. The Group continues to anticipate a stable growth rate of paying user acquisition from such lower-tier cities in China. As at March 31, 2021, the Group's registered users residing in non-first-tier cities in China accounted for approximately 86.4% of the total registered users. For the three months ended March 31, 2021, approximately 59.7% of the Group's new paying users on Weixin were from tier-3 or below 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 lower-tier cities and efforts in offline user acquisition, the Group has successfully captured the rebound opportunities in 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 services to enable the Group to leverage Tencent's large user base and attract more consumers and merchants from these lower-tier cities to our platform in order to enlarge our user base and enhance our business growth. Therefore, the Group proposed such annual cap for the services fees payable to Tencent Group for the traffic support and advertising and marketing promotion services.

In relation to the factor (iv) above, since COVID-19 has reached its peak in China in the first quarter of 2020, the Group's business continued to improve quarter by quarter and has achieved a recovery which outpaced the industry. The Company also observed that the Chinese economy has greatly restored and continued its rapid rebound momentum in the first half of 2021. It is expected that there is recovery of the general economy of the PRC in the upcoming years, where its gross domestic product may grow at approximately 5% to 8%. Although the



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## LETTER FROM THE BOARD

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Chinese travel industry was still under negative impact of COVID-19 because of the resurgence of confirmed cases in certain areas at the beginning of 2021, the pandemic has created opportunities for the Group to grow faster as the demands for domestic travel have quickly recovered since the pandemic has seriously curbed outbound travels, signifying greater market potential for the Group as the Group mainly focuses on domestic travel market. Based on our 2020 financial results, the Group's average MAUs and average MPUs recovered quickly and its APUs in 2020 even achieve a year-to-year increase amid the market situation during the pandemic. As a result of these, the Group believes that increased traffic support, and advertising and promotion services is essential for the Group to capture the rebound opportunities.

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

Given that Tencent is a leading provider of Internet value-added services in the PRC, the cooperation with the Tencent Group and the utilization of its traffic support and advertising and marketing promotion services would enable us to leverage Tencent's large user base and attract more consumers and merchants to our platform in order to enlarge our user base and enhance our business growth. We believe that the traffic support and advertising and marketing promotion services provided by the Tencent Group will enable us to increase our users and potential new users' awareness of and familiarity with our platform, mobile apps and services which will be crucial to the success of our business. Further, the provision of advertising and marketing promotion services by the Group to the Tencent Group will bring synergies to both the Group and the Tencent Group, thereby providing the Group with a steady revenue stream and broadening return to the Shareholders as a whole.

### **Information of 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 is a leading China-based technology Company. Tencent Holdings Limited and its subsidiaries are principally engaged in the businesses of communication and social, games, digital content, online advertising, FinTech and business services. Shares of Tencent (00700.HK) are listed on the Main Board of the Stock Exchange.

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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## LETTER FROM THE BOARD

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### **Listing Rules Implications**

As Tencent Computer is a subsidiary of Tencent, a substantial shareholder of the Company which holds approximately 21.52% of the Shares in the Company as at the date hereof, Tencent Computer is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. Hence, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest of the applicable ratios (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 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 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement**

The Tencent Strategic Cooperation and Marketing Promotion Framework Agreement has been negotiated and agreed on an arms' length basis by the parties thereto. The Directors (including the independent non-executive Directors) are of the view that the 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. The Directors (including the independent non-executive Directors) are of the view that the proposed annual caps under the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Cheng Yun Ming Matthew is the corporate vice president of Tencent and a non-executive director and a member of the audit committee of China Literature Limited (閱文集團) (a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 772)), and a director and the chairman of the compensation committee in Huya Inc. (虎牙直播) (a company whose shares are listed on NASDAQ (stock symbol: HUYA). Mr. Brent Richard Irvin is currently serving as the vice president and general counsel of Tencent, the president of Tencent America and a director of Tencent Music Entertainment Group (騰訊音樂娛樂集團), a company whose shares are listed on the New York Stock Exchange (stock symbol: TME). From the perspective of good corporate governance, Mr. Cheng Yun Ming Matthew and Mr. Brent Richard Irvin abstained from voting on the resolutions approving the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement in relation to the Tencent Group at the relevant board meeting 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 resolutions.

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## LETTER FROM THE BOARD

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### Approval by Independent Shareholders

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

1. the annual transaction amounts of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement shall not exceed the respective annual caps;
2. (i) the 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 (a) on normal commercial terms or better; or (b) 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 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 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 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement are fair and reasonable, and the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement is conducted on normal commercial terms or better and in the ordinary 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 services to be provided by the Company (and/or any of its subsidiaries or Contractual Affiliated Entities), the relevant personnel of the business department of the Company will conduct regular 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.

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## LETTER FROM THE BOARD

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- (iii) With respect to the traffic support and the advertising and marketing promotion 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 regular 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 regularly monitor the actual amounts incurred for each type of continuing connected transactions for the purpose of ensuring the relevant annual caps are not exceeded.
- (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.
- (vi) The team of senior management of the Group organizes and runs internal control tests regularly 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 parties 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.
- (viii) The team of senior management of the Group collects and reviews continuing connected transactions each month in order to guarantee (i) the connected parties have fulfilled the terms of the agreements in relation to continuing connected transactions during the relevant month and (ii) the actual transaction amounts incurred and estimated to be incurred between the Company and the connected parties 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 (i) in the Group's ordinary course of business, (ii) in accordance with normal commercial terms or better and on terms that are fair and reasonable, (iii) in accordance with the terms of the relevant agreements, and (iv) in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### (2) PROPOSED CHANGES OF COMPANY NAME, STOCK SHORT NAME AND COMPANY LOGO

Reference is made to the announcement of the Company dated August 25, 2021 regarding the proposed Change of Company Name, stock short name and company logo. The Board proposes to change the English name and the dual foreign name in Chinese of the Company from “Tongcheng-Elong Holdings Limited 同程藝龍控股有限公司” to “Tongcheng Travel Holdings Limited 同程旅行控股有限公司” respectively, and subject to the confirmation of the Stock Exchange and the Change of Company Name becoming effective, the English and Chinese stock names for trading in the shares of the Company on the Stock Exchange will be changed. The Company logo will also be changed from “ 同程艺龙 ” to “ 同程旅行 ” accordingly.

#### Conditions of the Change of Company Name

The Change of Company Name will become effective subject to the satisfaction of all of the following conditions:

1. the approval by the Shareholders by way of special resolution at the Extraordinary General Meeting; and
2. the approval by the Registrar of Companies in the Cayman Islands on the Change of Company Name.

The relevant filing with the Registrar of Companies in the Cayman Islands will be made after the passing of the special resolution at the Extraordinary General Meeting. Subject to the satisfaction of all conditions set out above, the Change of Company Name will take effect from the date of the issue of a certificate of incorporation on change of name by the Registrar of Companies in the Cayman Islands. Thereafter, the Company will carry out all necessary filing procedures with the Companies Registry in Hong Kong.

#### Reasons for the Change of Company Name

The Board considered that the proposed new name of the Company is more aligned with the Group’s long-term development strategy. It will strengthen the overall branding in the travel industry and create value to the Shareholders and customers of the Group. Therefore, the Board believes that the Change of Company Name is in the best interests of the Company and its Shareholders as a whole.

#### Effect of the Change of Company Name

The Change of Company Name will not affect any rights of the Shareholders or the Company’s daily business operation and its financial position.



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## LETTER FROM THE BOARD

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All existing share certificates in issue bearing the present name and logo of the Company will, after the proposed Change of Company Name becoming effective, continue to be evidence of title to such Shares and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for free exchange of the existing share certificates for new share certificates bearing the new name and logo of the Company. Once the Change of Company Name becomes effective, new share certificates will be issued only in the new name and under the new logo of the Company.

The Company expects to be traded in its new English name and the new dual foreign name in Chinese as soon as the Change of Company Name becomes effective and the filing procedures in Hong Kong have been fulfilled.

In addition, subject to the confirmation of the Stock Exchange and the Change of Company Name becomes effective, the English and Chinese stock short names for trading in the Shares of the Company on the Stock Exchange will be changed. Subject to the Change of Company Name becomes effective, the Company logo will also be changed from “  同程艺龙 ” to “  同程旅行 ” accordingly.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from September 23, 2021 (Thursday) to September 28, 2021 (Tuesday) (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 21, 2021 (Tuesday).

### EXTRAORDINARY GENERAL MEETING

Set out on pages 48 to 50 of this circular is the notice of the Extraordinary General Meeting at which, inter alia, ordinary resolutions will be proposed to the Shareholders to consider and approve Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the Transactions thereunder and a special resolution will be proposed to consider and approve the Change of Company Name.

A form of proxy for use at the Extraordinary General Meeting is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.tcelir.com](http://www.tcelir.com)). Whether or not you are able to attend the Extraordinary General Meeting, 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 Shops 1712-1716, 17th 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 Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Extraordinary General Meeting (or any adjournment thereof) if they so wish.

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## LETTER FROM THE BOARD

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In accordance with the Listing Rules, Tencent and its associates have a material interest in the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement. Therefore, Tencent and its associates will, at the Extraordinary General Meeting, abstain from voting on the ordinary resolutions to approve the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder (including the proposed annual caps). Except as disclosed, no other Shareholder has any material interest in the proposed resolutions and is required to abstain from voting on such resolutions and the resolutions to approve the Change of Company Name.

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 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 and the Change of Company Name 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 all the relevant ordinary resolutions and special resolution to be proposed at the Extraordinary General Meeting.

### **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 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions thereunder (including the proposed annual caps), and First Shanghai has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders.

The Independent Financial Adviser considers the 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 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions



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## LETTER FROM THE BOARD

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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 Independent Financial Adviser issued by First Shanghai containing its recommendation in respect of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement (including the proposed annual caps) is set out on pages 25 to 41 of this circular.

The Independent Board Committee, having taken into account the advice of First Shanghai, considers the terms of the 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 resolutions to be proposed at the Extraordinary General Meeting to approve the 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 pages 23 to 24 of this circular.

Yours faithfully,

By order of the Board

**Tongcheng-Elong Holdings Limited**

**Ma Heping**

*Executive Director and Chief Executive Officer*





**Tongcheng-Elong Holdings Limited**  
**同程藝龍控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 0780)**

September 10, 2021

*To the Independent Shareholders*

**(1) 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 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, 2021, 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 25 to 41 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 Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the advice of First Shanghai in relation thereto as set out on pages 25 to 41 of the circular, we are of the view that the 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 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.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we recommend that the Independent Shareholders vote in favour of the relevant ordinary resolutions to be proposed at the Extraordinary General Meeting to approve the 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-Elong Holdings Limited**

**WU Haibing            DAI Xiaojing            HAN Yuling**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



### First Shanghai Capital Limited

19th Floor  
Wing On House  
71 Des Voeux Road Central  
Hong Kong

September 10, 2021

*To the Independent Board Committee and  
the Independent Shareholders*

Tongcheng-Elong Holdings Limited  
Tongcheng Mansion  
No. 188 Yuxin Road  
Suzhou Industrial Park  
Suzhou City  
Jiangsu Province  
China

Dear Sirs,

### 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 respect of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder (including their respective annual caps) (the “**Proposed Annual**

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**Caps**”), details of which are contained in the circular to the Shareholders dated September 10, 2021 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as those ascribed in the Circular.

On July 30, 2021 (after trading hours), Tencent Computer and the Company entered into the 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 to the Company (and/or any of its subsidiaries or Contractual Affiliated Entities); and (ii) Tencent Computer and the Company have agreed to engage in various advertising and marketing promotion services with each other for a term of three years from August 1, 2021 to July 31, 2024. Pursuant to the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, Tencent Computer and the Company have also agreed to terminate the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement with effect from the effective date of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, which expanded the scope of services to be provided under the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement.

As Tencent Computer is a subsidiary of Tencent (a substantial shareholder of the Company which holds approximately 21.52% of the shares in the Company as at the Latest Practicable Date), Tencent Computer is a connected person of the Company pursuant to the Listing Rules. Hence, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. With reference to the letter from the Board in the Circular, 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**

An Independent Board Committee comprising Mr. Wu Haibing, Mr. Dai Xiaojing and Ms. Han Yuling, being all of the three independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps). We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### OUR INDEPENDENCE

The Independent Shareholders should note that, within the past two years prior to the Latest Practicable Date, we were engaged as the independent financial adviser by the Company for certain continuing connected transactions of the Group as detailed in the circular of the Company dated December 11, 2020 (the “**Previous Engagement**”). Apart from normal professional fees paid or payable to us in connection with the Previous Engagement, we did not have any other relationships or interests with the Group and the Tencent Group. Given (i) our independent roles in the Previous Engagement; (ii) none of the members of our parent group is a direct party to the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder; and (iii) our fee for this present engagement with the Company, in addition to those for the Previous Engagement, represented an insignificant percentage of revenue of our parent group, we consider that the Previous Engagement would not affect our independence, and we consider ourselves independent, to provide our advice and form our opinion in respect of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps).

### BASIS OF OUR ADVICE

In arriving at our recommendation, 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 of the Group (collectively, 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 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.

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 on which to form 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 the omission of which 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 Management, nor have we conducted an independent investigation into the business and affairs of the Group and the Tencent Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation regarding the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps), we have taken into consideration the following principal factors and reasons:

#### 1. Background of the Group, Tencent and Tencent Computer

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. According to the annual report of the Company for the year ended December 31, 2020 (the "**2020 Annual Report**"), substantially all of the revenue of the Group for the year ended December 31, 2020 was generated from external customers attributed to the PRC. Tencent is a substantial shareholder of the Company.

Tencent Computer is a subsidiary of Tencent and principally engages in the provision of value-added services and Internet advertising services in the PRC. Tencent is a leading China-based technology Company. Tencent and its subsidiaries are principally engaged in the businesses of communication and social, games, digital content, online advertising, FinTech and business services. Shares of Tencent (00700.HK) are listed on the Main Board of the Stock Exchange. We have reviewed the annual report of Tencent for the year ended December 31, 2020 (the "**Tencent 2020 Annual Report**") and we understand, among other things:

- throughout the past decade, 微信 (Weixin) has evolved from an instant messaging app to a service meeting the digital needs of over 1.2 billion users. Each day, more than 120 million users post in "Moments", 360 million users read "Official Accounts" articles and 400 million users access "Mini Programs"; and
- the Tencent Group has integrated its advertising platforms, strengthening its own properties as well as mobile advertising network as preferred choices for advertisers. In "Weixin Moments", the Tencent Group enabled performance-oriented advertisers to link their advertisements to "Mini Programs", boosting their sales conversion. Moreover, its mobile advertising network offered customised in-app advertising solutions, ramping up in-game advertising revenue from third-party game companies and Internet services providers. Looking forward, the Tencent Group will continue to strengthen its recommendation algorithms and analytic services to increase user acquisition efficiency and sales conversion for advertisers.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In view of the competitive strengths and market position of the Tencent Group, the Group has been strategically and closely cooperating with the Tencent Group to enhance the business development of the Group. We have reviewed the 2020 Annual Report and we understand, among other things:

- the Group strengthened its cooperation with Tencent to explore the business potentials within its ecosystem. The Group maintained stable and effective traffic channels from 微信 (Weixin) mini program and continued to deepen cooperation with Tencent. In year 2020, approximately 81% of the average monthly active users (MAUs) was contributed from Weixin mini program with majority of the traffic from Weixin Pay interface/entry points and the drop-down list of users' favorite or most frequently used mini programs. The Group has experienced a change in the layout of Weixin Pay interface/entry points in the fourth quarter of 2020. The new layout presents our two portals under a separate category of "Travel & Transportation", enhancing the visibility and recognition of the portals of the Group. The Group deepened its cooperation with Weixin by further exploring the potential of the "Search+Travel" ecosystem which allows users to have quick access to the transportation ticketing services of the Group by conducting keyword search on Weixin platforms; and
- the Group also expanded its cooperation with Tencent by launching various marketing campaigns with its online games platform, so as to increase brand recognition among younger generations and tie in with brand image and company strategies. Moreover, the Group further delved into the cooperation with Tencent to broaden traffic sources. The Group was Tencent's first partner in the online travel agency industry to convert users to the Group's mini program directly from different Tencent-based platforms such as "Tencent Video" and "Tencent Music". This has helped to increase the advertising efficiency of the Group significantly. The Group also started a partnership with QQ Weather in late 2020 to enhance interactions with younger users.

For further details of the background of, among other things, the co-operation between the Group and the Tencent Group, please refer to the prospectus and the annual reports of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Reasons for the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement

The outbreak of COVID-19 has caused material adverse impacts to the global economy and the travel industry. For instance, many regions in the world had to restrict local and/or international travels to contain the spread of the virus, which significantly impaired the tourism industry on a worldwide scale. Fortunately, along with the roll out of vaccines and other public health measures, the global economy and the travel industry are gradually recovering from the crisis.

In respect of the recovery of the global economy and the PRC economy, we have reviewed, among other things, the economic information in the report titled *World Economic Outlook Update* dated July 2021 (the “**IMF Report**”) published by the International Monetary Fund (國際貨幣基金組織). The following table illustrates the expected performance of the macro-economic environment in terms of annual percentage change of gross domestic product (“**GDP**”).

	For the year ended		For the year ending	
	December 31, 2019	2020	December 31, 2021	2022
World real GDP	+2.8%	-3.2%	+6.0%	+4.9%
of which				
the PRC	+6.0%	+2.3%	+8.1%	+5.7%

Source: the IMF Report (July 2021)

With reference to the above table, we note that the global economy, including the PRC economy, was adversely impacted in year 2020, but is expected to recover from year 2021 onwards.

We understand the PRC has been one of the most popular tourist destination, where we note from the report titled *International Tourism Highlights 2020 Edition* published by the World Tourism Organization (UNWTO) that the PRC ranked 4th in the world in terms of international tourist arrivals in year 2019. We also understand that the PRC government supports the development of the PRC tourism industry, where we note from “十四五”文化和旅遊市場發展規劃 (*the 14th Five-Year Development Plan of the Cultural and Tourism Market*) published by the Ministry of Culture and Tourism of the PRC (中國文化和旅遊部) in May 2021, among other things, (i) the PRC government encourages the digitalization of the tourism market, including the use of 5G, big data and cloud computing to improve service quality; and (ii) the PRC government encourages travel agencies, tourist spots, hotels and hostels to strengthen their cooperation with online travel agencies to enhance development. While the complete relaxation of the international travel restrictions may not take place in the short term, we understand the general public who wish to have a tour may have to shift from the international ones to the domestic ones, favouring the local tourism industry. We have also



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reviewed information published on the website of the Ministry of Culture and Tourism of the PRC (中國文化和旅遊部) and we understand that, during the recent 五一假期 (May Day Holiday) in year 2021, local tourism (in terms of number of tourists) in the PRC, rose by approximately 120% year on year and represented approximately 103% of the level before the outbreak of COVID-19.

We also understand that the Group promptly reacted to and benefited from the aforementioned shift in industry trend. We have reviewed the 2020 Annual Report and noted, among other things, (i) since the COVID-19 pandemic has seriously curbed outbound travels, demands for domestic travel have blossomed, signifying greater market potential for the Group as it mainly focus on domestic travel market; and (ii) users started to shift their preferences towards local and short-haul travel due to policy restrictions, which was one of key catalysts for the growth in the hotel and tourist attraction businesses of the Group.

With reference to the letter from the Board in the Circular, (i) Tencent is a leading provider of Internet value-added services in the PRC, therefore the cooperation with the Tencent Group and the utilization of its traffic support and advertising and marketing promotion services would enable the Group to leverage Tencent's large user base and attract more consumers and merchants to the platform of the Group to enlarge user base and enhance business growth; (ii) the traffic support and advertising and marketing promotion services provided by the Tencent Group will 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 its business; and (iii) the provision of advertising and marketing promotion services by the Group to the Tencent Group will bring synergies to both the Group and the Tencent Group, thereby providing the Group with a steady revenue stream and broadening return to the Shareholders as a whole. We are advised by the Management that the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement facilitates the Group to continue to be able to utilise the Tencent's Key Services, so as to continue to generate business volume and revenue for the Group through these channels in the coming years.

Having considered, in particular, (i) the COVID-19 pandemic has seriously curbed outbound travels and demands for domestic travel have blossomed in the PRC; (ii) Tencent is a leading provider of Internet value-added services in the PRC, where Weixin has a huge number of users; (iii) the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement facilitates, among other things, the advertising of the online travel business of the Group via the Tencent's Key Services; (iv) the historical long term strategic cooperation between the Group and the Tencent Group as mentioned in the section headed "Background of the Group, Tencent and Tencent Computer" above; and (v) the terms of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps) are fair and reasonable as discussed below, we are of the view that the entering into of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

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### **3. Principal terms of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement**

On July 30, 2021, Tencent Computer and the Company entered into the 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 the Company (and/or any of its subsidiaries or Contractual Affiliated Entities) with traffic support via, among others, its key services, channels, products and tools, including but not limited to authorizing the Company to utilize the Tencent's Key Services, software and intellectual property rights of Tencent Computer, and 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 services to the Company (and/or any of its subsidiaries or Contractual Affiliated Entities), including but not limited to advertisement promotion, membership and video benefits and product operation services; and (iii) the Company (and/or any of its subsidiaries or Contractual Affiliated Entities) has agreed to provide advertising and marketing promotion services to Tencent Computer (and/or any of its subsidiaries or associates), including but not limited to advertisement promotion and membership and video benefits. As the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement has expanded the scope of services to be provided under the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement, Tencent Computer and the Company also agreed to terminate the Marketing Services Framework Agreement and the Supplemental Marketing Services Framework Agreement with effect from the effective date of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement.

Pursuant to the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, the prices and/or services fees of each definitive agreement to be entered into shall be based on (1) the standard prices published on the official websites of (i) the Company or any of its subsidiaries or Contractual Affiliated Entities, if applicable, and (ii) Tencent Computer or any of their subsidiaries or associates, if applicable, or (2) the prices and terms offered to independent third parties. The Company (and/or any of its subsidiaries or Contractual Affiliated 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 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. As further detailed in the letter from the Board in the Circular and the section headed "Internal control measures for the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement" below, the internal control measures of the Group include, among other things, the Group will compare historical transaction fees with other services providers and obtain service fee quotes from two other comparable service providers and will review the standard prices published on the official website of the Tencent Group to ensure the terms of the transactions under the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement are no less favourable to the Group than those with independent third parties.

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With reference to the aforementioned pricing terms, we have reviewed a total of four sets of sample transaction documents (two of which involved transactions payable by the Group and two of which involved transactions payable by the Tencent Group) entered into with connected parties in connection with the Transactions (i.e. the transactions contemplated under the Marketing Services Framework Agreement before the entering into of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement). We understand that (i) the reviewed samples allowed us to understand the pricing mechanism and internal control of the Group; (ii) the sample size was in line with our usual practice; and (iii) these reviewed transactions 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.

We also note from the annual reports of the Company for each of the two years ended December 31, 2020 that, in accordance with the Listing Rules, (i) the independent auditor of the Company, namely PricewaterhouseCoopers, was engaged to report on the continuing connected transactions of the Group for each of the two years ended December 31, 2020 and the independent auditor of the Company issued its unqualified letters in respect of such transactions; and (ii) the independent non-executive Directors have also reviewed the continuing connected transactions of the Group for each of the two years ended December 31, 2020 and confirmed that such transactions were, among other things, on normal commercial terms or better and on terms that are fair and reasonable.

Having considered, in particular, (i) our review of the pricing terms of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement, 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 independent 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 procedures in relation to the review of pricing terms with independent third parties, we are of the view that the terms of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 4. The Proposed Annual Caps

The following table sets out the actual transaction amounts and annual caps of the Transactions, including (i) service fees in relation to traffic support (“**Traffic Support Service Fees**”) payable by the Group; (ii) service fees in relation to advertising and marketing promotion services (“**Marketing Service Fees**”) payable by the Tencent Group; and (iii) Marketing Service Fees payable by the Group as extracted from the letter from the Board in the Circular.

	Historical actual transaction amounts				Proposed Annual Caps <sup>(3)</sup>		
	From August 29, 2019 <sup>(1)</sup> to December 31, 2019	For the year ended December 31, 2020	For the six months ended June 30, 2021	For the five months ending December 31, 2021	For the year ending December 31, 2022	For the year ending December 31, 2023	For the seven months ending July 31, 2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Traffic Support Service Fees payable by the Group</b>	-	-	-	210,000	540,000	580,000	360,000
<b>Marketing Service Fees payable by the Tencent Group</b>	24,963	7,589	6,035	23,000 <sup>(2)</sup>	66,000	79,000	55,000
<b>Marketing Service Fees payable by the Group</b>	14,179	75,332	24,108	213,333 <sup>(2)</sup>	608,000	776,800	512,113

*Notes:*

- The Marketing Services Framework Agreement was entered into on August 29, 2019.
- As stated in the letter from the Board in the Circular, the proposed annual caps for the year ending December 31, 2021 in respect of the Marketing Service Fees payable by the Tencent Group and the Group are RMB54,733,000 and RMB336,183,000, respectively, which are calculated based on the sum of (i) the respective Proposed Annual Caps for the five months ending December 31, 2021 as shown in the above table; and (ii) the respective derived annual cap of the Marketing Services Framework Agreement (as supplemented by the Supplemental Marketing Services Framework Agreement) for the seven months ended July 31, 2021 which was computed, on a pro-rata basis, based on the existing annual cap for the year ending December 31, 2021 as stated in the announcement of the Company dated October 11, 2020.
- The Proposed Annual Caps do not represent a forecast of the transaction amounts of the Transactions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(i) Proposed Annual Caps for the Traffic Support Service Fees payable by the Group*

In respect of the Proposed Annual Caps for the Traffic Support Service Fees payable by the Group, we have discussed with and have been advised by the Management that:

- the Traffic Support Service Fees are in relation to, among other things, authorizing the Group to utilize the Tencent's Key Services (including Weixin and Mobile QQ), software and intellectual property rights of Tencent Computer, and provision of certain professional technology services;
- the historical actual transaction amounts were nil for the recent past periods because no payment was required to be paid by the Group during the period from the date of the listing of the Company on the Stock Exchange on November 26, 2018 (the "**Listing**") up to July 31, 2021 pursuant to the relevant cooperation agreements entered into between the Group and the Tencent Group as a one-off payment was settled before the Listing as mentioned in the letter from the Board in the Circular;
- the Proposed Annual Cap for the five months ending December 31, 2021 was determined based on, among other things, (i) the business contribution and importance of the effective and stable traffic channels from the Tencent's Key Services (including Weixin and Mobile QQ); and (ii) the revenue of the Group in view of 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; and
- following year 2021, the general economy of the PRC is expected to recover. For each of the year ending December 31, 2022, the year ending December 31, 2023 and the seven months ending July 31, 2024, the monthly average amount of the Proposed Annual Cap represents a growth rate of around 6% to 7% as compared with that for the previous period. For instance, the monthly average amount of the Proposed Annual Cap for the year ending December 31, 2022 represents an increase of approximately 7% as compared with that for the five months ending December 31, 2021. Such growth rate has taken into account, among other factors, the recovery of the general economy of the PRC in the upcoming years.

As previously mentioned, we note from the 2020 Annual Report that approximately 81% of the average monthly active users (MAUs) of the Group for the year ended December 31, 2020 was contributed from Weixin mini program. Moreover, with reference to the letter from the Board in the Circular, approximately 83% of the average monthly active users (MAUs) of the Group in the first quarter of 2021 was contributed from Weixin mini program. Based on our review, we also note that, for each of the two full

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financial years ending December 31, 2023, the Proposed Annual Cap for the Traffic Support Service Fees payable by the Group represents less than 10% of the revenue of the Group for the year ended December 31, 2020.

Taking into account, in particular, (i) the Traffic Support Service Fees are in relation to, among other things, the operation of the portals of the Group via the Tencent's Key Services, where such operation has been important to the business development and revenue generation of the Group since the Listing, in particular, approximately 83% of the average monthly active users (MAUs) of the Group in the first quarter of 2021 was contributed from Weixin mini program; (ii) for each of the two full financial years ending December 31, 2023, the Proposed Annual Cap represents less than 10% of the revenue of the Group for the year ended December 31, 2020, 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 have taken into account factors including the recovery of the general economy of the PRC in the upcoming years, where its GDP is expected to grow at around 5% to 8% as aforementioned, we consider the Proposed Annual Caps for the Traffic Support Service Fees payable by the Group to be fair and reasonable so far as the Independent Shareholders are concerned.

***(ii) Proposed Annual Caps for the Marketing Service Fees payable by the Tencent Group***

In respect of the Proposed Annual Caps for the Marketing Service Fees payable by the Tencent Group, we have discussed with and have been advised by the Management that:

- the Proposed Annual Cap for the five months ending December 31, 2021 of RMB23 million was determined based on, among other things, (i) the actual transaction amount of approximately RMB25 million achieved during the period from August 29, 2019 to December 31, 2019 as shown in the above table; and (ii) the possibility of recovery from the COVID-19 pandemic crisis which impaired economy and business performances in year 2020; and
- following year 2021, the business of the Tencent Group is expected to continue to grow. For each of the year ending December 31, 2022, the year ending December 31, 2023 and the seven months ending July 31, 2024, the monthly average amount of the Proposed Annual Cap represents a growth rate of around 19% to 20% as compared with that for the previous period. For instance, the monthly average amount of the Proposed Annual Cap for the year ending December 31, 2022 represents an increase of approximately 20% as compared with that for the five months ending December 31, 2021. Such growth rate has taken into account, among other factors, the continuous development of the business and thereby the expected possible increase in demand in the future for advertising of the Tencent Group.

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We have reviewed the Tencent 2020 Annual Report and we note that (i) the revenue of the Tencent Group recorded a compound annual growth rate of approximately 33% for the five years ended December 31, 2020; and (ii) the Proposed Annual Cap for the Marketing Service Fees payable by the Tencent Group for each of the two full financial years ending December 31, 2023 merely represents less than 0.02% of the revenue of the Tencent Group for the year ended December 31, 2020.

Taking into account, in particular, (i) the transactions are revenue in nature to the Group; (ii) the actual achieved transaction amount in year 2019 and the possibility of recovery from the COVID-19 pandemic crisis; and (iii) the achieved growth rate of the business of the Tencent Group leading to the expected possible increase in demand in the future for advertising of the Tencent Group, we consider the Proposed Annual Caps for the Marketing Service Fees payable by the Tencent Group to be fair and reasonable so far as the Independent Shareholders are concerned.

*(iii) Proposed Annual Caps for the Marketing Service Fees payable by the Group*

In respect of the Proposed Annual Caps for the Marketing Service Fees payable by the Group, we have discussed with and have been advised by the Management that:

- the Proposed Annual Cap for the five months ending December 31, 2021 had taken into account (i) the historical actual transaction amounts; (ii) the reduction in marketing expenses spent by the Group since the beginning of year 2020 due to the COVID-19 pandemic, which led to a low actual historical transaction amount in the recent periods; (iii) the current strategy of the Group to significantly strengthen its marketing efforts and increase its marketing budget in the upcoming periods since the fourth quarter of 2021 along with the recovery from the COVID-19 pandemic; (iv) the total revenue of the Group and the necessity of cooperation with the Tencent Group in view of the market leading position of the Tencent Group; (v) the Group's branding and lower-tier cities markets strategy to increase the intensity and scale of marketing and promotion activities, such as increasing the promotion of Tongcheng-Elong application in order to promote the Group's products and services; and (vi) the Group's plan to further expand the scope and scenarios of cooperation in marketing and promotion between the Group and the Tencent Group, such as traffic replacement and joint event operations; and
- following year 2021, the Group's business may considerably recover from the outbreak of the COVID-19 pandemic. For each of the year ending December 31, 2022, the year ending December 31, 2023 and the seven months ending July 31, 2024, the monthly average amount of the Proposed Annual Cap represents a growth rate of approximately 19%, 28% and 13% as compared with that for the previous period, respectively. Such growth rate has taken into account, among other factors, the possible recovery of the business of the Group following the outbreak of the COVID-19 pandemic.



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We have reviewed the 2020 Annual Report and we noted that (i) the Proposed Annual Cap for the Marketing Service Fees payable by the Group for each of the two full financial years ending December 31, 2023 represents approximately 10% and 13%, respectively, of the revenue of the Group for the year ended December 31, 2020; (ii) the recovery of the revenue of the Group from the year ended December 31, 2020 back to the revenue level for the year ended December 31, 2019 would imply a growth of approximately 25%; and (iii) the revenue of the Group recorded a compound annual growth rate of approximately 28% for the five years ended December 31, 2020. In addition, as stated in the letter from the Board in the Circular, (i) the Group considered that it has been marketing through the advertisement and promotion services provided by the Tencent Group efficiently and effectively since year 2019 as demonstrated by the number of new customers attracted and the number of active users converted into paying users; (ii) despite the challenging market situation during COVID-19 which led to a lower actual historical transaction amount in the recent periods, the Group still recorded a year on year increase of average monthly active users (MAUs) from approximately 27.1 million to approximately 28.7 million and an increase of paying ratio from approximately 13.2% to approximately 14.6% in the fourth quarter of 2020; and (iii) the Group is expected to 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 upcoming period since the fourth quarter of 2021 along with the recovery from COVID-19.

Taking into account, in particular, (i) the established mutual strategic cooperation relationship between the Group and the Tencent Group (including but not limited to the mutual provision of advertising and marketing promotion services) has been important to the revenue generation of the Group, where the Group can further leverage on the market position of the Tencent Group to further develop its businesses; (ii) the strategy of the Group to significantly strengthen its marketing efforts and increase its marketing budget in the upcoming periods along with the possible recovery from the COVID-19 pandemic; (iii) the Proposed Annual Caps as a percentage of the revenue of the Group, in particular, the Proposed Annual Cap for the year ending December 31, 2022 represents approximately 10% of the revenue of the Group for the year ended December 31, 2020, which is acceptable after having considered the importance of the Tencent Group to the ongoing revenue generation of the Group; and (iv) the historical growth trend of the businesses of the Group, we consider the Proposed Annual Caps for the Marketing Service Fees payable by the Group to be fair and reasonable so far as the Independent Shareholders are concerned.



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### 5. Internal control measures for the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement

As stated in the letter from the Board in the Circular, the Group has a comprehensive internal control system to ensure that the terms of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement are fair and reasonable, and the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement is conducted on normal commercial terms or better and in the ordinary course of business of the Group, and in the interests of the Company and the Shareholders as a whole, where the 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 services to be provided by the Company (and/or any of its subsidiaries or Contractual Affiliated Entities), the relevant personnel of the business department of the Company will conduct regular 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 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 regular checks on 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 regularly monitor the actual amounts incurred for each type of continuing connected transactions for the purpose of ensuring the relevant annual caps are not exceeded;
- (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;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (vi) the team of senior management of the Group organizes and runs internal control tests regularly 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 parties 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;
- (viii) the team of senior management of the Group collects and reviews continuing connected transactions each month in order to guarantee (i) the connected parties have fulfilled the terms of the agreements in relation to continuing connected transactions during the relevant month and (ii) the actual transaction amounts incurred and estimated to be incurred between the Company and the connected parties are within the annual caps; and
- (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 (i) in the Group's ordinary course of business, (ii) in accordance with normal commercial terms or better and on terms that are fair and reasonable, (iii) in accordance with the terms of the relevant agreements, and (iv) in the interests of the Company and the Shareholders as a whole.

Based on (i) the aforesaid internal control measures of the Group, particular the procedures to review the pricing terms with independent third parties; and (ii) the track record of compliance by the Group as aforementioned, we consider the Group has sufficient internal control measures for the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the entering into of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. We are also of the opinion that the terms of the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder are on normal commercial terms and, together with the bases of determining the Proposed Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves advise, the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps) at the Extraordinary General Meeting.

Yours faithfully,

For and on behalf of

**First Shanghai Capital Limited**

**Nicholas Cheng**

*Director*

**Roger Tang**

*Vice President*

*Note:* Mr. Nicholas Cheng has been a Responsible Officer and Mr. Roger Tang has been a Representative of Type 6 (advising on corporate finance) regulated activity under the SFO and have extensive experience in corporate finance industry. They have participated in the provision of independent financial advisory services for, and completed, numerous connected transactions involving companies listed in Hong Kong.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company 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 <sup>(1)</sup>	Founder of a discretionary trust, Beneficial interest	16,074,600 (L)	0.73% (L)
Mr. Ma Heping <sup>(2)</sup>	Founder of a discretionary trust, Beneficial interest	33,438,810 (L)	1.51% (L)
Mr. Jiang Hao <sup>(3)</sup>	Interest of controlled corporation, Beneficial Interest, Grantee of restricted shares units	9,462,950 (L)	0.43% (L)
Mr. Liang Jianzhang <sup>(4)</sup>	Interest of spouse	3,099,200 (L)	0.14% (L)

(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 and 500,000 options were granted to Mr. Wu pursuant to the 2018 Share Incentive Plan and 2019 Share Option Plan on March 9, 2018, May 18, 2018 and October 23, 2020, respectively. As at the Latest Practicable Date, Mr. Wu beneficially owns 7,499,200 options granted pursuant to the 2018 Share Incentive Plan and 2019 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 and 1,600,000 options were granted to Mr. Ma pursuant to the 2018 Share Incentive Plan and 2019 Share Option Plan on March 9, 2018, May 18, 2018, September 1, 2018, December 20, 2019 and October 23, 2020, respectively. As at the Latest Practicable Date, Mr. Ma beneficially owns 23,939,670 options granted pursuant to the 2018 Share Incentive Plan and 2019 Share Option Plan.

- (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) 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**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Number of shares held</b>	<b>Approximate percentage of interests (%)</b>
Mr. Wu Zhixiang <sup>(1)</sup>	Tongcheng Network	25,447,745	22.86%
	Suzhou Chengyi	N/A <sup>(1)</sup>	51.0%
Mr. Ma Heping	Tongcheng Network	1,093,162	0.98%
	Suzhou Chengyi	N/A <sup>(1)</sup>	49.0%
Mr. Jiang Hao	Beijing E-dragon	N/A <sup>(1)</sup>	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	Number of Shares held	Approximate percentage of shareholding in the total issued share capital
TCH Sapphire Limited (“ <b>TCH Sapphire</b> ”) <sup>(1)</sup>	Beneficial owner	310,899,020 (L)	14.05% (L)
Image Frame Investment (HK) Limited (“ <b>Image Frame</b> ”) <sup>(1)</sup>	Beneficial owner	158,365,730 (L)	7.16% (L)
Tencent Holdings Limited (“ <b>Tencent</b> ”) <sup>(1)</sup>	Interest in controlled corporations	476,215,740 (L)	21.52% (L)
C-Travel International Limited (“ <b>C-Travel</b> ”) <sup>(2)</sup>	Beneficial owner	288,273,190 (L)	13.03% (L)
	Interest in controlled corporations <sup>(3)</sup>	122,995,180 (L)	5.56% (L)
		411,268,370 (L)	18.59% (L)
Ctrip.com (Hong Kong) Limited (“ <b>Ctrip Hong Kong</b> ”) <sup>(2)</sup>	Beneficial owner	148,966,590 (L)	6.73% (L)
Trip.com Group Limited (“ <b>Trip.com Group</b> ”) <sup>(3)</sup>	Interest in controlled corporations	560,234,960 (L)	25.32% (L)
T. Rowe Price Associates, Inc. and its Affiliates	Beneficial owner	111,617,800 (L)	5.05% (L)

(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 of the Company 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:

<b>Name</b>	<b>Qualifications</b>
First Shanghai	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO

- (a) As at the Latest Practicable Date, First Shanghai 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, 2020, 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) First Shanghai 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, 2020, being the date to which the latest published audited financial statements of the Company have been made.

**6. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

**7. 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)).

**8. INTERESTS OF DIRECTORS**

- (a) The Directors are not aware of any Director or his respective 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 2020 Annual Report, the announcement of the Company dated July 30, 2021 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, 2020, 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.



**9. 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 Mansion, No. 188 Yuxin 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.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours on Monday to Friday (other than public holidays) at the offices of Davis Polk & Wardwell at 18th Floor, The Hong Kong Club Building, 3A Chater Road, Hong Kong, from the date of this circular up to and including September 28, 2021:

- (a) the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 23 to 24 of this circular;
- (c) the letter of advice issued by First Shanghai, being the Independent Financial Adviser, the text of which is set out on pages 25 to 41 of this circular; and
- (d) the written consent referred to in paragraph 4 of this Appendix I.

# NOTICE OF EXTRAORDINARY GENERAL MEETING



## Tongcheng-Elong Holdings Limited 同程藝龍控股有限公司

(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 (“**Extraordinary General Meeting**”) of Tongcheng-Elong 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 Tuesday, September 28, 2021 at 3:00 p.m. for the following purposes:

#### AS ORDINARY RESOLUTIONS

##### 1. “THAT

- (i) the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement (the “**Tencent Strategic Cooperation and Marketing Promotion Framework Agreement**”) dated July 30, 2021 entered into between the Company and Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (ii) the proposed annual caps in relation to the transactions contemplated under the Tencent Strategic Cooperation and Marketing Promotion Framework Agreement as specified below be and are hereby approved, ratified and confirmed:

	For the five months ending December 31, 2021 (RMB'000)	For the year ending December 31, 2021 (RMB'000)	For the year ending December 31, 2022 (RMB'000)	For the year ending December 31, 2023 (RMB'000)	For the seven months ending July 31, 2024 (RMB'000)
Service fees payable by the Group in relation to traffic support	210,000	210,000	540,000	580,000	360,000
Service fees payable by the Tencent Group in relation to advertising and marketing promotion services	23,000	54,733	66,000	79,000	55,000

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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	For the five months ending December 31, 2021 <i>(RMB'000)</i>	For the year ending December 31, 2021 <i>(RMB'000)</i>	For the year ending December 31, 2022 <i>(RMB'000)</i>	For the year ending December 31, 2023 <i>(RMB'000)</i>	For the seven months ending July 31, 2024 <i>(RMB'000)</i>
Service fees payable by the Group in relation to advertising and marketing promotion services	213,333	336,183	608,000	776,800	512,113

- (iii) any director of the Company 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 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 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.”

### AS SPECIAL RESOLUTION

#### 2. “THAT

subject to and conditional upon the approval of the Registrar of Companies in the Cayman Islands having been obtained, the English name and the dual foreign name in Chinese of the Company be changed from “Tongcheng-Elong Holdings Limited 同程藝龍控股有限公司” to “Tongcheng Travel Holdings Limited 同程旅行控股有限公司” respectively, and that any one or more of the directors or the company secretary of the Company be and are hereby authorised to do all such acts, deeds and things and execute all such documents and make all such arrangements as he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the change of company name and to attend to any necessary registration and/or filing for and on behalf of the Company.”

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

Hong Kong, September 10, 2021

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*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 Shops 1712-1716, 17th 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 23, 2021 (Thursday) to September 28, 2021 (Tuesday), 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 21, 2021 (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.