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Tongcheng Travel Holdings Limited

同程旅行控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0780)

INSIDE INFORMATION

LETTER OF INTENT IN RELATION TO A POSSIBLE ACQUISITION

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

THE POSSIBLE ACQUISITION

Letter of Intent

The Board is pleased to announce that on February 19, 2023, the Investor (an indirect wholly-owned subsidiary of the Company), the Target Company and the Sellers entered into the Letter of Intent, pursuant to which, it is proposed that the Sellers shall sell, and the Investor shall acquire, the Target Equity for a total consideration not exceeding an indicative consideration of RMB700 million. The exact consideration is expected to be determined in the definitive and legally-binding formal agreement(s) (the “**Definitive Agreement(s)**”) which may be entered into amongst the parties after arms’ length negotiations.

Exclusivity Period and Earnest Money

Pursuant to the Letter of Intent, each of the Sellers has undertaken with the Investor not to (whether directly or indirectly through his or her respective representatives), during the period within 180 calendar days from the Letter of Intent or such other date as agreed in writing by the parties (both days inclusive) (the “**Exclusivity Period**”), discuss, negotiate and/or enter into any agreement, arrangement or understanding with any other party with respect to the disposal of all or any part of the Target Equity.

The Investor shall pay RMB70 million as earnest money (the “**Earnest Money**”) to the Sellers within 5 working days of the date of the Letter of Intent. The payment of the Earnest Money shall be applied to offset the total consideration for the Possible Acquisition in the event the Definitive Agreement(s) has been entered. It is expected that the payment of the total consideration shall be settled by the Group by internal resources.

If the parties fail to enter into a Definitive Agreement within 180 calendar days from the Letter of Intent, or the Letter of Intent is otherwise terminated for any reason whatsoever by the parties thereto, the Sellers shall return the Earnest Money in full to the Investor (without any deduction or set off) within 15 working days of the date of termination of the Letter of Intent or notice in writing by the Investor (whichever is earlier).

Non-legally binding effect

As at the date of this announcement, the Possible Acquisition and the terms and conditions of the Letter of Intent are not legally-binding to the parties thereof, save for those provisions relating to Earnest Money, confidentiality, Exclusivity Period, expenses, governing law and dispute resolution.

The Target Group and the Sellers

The Target Group is principally engaged in inbound, domestic and outbound tourism businesses through its travel agencies. As of the date of this announcement, the Target Company was held as to approximately 95.92% by Tongcheng Air Travel and 4.08% by Suzhou Tiancheng. In the event that the Possible Acquisition materializes, the Investor will become the sole shareholder to the Target Company, and the Target Company shall become an indirectly wholly-owned subsidiary of the Company, the financial results of which shall be consolidated into the financial statements of the Group.

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

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

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

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group is a market leader in China's online travel industry, and offers a comprehensive and innovative selection of products and services covering nearly all aspects of travel. The Company has been exploring potential acquisition, investment, joint venture and partnership opportunities which it believes to be in line with the overall business strategies of the Group. Since November 2022, with the nation-wide optimization of pandemic prevention and control strategy, the tourism industry has embarked on a real opportunity to commence its recovery from COVID-19 since 2020. In the recent months, various tourism and travelling activities of Chinese citizens have spiked significantly, with business activities of various tourism-related sectors returning to normalcy at an accelerating pace. With the relaxation of travel restrictions, the Company considers that 2023 will be the year in which the tourism industry will blossom at an extraordinary pace. In order to benefit from the unprecedented wave of inbound and outbound travel, the Company wishes to seize any suitable investment opportunities in this post-pandemic era.

Through the Possible Acquisition, the ecosystem of tourism related businesses currently offered by the Group can be further supplemented in terms of vacation products and content offering. With more value-added travel products and services added to the Group's portfolio, customer online duration and stickiness can be improved and thereby increasing the average revenue per user value of existing users. The Company is confident that the Possible Acquisition, together with the Disclosed Transactions, can allow to the Group to further achieve greater economies of scale, solidify its market leading first-mover advantage and further strengthen its market position of comprehensive travel product and service offerings.

IMPLICATION UNDER THE LISTING RULES

The Board wishes to emphasize that the Possible Acquisition is subject to the entering into of the Definitive Agreement(s) and the terms of which are subject to further negotiations among the Investor and the Sellers. As at the date of this announcement, no Definitive Agreement has been entered into. Accordingly, the Possible Acquisition may or may not proceed.

Given that the Possible Acquisition and the Disclosed Transactions would be entered into by wholly-owned subsidiaries (or consolidated affiliated entity(ies)) of the Company with the same party or with parties connected or otherwise associated with one another; and would be all completed within a 12-month period, the Possible Acquisition and the Disclosed Transactions would be required to be aggregated as a series of transactions pursuant to Rules 14.22 and 14.23 of the Listing Rules. Accordingly, in the event that the Definitive Agreement(s) is entered into by the parties in relation to the Possible Acquisition after completion of, inter alia, due diligence procedures, (i) the Possible Acquisition, on a standalone basis, is expected to constitute a discloseable transaction of the Company; and (ii) the Possible Acquisition and the Disclosed Transactions, on an aggregated basis, is expected to constitute a discloseable transaction of the Company and shall, in each case, be subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Company will make further announcement(s) as and when appropriate in relation to any material development in the Possible Acquisition and to fulfill its disclosure obligations in accordance with the Listing Rules in a timely manner.

As at the date of this announcement, the scope, consideration and other material terms of the Possible Acquisition are not yet determined. The Possible Acquisition is subject to the conclusion of Definitive Agreement(s) and various regulatory and corporate approvals, and may or may not proceed. There is no assurance that the parties will enter into the Definitive Agreement or that the Possible Acquisition will be implemented or finalized. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Tongcheng Travel Holdings Limited (同程旅行控股有限公司) (formerly known as Tongcheng-Elong Holdings Limited (同程藝龍控股有限公司)), an exempted company incorporated under the laws of the Cayman Islands with limited liability the Shares of which are listed on the Stock Exchange (stock code: 780);
“Definitive Agreement(s)”	has the meaning ascribed to it in the section headed “Letter of Intent” in this announcement;
“Director(s)”	the director(s) of the Company;
“Disclosed Transactions”	the series of capital contributions and equity transfers made by the Group and as disclosed in the announcement of the Company dated December 29, 2022;
“Earnest Money”	has the meaning ascribed to it in the section headed “Exclusivity Period and Earnest Money” in this announcement;
“Exclusivity Period”	has the meaning ascribed to it in the section headed “Exclusivity Period and Earnest Money” in this announcement;
“Group”	the Company, its subsidiaries and consolidated affiliated entities;
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules);
“Investor”	eLong Net Information Technology (Beijing) Co., Ltd. (藝龍網信息技術(北京)有限公司), a registered wholly foreign owned enterprise under the PRC laws and an indirect wholly-owned subsidiary of Company principally engaged in the provision of platform service of hotel business;

“Letter of Intent”	the letter of intent dated February 19, 2023 entered into amongst the Investor, Tongcheng Air Travel and Suzhou Tiancheng (each as a Seller), the Target Company in relation to the possible transfer of the Target Equity;
“Limited Partnership”	Suzhou Huafan Runhe Venture Capital Partnership (Limited Partnership)* (蘇州華帆潤禾創業投資合夥企業(有限合夥)), (i) the general partner of which is Suzhou Industrial Park Investment Management; (ii) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, was held by (a) Shenzhen Lihui Fengying No. 1 Venture Capital Partnership (Limited Partnership)* (深圳力滙豐盈一號創業投資合夥企業(有限合夥) as to approximately 47.71% (which in turn was held as to approximately 78.96% by Guangdong Pearl River Investments Co., Ltd.* (廣東珠江投資股份有限公司, the ultimate beneficial owner of which is Mr. Zhu Weihang* (朱偉航)); and (b) by Shenzhen Jinzhen Investment Enterprise (Limited Partnership)* (深圳金澤投資企業(有限合夥) as to approximately 16.78% (which in turn was held as to approximately 20% by five limited partnerships, respectively), and save for the aforesaid, there are no other shareholders who hold 10% or more equity interest in and of the Limited Partnership;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Possible Acquisition”	the possible acquisition of the entire equity interests in the Target Company pursuant to the Letter of Intent;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sellers”	collectively, Tongcheng Air Travel and Suzhou Tiancheng;
“Share(s)”	ordinary share(s) in the share capital of the Company, currently of nominal value USD0.0005 each;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Suzhou Hanglv”	Suzhou Tongcheng Hanglv Technology Co., Ltd.* (蘇州同程航旅科技有限公司), which was held by (a) the Limited Partnership as to approximately 18.00%; (b) by Shanghai Ctrip International Travel Agency Co., Ltd.* (上海攜程國際旅行社有限公司) as to approximately 15.09%; (c) by subsidiaries of Tencent Holdings as to approximately 13.33%; and (d) by Shenzhen Overseas Chinese Town Capital Investment Management Co., Ltd.* (深圳華僑城資本投資管理有限公司, the ultimate beneficial owner of which is the State-owned Assets Supervision and Administration Commission of the State Council* (國務院國有資產監管管理委員會)) as to approximately 11.54% as at the date of this announcement, and save for the aforesaid, there are no other shareholders who hold 10% or more equity interest in and of Suzhou Hanglv;
“Suzhou Industrial Park Investment Management”	Suzhou Industrial Park Tiancheng Jiahua Investment Management Co., Ltd.* (蘇州工業園區天程嘉華投資管理有限公司), which is directly owned as to 20% by each of Mr. Ma Heping (馬和平, an executive Director and chief executive officer of the Company), Mr. Wu Zhixiang (吳志祥, an executive Director and Co-Chairman of the Company), and three Independent Third Parties, namely Mr. Wang Zhuan (王專), Mr. Zhang Hailong (張海龍) and Ms. Wu Jian (吳劍);
“Suzhou Tiancheng”	Suzhou Industrial Park Tiancheng Jiaying Venture Capital Partnership (Limited Partnership)* (蘇州工業園區天程佳境創業投資合夥企業(有限合夥)), the general partner of which is Mr. Wu Jiazhu (吳嘉竹);
“Target Company”	Beijing Tongcheng Tourism Investment Group Co., Ltd.* (北京同程旅業投資集團有限公司), a limited liability company established in the PRC;
“Target Equity”	the entire equity interest in the Target Company held by the Sellers, which represent 100% equity interest in the Target Company as at the date of this announcement;
“Target Group”	collectively, the Target Company and its thirteen (13) subsidiaries;
“Tencent Holdings”	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 of Hong Kong Limited (stock code: 700);

“Tongcheng Air Travel”	Tongcheng Air Travel Service Group Co., Ltd.* (同程航空旅遊服務集團有限公司);
“USD”	United States dollars, the lawful currency of the United States of America; and
“%”	percent.

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

Hong Kong, February 19, 2023

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

Executive Directors

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

Independent Non-executive Directors

Yang Chia Hung
Dai Xiaojing
Han Yuling

Non-executive Directors

Liang Jianzhang (*Co-Chairman*)
Jiang Hao
Cheng Yun Ming Matthew
Brent Richard Irvin

* *For identification purposes only*