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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF 100% EQUITY INTEREST IN THE TARGET COMPANY

EXCLUSIVE FINANCIAL ADVISOR

NOMURA

EQUITY TRANSFER

On April 17, 2025 (after trading hours), the Transferee (a direct wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Transferor, pursuant to which, among others, the Transferee agreed to acquire, and the Transferor agreed to sell, 100% equity interest in the Target Company held by the Transferor for an initial consideration of approximately RMB2,497.3 million (subject to adjustments).

Prior to completion of the Equity Transfer, the Target Company is a wholly-owned subsidiary of the Transferor. Upon completion of the Equity Transfer, the Target Company will become a direct wholly-owned subsidiary of the Transferee, and therefore become an indirect wholly-owned subsidiary of the Company, with the financial results of the Target Group to be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Equity Transfer exceeds 5% but is less than 25%, such transaction constitutes discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the Closing is subject to the fulfilment of the conditions precedent which are detailed in this announcement, the Equity Transfer may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

INTRODUCTION

The Board is pleased to announce that on April 17, 2025 (after trading hours), the Transferee (a direct wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Transferor, pursuant to which, among others, the Transferee agreed to acquire, and the Transferor agreed to sell, 100% equity interest in the Target Company held by the Transferor for an initial consideration of approximately RMB2,497.3 million (subject to adjustments).

Prior to completion of the Equity Transfer, the Target Company is a wholly owned subsidiary of the Transferor. Upon completion of the Equity Transfer, the Target Company will become a direct wholly-owned subsidiary of the Transferee, and therefore become an indirect wholly-owned subsidiary of the Company, with the financial results of the Target Group to be consolidated into the Group's financial statements.

EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

Date

April 17, 2025 (after trading hours)

Parties

- (i) Transferor;
- (ii) Transferee; and
- (iii) Target Company

Nature of the transaction

The Transferee agreed to acquire, and the Transferor agreed to sell, 100% equity interest in the Target Company held by the Transferor.

By acquiring the entire equity interest in the Target Company, the Transferee will consequently obtain and control the hotel operation and management services (including the hotel operation and management services provided under the relevant hotel management contracts and the hotel accommodation services provided to consumers by way of property lease) and the hotel design and construction consultancy services of the Target Group. Further particulars of the Target Company are set out in the section headed "Information of the Target Company" below.

Consideration

The initial consideration agreed under the Equity Transfer Agreement is approximately RMB2,497.3 million (the "**Initial Price**"), being the sum of (a) the enterprise value, (b) the estimated net cash, and (c) the estimated net working capital, subject to the Price Adjustment Mechanism as set out below. The estimated net cash and the estimated net working capital are provided in the pro forma accounts of the Target Group prepared based on the net asset value as at the Reference Date.

Payment Arrangements

The details of payment terms for the Equity Transfer are set out below, subject to the Price Adjustment Mechanism:

Payment and date of payment	Amount and relevant arrangements
Earnest Money: within five (5) business days after the execution of the Equity Transfer Agreement	<p>5% of the Initial Price in the amount of approximately RMB124.9 million, which shall be fully applied towards payment of the Consideration on the Closing Date.</p> <p>In the event that the Closing is not implemented:</p> <ul style="list-style-type: none">(i) due to any reasons attributable to the Transferor in accordance with the terms of the Equity Transfer Agreement, the Earnest Money shall be refunded to the Transferee with an interest rate of SOFR+2%;(ii) due to any reasons attributable to the Transferee in accordance with the terms of the Equity Transfer Agreement, the Earnest Money will not be refunded by the Transferor; or(iii) due to any reasons not attributable to the Transferor or the Transferee in accordance with the terms of the Equity Transfer Agreement, the Earnest Money shall be refunded to the Transferee without any interest.
First installment: Closing Date	<p>92% of the Initial Price in the amount of approximately RMB2,297.5 million deducted by the Pre-adjustment Deduction of approximately RMB18.3 million, resulting a payment of RMB2,279.2 million.</p> <p>In particular, 5% of the Initial Price shall be deposited in an escrow account and be paid to the Transferor on the Closing Date and released to the Transferor with interest after the expiration of first month after the Closing Date (or on such later date as agreed by the Transferee but in any event not more than four months after the Closing Date).</p>
Final installment: within five (5) business days after the first anniversary of the Closing Date	<p>3% of the Initial Price in the amount of approximately RMB74.9 million, subject to adjustment including the addition of the actually recovered amount within 12 months of the Closing Date from the (i) Pre-adjustment Deduction; and (ii) Long-term Receivable (as defined below).</p>

Price Adjustment Mechanism

(a) Closing audit

After the Closing Date, the Transferor and the Transferee shall jointly engage an auditor to prepare the Completion Accounts for the purpose of determining the adjustment to the Initial Price. The Initial Price will be adjusted with reference to (i) any difference of the net cash as at the Closing Date and the estimated net cash, (ii) any difference of the net working capital as at the Closing Date and the estimated net working capital, as the case may be, and shall be paid within 5 business days of mutual agreement. For the avoidance of doubt, the calculation of net cash excludes certain long-term receivable of the Target Group from an Independent Third Party in the amount of approximately RMB22.9 million as at the Reference Date (the “**Long-term Receivable**”).

(b) Reduction of Initial Price

The Initial Price is also subject to, reduction if certain contingencies occur prior to the Closing Date, and further reduction for the occurrence during the six (6) months after, if such events result in impact on the business of the Target Group.

Conditions precedent

Closing of the Equity Transfer is conditional upon the satisfaction or waiver (as the case may be) of the certain conditions on or before the Long Stop Date, and the major conditions precedent include:

(a) Conditions precedent to be fulfilled by Transferor

- (i) the approval from the shareholders of the Transferor in respect of the Equity Transfer with respect to “a very substantial disposal” for the Transferor as defined under Listing Rules, having been obtained;
- (ii) all existing directors of the Target Company nominated by Transferor having tendered their resignation with effect from the Closing Date, and such resignation having been approved by the board of directors of the Target Company;
- (iii) the representations and warranties in the Equity Transfer Agreement being true and accurate on the date of the Equity Transfer Agreement and Closing Date;
- (iv) there having been no material adverse changes in relation to the material contracts of the Target Group and there having been no material litigations, arbitrations, preservation and administrative penalties from governmental authorities against members of the Target Group;
- (v) the Transferor having procured Dalian Wanda to enter into a non-compete and non-solicitation agreement with the Company, as summarized in the section headed “Non-compete and non-solicitation” below;

Conditions (ii) to (v) can be waived by Transferee.

(b) Conditions precedent to be fulfilled by Transferee

- (vi) the approval from the relevant competent PRC authorities in respect of the declaration of concentration of undertakings for the Equity Transfer having been obtained;
- (vii) the Transferee having paid the Earnest Money in accordance with the terms of the Equity Transfer Agreement; and
- (viii) the Transferee having delivered to the Transferor the executed non-compete and non-solicitation agreement referenced in paragraph (v) above.

Conditions (vii) and (viii) can be waived by Transferor.

As at the date of this announcement, conditions (v) and (viii) have been fulfilled.

Closing

Closing of the Equity Transfer shall take place in the place of business of the Target Company on the third business day after the latter of the fulfilment of the condition precedent set out in (vi) above and the execution of the Closing confirmation in accordance with the Equity Transfer Agreement or such other date or venue as mutually agreed by the Transferor and the Transferee in writing, provided that the other conditions precedent have been fulfilled or waived, as applicable.

Upon completion of the Equity Transfer, the Target Company will become a direct wholly-owned subsidiary of the Transferee, and therefore become an indirect wholly-owned subsidiary of the Company, with the financial results of the Target Group to be consolidated into the Group's financial statements.

NON-COMPETE AND NON-SOLICITATION

Pursuant to the Equity Transfer Agreement, Dalian Wanda and the Company are required to, and have entered into a non-compete and non-solicitation agreement on April 17, 2025 (after trading hours) which provides for the following undertakings, each taking effect from the date following the Closing Date:

- (i) Dalian Wanda undertakes, for itself and its controlled corporations, not to participate directly or indirectly in the Wanda Restricted Business for a period of 10 years and not to use the Wanda Trademarks for the Wanda Restricted Business for a period of 20 years from the effective date thereof;
- (ii) the Company undertakes, to ensure the Target Group, not to (a) use the Wanda Trademarks in its operation of the Target Business or except as authorized by the Dalian Wanda Group or (b) otherwise engage in any arrangement which are prejudicial to the interests of Dalian Wanda and its affiliates in their operations of the Target Business from the effective date thereof; and
- (iii) each of Dalian Wanda and the Company undertakes not to solicit the employees of the other for a period of 12 months, and Dalian Wanda further undertakes not to solicit the termination of certain material contracts required for the Target Group's operations for a period of 5 years respectively, from the effective date thereof.

BASIS OF DETERMINATION OF THE CONSIDERATION

The consideration of the Equity Transfer (including the Price Adjustment Mechanism) was determined after arm's length negotiation between the Transferor and the Transferee with reference to, among others, (i) current market conditions of the hotel management industry and its prospects; and (ii) an EV/2023 EBITDA multiple at 9.5x (after necessary adjustments on EBITDA) within the range of multiples of some selected listed companies whose principal business or significant business segment includes the hotel or property management business as set out below.

Criteria for selection of comparables

The comparables are selected by identifying Chinese hotel management companies with the below attributes:

- (i) Industry focus: over 50% revenue generated from hotel operation and management business;
- (ii) Brand Portfolio: possess a diverse brand portfolio with a presence in the high-end segment;
- (iii) Geographical coverage: focusing on the Mainland China with national coverage and no single province contributes more than 30% of total number of hotels or revenue.

Based on the aforementioned selection criteria and public filings of these listed companies for 2023, a total of four comparables have been identified: *(Note 1)*

Company Name	Ticker	Business Description	EV/2023 EBITDA <i>(Note 2)</i>
H World Group Ltd ("H World Group")	1179-HK	H World Group is a leading global hotel operator with a diverse portfolio. It manages directly operated properties and employs asset-light expansion through manachised and franchised hotels.	10.5x
Shanghai Jin Jiang International Hotels Co., Ltd. ("Jinjiang Hotels")	600754-CN	Jinjiang Hotels is a prominent Chinese hospitality group. It operates full-service and limited-service hotels. It utilizes leased, operated, and franchised business models across both segments.	9.2x
Atour Lifestyle Holdings Limited ("Atour Lifestyle Holdings")	ATAT-US	Atour Lifestyle Holdings specializes in managing lifestyle-oriented hotel brands, which includes Atour Hotel, Atour S, Atour Light, Atour X Hotel, ZHOTEL, and A.T. House etc. The company operates through manachised hotels, leased hotels, and retail and other services.	19.8x

Company Name	Ticker	Business Description	
BTG Hotels (Group) Co., Ltd. (“ BTG Hotels ”)	600258-CN	BTG Hotels focuses on hotel management and operations across various market segments. It manages both economy and luxury hotels. Its portfolio spans from five-star luxury accommodations to budget-friendly options.	7.0x

Note 1: The Company selected all the comparables identified. An extensive review has been undertaken. A full list of publicly-listed Chinese companies involved in hotel business was pulled from Capital IQ and such list was also cross-checked with an industry report published by China Hospitality Association, in order to identify comparables.

Note 2: EV/EBITDA multiple is derived from data available from Bloomberg.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and wholly owned by the Transferor as of the date of this announcement. The Target Group is a leading hotel services provider in the PRC and is principally engaged in the business of hotel management and operations, hotel design and construction management and related consultancy and other ancillary business.

Upon completion of the Equity Transfer, Target Company will become an indirect wholly-owned subsidiary of the Company, with the financial results of the Target Group to be consolidated into the Group’s financial statements.

The unaudited financial information of the Target Group for the years ended December 31, 2023 and 2024, based on unaudited consolidated management accounts of the Target Group, are set out below:

	For the year ended December 31,	
	2023	2024
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>HK\$’000</i>	<i>HK\$’000</i>
Net profit (before taxation)	187,793	89,065
Net profit (after taxation)	148,647	21,563

The unaudited net asset value of the Target Group as at December 31, 2024 was approximately HK\$1,348.2 million.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The Group is a market leader in PRC's online travel industry, and offers a comprehensive and innovative selection of products and services covering nearly all aspects of travel. The Company sees great growth potential in China's hotel management market and has been seeking expansion opportunities in this sector.

The Company considers that the Target Group has an exhaustive portfolio of well-established high-end hotel brands, which are highly influential in the domestic market. In addition, the management team of the Target Group is well-seasoned and possesses deep industry expertise. All these will enhance the Company's competitiveness in high-end hotels, thus further solidifying its position in the industry. On the other hand, the Company believes it will empower the Target Group by exporting its profound industry insights, marketing experience as well as hotel management strength. As such, the Company believes the Equity Transfer will create great synergies among the Group and the Target Group.

Taking into account of the above, the Directors (including the Independent Non-executive Directors) consider that the Equity Transfer Agreement and the transaction contemplated thereunder though not in the ordinary and usual course of business of the Company, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Information of the Transferor

The Transferor is a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange (Stock code: 00169.HK). It is principally engaged in hotel operation and management services, hotel design and construction management services, investment property leasing, and trading and leasing of overseas' properties.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Transferor and its ultimate beneficial owners are Independent Third Parties.

Information of the Transferee and the Group

The Transferee is an investment holding company incorporated in Cayman Islands with limited liability and a wholly-owned subsidiary of the Company.

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.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Equity Transfer exceeds 5% but is less than 25%, such transaction constitutes discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Warning: The Equity Transfer is subject to the fulfilment (or waiver, if applicable) of the conditions precedent under the Equity Transfer Agreement. Therefore, the Equity Transfer may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares 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;
“business day(s)”	a day other than a public holiday on which licensed banks are open for business in Hong Kong and the PRC;
“Company”	Tongcheng Travel Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 14, 2016;
“Completion Accounts”	the audited consolidated financial statements of the Target Company as at the Closing Date prepared in the Closing audit;
“Closing”	completion of the Equity Transfer in accordance with the terms of the Equity Transfer Agreement;
“controlling shareholder”	has the meaning ascribed to it or them under the Listing Rules;
“Closing Date”	the date on which closing shall occur in accordance with the terms of the Equity Transfer Agreement;
“Director(s)”	the director(s) of the Company;
“Dalian Wanda”	Dalian Wanda Group Co., Ltd.*(大連萬達集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, a controlling shareholder of the Transferor as at the date of this announcement;
“Dalian Wanda Group”	Dalian Wanda and its subsidiaries;
“Earnest Money”	has the meaning described in the section headed “Payment Arrangements” in this announcement;

“Equity Transfer”	the transfer of 100% equity interest in the Target Company pursuant to the Equity Transfer Agreement;
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Transferor and Transferee on April 17, 2025 (after trading hours) in relation to the Equity Transfer;
“Group”	the Company and its subsidiaries and consolidated affiliated entities from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules);
“Long Stop Date”	being September 30, 2025 or such other date as mutually agreed by the parties;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Pre-adjustment Deduction”	in the amount of approximately RMB18.3 million, being the estimates of certain receivables and payables of the Target Group;
“Price Adjustment Mechanism”	the price adjustment mechanism of the Initial Price under the Equity Transfer Agreement;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Reference Date”	June 30, 2024;
“SOFR”	the latest 3 months term secured overnight financing rate published by Chicago Mercantile Exchange, being 4.2561%;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it or them under the Listing Rules;
“Target Business”	namely (i) commercial management services to commercial projects (including shopping malls) and complex projects and (ii) cultural tourism services to cultural tourism projects and complex projects including property management and other value-add services;
“Target Company”	Wanda Hotel Management (Hong Kong) Co. Limited, a company incorporated in Hong Kong with limited liability;
“Target Group”	collectively, the Target Company and its subsidiaries;

“Transferee”	eLong, Inc., a company incorporated in Cayman Islands with limited liability and a wholly-owned subsidiary of the Company;
“Transferor”	Wanda Hotel Development Company Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange (Stock code: 00169.HK);
“Wanda Restricted Business”	namely (i) hotel entrusted management and franchising business; and (ii) hotel design and construction consulting for chain, scaled, single hotel projects but excludes the Wanda Permitted Business;
“Wanda Permitted Business”	namely the operation, management, and/or design and construction consulting of commercial projects, cultural tourism projects, complex projects, and the non-chain hotel, dining, and leisure and entertainment design within such projects, other than those operated by the controlled member(s) of the Dalian Wanda Group engaging primarily in the hotel management for multiple hotels;
“Wanda Trademarks”	any trademarks, brands or logos incorporating the word or pattern of or otherwise similar to “万达” and/or “Wanda”;
“%”	percent.

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

Hong Kong, April 17, 2025

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
Xie Qing Hua
Brent Richard Irvin