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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)

CONTINUING CONNECTED TRANSACTION MARKETING SERVICES FRAMEWORK AGREEMENT

The Company hereby announces that, on August 29, 2019, the Company entered into the Marketing Services Framework Agreement with Tencent Computer, pursuant to which Tencent Computer (and/or any of its subsidiaries or associates) agreed to provide (1) Tencent's User Virtual Products and/or Interests, and (2) advertising resources and intellectual property interests or services, to the Company (and/or any of its subsidiaries); and the Company (and/or any of its subsidiaries) agreed to provide (3) the Group's User Virtual Products and/or Interests, and (4) advertising resources or services to Tencent Computer (and/or any of its subsidiaries or associates).

LISTING RULES IMPLICATIONS

As Tencent Computer is a wholly-owned subsidiary of Tencent, a substantial shareholder of the Company which holds approximately 22.54% 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. Accordingly, the transactions contemplated under the Marketing Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) with respect to the annual caps for the transactions contemplated under the Marketing Services Framework Agreement will, on an annual basis, be more than 0.1% but less than 5%, the transactions contemplated under the Marketing Services Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement for the Company under Chapter 14A of the Listing Rules.

INTRODUCTION

The Company hereby announces that, on August 29, 2019, the Company entered into the Marketing Services Framework Agreement with Tencent Computer. Details of the Marketing Services Framework Agreement are as follows:

MARKETING SERVICES FRAMEWORK AGREEMENT

Date: August 29, 2019

Parties: (1) The Company; and
(2) Tencent Computer.

Major terms and conditions: Tencent Computer (and/or any of its subsidiaries or associates) agreed to provide the Company (and/or any of its subsidiaries) with (1) Tencent's User Virtual Products and/or Interests, and (2) advertising resources and intellectual property interests or services. The Company (and/or any of its subsidiaries) agreed to provide Tencent Computer (and/or any of its subsidiaries or associates) with (3) the Group's User Virtual Products and/or Interests, and (4) the advertising resources or services.

Basis for determining the terms of the definitive agreements: The Company and Tencent Computer agreed that the terms of each single transaction under the Marketing Services Framework Agreement shall be set out in the relevant definitive agreement to be entered into between the Company (and/or any of its subsidiaries) and Tencent Computer (and/or any of its subsidiaries or associates).

The Company and Tencent Computer agreed that the terms of each definitive agreement to be entered into pursuant to the Marketing Services Framework Agreement shall be consistent with the principles set out in the Marketing Services Framework Agreement and shall be based on normal commercial terms which are no less favourable than terms offered to independent third parties.

Consideration: The prices and/or service fees of each definitive agreement to be entered into under the Marketing Services Framework Agreement shall be based on (1) standard prices published on the official websites of (i) the Company or any of its subsidiaries and (ii) Tencent Computer or any of its subsidiaries or associates, if applicable, and (2) the prices offered to independent third parties. The Company (and/or any of its subsidiaries) will enter into arm's length negotiation with Tencent Computer (and/or any of its subsidiaries or associates) 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.

Term: The Marketing Services Framework Agreement is effective from August 29, 2019 to January 1, 2022.

Proposed Annual Caps: The amount payable by the Company (and/or any of its subsidiaries) under the Marketing Services Framework Agreement shall be subject to the following annual caps:

Types of products and services	Proposed Annual Cap		
	Years ending December 31,		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tencent's User Virtual Products and/or Interests	35,000	47,000	44,400
Advertising resources and intellectual property interests or services	<u>13,600</u>	<u>20,400</u>	<u>30,600</u>
Total	<u>48,600</u>	<u>67,400</u>	<u>75,000</u>

The total amount payable by Tencent Computer (and/or any of its subsidiaries or associates) under the Marketing Services Framework Agreement shall be subject to the following annual caps:

Types of products and services	Proposed Annual Cap		
	Years ending December 31,		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Group's User Virtual Products and/or Interests	20,000	12,000	14,400
Advertising resources or services	<u>18,000</u>	<u>27,000</u>	<u>40,000</u>
Total	<u>38,000</u>	<u>39,000</u>	<u>54,400</u>

The proposed annual caps in relation to User Virtual Products and/or Interests set out above are estimated with reference to (i) the procurement of User Virtual Products and/or Interests by the Group and the Tencent Group, respectively, in order to provide more comprehensive user experience to their respective users; (ii) the estimated user demand based on the scenario in which the Group's users and the Tencent Group's users are expected to utilize such User Virtual Products and/or Interests; and (iii) the Group and the Tencent Group's current cooperation model, possible directions of future cooperation, and future strategic planning, respectively.

The proposed annual caps in relation to advertising resources and intellectual property interests or services set out above are estimated with reference to (i) the number of, and the expected increase in the number of, advertisers of the Group and the Tencent Group, respectively; (ii) the Group's and the Tencent Group's respective current demand and expected demand in the future for advertising and different types of intellectual property interests; and (iii) the Group's and the Tencent Group's respective future strategic planning.

Neither the Group, nor Tencent Computer, procured any of the User Virtual Products and/or Interests, or the advertising resources and intellectual property interests or services from each other prior to 2019.

For the seven months ended July 31, 2019, the total amount of advertising resources procured by (1) the Group from the Tencent Group, and (2) the Tencent Group from the Group, were RMB335,849.06 and RMB3,177,169.15, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MARKETING SERVICES FRAMEWORK AGREEMENT

Each of the Group and Tencent Group is a leading market player in their respective fields in terms of scale and user base. Both the Company and the Tencent Group have established reputable brand recognition, and products which are competitive and well-regarded in the markets. Therefore, the Company believes that the collaboration with the Tencent Group under the Marketing Services Framework Agreement will provide a synergetic, value-adding product experience for both the Group's users and the Tencent Group's users.

The Directors (including all of the independent non-executive Directors) are of the view that the terms of the transaction contemplated under the Marketing Services Framework Agreement are fair and reasonable; and that the transactions contemplated under the Marketing Services Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and is in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION

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 and various ancillary value-added travel products and services designed to meet users' evolving travel needs.

Tencent is a leading provider of Internet services and mobile value-added services in China, with the largest instant messaging community in China. Tencent Computer is a wholly-owned subsidiary of Tencent and principally engages in the provision of value-added services and Internet advertising services in the PRC.

LISTING RULES IMPLICATIONS

As Tencent Computer is a wholly-owned subsidiary of Tencent, a substantial shareholder of the Company which holds approximately 22.54% 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. Accordingly, the transactions contemplated under the Marketing Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) with respect to the annual caps for the transactions contemplated under the Marketing Services Framework Agreement will, on an annual basis, be more than 0.1% but less than 5%, the transactions contemplated under the Marketing Services Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement for the Company under Chapter 14A of the Listing Rules.

GENERAL

From the perspective of good corporate governance, Mr. Lin Haifeng and Mr. Brent Richard Irvin abstained from voting on the resolution approving the Marketing Services Framework Agreement at the relevant board meeting of the Company due to their positions at the Tencent Group. Save as disclosed above, no other Director has any material interest in the Marketing Services Framework Agreement.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“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
“connected person”	has the meaning ascribed to it by the Listing Rules
“Consolidated Affiliated Entities”	the entities the Company controls through certain contractual arrangements
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries and Consolidated Affiliated Entities from time to time
“Group’s User Virtual Products and/or Interests”	means user virtual products and/or interests of the Group, including but not limited to the black whale membership cards and the relevant interests of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Marketing Services Framework Agreement”	the marketing services framework agreement entered into between the Company and Tencent Computer on August 29, 2019
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Tencent Computer”	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a wholly-owned subsidiary of Tencent
“Tencent Group”	Tencent, its subsidiaries and controlled entities

“Tencent”	Tencent Holdings Limited, a company incorporated in the British Virgin Islands on November 23, 1999 and subsequently 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’s User Virtual Products and/or Interests”	means the user virtual products and/or interests of the Tencent Group, including but not limited to the Tencent video membership cards, QQ music membership cards and user traffic space
“User Virtual Products and/or Interests”	means the Group’s User Virtual Products and/or Interests and Tencent’s User Virtual Products and/or Interests

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

Hong Kong, August 30, 2019

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

Executive Directors

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

Non-executive Directors

Liang Jianzhang (*Co-Chairman*)
Jiang Hao
Lin Haifeng
Brent Richard Irvin

Independent Non-executive Directors

Wu Haibing
Dai Xiaojing
Han Yuling