The information and statistics set out in this section and other sections of this Document were extracted from the Frost & Sullivan Report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Sole Sponsor, the* [**REDACTED**], *the* [**REDACTED**] *or any other party involved in the* [**REDACTED**] *and no representation is given as to its accuracy.*

SOURCE AND RELIABILITY OF INFORMATION

We have commissioned Frost & Sullivan, an Independent Third Party, to conduct a study of Global and China's hotel market. We agreed to pay Frost & Sullivan a fee of RMB900,000 for the preparation of the Frost & Sullivan Report, and our Directors consider that such fee reflects market rates and are of the view that the payment of the fee does not affect the fairness of conclusions drawn in the Frost & Sullivan Report. Founded in 1961, Frost & Sullivan has over 45 global offices with more than 3,000 industry consultants, market research analysts, technology analysts and economists.

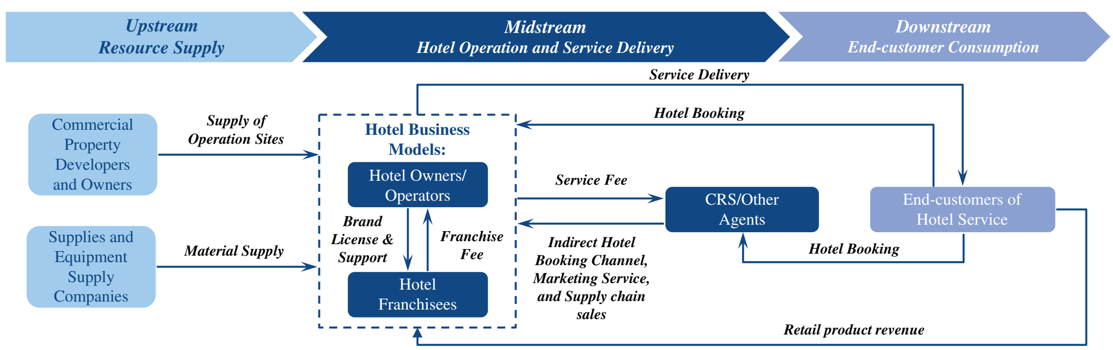
The Frost & Sullivan Report was compiled based on the following assumptions: (i) global and China's economy is likely to maintain steady growth in the next decade; (ii) global and China's social, economic, and political environment is likely to remain stable from 2026 to 2030 ("**Forecast Period**"); (iii) market drivers such as increasing business and leisure travel demands driven by steady economic development, better mobility and ongoing urbanization, structural upgrade of hotel industry driven by rising demand for quality products and personalized experiences, are likely to further drive the development of global and China's hotel industry.

ANALYSIS OF GLOBAL HOTEL INDUSTRY

In general, hotel industry can be classified into four categories based on the service and price: economy, midscale, upper midscale, and upscale and above. There are typically two major business models for hotel chains to expand their hotel business network, namely F&M model and O&L model, the former is also known as the asset-light model. Hotel groups supply experienced general managers for franchisees to build up hotel management team and train key hotel employees. Under the F&M Model, hotel groups have lower capital intensity. They primarily benefit from growth in RevPAR and unit expansion, achieving higher profit margins and return on invested capital ("**ROIC**"), along with lower earnings cyclicality. Under O&L model, hotel groups own or lease physical hotel properties. Hotel groups are responsible for hotel development, conversion, customization, repairs, maintenance and operating costs. In this case, hotel groups have higher operating leverage, greater control over operations, but also higher capital intensity and initial investment, higher earnings cyclicality and a higher level of debt.

The upstream of the hotel industry is composed of commercial property developers and owners who provide the operation sites for hotel operators, as well as the suppliers of facilities, equipment and essential materials for daily operations. End-customers of hotel services are the downstream consumers of hotel industry, generally including individual guests for business and tourism trips as well as corporate clients for the holding of Meetings, Incentives, Conferences and Exhibitions (MICE). End-customers nowadays can make direct hotel booking through hotel's own platforms (APP, applet, hotel website, etc.), corporate account, direct phone and onsite "walk-in" inquiry. Among them, hotel-owned platforms are one of the favored channels for today's consumers due to their ease of transaction, lower cost and direct interaction with the brand. Other than making direct hotel bookings, end-customers can also make hotel bookings through OTA platforms. An OTA platform, or Online Travel Agency platform, is a website or app that allows end-customers to search for, compare, and book hotels. It acts as a marketplace, connecting end-customers with hotels. OTA platforms can provide hotels with increased visibility and reach from end-customers. OTA platforms serve as powerful booking platforms for hotels, enabling properties to reach a global audience.

Value Chain of the Hotel Industry



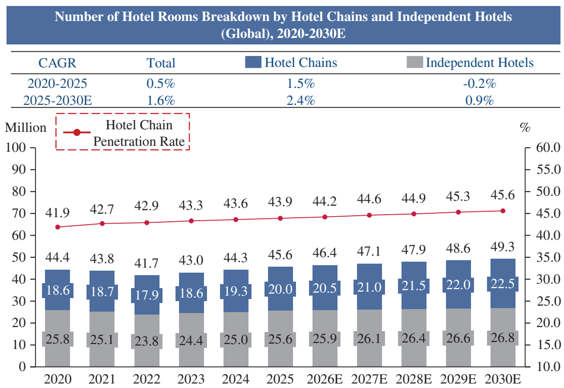
Source: Frost & Sullivan Analysis

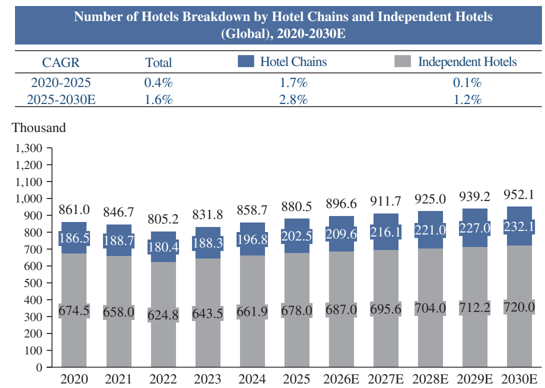
The hotel industry is subject to fluctuations in revenues and business performance due to seasonality and cyclicality and generally follows the business nature as follows: In the first quarter of a year, in which both the New Year and Chinese Spring Festival holidays fall, accounts for a lower percentage of hotel revenues than other quarters of the year. The third quarter of each year is the traditional peak season for the hotel industry, and income performance is often the strongest during this time. In recent years, "family travel" has become the largest growth point in summer. Families have enough time to arrange trips during the summer holiday, which refers to the third quarter of the year, especially with the surge in demand for family travel. Certain special events, such as large-scale exhibitions, concerts, or sports events such as the Olympic Games, may increase the demand for hotels significantly in the host cities or countries as such special events may attract travelers into and within the regions.

MARKET SIZE OF GLOBAL HOTEL INDUSTRY

In 2025, the total number of hotels and hotel rooms worldwide reached 880.5 thousand and 45.6 million units, respectively. Global hotel industry is fragmented. Hotel chains accounted for approximately 43.9% of the number of hotel rooms in 2025.

The global hotel industry has demonstrated resilience in the face of challenges, with strong recovery trends driven by pent-up demand, the return of business travel, and evolving consumer preferences. Total number of hotels and hotel rooms worldwide are expected to grow with CAGRs of 1.6% and 1.6% from 2025 to 2030. With greater customer flow, better brand reputation and higher risk tolerance, chain hotels are expected to further gain market shares in the coming years. It is expected that hotel chains will account for approximately 45.6% of the number of hotel rooms in 2030.





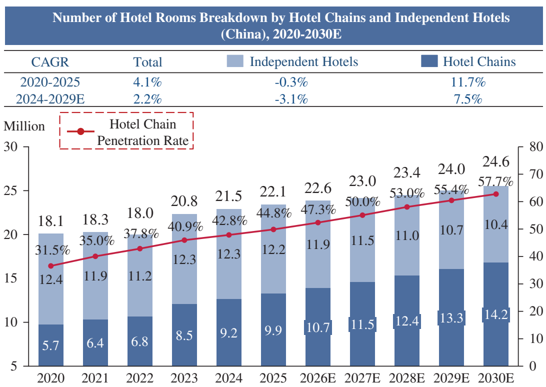
Source: Frost & Sullivan Analysis

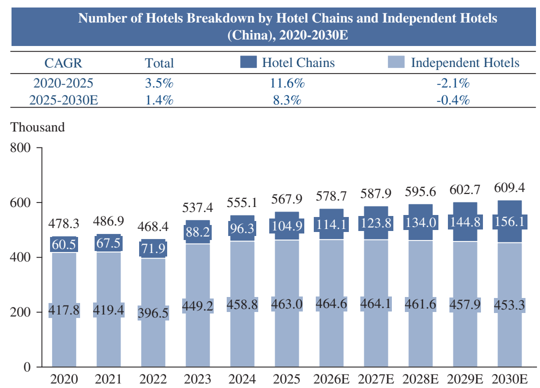
Note: Hotel chain penetration rate is calculated based on the number hotel rooms. Hotel chain penetration rate equals to number of rooms of hotel chains divided by the total number of hotel rooms and multiplied by 100%

By the end of 2025, China's chained operation rate of hotel market was 44.8% in terms of hotel rooms, indicating strong growth potential for hotel chains in China's hotel industry. In particular, the hotel chain penetration rates in China and Europe are lower than the U.S. whose rate was 73.0% and the global average level. This is because China's first generation of economy hotel chains did not emerge until 1990s, whereas the rise of motel chains in the United States can be traced back to the 1950s. With significantly shorter brand development time, Chinese chains consequently lag behind in brand recognition, membership systems, and management output capabilities. Meanwhile, in Europe, majority of small hotels operate under decentralized family ownership. Owners independently decide whether to affiliate with a chain brand. In 2025, around 59.5% of properties in Europe remain independent. Typically converted from townhouses, medieval inns, or protected heritage buildings, these European hotels often prove too small or structurally non-conforming for standardized brand prototypes.

As of December 31, 2025, total number of hotel rooms in China reached 22.1 million with a CAGR of 4.1% from 2020 to 2025. China's hotel industry is still highly fragmented and is made up of a large number of independent hotels and a few hotel chains. China's hotel industry is undergoing typical cyclical fluctuations and structural transformations, according to Frost & Sullivan. Between 2020 and 2023, the sector experienced a downturn and initial recovery phase due to the pandemic, leading to a supply-side shakeout. The total number of hotels in China dropped from 478,300 in 2020 to 468,400 in 2023. After 2023, with the lifting of travel restrictions, demand gradually rebounded, and the industry entered a recovery and supply-demand rebalancing period. However, the pace of recovery slowed due to macroeconomic conditions and weakened consumer confidence. In 2024 and 2025, the industry is in a phase of deep adjustment and structural transformation. Key characteristics include rapid supply growth, intensified competition, and continued pressure on core operational metrics such as RevPAR. In the coming years, the sector will gradually move toward high-quality development and a new round of industry consolidation in which leading players are expected to further expand their market presence. Major drivers will include, increased chainization rates, asset optimization through renovations and upgrades, expansion of non-room revenue streams, and innovation in lower-tier markets.

Looking forward, the number of independent hotel rooms are expected to have a slight drop, with a CAGR of -3.1% from 2025 to 2030 while the number of hotel chains room are expected to rise at a CAGR of 7.5% at the same time. Thus, the hotel chain penetration rate in China is expected to further increase to 57.7% by 2030. With capital, brand and management advantages, hotel chains are expected to expand rapidly through franchising to seize market share. Their standardized services and scale effect makes it difficult for independent hotels to compete. In addition, consumers are more inclined to choose well-known hotel chains for guaranteed service level, making independent hotels that lack of brand influence difficult to attract customers.





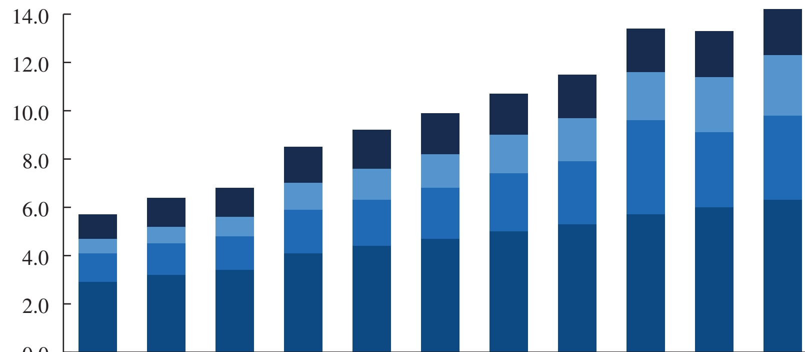
Source: Frost & Sullivan Analysis

As of December 31, 2025, total number of hotels and hotel rooms offered by hotel chains in China reached 104.9 thousand and 9.9 million, respectively. It is expected that by 2030, total number of hotels and hotel rooms offered by hotel chains are expected to reach 156.1 thousand and 14.2 million, with CAGRs of 8.3% and 7.5%, respectively, since 2025. In general, China's hotel industry can be classified into four categories based on the service and price: economy, midscale, upper midscale, and upscale and above.

In terms of hotel chain rooms in 2025, economy hotels, midscale hotels, upper midscale hotels and upscale and above hotels accounted for 47.5%, 21.2%, 14.1% and 17.2% of the market share, respectively. From 2020 to 2025, hotel chains at all levels have shown strong resilience, with the number of hotels and hotel rooms still growing. Driven by leading hotel chains' driving effect, the midscale and upper midscale segments demonstrated significant growth at CAGRs of 11.8% and 18.5% from 2020 to 2025 in terms of hotel rooms, respectively. In 2025, China hotel market has seen a fierce market competition due to decline in business travel demand and weakened consumer confidence. Along with the slowdown in economic development, corporations have scaled down their business travel budgets and demands. Meanwhile, the lack of consumer confidence has made people more cautious when choosing accommodation, becoming more demanding in terms of price and service, and preferring more cost-effective accommodation options in hotels. It is expected that from 2025 to 2030, the midscale and upper midscale segments will maintain a faster growth rate, with CAGRs of 10.8% and 12.3% from 2025 to 2030 in terms of number of hotel rooms, respectively.

Number of Hotel Chain Rooms Breakdown by Hotel Category (China), 2020-2030E

Unit: Million

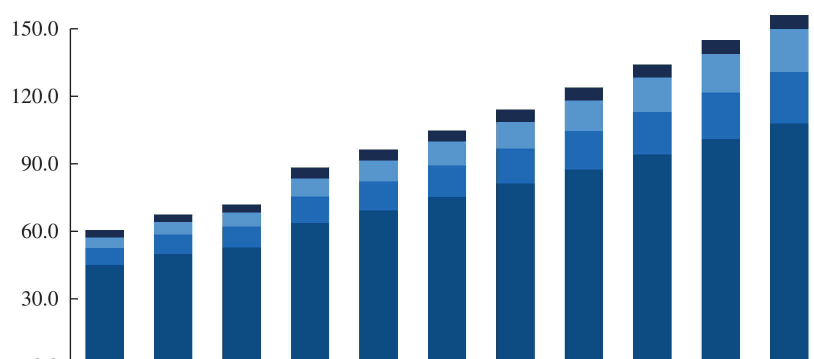


	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	*20/25 CAGR*	*25/30E CAGR*
Total	5.7	6.4	6.8	8.5	9.2	9.9	10.7	11.5	12.4	13.3	14.2	11.7%	7.5%
Upscale and above	1.0	1.2	1.2	1.5	1.6	1.7	1.7	1.8	1.8	1.9	1.9	11.2%	2.2%
Upper Midscale	0.6	0.7	0.8	1.1	1.3	1.4	1.6	1.8	2.0	2.3	2.5	18.5%	12.3%
Midscale	1.2	1.3	1.4	1.8	1.9	2.1	2.4	2.6	2.9	3.1	3.5	11.8%	10.8%
Economy	2.9	3.2	3.4	4.1	4.4	4.7	5.0	5.3	5.7	6.0	6.3	10.1%	6.0%

Source: Frost & Sullivan Analysis

Number of Hotel Chains Breakdown by Hotel Category (China), 2020-2030E

Unit: Thousand

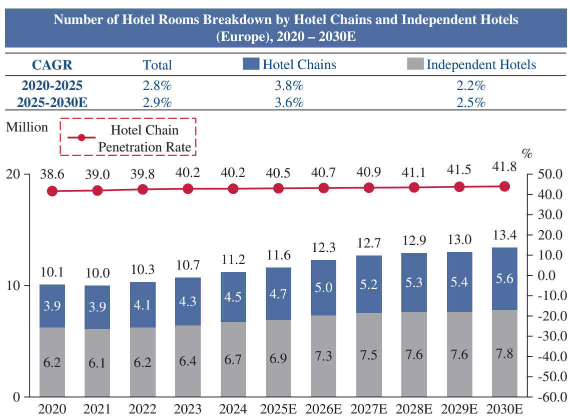


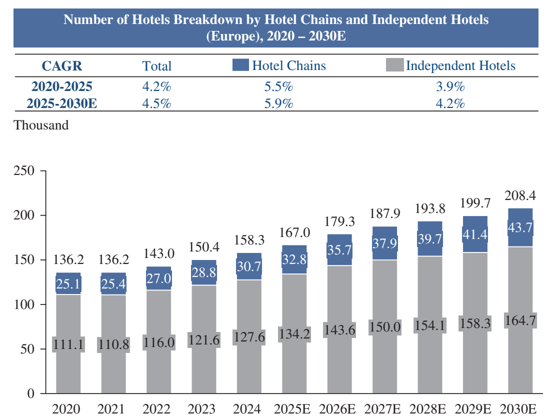
	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	*20/25 CAGR*	*25/30E CAGR*
Total	60.5	67.5	71.9	88.2	96.3	104.9	114.1	123.8	134.0	144.8	156.1	11.6%	8.3%
Upscale and above	3.3	3.4	3.7	4.7	4.9	5.1	5.5	5.7	5.7	6.0	6.1	9.0%	3.9%
Upper Midscale	4.6	5.5	6.1	8.1	9.4	10.6	11.9	13.5	15.3	17.2	19.3	18.2%	12.7%
Midscale	7.7	8.8	9.3	11.8	12.8	14.1	15.6	17.1	18.9	20.7	22.8	12.0%	10.0%
Economy	44.9	49.8	52.8	63.6	69.2	75.1	81.1	87.5	94.1	92.9	100.9	10.8%	7.5%

Source: Frost & Sullivan Analysis

In 2025, the total number of hotels and the number of hotel rooms in Europe reached 167.0 thousand and 11.6 million units, respectively. The hotel industry in Europe grew steadily from 2020 to 2025, with the numbers of hotels and hotel rooms increasing at CAGRs of 4.2% and 2.8%, respectively, during the same period. The hotel chain penetration rate in Europe was 40.5% in 2025 and was relatively lower than the world average.

According to the European Travel Commission (ETC), European tourism showed a strong recovery in 2024, reaching record levels of visitor nights and foreign arrivals, with overall spending increasing by over 7% compared to 2023. According to Airports Council International Europe, passenger traffic across the European airport network in 2025 increased to a record of 2.6 billion passenger, exceeding the level of 2.43 billion passengers in 2019. Growing international travellers' intentions to travel to Europe are strengthening, and hotel supply in Europe is expected to increase further in subsequent years. The hotel supply in Europe is forecast to increase. The total number of hotels and hotel rooms in Europe is expected to increase at CAGRs of 4.5% and 2.9%, respectively, from 2025 to 2030.





Source: Frost & Sullivan Analysis

MARKET DRIVERS AND FUTURE TRENDS OF GLOBAL HOTEL INDUSTRY

Market Drivers of China's Market:

Increasing Leisure Travel Demand: China's continued solid economic growth has created a strong demand pull for the leisure travel market. According to data from the Ministry of Culture and Tourism of the PRC, there were 6.52 billion domestic tourists nationwide in 2025, up 16.2% year-on-year, leading to the rise of demand for hotels. Meanwhile, according to United Nations Tourism Organization, in 2025, the number of international tourists worldwide reached 1.52 billion, returning to pre-pandemic levels. Meanwhile, as the slowdown of China's economy, business travel recover at a relatively slow pace comparing to leisure travel in 2025. It is expected that the number of tourists will increase by another 3%-5% in 2026, with the Asia-Pacific region leading the recovery (331 million tourists in 2025, up 6% year-on-year). Overall, robust travel market sentiment combined with stable economic growth has become a core driver for the rapid recovery of global and China's hotel industry.

Better Mobility and Ongoing Urbanization: China has continued to promote the construction of transportation infrastructure in recent years, which has significantly enhanced the accessibility of tourist destinations and the travel convenience of tourists, thereby effectively promoting the growth of hotel accommodation demand. With the continuous improvement of transportation networks such as aviation, high-speed railways and highways, the mobility of tourists between different regions has significantly increased, boosting the activity of the tourism market. For example, the Guiding Opinions on Promoting the High-Quality Development of Tourism Public Services issued by the Ministry of Culture and Tourism and other multi-departmental organizations pointed out that it promotes localities to incorporate the construction of roads connecting arterial highways with A-class tourist attractions and tourist resorts into transportation construction planning, and supports conditional areas to form tourism transportation loops connecting major tourist areas. In addition, it encourages the construction of tourist distribution centers, tourist parking lots and other ancillary facilities to further enhance the level of tourist traffic services.

Future Trends of China's Market:

Increasing Industry Consolidation and Hotel Chain Penetration Rate: The chain penetration rate of China's hotel industry is still at a relatively low level compared with the international markets. With capital and brand advantages, leading hotel groups are rapidly expanding their market share through mergers and acquisitions and integration of small and medium-sized hotel resources. This trend promotes the concentration of the industry, but also brings pressure on the survival of small and medium-sized hotels. In the future, industry consolidation will accelerate as the head enterprises continue to expand their scale.

Continuous Brand Diversification Along with Personalized Hotel Demands: With the increase in travel spending, more and more consumers are looking for high-quality accommodation, rather than just basic needs such as affordable prices and convenient location. As a result, there has been a structural change in China's hotel industry, with the supply of mid-range and upper-mid-to-high-end hotel rooms growing faster than budget hotels. China's leading hotel group has launched more niche brands through its brand diversification strategy to meet the needs of individualized and differentiated markets. Brands have been extended from budget to lifestyle, vacation, boutique, etc. to strengthen customer stickiness and enhance market competitiveness. However, the incubation and operation costs of new brands are high, and over-expansion of brands may bring the risk of homogenization.

More Emphasis on Central Reservation System (CRS) and Loyalty Program: A growing number of hotel groups have recently intensified efforts to elevate bookings through their direct channels within their central reservation systems. This shift targets reduced OTA dependency and strengthened consumer relationships. Meanwhile, hotel groups are actively enhancing their loyalty program ecosystems. By refining points-based rewards systems or personalizing member benefits, they aim to boost customer retention.

Digital Transformation Driven by the Technology Development: The application of digital technology has provided new momentum for the hotel industry to improve quality and efficiency. Leading hotel groups have begun to widely adopt technologies such as self-check in, smart robots, mobile applications, and artificial intelligence assistants to enhance customer experience and reduce operating costs. However, small and medium-sized hotels still face challenges in technology investment and application in terms of capital, talent, systems and other aspects. The gap in digitalization level has intensified the industry divide.

Market Drivers of European Market:

Steady Economy Growth in Europe: The European economy as a whole maintained modestly positive growth in 2025, with Eurozone GDP growing by around 1.5% for last year. Growth was limited but managed to avoid recession, unemployment remained low and consumer spending gradually recovered. This stable macroeconomic recovery provided the basis for tourism travel, with business activities and residents' vacation demand steadily releasing against the backdrop of economic stabilization, leading to a rebound in hotel occupancy demand.

Upcoming Recovery of Tourism Industry in Europe: Europe is one of the world's largest tourist destination, has seen a return of tourists after the epidemic. Strong intra-regional travel demand and a boom in visits to Europe from markets such as the United States have combined to drive a rapid recovery in European tourism. International tourism revenues have climbed accordingly, international tourist overnight stays in EU accommodations reached 1,452.1 million in the first quarter of 2024, exceeding the 2019 level of 1,360.3 million, making the recovery in tourism one of the main drivers of growth in the European hospitality industry.

Future Trends of European Market:

Hotel Refurbishments Play a Vital Role in the Future: Refurbishment is becoming a key trend in Europe's hotel market, driven by aging infrastructure and evolving guest demands. The need is often triggered by: maintaining competitive advantage, complying with tightening ESG regulations, adapting to new operator standards, or meeting updated fire, health, and safety codes. For instance, the European Green Deal makes a legally binding target of reducing net emissions by at least 55% by 2030 compared to 1990 levels. This means that many hotels built in the last century must undergo energy efficiency upgrades. This necessity, coupled with the demand for enhanced experiences and operational efficiency, positions refurbishment as a key future trend across the European hotel industry in the coming years. In this case, the proactive refurbishers gain pricing power and asset appreciation, while laggards face depletion, increasing market polarization. Simultaneously, the revitalization trend is also fostering a professional ecosystem of integrated green regeneration and technology services, focusing on Europe's urban tourism landscape.

ENTRY BARRIERS ANALYSIS OF GLOBAL HOTEL INDUSTRY

Large-scale Layout: Leading players have established formidable barriers through economies of scale and brand effects, making it difficult for new entrants to compete. The core barrier lies in the massive ecosystem of hundreds of millions of members supported by leading groups' nationwide presence: Members enjoy standardized services and loyalty benefits across cities and brands, significantly enhancing user stickiness. New entrants must simultaneously overcome the scale gap and consumer switching costs — these dual obstacles severely constrain their growth potential.

Brand Awareness and Delicate Management: In global and China's hotel market, established brand reputations and delicate management systems constitute critical industry barriers. On the consumer front, rising consumption levels have spurred significant demand for brand reliability, with leading brands' reputations in service quality and hygiene standards forming perceptual barriers. For franchisees, mature brands' central reservation systems provide a major share of customer traffic, while digital tools substantially reduce new-store ramp-up periods and enhance the predictability of return on investment. This two-way empowerment mechanism drives franchise renewal rates well above industry averages, creating self-reinforcing commercial ecosystems.

Technical Barrier: Leading companies leverage digital platforms to consolidate member data, enabling precision marketing and end-to-end service to build a proprietary traffic ecosystem. Additionally, AI and IoT technologies optimize supply chain management, automate operations, and deliver scenario-based experiences such as smart rooms and contactless services — significantly enhancing efficiency and customer retention. These capabilities generally require massive capital investment, profound industry know-how, and large scale data accumulation, making it difficult for new entrants to replicate such closed-loop systems in the short term.

Brand Innovation and Incubation Capabilities: In global and China's hotel industry, brand innovation and the construction of capability barriers are primarily manifested through three core competencies: the rapid iteration capability of brand portfolios, the deep integration capability of digital ecosystems, and the cross-scenario business synergy and innovation capability. Established hotel groups leverage their long-accumulated market resources, large-scale operational experience, and technological first-mover advantages to continuously optimize brand structures, precisely capture shifting consumer demands, and enhance operational efficiency and user experience through digital tools. The leading enterprises can also leverage group resources to expand into innovative scenarios such as "hotel + cultural tourism" and "hotel + long-term rentals," forming distinctive competitive barriers.

Loyalty Program and Membership Ecology: Loyalty programs in global and China's hotel industry have become a core strategy for enterprises to deepen user engagement and enhance repeat purchase rates. Through designs such as point rewards, tiered membership benefits, and localized exclusive activities, strengthen user retention and build highly active private traffic pools. Leading enterprises leverage digital platforms to integrate consumer data, enabling precision marketing and personalized services, while utilizing localized channels like the WeChat ecosystem and mini-programs to amplify member interaction. A well-developed loyalty system not only elevates customer lifetime value, but also expands ecosystem boundaries through cross-selling initiatives, ultimately forming competitive barriers.

Operational Experience and Management Capability: Mature hotel groups have accumulated rich market operation experience over many years of operation, and are able to quickly adapt to changes in demand and respond to operational challenges. Long-term operating experience has enabled the company to successfully build a professional management system with scale benefits, and has formed outstanding management advantages in core links such as product research and development, project planning, quality inspection, procurement, and operations.

COMPETITIVE LANDSCAPE OF GLOBAL HOTEL INDUSTRY

The global hotel market is relatively fragmented. By revenue, the Company ranked the tenth globally and ranked second in China in 2024.

Top 10 Hotel Group in terms of Hotel Revenue (Global), 2024

Ranking	Hotel Group	Hotel Revenue (2024)
		Billion RMB
1	Company A	180.7
2	Company B	80.5
3	Company C	61.2
4	Company D	47.9
5	Company E	46.8
6	Company F	35.4
7	Company G	23.9
8	Company H	17.2
9	Company I	15.7
10	**The Company**	**14.1**
	Top 10	**523.4**
	Others	**7,994.2**
	Total	**8,517.6**

Top 5 Hotel Group in terms of Hotel Revenue (China), 2024

Ranking	Hotel Group	Hotel Revenue (2024)
		Billion RMB
1	Company G	19.0
2	**The Company**	**9.8**
3	Company J	7.8
4	Company K	7.2
5	Company L	1.3
	Top 5	**1.3**
	Others	**790.6**
	Total	**791.9**

The Company is the largest hotel chains group in global in terms of hotel number in 2024. Number of hotels of top 5 hotel chains groups in global accounted for approximately 26.1% of total hotels of all hotel chains. The Company has around 13.4 thousand hotels in 2024 and ranked 1st among all hotel chains groups in global.

In terms of room number in 2024, the room number of top 5 hotel chains groups in global accounted for approximately 32.6% of total hotel rooms of all hotel chains. The Company has around 1.3 million rooms in 2024 and ranked second among all hotel chains groups in global.

Top 5 Hotel Group in terms of Hotel Chains Number (Global), 2024

Ranking	Hotel Group	Total Number of Hotels (2024)	Market Share (2024)
		Thousand Unit	*%*
1	**The Company**	**13.4**	**6.8%**
2	Company G	11.1	5.6%
3	Company A	9.4	4.8%
4	Company M	9.3	4.7%
5	Company B	8.3	4.2%
Top 5		**51.5**	**26.1%**
Others		**145.3**	**73.9%**
Total Hotel Chains		**196.8**	**100.0%**

Top 5 Hotel Group in terms of Hotel Chains Room Number (Global), 2024

Ranking	Hotel Group	Total Number of Rooms (2024)	Market Share (2024)
		Million Unit	*%*
1	Company A	1.7	8.8%
2	**The Company**	**1.3**	**6.7%**
3	Company B	1.2	6.2%
4	Company G	1.1	5.7%
5	Company F	1.0	5.2%
Top 5		**6.3**	**32.6%**
Others		**13.0**	**67.4%**
Total Rooms of Hotel Chains		**19.3**	**100.0%**

Source: Frost & Sullivan Analysis

Note:

(1) Established in 1927 in the United States, Company A is a listed international hotel group on the NASDAQ;

(2) Established in 1919 in the United States, Company B is a listed international hotel group on the NYSE;

(3) Established in 1946 in the United States, Company C is a non-listed international hotel group;

(4) Established in 1957 in the United States, Company D is a listed international hotel group on the NYSE;

(5) Established in 1967 in France, Company E is a listed international hotel group on the Paris Stock Exchange;

(6) Established in 2003 in the United Kingdom, Company F is a listed international hotel group on the NYSE and LSE;

(7) Established in 2005 in Shanghai, China, Company G is a listed domestic hotel group on NASDAQ and HKEX;

(8) Established in 1956 in Spain, Company H is a listed international hotel group on BMAD;

(9) Established in 1971 in Singapore, Company I is a listed international hotel group on HKEX;

(10) Established in 1999 in Beijing, China, Company J is a listed domestic hotel group on the Shanghai Stock Exchange;

(11) Established in 2010 in Shanghai, China, Company K is a listed domestic hotel group on the NASDAQ;

(12) Established in 2004 in Shanghai, China, Company L is a listed domestic hotel group on the NYSE;

(13) Established in 1974 in the United States, Company M is a listed international hotel group on the NYSE;

(14) Established in 2010 in Qingdao, Shandong Province, China, Company N is a non-listed domestic hotel group;

(15) Established in 2006 in Guangzhou, Guangdong Province, China, Company O is a non-listed domestic hotel group.

The Company is the largest hotel chains group in China in terms of hotel number in 2024. Number of hotels of top 5 hotel chains groups in China accounted for approximately 41.0% of total hotels of all hotel chains groups. The Company has around 12.2 thousand hotels in China in 2024 and ranked 1st among all hotel chains groups in China.

In terms of room number in 2024, room number of top 5 hotel chains groups in China accounted for approximately 37.0% of total hotel rooms of all hotel chains groups. With approximately 1.2 million rooms in China, the Company captured a 13.0% market share in 2024, ranking first among all hotel chains groups in China for nine consecutive years since 2016.

Top 5 Hotel Group in terms of Hotel Chains Number (China), 2024

Ranking	Hotel Group	Total Number of Hotels (2024)	Market Share (2024)
		Thousand Unit	*%*
1	**The Company**	**12.2**	**12.7%**
2	Company G	11.0	11.4%
3	Company J	7.0	7.3%
4	Company N	4.8	5.0%
5	Company L	4.4	4.6%
	Top 5	**39.4**	**41.0%**
	Others	**56.9**	**59.0%**
	Total Hotel Chains	**96.3**	**100.0%**

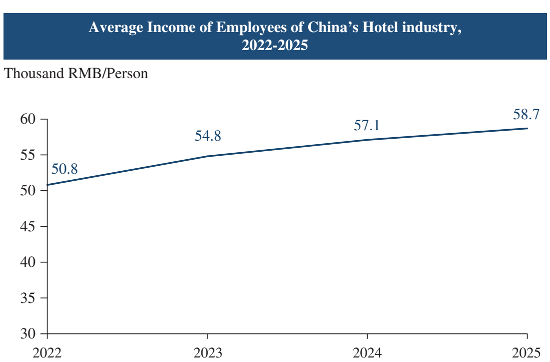
Top 5 Hotel Group in terms of Hotel Chains Room Number (China), 2024

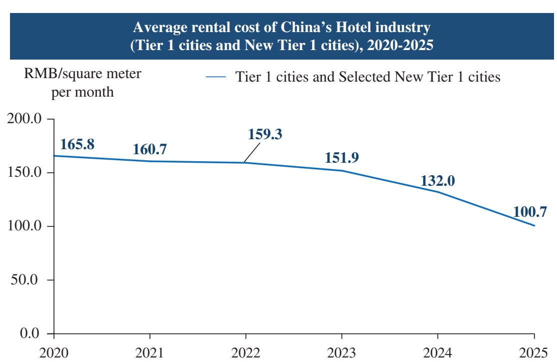
Ranking	Hotel Group	Total Number of Rooms (2024)	Market Share (2024)
		Million Unit	*%*
1	**The Company**	**1.2**	**13.0%**
2	Company G	1.1	12.0%
3	Company J	0.5	5.4%
4	Company L	0.3	3.3%
5	Company O	0.3	3.3%
	Top 5	**3.4**	**37.0%**
	Others	**5.8**	**63.0%**
	Total Rooms of Hotel Chains	**9.2**	**100.0%**

Source: Frost & Sullivan Analysis

COST ANALYSIS HOTEL INDUSTRY OVERVIEW

Labor costs are the major costs for hotel operators. Along with the economic growth and improving living standard, the labor costs in China also grew at a stable pace in recent years. The average annual income of employees in China's hotel industry witnessed a steady growth from 2022 to 2025, reaching RMB58.7 thousand in 2025. Rising labor cost might lead to increased hotel operating cost in China's hotel industry.





Source: NBS, Frost & Sullivan Analysis

Between 2020 and 2025, the average rental cost in tier 1 cities and new tier 1 cities has decreased from RMB165.8 to RMB100.7 per square meter per month. Declining average rental cost in China's hotel industry might lead to lower expansion cost in the future.