Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

H World Group Limited
華住集團有限公司

(formerly known as Huazhu Group Limited)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1179)

OVERSEAS REGULATORY ANNOUNCEMENT

H World Group Limited (the "**Company**") is making this announcement pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company filed an annual report on Form 20-F for the fiscal year ended December 31, 2025 (the "**Form 20-F**") with the Securities and Exchanges Commission of the United States. The Form 20-F is attached and is available for viewing on the Company's website at https://ir.hworld.com.

By order of the Board
H World Group Limited
JI Qi
Executive Chairman

Hong Kong, April 24, 2026

As at the date of this announcement, the Board comprises Mr. JI Qi, the Executive Chairman, Ms. ZHENG Jie, the Executive Director and Mr. Justin Martin LEVERENZ, as directors; Mr. John WU Jiong, Mr. HEE Theng Fong, Ms. CAO Lei and Ms. ZHANG Yi (alias Bonnie Yi ZHANG) as independent directors.

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

Commission file number: 001-34656

H World Group Limited

(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

CAYMAN ISLANDS

(Jurisdiction of incorporation or organization)

No. 1299 Fenghua Road
Jiading District
Shanghai 201803
People's Republic of China
+86 (21) 6195-2011
(Address of principal executive offices)

Arthur Yu
Chief Financial Officer
H World Group Limited
No. 1299 Fenghua Road
Jiading District
Shanghai 201803
People's Republic of China
+86 (21) 6195-2011
yujunrui@hworld.com
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Ordinary Shares, par value US$0.00001 per share	1179	The Stock Exchange of Hong Kong Limited
American Depositary Shares, each representing ten ordinary shares	HTHT	NASDAQ Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 3,071,525,690 Ordinary Shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

☒ U.S. GAAP

☐ International Financial Reporting Standards as issued by the International Accounting Standards Board

☐ Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ☐ No ☐

TABLE OF CONTENTS

	Page
CERTAIN CONVENTIONS	1
PART I	4
ITEM 1. *IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS*	4
ITEM 2. *OFFER STATISTICS AND EXPECTED TIMETABLE*	4
ITEM 3. *KEY INFORMATION*	4
3.A. [Reserved]	12
3.B. Capitalization and Indebtedness	12
3.C. Reason for the Offer and Use of Proceeds	12
3.D. Risk Factors	12
ITEM 4. *INFORMATION ON THE COMPANY*	56
4.A. History and Development of the Company	56
4.B. Business Overview	57
4.C. Organizational Structure	88
4.D. Property, Plants and Equipment	91
ITEM 4A. *UNRESOLVED STAFF COMMENTS*	91
ITEM 5. *OPERATING AND FINANCIAL REVIEW AND PROSPECTS*	91
5.A. Operating Results	91
5.B. Liquidity and Capital Resources	107
5.C. Research and Development, Patents and Licenses, etc.	112
5.D. Trend Information	113
5.E. Critical Accounting Estimates	113
ITEM 6. *DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES*	114
6.A. Directors and Senior Management	114
6.B. Compensation	117
6.C. Board Practices	120
6.D. Employees	122
6.E. Share Ownership	122
6.F. Disclosure of Action to Recover Erroneously Awarded Compensation	124
ITEM 7. *MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS*	124
7.A. Major Shareholders	124
7.B. Related Party Transactions	124
7.C. Interests of Experts and Counsel	125
ITEM 8. *FINANCIAL INFORMATION*	125
8.A. Consolidated Statements and Other Financial Information	125
8.B. Significant Changes	127
ITEM 9. *THE OFFER AND LISTING*	127
9.A. Offering and Listing Details	127
9.B. Plan of Distribution	127
9.C. Markets	127
9.D. Selling Shareholders	127
9.E. Dilution	127
9.F. Expenses of the Issue	127
ITEM 10. *ADDITIONAL INFORMATION*	127
10.A. Share Capital	127
10.B. Memorandum and Articles of Association	127
10.C. Material Contracts	128
10.D. Exchange Controls	128
10.E. Taxation	128
10.F. Dividends and Paying Agents	140
10.G. Statement by Experts	140
10.H. Documents on Display	141
10.I. Subsidiary Information	141

10.J. Annual Report to Security Holders 141
ITEM 11. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK* 141
ITEM 12. *DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES* 142
12.A. Debt Securities 142
12.B. Warrants and Rights 142
12.C. Other Securities 142
12.D. American Depositary Shares 142
PART II 147
ITEM 13. *DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES* 147
ITEM 14. *MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS* 147
ITEM 15. *CONTROLS AND PROCEDURES* 147
ITEM 16. *[Reserved]* 148
ITEM 16A. *AUDIT COMMITTEE FINANCIAL EXPERT* 148
ITEM 16B. *CODE OF ETHICS* 148
ITEM 16C. *PRINCIPAL ACCOUNTANT FEES AND SERVICES* 149
ITEM 16D. *EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES* 149
ITEM 16E. *PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS* 149
ITEM 16F. *CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT* 150
ITEM 16G. *CORPORATE GOVERNANCE* 150
ITEM 16H. *MINE SAFETY DISCLOSURE* 152
ITEM 16I. *DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS* 152
ITEM 16J. *INSIDER TRADING POLICIES* 152
ITEM 16K. *CYBERSECURITY* 153
PART III 154
ITEM 17. *FINANCIAL STATEMENTS* 154
ITEM 18. *FINANCIAL STATEMENTS* 154
ITEM 19. *EXHIBITS* 154

CERTAIN CONVENTIONS

Unless otherwise indicated, all translations from U.S. dollars to RMB in this annual report were made at a rate of US$1.00 to RMB 6.9931, the exchange rate as set forth in the H.10 statistical release of the U.S. Federal Reserve Board on December 31, 2025. No representation is made that the RMB amounts referred to herein could have been or could be converted into U.S. dollars at any particular rate or at all. On April 17, 2026, the exchange rate was US$1.00 to RMB 6.8170. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

Unless otherwise indicated, in this annual report,

- "*ADRs*" are to the American depositary receipts that may evidence our ADSs;
- "*ADSs*" are to our American depositary shares, each representing ten ordinary shares;
- "*China*" or the "*PRC*" refers to the People's Republic of China, and only in the context of describing PRC rules, laws, regulations, regulatory authority, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this annual report, excludes Hong Kong, Macau and Taiwan;
- "*Consolidated Affiliated Entities*" are to Tianjin Jizhu, Shanghai Huanmei and its wholly owned subsidiary Huanmei Travel, and Ningbo Futing, each of which is a Consolidated Affiliated Entity;
- "*Deutsche Hospitality*" or "*legacy DH*" refers to Steigenberger Hotels GmbH (formerly known as Steigenberger Hotels Aktiengesellschaft), a subsidiary of our company established under the laws of Germany on September 12, 1985, and its subsidiaries;
- "*EUR*" or "*Euro*" refers to the legal currency of European Union;
- "*HKD*" refers to the legal currency of Hong Kong;
- "*Hong Kong*" or "*HK*" refers to the Hong Kong Special Administrative Region of the PRC;
- "*Hong Kong Listing Rules*" are to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
- "*Hong Kong Stock Exchange*" is to The Stock Exchange of Hong Kong Limited;
- "*Huanmei Travel*" is to Huanmei International Travel Agency (Shanghai) Co., Ltd.;
- "*leased hotels*" are to leased-and-operated hotels;
- "*legacy Huazhu*" refers to our company excluding Deutsche Hospitality;
- "*Macau*" refers to the Macau Special Administrative Region of the PRC;
- "*manachised hotels*" are to franchised-and-managed hotels;
- "*Ningbo Futing*" is to Ningbo Futing Enterprise Management Co., Ltd.;
- "*occupancy rate*" refers to the number of rooms in use divided by the number of available rooms for a given period;
- "*RevPAR*" refers to revenue per available room, calculated by room revenue during a period divided by the number of available rooms of such hotel during the same period;

- "*ordinary shares*" or "*Shares*" are to our ordinary shares, par value US$0.00001 per share;
- "*RMB*" or "*Renminbi*" refers to the legal currency of China;
- "*Shanghai Huanmei*" is to Huanmei Information Technology (Shanghai) Co., Ltd.;
- "*Tianjin Jizhu*" is to Tianjin Jizhu Information Technology Co., Ltd. (formerly known as Tianjin Mengguang Information Technology Co., Ltd.);
- "*US$*" and "*U.S. dollars*" are to the legal currency of the United States;
- "*VIEs*" are to the Consolidated Affiliated Entities; and
- "*We*," "*us*," "*our company*," "*our*" and "*Huazhu*" are to H World Group Limited (formerly known as Huazhu Group Limited and China Lodging Group, Limited), a Cayman Islands exempted company with limited liability, its predecessor entities and its subsidiaries and, in the context of describing our operations and consolidated financial information, the VIEs.

When calculating the number of cities in China with our hotel network coverage in this annual report, we include the number of municipalities, cities and counties with at least one hotel under our operation or under development.

FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements that are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact contained in this annual report, including those regarding our future financial position, strategies, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate and any statements preceded by, followed by or that include the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "ought to," "plan," "potential," "predict," "project," "seek," "should," "will," "would," "vision," "aspire," "target," "schedules," "goal," "outlook" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain known and unknown risks, uncertainties and assumptions, including the risk factors as described in this annual report. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our anticipated growth strategies, including developing new hotels at desirable locations in a timely and cost-effective manner and launching a new hotel brand;
- our future business development, results of operations and financial condition;
- expected changes in our revenues and certain cost or expense items;
- our ability to attract customers and leverage our brand;
- trends and competition in the lodging industry;
- the status of the relevant regulatory and legislative developments in the countries we operate; and
- general economic, business and socio-political conditions globally, including recent Israel-Hamas military conflict and Russia-Ukraine military conflict.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

We would like to caution you not to place undue reliance on these forward-looking statements and you should read these statements in conjunction with the risk factors disclosed in "Item 3. Key Information—3D. Risk Factors." Other sections of this annual report include additional factors that could adversely affect our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. *IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS*

Not applicable.

ITEM 2. *OFFER STATISTICS AND EXPECTED TIMETABLE*

Not applicable.

ITEM 3. *KEY INFORMATION*

H World Group Limited is a holding company incorporated in the Cayman Islands. As a holding company, it has no material operations of its own and conducts substantially all its operations through its subsidiaries. China is one of our major markets, and we also have operations in other countries and areas including Europe, the Middle East and the Southeast Asia.

Permits and Permission Required from the PRC Authorities for Our Operations

We conduct our business in China through our subsidiaries, and for some businesses the direct holding of which is restricted by PRC law, through the Consolidated Affiliated Entities, including the VIEs, which we are required to obtain certain permissions from the PRC authorities. The PRC government has exercised, and may continue to exercise, substantial influence or control across sectors of the Chinese economy. Our ability to operate in China may be undermined if our subsidiaries or the VIEs are not able to obtain or maintain approvals to operate in China. The central or local governments could impose new, stricter regulations or interpretations of existing regulations that could require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. As of the date of this annual report, we and the VIEs have received all requisite permits, approvals and certificates from the PRC government authorities to conduct our business operations in China. However, given the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practice by government authorities, we cannot assure you that relevant policies in this regard will not change in the future, and such change may require us or our subsidiaries or VIEs to obtain additional licenses, permits, filings or approvals for conducting our business in the PRC. If we or our subsidiaries or VIEs do not receive or maintain required permissions or approvals, or inadvertently conclude that such permissions or approvals are not required, we may be subject to governmental investigations or enforcement actions, fines, penalties, suspension of operations, or be prohibited from engaging in relevant business or conducting securities offering, and these risks could result in a material adverse change in our operations, significantly limit or completely hinder our ability to offer or continue to offer securities to investors, or cause such securities to significantly decline in value or become worthless.

As advised by our PRC counsel, JunHe LLP, as of the date of this annual report, none of our PRC subsidiaries or VIEs are required to obtain any further permission or approval from China Securities Regulatory Commission (the "CSRC"), Cyberspace Administration of China (the "CAC"), or other PRC regulatory authorities to approve our contractual arrangements with the VIEs and their respective shareholders other than the permissions related to certain businesses operated by the Consolidated Affiliated Entities, or the renewal of the permission or approval we have already obtained (if applicable).

JunHe LLP is of the view that:

(a) pursuant to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "Trial Measures") and its relevant notes and five supporting guidelines (each, "Supporting Guideline"), which came into effect on March 31, 2023, PRC-based companies that seek to offer and list securities in overseas markets, either through direct or indirect means, are required to conduct relevant filings with the CSRC.

Furthermore, pursuant to the Circular on the Arrangements for the Filing-based Administration of Overseas Securities Offering and Listing by Domestic Companies (the "Trial Measures Circular"), companies that have already offered or listed securities overseas prior to the implementation of the Trial Measures are considered as "Stock Enterprises", and these Stock Enterprises are not required to apply for filings immediately with CSRC until a re-financing event takes place and then a filing for such re-financing is required.

As our company is considered as a Stock Enterprise, our PRC subsidiaries or the VIEs are not subject to immediate filing requirements under the Trial Measures. However, in the event of our future re-financing in an overseas market (whether on NASDAQ, Hong Kong Stock Exchange or in other overseas market), we will be subject to relevant filing requirements of the CSRC; and

(b) with respect to the regulatory requirements for cyber security and data protection, according to the Cybersecurity Review Measures issued by the CAC and other twelve regulatory authorities, which became effective in February 2022, a company is subject to cybersecurity review if it affects or may affect national security and falls under any of the following circumstances: (i) it is a critical information infrastructure operator ("CIIO"), who purchases network products and service, or (ii) it is a network platform operator who carries out data processing activities. In addition, any network platform operator possessing over one million users' individual information must apply for a cybersecurity review before listing abroad. Relevant PRC regulatory authorities may also initiate cybersecurity review if they determine that certain network products, services, or data processing activities affect or may affect national security.

As of the date of this annual report, none of our company, our subsidiaries or the VIEs has received any notice from the CAC or other PRC regulatory authorities that identifies any of these entities as a CIIO under the Cybersecurity Review Measures or has been required to go through a cybersecurity review by any PRC authorities. Also, none of our company, our subsidiaries or the VIEs has received any notice from the CAC or other PRC regulatory authorities that investigate our data processing activities or accuses our data processing activities affecting national security.

On July 7, 2022, the CAC issued the Measures for the Security Assessment of Data Cross-border Transfer, or the Security Assessment Measures, which became effective on September 1, 2022. In accordance with the Security Assessment Measures, a data processor should apply to the CAC for a data export security assessment under certain circumstances, including, among others, (i) where a data processor provides important data abroad; (ii) where a CIIO or a data processor processing personal information of over one million people provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 people or sensitive personal information of 10,000 people in total abroad since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC. Moreover, the Security Assessment Measures provide that for non-compliant cross-border data transfers that had been carried out before this regulation came into effect, rectification must be completed within six months from the effective date of the regulation. The said rectification includes, among others, a self-assessment on the risks of cross-border data transmission. After the completion of rectification, the data processor should file an application with the CAC by submitting materials including, (i) a declaration form; (ii) a self-assessment report on the risks of cross-border data transmission; (iii) the legal documents to be concluded by the data processor and the overseas recipient; and (iv) other materials necessary for data export security assessment.

As of the date of this annual report, we have conducted the self-assessment on the risks of the cross-border data transfers involved in our business operations pursuant to the regulation and have filed an assessment filing with the CAC within six months from the effective date of the Security Assessment Measures. We have received the written decision from the CAC approving the cross-border data transfers required for overseas hotel reservation.

On February 22, 2023, the CAC issued the Measures for the Standard Contract for Outbound Transfer of Personal Information, which became effective on June 1, 2023. Pursuant to PRC law and such regulation, entering into a CAC-formulated standard contract with the overseas data recipient is a pre-requisite for a data processor to transfer data abroad, if such data processor meets all the following conditions: (i) it is not a CIIO; (ii) it processes personal information of fewer than one million individuals; (iii) it has cumulatively transferred personal information of fewer than 100,000 individuals abroad since January 1 of the previous year; and (iv) it has cumulatively transferred sensitive personal information of fewer than 10,000 individuals abroad since January 1 of the previous year. Within ten (10) working days after the standard contract takes effect, the data processor should file the executed standard contract with the CAC.

On March 22, 2024, the CAC enacted the Provisions on Promoting and Regulating Cross-Border Data Flows (the "Cross-Border Data Flows Provisions"), which replaced the trigger event of a data processor's responsibility to apply for the data export security assessment, submit the standard contract filing, or obtain the compliance certification under the Security Assessment Measures and the Measures for the Standard Contract for Outbound Transfer of Personal Information, and further regulated that such responsibilities can be exempted under certain circumstances, including, among others: (i) an individual's information must be provided abroad for entering into or performing a contract which the individual is a contracting party, such as for cross-border shopping, cross-border delivery, cross-border remittance, cross-border payment, cross-border account opening, air ticket and hotel reservation, visa processing and examination services; (ii) an employee's information must be provided abroad for human resource management under the labor-relating rules and regulations and a collective contract signed in accordance with the law; (iii) an individual's information that must be provided abroad to protect the safety of his/her life and property under emergency circumstances; and (iv) the cumulative number of the individuals' information that a data processor (other than CIIO) transferred abroad in a year since January 1 is smaller than 100,000 individuals and no sensitive personal information is included.

On September 24, 2024, the State Council formally issued the Administrative Regulations on Cyber Data Security ("Cyber Data Security Regulations"), which became effective on January 1, 2025, stipulating that where network data handlers carry out network data processing activities that affect or may affect national security, they should undergo a national security review in accordance with relevant national regulations. The Cyber Data Security Regulations optimize regulations for cross-border data security management, specifying conditions under which network data processors may provide personal information abroad in accordance with international treaties or agreements. The regulations clarify that data not identified or publicly disclosed as important data by relevant regions or departments need not undergo cross-border security assessments for important data. Further, the Cyber Data Security Regulations set forth network data security protection requirements for network platform service providers, third-party product and service providers, and other relevant entities.

In addition, on October 28, 2025, the Standing Committee of the National People's Congress (the "NPC") adopted the amendments to the Cybersecurity Law of the People's Republic of China (the "Cybersecurity Law"), which took effect on January 1, 2026. The amendments introduce a framework for artificial intelligence governance, clarify that network operators must process personal information in accordance with the Civil Code and the Personal Information Protection Law, and other applicable laws and regulations, and substantially increase penalties for non-compliance, with maximum fines of up to RMB10 million for companies and RMB1 million for responsible individuals in cases involving exceptionally serious consequences. The amendments also expand the extraterritorial application of the Cybersecurity Law to any activities by overseas actors that endanger China's cybersecurity.

As of the date of this annual report, we have conducted a personal information protection impact assessment on our cross-border data transfer scenarios and got permitted. Then according to the new Cross-Border Data Flows Provisions, we concluded that the personal information export involved in hotel reservation scenarios can be exempted from applying for the data export security assessment, submitting standard contract filing, and obtaining the compliance certification. This exemption is justified as our cross-border data transfers are conducted for hotel reservations pursuant to contracts entered into with our customers, which is explicitly recognized as an exempted scenario under the Cross-Border Data Flows Provisions.

There remains uncertainty as to how current or future relevant rules published by the CSRC and the CAC will be interpreted or implemented, and the opinions summarized above are subject to new laws, rules and regulations and/or detailed implementations and interpretations. In addition, PRC laws and regulations governing the conditions and the requirements of such approval are uncertain, and the relevant regulatory authorities have broad discretion in interpreting these laws and regulations. Accordingly, the PRC regulatory authorities may take a different view than what is described above. PRC regulatory authorities that regulate our business and other participants in our industry may not agree that our corporate structure or any of the above contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future.

Furthermore, under current PRC laws, regulations and regulatory rules, our PRC subsidiaries or VIEs may be required to obtain permissions from the CSRC and may be required to go through cybersecurity review by the CAC, in connection with any offering and listing in an overseas market. If we fail to obtain the relevant approval or complete other review or filing procedures for any future offshore offering or listing, we may face sanctions by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in China, limitations on our operating privileges in China, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in China, restrictions on or delays to our financing transactions offshore, or other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs.

For more detailed information, see "—D. Risk Factors—Risks Related to Doing Business in China—Regulatory developments in China may subject us to additional regulatory review and disclosure requirements, expose us to government influence, or otherwise restrict or completely hinder our ability to offer securities and raise capital outside China, which could adversely affect our business operations and cause the value of our securities to significantly decline or become worthless."

Risks and Uncertainties Relating to Doing Business in China

We are a foreign private issuer within the meaning of the rules under the Securities Exchange Act of 1934 (the "Exchange Act"), and as such we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers. Moreover, the information we are required to file with or furnish to the Securities and Exchange Commission (the "SEC") will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. In addition, as a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NASDAQ corporate governance standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the NASDAQ corporate governance standards.

We face various legal and operational risks and uncertainties as China is one of our major markets. We are subject to risks arising from the uncertainty in the interpretation and the enforcement of the PRC laws and regulations. In addition, rules and regulations in China can change quickly with little advance notice. In recent years, Chinese regulators have announced regulatory actions targeting certain sectors of China's economy, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas, adopting new measures to extend the scope of cybersecurity reviews, adopting new laws and regulations related to data security, and expanding the efforts in anti-monopoly enforcement. Although the lodging industry does not appear to be the focus of these regulatory actions, we cannot guarantee that the Chinese regulators will not in the future take regulatory actions that materially adversely affect the business environment and financial markets in China as they relate to us, our ability to operate our business, our liquidity and our access to capital. Moreover, recent statements made by the Chinese government have indicated an intent to increase the government's oversight and control over offerings of companies with significant operations in the PRC that are to be conducted in foreign markets, and the PRC regulatory authorities may intervene or influence our operations at any time, which could result in a material change in our operations or the value of our ADSs. Any actions by the PRC regulatory authorities to exert more oversight and control over offerings that are conducted overseas could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless.

Our Holding Company Structure and Operations in China

Holders of our ADSs do not hold equity interest in our operating subsidiaries or the Consolidated Affiliated Entities, but instead hold equity interest in H World Group Limited, a Cayman Islands holding company whose consolidated financial results include those of the Consolidated Affiliated Entities under U.S. GAAP. Our securities that are listed on the NASDAQ Global Select Market and the Hong Kong Stock Exchange are securities of our Cayman Islands holding company, not of our operating subsidiaries or the VIEs.

H World Group Limited is a Cayman Islands holding company that conducts its business primarily through its subsidiaries, a majority of which are based in China and Europe, and for some businesses (including internet-based and international travel agency businesses), the direct holding of which is restricted by PRC law, through the Consolidated Affiliated Entities. Neither H World Group Limited nor its subsidiaries directly own any equity interest in the Consolidated Affiliated Entities. Instead, H World Group Limited relies on contractual arrangements among one of its PRC subsidiaries, the Consolidated Affiliated Entities and the Consolidated Affiliated Entities' respective nominee shareholders, which allow H World Group Limited, to the extent permitted by PRC law, to:

(i) direct the activities of the Consolidated Affiliated Entities that most significantly impact the Consolidated Affiliated Entities' economic performance;

(ii) receive substantially all of the economic benefits of the Consolidated Affiliated Entities; and

(iii) have an exclusive option to purchase all or part of the equity interests in the Consolidated Affiliated Entities.

As a result of these arrangements, we have control over and are the primary beneficiary of the VIEs (composed of the Consolidated Affiliated Entities) for accounting purposes and, therefore, we have consolidated the financial results of the VIEs in our consolidated financial statements in accordance with U.S. GAAP. Any references to control or benefits that accrue to us because of the VIEs in this annual report are limited to, and subject to conditions for consolidation of, the VIEs under U.S. GAAP.

The contractual arrangements underlying our VIE model, including our arrangements with the Consolidated Affiliated Entities, have not been tested in court. However, the Special Administrative Measures for Access of Foreign Investment, or the Negative List (2024 Edition) (as issued by the National Development and Reform Commission, or the NDRC, and the Ministry of Commerce, or MOFCOM, and amended from time to time), and other applicable PRC laws and regulations (including the Regulations on Travel Agencies (Revised in 2020)), prohibit direct foreign investment in certain international travel agency businesses and restrict direct foreign investment in certain internet-based businesses. Due to these regulatory restrictions on direct foreign investment, we conduct relevant operations through contractual arrangements with the Consolidated Affiliated Entities, which hold the licenses, permits and approvals that are necessary for operating relevant restricted businesses in the PRC.

The financial impacts of these VIEs were immaterial to our historical consolidated financial statements. The VIEs in aggregate contributed an insignificant portion (less than 1%) of our total revenues and total net profit in each of the fiscal years ended December 31, 2024 and 2025 and the impact of the VIEs to our consolidated balance sheets as of December 31, 2024 and 2025 were also immaterial (in aggregate contributing less than 1% of our total assets as of these respective dates). If the PRC regulatory authorities deem that any of our business operations carried out through the VIEs do not comply with PRC regulatory restrictions, especially the restrictions on foreign investment in the relevant industries, or if the relevant regulations or their interpretation change in the future, the PRC regulatory authorities could disallow this structure, which could result in us being subject to penalties or being forced to relinquish its interests in the affected operations. Additionally, potential future actions by the PRC regulatory authorities could affect the legality and enforceability of the contractual arrangements underlying the VIE model, which, consequently, would affect our ability to consolidate the financial results of the VIEs. If any of these happens, there would likely be changes in our operations and/or changes in the value of the securities of the investors. In the worst circumstances, if the contribution from VIEs becomes significant to our operations and the VIE model does not comply with PRC laws and regulations, such changes could cause the value of our securities to significantly decline or become worthless. For more information, see "—D. Risk Factors—Risks Related to Our Corporate Structure" below in this annual report.

For our corporate structure as of the date of this annual report, including our significant subsidiaries and the VIEs, see "Item 4. Information on the Company—4.C. Organizational Structure" below in this annual report.

Recent Regulatory Developments

Cyber Security Review and Data Privacy Regulations

The PRC regulatory authorities have promulgated, among others, the Personal Information Protection Law of the PRC, the Data Security Law of the PRC and the Amendment to Cybersecurity Law of the PRC to ensure cybersecurity, data and personal information protection. These new laws, as well as other proposed regulations, demonstrate that relevant laws and regulations governing these areas are developing along with the enforced and constantly tightening of relevant regulatory supervision. The State Council of the PRC promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure on July 30, 2021, which took effect on September 1, 2021. This regulation requires, among other things, that certain competent authorities identify and protect critical information infrastructures. The CAC and a number of other departments under the State Council promulgated the Cybersecurity Review Measures on December 28, 2021, which became effective on February 15, 2022. According to this regulation, critical information infrastructure operators purchasing network products and services and network platform operators carrying out data processing activities, which affect or may affect national security, are required to conduct cybersecurity review. On July 7, 2022, the CAC issued the Security Assessment Measures, which became effective on September 1, 2022 and require a data processor to apply to the CAC for a data export security assessment under certain circumstances. On February 22, 2023, the CAC issued the Measures for the Standard Contract for Outbound Transfer of Personal Information, which requires a data processor to enter into standard contracts under certain circumstances. On March 22, 2024, the CAC issued the Cross-Border Data Flows Provisions, which further regulates that the responsibility to apply for data export security assessments, submit standard contract, or obtain compliance certifications can be exempted under certain circumstances. See "—Permits and Permission Required from the PRC Authorities for Our Operations" above in this annual report for more information.

On September 1, 2021, the Data Security Law of the PRC became effective, which imposes data security and privacy obligations on entities and individuals conducting data-related activities, and introduces a data classification and hierarchical protection system. In addition, the Standing Committee of the NPC promulgated the Personal Information Protection Law of the PRC (the "PIPL") on August 20, 2021, and this law took effect on November 1, 2021. The PIPL further emphasizes processors' obligations and responsibilities for personal information protection and sets out the basic rules for processing personal information and the rules for cross-border provision of personal information. On September 24, 2024, the State Council formally issued the Cyber Data Security Regulations, which became effective on January 1, 2025, stipulating that where network data handlers carry out network data processing activities that affect or may affect national security, they should undergo a national security review in accordance with relevant national regulations. The Cyber Data Security Regulations optimize regulations for cross-border data security management, specifying conditions under which network data processors may provide personal information abroad in accordance with international treaties or agreements. The regulations clarify that data not identified or publicly disclosed as important data by relevant regions or departments need not undergo cross-border security assessments for important data. Further, the Cyber Data Security Regulations set forth network data security protection requirements for network platform service providers, third-party product and service providers, and other relevant entities. On October 28, 2025, the Standing Committee of the NPC adopted amendments to the Cybersecurity Law, which took effect on January 1, 2026. The revisions align the legal liability for personal information processing with the PIPL and other applicable laws, ensuring that breaches of personal data are subject to a cohesive legal framework. Furthermore, the amendments introduce a tiered penalty system: for violations with particularly serious consequences, companies may face fines of up to RMB10 million, and responsible individuals may face fines of up to RMB1 million. The amendments also expand the extraterritorial application of the Cybersecurity Law to cover overseas activities that endanger China's cybersecurity. These developments indicate a continued regulatory focus on data protection and could impact our compliance costs and operational procedures, particularly concerning customer data handling and the potential designation of core business systems as critical information infrastructure. On September 11, 2025, the Cyberspace Administration of China promulgated the Measures for the Administration of National Cybersecurity Incident Reporting, which took effect on November 1, 2025. These measures require that network operators engaged in network construction, operation, or network-based service provision within the territory of the People's Republic of China shall report cybersecurity incidents in accordance with the provisions thereof once such incidents occur. In particular, for cybersecurity incidents at or above the "relatively significant level", network operators shall promptly report to the local provincial-level cyberspace administration department, and in any event, such reporting shall not be delayed for more than four hours.

There are uncertainties as to the interpretation and application of these cybersecurity and data privacy laws, regulations and standards, and they may be interpreted and applied in a manner that is inconsistent with our current policies and practices or require changes to the features of our data systems. If the CAC or other regulatory agencies later deem us to be a CIIO and require that we obtain their approvals for our future offshore offerings, we may be unable to obtain such approvals in a timely manner, or at all, and such approvals may be rescinded even if obtained. Any such circumstance could significantly limit or completely hinder our ability to continue to offer securities to investors and cause the value of our securities to significantly decline or be worthless. In addition, implementation of industry-wide regulations affecting our business operations could limit our ability to attract new customers and/or users and cause the value of our securities to significantly decline. Therefore, investors of our company and our business face potential uncertainties from actions taken by the PRC regulatory authorities affecting our business.

Potential CSRC Filings on Overseas Listing

On February 17, 2023, the CSRC promulgated the Trial Measures and relevant notes and Supporting Guidelines, which came into effect on March 31, 2023. The Trial Measures seek to regulate all types of overseas offerings and listings by PRC based companies, including: (a) direct overseas listings, i.e. overseas listings by joint-stock companies which are established in PRC (such as H shares, N shares, GDRs); and (b) indirect overseas listings, i.e. overseas listings by PRC based companies in the names of an overseas entity (such as red-chip listings), if such issuers meets both of the following conditions: (i) more than 50% of its audited financial indicators (either operating revenue, profits, total assets or net assets) for the most recent accounting year is accounted for by its PRC-based companies, and (ii) major business activities or operations are conducted within the territory of PRC; main places of business are located within the territory of the PRC; or the majority of senior management staff domicile in the PRC or are Chinese citizens.

The Trial Measures does not only govern initial public offerings (the "IPOs"), but also governs spin-off listings, single or multiple acquisitions of domestic assets, share swaps or transfer of shares, reverse takeovers, SPAC listings, subsequent issuances of securities, secondary listings or dual listing, etc. In addition to offering and listing of shares, offering and listing of depository receipts, corporate bonds convertible to shares, and other equity securities by PRC-based companies shall also be subject to the filing requirements under the Trial Measures.

The Trial Measures and Supporting Guidelines require PRC-based companies that seek overseas offerings and listings to fulfill the filing procedures with and report relevant information to the CSRC, specifically: (a) for an IPO, the filing with CSRC shall be conducted within three (3) working days following the submission of the application; (b) for a subsequent issuance of securities, the filing shall be conducted within three (3) working days following the completion of the offering; (c) for the listings in other stock markets (e.g. secondary listings or dual listings), the same filing timeline applied to an IPO shall apply; (d) for the listing of assets via multiple acquisitions, share swaps, transfers of shares (e.g. reverse takeover), the same filing timeline applied to an IPO shall apply; (e) for the unlisted shares of PRC Companies applying for conversion to listed shares trading on overseas market, the filings shall be conducted pursuant to the other regulations.

Furthermore, an overseas offering and listing would be prohibited under the following circumstances: (a) it is explicitly prohibited under applicable laws and administrative regulations; (b) there exists national security concerns as reviewed and determined by competent authorities under the State Council; (c) a crime has been committed by the issuer's PRC-based company, its controlling shareholder(s) or actual shareholder(s) in the last three (3) years (e.g. corruption, bribery, embezzlement, misappropriation of property or undermining the market economy orders); (d) the issuer's PRC-based company is under investigations for criminal acts or major violations of applicable laws and regulations, and no conclusion of the investigation has yet been made; and (e) there exists material ownership disputes over equity interests held by controlling shareholders (or by shareholders who are controlled by the controlling shareholder or actual controllers). If there exists any of the aforementioned circumstances, the overseas offerings and listings shall be postponed or even terminated.

Specifically, if an issuer adopts a VIE structure for the purpose of overseas offering and listing, it shall disclose relevant contractual arrangements to the CSRC through fillings. The Supporting Guidance also provides that PRC counsel needs to verify the following issues, including (i) the participation of foreign investors in the issuer management operation, for example, the appointment of directors; (ii) whether there exist situations where PRC laws and administrative regulations expressly prohibit the use of contractual arrangements to retain business licenses and qualifications, etc.; (iii) whether there exist situations where the PRC operating entity of the issuer falls under the scope of foreign investment security review, or within the restricted or prohibited sectors of foreign investment.

Despite the foregoing, pursuant to the Trial Measures Circular, companies that have already offered shares or been listed overseas prior to the implementation of the Trial Measures will be considered as "Stock Enterprises". Stock Enterprises are not required to apply for filings until a subsequent re-financing event occurs.

As our company is considered as a Stock Enterprise, our PRC subsidiaries and the VIEs are not subject to the immediate filing requirements under the Trial Measures. However, in the events of any re-financing in the future, such as subsequent share issuance, our company will be subject to the relevant filing requirements pursuant to the Trial Measures.

On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration jointly issued the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (the "Confidentiality and Archives Provisions"), which became effective from March 31, 2023. The Confidentiality and Archives Provisions specify that during the overseas issuance of securities and listing activities of domestic enterprises, domestic enterprises and securities companies and securities service institutions that provide relevant securities services shall, by strictly abiding by the relevant laws and regulations of the PRC and the requirements therein, establish sound confidentiality and archives management systems, take necessary measures to implement confidentiality and archives management responsibilities, and shall not leak national secrets, work secrets of governmental agencies and undermine national and public interests. Work manuscripts generated in the PRC by securities companies and securities service institutions that provide relevant securities services for overseas issuance and listing of securities by domestic enterprises shall be kept in the PRC. Without the approval of relevant competent authorities, it shall not be transferred overseas. Where archives or copies need to be transferred outside of the PRC, it shall be subject to the approval procedures in accordance with relevant PRC regulations. The Confidentiality and Archives Provisions further require that (a) a domestic enterprise that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any documents and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level; and (b) a domestic enterprise that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals and entities including securities companies, securities service providers and overseas regulators, any other documents and materials that, if leaked, will be detrimental to national security or public interest, shall strictly fulfill relevant procedures stipulated by applicable national regulations.

As of the date of this annual report, we have not received any inquiry, notice, warning, sanctions or regulatory objection from the CSRC or the CAC. Because these regulatory actions are relatively new, it is uncertain how soon legislative or regulatory bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any, or the potential impact such modified or new laws and regulations will have on our daily business operation, our ability to accept foreign investments and listing on a U.S. or other overseas exchanges. PRC laws and their interpretations and enforcement continue to develop and are subject to change, and the PRC regulators may adopt other rules and restrictions in the future. See "—D. Risk Factors—Risks Related to Doing Business in China" below for more details.

The Holding Foreign Companies Accountable Act

Our financial statements contained in this annual report have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent registered public accounting firm that is headquartered in Shanghai, China with offices in other cities in China. It is a firm registered with the U.S. Public Company Accounting Oversight Board, or PCAOB, and is required by the laws of the U.S. to undergo regular inspections by the PCAOB to assess its compliance with the laws of the U.S. and professional standards. According to Article 177 of the PRC Securities Law, which became effective in March 2020, the securities regulatory authority of the State Council may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, or the Regulatory Cooperation Mechanism; no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without a Regulatory Cooperation Mechanism or the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide the documents and materials relating to securities business activities to overseas parties.

The United States adopted the Holding Foreign Companies Accountable Act on December 18, 2020, and it was amended by the Consolidated Appropriations Act, 2023 in December 2022 (the amended act hereinafter referred to as the "HFCA Act"). The HFCA Act states if the SEC determines that a company has filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for two consecutive years, the SEC shall prohibit such securities from being traded on a national securities exchange or in the over the counter trading market in the U.S. Pursuant to amendments made to the HFCA Act in 2022, the PCAOB may determine that it is unable to inspect or investigate completely registered public accounting firms in any foreign jurisdictions because of positions taken by any foreign authority, rather than an authority in the location in which the firms are headquartered or in which they have a branch or office, as was the case under the original version of the Act. The SEC has adopted rules to implement the HFCA Act and, pursuant to the HFCA Act, the PCAOB issued a report notifying the SEC of its determinations on December 16, 2021 that it was unable to inspect or investigation completely accounting firms headquartered in mainland China or Hong Kong, including our auditor Deloitte Touche Tohmatsu Certified Public Accountants LLP. We were also conclusively identified as a "Commission-Identified Issuer" under the HFCA Act on May 26, 2022 in respect of our Annual Report for 2021 on Form 20-F filed on April 27, 2022.

On August 26, 2022, the PCAOB signed a Statement of Protocol with the CSRC and the Ministry of Finance of the PRC, taking a first step toward opening access for the PCAOB to inspect and investigate registered public accounting firms headquartered in Mainland China and Hong Kong. On December 15, 2022, the PCAOB announced its determination that it has been able to inspect and investigate audit firms in mainland China and Hong Kong completely for purposes of the HFCA Act, and the PCAOB vacated its December 16, 2021 determinations. As a result of this announcement, we were not for the fiscal year of 2023 or 2024, and do not expect to be for the fiscal year of 2025 a Commission-Identified Issuer in respect of our annual report on Form 20-F. However, the PCAOB stated that should PRC authorities obstruct the PCAOB's ability to inspect or investigate completely in any way and at any point in the future, the PCAOB Board will act immediately to consider the need to issue new determinations consistent with the HFCA Act. While we currently do not expect the HFCA Act to prevent us from maintaining the trading of our ADSs in the U.S., uncertainties exist with respect to future determinations of the PCAOB in this respect and any further legislative or regulatory actions to be taken by the U.S. or Chinese regulatory authorities that could affect our listing status in the U.S.

The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. See "—D. Risk Factors—Risks Related to Doing Business in China—If the PCAOB is unable to inspect our auditors as required under the HFCA Act, the SEC will prohibit the trading of our ADSs, which may materially and adversely affect the value of your investment" in this annual report for more details.

3.A. [Reserved]

3.B. Capitalization and Indebtedness

Not applicable.

3.C. Reason for the Offer and Use of Proceeds

Not applicable.

3.D. Risk Factors

An investment in our ADSs involves risks. You should carefully consider the risks described below, as well as the other information included or incorporated by reference in this annual report, before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The market or trading price of our ADSs could decline due to any of these risks, and you may lose all or part of your investment. In addition, the risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. Please note that additional risks not presently known to us, that we currently deem immaterial or that we have not anticipated may also impair our business and operations.

Risk Factor Summary

Risks Related to Our Business

- Our operating results are subject to conditions affecting the lodging industry in general;
- Our business is sensitive to Chinese, European, Middle Eastern, Southeast Asian and global economic conditions. A severe or prolonged downturn in the Chinese, European, Middle Eastern, Southeast Asian or global economy could materially and adversely affect our revenues and results of operations;
- The lodging industries in China, Europe, the Middle East, the Southeast Asia, and other countries and regions where we operate are competitive, and if we are unable to compete successfully, our financial condition and results of operations may be harmed;
- Seasonality of our business and national or regional special events may cause fluctuations in our revenues, cause our ADS or ordinary share price to decline, and adversely affect our profitability;
- We may not be able to manage our planned growth, which could adversely affect our operating results;
- Failure to comply with data protection laws or maintain the integrity of internal or customer data could result in harm to our reputation or subject us to costs, liabilities, fines or lawsuits; and
- We, our directors, management and employees may be subject to certain risks related to legal proceedings filed by or against us, and adverse results may harm our business.

Risks Related to Doing Business in China

- We are subject to many of the economic and political risks associated with emerging markets due to our operations in China;
- Inflation in China may disrupt our business and have an adverse effect on our financial condition and results of operations;
- Developments in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us;
- Regulatory developments in China may subject us to additional regulatory review and disclosure requirements, expose us to government influence, or otherwise restrict or completely hinder our ability to offer securities and raise capital outside China, which could adversely affect our business operations and cause the value of our securities to significantly decline or become worthless; and
- If the PCAOB is unable to inspect our auditors as required under the HFCA Act, the SEC will prohibit the trading of our ADSs, which may materially and adversely affect the value of your investment.

Risks Related to Our Corporate Structure

- H World Group Limited is a Cayman Islands holding company. As a result, you may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management based on foreign laws;
- Revenue and assets contributions from the Consolidated Affiliated Entities have not been material. Nonetheless, if the PRC regulatory authorities deem that the contractual arrangements in relation to the Consolidated Affiliated Entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, our ordinary shares and ADSs may decline in value if we are unable to assert our contractual control rights over the assets of the Consolidated Affiliated Entities;

- We rely in part on contractual arrangements with each of the Consolidated Affiliated Entities and their respective nominee shareholders to operate certain restricted business. These contractual arrangements may not be as effective as direct ownership in providing operational control;
- If we exercise the option to acquire equity ownership of the Consolidated Affiliated Entities, the ownership transfer may subject us to certain limitations and substantial costs;
- The nominee shareholders of the Consolidated Affiliated Entities may have potential conflicts of interest with us, which may affect our business and financial condition;
- If the custodians or authorized users of our controlling non-tangible assets, including chops and seals, fail to fulfill their responsibilities, or misappropriate or misuse these assets, our business and operations may be materially and adversely affected; and
- Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and its implementing rules and how they may impact our business, financial condition, and results of operations.

Risks Related to Our ADSs, Ordinary Shares and Our Trading Market

- The market prices for our ADSs and/or ordinary shares have been and may continue to be volatile;
- An active trading market for our ordinary shares on the Hong Kong Stock Exchange might not be sustained, and trading prices of our ordinary shares might fluctuate significantly;
- If securities or industry analysts do not continue to publish research or if they publish inaccurate or unfavorable research about our business, the market prices and trading volume for our ADSs and/or ordinary shares could decline;
- Techniques employed by short sellers may drive down the market prices of the ADSs and/or ordinary shares;
- We may need additional capital, and the sale of additional ADSs, ordinary shares or other equity securities could result in additional dilution to our shareholders, and the incurrence of additional indebtedness could increase our debt service obligations;
- As our founder and co-founders collectively hold a controlling interest in us, they have significant influence over our management and their interests may not be aligned with our interests or the interests of our other shareholders; and
- There is uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of our ADSs.

Risks Related to Our Business

Our operating results are subject to conditions affecting the lodging industry in general.

Our operating results are subject to conditions typically affecting the lodging industry, which include:

- changes and volatility in national, regional and local economic conditions in China, Europe, the Middle East, the Southeast Asia, and other countries and regions where we operate;
- competition from other hotels, the attractiveness of our hotels to customers, and our ability to maintain and increase sales to existing customers and attract new customers;
- adverse weather conditions, natural disasters or travelers' fears of exposure to contagious diseases and social unrest;
- changes in travel patterns or in the desirability of particular locations;

- increases in operating costs and expenses due to inflation and other factors;
- local market conditions such as an oversupply of, or a reduction in demand for, hotel rooms;
- the quality and performance of managers and other employees of our hotels;
- the availability and cost of capital to fund construction and renovation of, and make other investments in, our hotels;
- seasonality of the lodging business and national or regional special events;
- the possibility that leased properties may be subject to challenges as to their compliance with the relevant government regulations; and
- maintenance and infringement of our intellectual property.

Changes in any of these conditions could adversely affect our occupancy rates, average daily room rates and RevPAR, or otherwise adversely affect our results of operations and financial condition.

Our business is sensitive to Chinese, European, Middle Eastern, Southeast Asian and global economic conditions. A severe or prolonged downturn in the Chinese, European, Middle Eastern, Southeast Asian or global economy could materially and adversely affect our revenues and results of operations.

China is one of our major markets, and we also have operations in other countries and areas including Europe, the Middle East and the Southeast Asia. We depend on domestic business and leisure travel customers in China for a significant majority of our revenues, and we also derive a relatively large portion of our revenues from Europe following our acquisition of Deutsche Hospitality in 2020. Our operations have expanded to the Middle East and the Southeast Asia. Accordingly, our financial results have been, and we expect will continue to be, affected by developments in the economies and travel industries primarily of China, as well as those of Europe, the Middle East and the Southeast Asia.

As the travel industry is highly sensitive to business and personal discretionary spending levels, it tends to decline during general economic downturns. A prolonged slowdown in the Chinese economy could erode consumer confidence which could result in changes to consumer spending patterns for travel and lodging-related products and services. The European hotel industry is also significantly affected by European countries' economic growth.

The global financial markets experienced significant disruptions from time to time. In addition, conflicts between the United States and China have extended to multiple areas, which could place further pressure on China's economic growth. For example, the economic and trade sanctions imposed by countries around the globe, particularly those imposed by the U.S. government, have directly or indirectly affecting China-based companies. Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involve substantial uncertainties, which may be heightened by national security concerns or driven by political and/or other factors that are out of our control. In addition, if any of our business partners is identified or designated as a sanctioned person or entity by relevant governmental authorities, actual or perceived association with such sanctioned person or entity could expose us to reputational risks, as well as potential regulatory scrutiny and adverse consequences for our business and operations. Furthermore, in April 2025, the United States announced broad tariffs on imports from all countries, comprising a 10% so-called "baseline" tariff on all countries, varying so-called "reciprocal" tariffs on certain trade partners, and a so-called "fentanyl-related" tariff of 20% on goods from China, Mexico and Canada. On February 20, 2026, the U.S. Supreme Court struck down tariffs imposed by U.S. President Trump under the International Emergency Economic Powers Act. Following the decision, the administration rescinded the IEEPA-based tariffs, but concurrently imposed a 10% temporary import surcharge under section 122 of the Trade Act of 1974 on imports from all U.S. trading partners for a 150-day period commencing on February 24, 2026 and discussed plans to impose other tariffs in reliance on other statutory authority. These changing policies have created considerable uncertainty regarding future tariff rates and the trajectory of U.S.-China trade relations. Moreover, the heightened geopolitical uncertainty and potential for further escalation may discourage investments in securities issued by China-based issuers (including us) and affect the global macroeconomic environment. Although cross-border trade is not our principal business, these types of geopolitical developments could materially and adversely affect our overall financial performance and the market prices of our ADSs and ordinary shares. For example, some of our franchisees work in industries that are relatively more vulnerable to heightened tariffs, such as manufacturing, and the escalated trade war might have a material adverse effect on their business and cash flow, thereby weakening potential franchisees' willingness to entering into franchise agreements with us or existing franchisees' ability to invest in the maintenance and operation of our hotels.

Legislative or administrative actions in respect of Sino-U.S. relations could increase investor caution towards affected issuers, including us, and the market price of our ordinary shares and ADSs could be adversely affected. For example, the SEC has issued statements primarily focused on companies with significant China-based operations, such as us. In addition, beginning in December 2020, the United States imposed sanctions on certain Chinese companies that prohibit U.S. persons from buying or selling the publicly traded securities of these companies as well as securities that are derivatives of or provide investment exposure to these companies. The implementation of these restrictions forced the delisting of those sanctioned issuers that were then listed on U.S. exchanges. The U.S. government designated these companies as "China Military-Industrial Complex Companies," or CMIC Companies, based on their purported links to the Chinese military or Chinese military infrastructure or capabilities. Furthermore, during a television interview on April 15, 2025, in response to a journalist's question on whether the U.S. government could include possible delistings of Chinese companies from U.S. exchanges as a possible step the U.S. could take in its ongoing trade disputes from China, U.S. Secretary of Treasury, Scott Bessent, declined to exclude this possibility. If the U.S. government were to issue any order or otherwise require or cause the delisting of equity securities issued by China-based issuers, it could have a material adverse effect on the price of our ADSs. If our ADSs were to be delisted from the NASDAQ, we may be unable to readily obtain a listing on another stock exchange, and our shareholders may suffer losses or be unable to trade our securities as a result. All of these events have introduced uncertainties to the geopolitical situations and the global economic outlook. Furthermore, rather than just delisting our securities from the NASDAQ, the U.S. government could implement sanctions, such as those applicable to CMIC Companies, which apply to U.S. persons globally, which could even more significantly affect our shareholders, in particular U.S. persons, and the market price of our securities, including our Hong Kong Stock Exchange-listed ordinary shares.

Separately, we may also be subject to review and enforcement under domestic and foreign laws that screen foreign investment and acquisitions. In both the United States and non-U.S. jurisdictions, these regulatory requirements may treat companies differently based on the type of company in question and the location and nature of its operations. As a result of these laws and regulations, investments by particular investors may need to be filed with local regulators, which in turn may impose added costs on our business, impact our operations, and limit our ability to engage in strategic transactions that might otherwise be beneficial to us and our investors. These laws are also frequently changed and updated. For example, in October 2024, the U.S. Department of the Treasury issued a final rule (the "Outbound Investment Rule"), which imposes a new national security regulatory framework to control outbound investment from the United States in certain sensitive industry sectors in the China, including Hong Kong and Macau. The Outbound Investment Rule took effect in January 2025, and it restricts U.S. persons' direct and indirect investment into companies with specified connections to China that engage in specified "covered activities" within three areas of technology: semiconductors and microelectronics, quantum information technologies, and artificial intelligence systems. Subsequently, the U.S. government issued a broadly worded "America First Trade Policy" on January 20, 2025 and an "America First Investment Policy" on February 21, 2025. In particular, the America First Trade Policy directs the Treasury and several other executive departments and offices of the U.S. government to review the outbound investment program. In addition, the America First Investment Policy Memorandum contemplates possible application of the outbound investment program to a wider range of technologies, including biotechnology, hypersonics, aerospace, advanced manufacturing, directed energy, and other areas "implicated by the PRC's national Military-Civil Fusion strategy" and applying restrictions to a wider range of investments, including publicly traded securities. On December 18, 2025, the Comprehensive Outbound Investment National Security Act of 2025 (the "COINS Act") was signed into law. The COINS Act will keep the core of the final rule while expanding its scope and coverage, including underwriting services as an exception and amending certain key definitions such as "Covered Foreign Person." It directs the U.S. Department of Treasury to define the technical parameters for prohibited and notifiable transactions. The content of the implementation regulations remains uncertain These rules, including any changes to them that may be adopted, may limit our ability to engage in certain kinds of business operations; they may also limit our ability to raise capital from U.S. and other sources if we engage in the development of technologies specified in these rules. Continuing changes in both U.S. and non-U.S. jurisdictions to foreign investment laws and rules could adversely affect our strategic initiatives, financial performance, and growth prospects.

There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by China. On the other hand, after a sustained period of low interest rates, interest rates have risen significantly in the U.S. and Europe since 2022. The combination of rising interest rates and inflation has resulted in significant market volatility and economic uncertainty.

There have also been concerns over unrest in the Middle East and Africa, which have resulted in significant market volatility and may adversely affect our operations in the Middle East, and over the possibility of a war involving North Korea. Furthermore, eruptions of regional tensions, such as the ongoing military conflicts involving Israel and Palestine, Ukraine and Russia, and the related sanctions against Russia have resulted in major economic shocks worldwide and substantial volatility across global financial markets. Moreover, there have been concerns about the economic effect of the earthquake, tsunami and nuclear crisis in Japan and the tensions between Japan and its neighboring countries and about the uncertainties of growth in economies in the Southeast Asia. Economic conditions in China, Europe and the Middle East and the Southeast Asia are sensitive to global economic conditions.

It is unclear whether the above challenges will be contained or resolved and what effects they may have. Any prolonged slowdown in the Chinese, European, Middle Eastern, Southeast Asian or global economy may have a negative impact on our business, results of operations and financial condition, and continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

The lodging industries in China, Europe, the Middle East, the Southeast Asia, and other countries and regions where we operate are competitive, and if we are unable to compete successfully, our financial condition and results of operations may be harmed.

The lodging industries in China, Europe, the Middle East, Southeast Asia and other countries and regions where we operate, are highly fragmented. As a multi-brand hotel group, we believe that we compete primarily based on location, room rates, brand recognition, quality of accommodations, geographic coverage, service quality, range of services, guest amenities, and convenience of the central reservation system. We primarily compete with other hotel groups as well as various independent hotels in each of the markets in which we operate, including Chinese hotel groups such as BTG Hotels, Jinjiang, and Atour, as well as international hotel groups such as Marriott, Intercontinental, Accor and Hilton. We also face competitions from lodging products offered on platforms such as Airbnb and service apartments. New and existing competitors may offer more competitive rates, greater convenience, services, or amenities or superior facilities, which could attract customers away from our hotels and result in a decrease in occupancy rates and average daily room rates of our hotels. Competitors may also outbid us for new leased hotel conversion sites, negotiate better terms for potential manachised or franchised hotels, or offer better terms to our existing franchisees in connection with our manachised or franchised hotels, thereby slowing our anticipated pace of expansion. Furthermore, our typical guests may change their travel, spending and consumption patterns and choose to stay in other kinds of hotels, especially given the increase in our hotel room rates to keep pace with inflation. Even if our peers cannot outcompete us, any increasing supply of hospitality assets in the areas we operate could negatively affect our operational and financial results. Any of these factors may have an adverse effect on our competitive position, results of operations and financial condition.

Seasonality of our business and national or regional special events may cause fluctuations in our revenues, cause our ADS or ordinary share price to decline, and adversely affect our profitability.

The lodging industry is subject to fluctuations in revenues due to seasonality and national or regional special events. The seasonality of our business may cause fluctuations in our quarterly operating results. Generally, the first quarter, in which both the New Year and Spring Festival holidays fall, accounts for a lower percentage of our annual revenues than other quarters of the year. Our hotels in China typically have a lower RevPAR in the fourth quarter, as compared to the second and third quarters, due to reduced travel activities in winter, though some of our European hotels may recognize higher sales in the fourth quarter as a result of more trade fairs and corporate events. In addition, national or regional special events that attract large numbers of people to travel may also cause fluctuations in our operating results in particular for the hotel locations where those events are held. Therefore, you should not rely on our operating or financial results for prior periods as an indication of our results in any future period. As our revenues may vary from quarter to quarter, our business performance is difficult to predict and our quarterly results could fall below investor expectations, which could cause our ordinary share and/or ADS prices to decline. Furthermore, the ramp-up process of our new hotels can be delayed during the low season, which may negatively affect our revenues and profitability.

Our new leased and owned hotels typically incur significant pre-opening expenses during their development stages and generate relatively low revenues during their ramp-up stages, which may have a significant negative impact on our financial performance.

The operation of each of our leased and owned hotels goes through three stages: development, ramp-up, and mature operations. During the development stage, leased and owned hotels do not generate any revenue, and incur pre-opening expenses generally ranging from approximately RMB1.5 million to RMB20.0 million per hotel. During the ramp-up stage, when the occupancy rate is relatively low, revenues generated by these hotels may be insufficient to cover their operating costs, which are relatively fixed in nature. As a result, these newly opened leased and owned hotels may not achieve profitability during the ramp-up stage. Although we have adopted an asset-light business strategy and gradually and strategically optimized our leased and owned hotel portfolio, we may continue to incur significant pre-opening expenses during the development stage and relatively low revenues during the ramp-up stage of our newly opened leased and owned hotels, which may have a negative impact on our financial performance. Moreover, we may plan to develop more midscale and upscale leased and owned hotels in the future with relatively higher pre-opening expenses, especially rent, which may lead to a more evident negative impact on our financials. In addition, we must maintain our hotels' conditions and may upgrade a certain number of our hotels, which requires renovation and other improvements to our hotels from time to time. Hotels under renovation may need to be closed partially or entirely or otherwise be seriously disrupted due to the renovations, which could adversely affect the hotels' revenues.

A significant portion of our costs and expenses may remain at the same level or increase even if our revenues decline, which would adversely affect our net margins and results of operations.

A significant portion of our operating costs, including rent and depreciation and amortization, is fixed. Accordingly, a decrease in revenues could result in a disproportionately higher decrease in our earnings because our operating costs and expenses are unlikely to decrease proportionately. For example, the New Year and Spring Festival holiday periods generally account for a lower portion of our annual revenues than other periods. However, our expenses do not vary as significantly with changes in occupancy and revenues as we need to continue to pay rent and salary and to make regular repairs, maintenance and renovations and invest in other capital improvements throughout the year to maintain the attractiveness of our hotels. Our property development and renovation costs may increase as a result of increasing costs of materials. However, we may have a limited ability to pass increased costs to customers through room rate increases. Therefore, our costs and expenses may remain constant or increase even if our revenues decline, which would adversely affect our net margins and results of operations.

We may not be able to manage our planned growth, which could adversely affect our operating results.

Our hotel group has been growing rapidly since we commenced our business of operating and managing a multi-brand hotel group.

We intend to continue developing and operating additional hotels in different geographic locations in China and overseas. Such expansions have placed, and will continue placing, substantial demands on our managerial, operational, technological and other resources. Our planned expansion will also require us to maintain the consistency of our products and the quality of our services to ensure that our business does not suffer as a result of any deviations, whether actual or perceived, in our quality standards. In order to manage and support our growth, we must continue improving our existing operational, administrative and technological systems and our financial and management controls, and recruit, train and retain qualified hotel management personnel as well as other administrative and sales and marketing personnel, particularly as we expand into new markets. We cannot assure you that we will be able to effectively and efficiently manage the growth of our operations, recruit and retain qualified personnel, and integrate new hotels into our operations. Our inability to anticipate the changing demands that expanding operations will impose on our management and information and operational systems, or our failure to quickly adapt our systems and procedures to the new markets, could result in declines of revenues and increases in expenses or otherwise harm our results of operations and financial condition.

In addition, our expansion within existing markets may affect our existing hotels in those markets and, as a result, negatively affect our overall results of operations. While expansion into new geographic markets, especially overseas, and addition of new hotel products for which we may have limited operating experience and brand recognition may present operating and marketing challenges that are different from those we currently encounter in our existing markets. Those new markets may have different regulatory requirements, competitive conditions, consumer preferences, and discretionary spending patterns as compared to our existing markets. As a result, any new hotels we open in those markets may be less successful than hotels in our existing markets. Guests and franchisees in any new market may not be familiar with our brands and we may need more time to build brand awareness in that market through greater investments in advertising and promotional activities than we anticipated. We may find it more difficult in new markets to hire, motivate and retain qualified employees who share our vision, passion and culture. Hotels operated in new markets may also have lower average revenues or higher operating costs than hotels in existing markets. Revenues at hotels operated in new markets may take longer than expected to ramp up and reach expected revenues and profit levels, and may never do so, thereby affecting our overall profitability.

There can be no assurance that any expansion, new hotel products or brands we introduce will be well received by our customers and become profitable in a timely fashion, or at all. If a new product or brand is not well received by our customers and our expansion into new geographic markets is not successful, we may not be able to generate sufficient revenue to offset related costs and expenses, and our overall financial performance and condition may be adversely affected.

Our multi-brand business strategy exposes us to potential risks and if any of the new hotel brands are not well received by the market, we may not be able to generate sufficient revenue to offset related costs and expenses, and our overall financial performance and condition may be adversely affected.

We have developed and acquired a portfolio of hotel brands globally across economy hotels to luxury hotels. Our brands include *HanTing Hotel, Hi Inn, JI Hotel*, *Grand JI Hotel*, *Starway Hotel*, *Manxin Hotel*, *Joya Hotel*, *Elan Hotel*, *Crystal Orange Hotel*, *Orange Hotel*, *Blossom House*, *Madison Hotel*, *Ni Hao Hotel, CitiGO Hotel*, and *Song Hotels*. In January 2020, we completed the acquisition of Deutsche Hospitality, which operates in Europe, the Middle East, Asia and Africa under the brands of *Steigenberger Hotels & Resorts, MAXX, Jaz in the City, IntercityHotel,* and *Zleep Hotels*, as well as the luxury brand *Steigenberger Icons*. In addition to the hotel brands owned by us, we entered into a strategic alliance with Accor S.A., or Accor, in January 2016, and are developing certain Accor hotel brands in the PRC, Taiwan and Mongolia under our brand franchise agreements.

We cannot guarantee the size and profitability of the various market segments that each new brand is targeting. The business models of these new brands are not proven, and we cannot guarantee that they can generate return comparable to the established brands. The process of developing new brands may divert management attention and resources from our established brands. We may not be able to find competent management staff to lead and manage the execution of the multi-brand business strategy. If we are unable to successfully execute our multi-brand strategy to target various market segments, we may be unable to generate revenues from these market segments in the amounts and by the times we anticipate, or at all, and our business, competitive position, financial condition and prospects may be adversely affected.

We may not be able to successfully identify, secure and develop in a timely fashion additional hotel properties under the lease and ownership model or develop hotel properties in a timely or cost-efficient manner, which may adversely affect our growth strategy and business.

We plan to open more hotels to grow our business. Under our lease and ownership model (other than Deutsche Hospitality) and the lease model of Deutsche Hospitality, we may not be successful in identifying and leasing or acquiring additional hotel properties at desirable locations and on commercially reasonable terms or at all. Even if we are able to successfully identify and acquire new hotel properties, new hotels may not generate the returns we expect. We may also incur costs in connection with evaluating hotel properties and negotiating with property owners, including properties that we are subsequently unable to lease or own. In addition, we may not be able to develop additional hotel properties in a timely fashion due to construction or regulatory delays. If we fail to successfully identify, secure or develop in a timely fashion additional hotel properties, our ability to execute our growth strategy could be impaired and our business and prospects may be materially and adversely affected.

We develop a substantial majority of our leased and owned hotels directly. Our involvement in the development of properties presents a number of risks, including construction delays or cost overruns, which may result in increased project costs or lost revenue. We may be unable to recover development costs we incur for projects that do not reach completion. Properties that we develop could become less attractive due to market saturation or oversupply, and as a result we may not be able to recover development costs at the expected rate, or at all. Furthermore, we may not have available cash to complete projects that we have commenced, or we may be unable to obtain financing for the development of future properties on favorable terms, or at all. If we are unable to successfully manage our hotel development to minimize these risks, our growth strategies and business prospects may be adversely affected.

Our leases could be terminated early, we may not be able to renew our existing leases on commercially reasonable terms and our rents could increase substantially in the future, which could materially and adversely affect our operations.

The lease agreements between our lessors and us typically provide, among other things, that the leases could be terminated under certain legal or factual conditions. If our leases were terminated early, our operation of such properties may be interrupted or discontinued, and we may incur costs in relocating our operations to other locations. Furthermore, we may have to pay losses and damages and incur other liabilities to our customers and other vendors due to our default under our contracts. As a result, our business, results of operations and financial condition could be materially and adversely affected.

We plan to retain the operation of our leased hotels upon lease expiration through (i) renewal of existing leases or (ii) execution of franchise agreements with the lessors. We cannot assure you, however, that we will be able to retain our hotel operation on satisfactory terms, or at all. In particular, we may experience an increase in our rent payments and cost of revenues in connection with renegotiating our leases. If we fail to retain our hotel operation on satisfactory terms upon lease expiration, our costs may increase, or we may have to close the hotel, resulting in a decrease in our profit generated from the hotel operation in the future. If we are unable to pass the increased costs on to our customers through room rate increases, our operating margins and earnings could decrease, and our results of operations could be materially and adversely affected.

We may not be able to successfully compete for franchise agreements and, as a result, we may not be able to achieve our planned growth.

Our growth strategy includes expanding through manachising and franchising, by entering into franchise agreements with our franchisees. We believe that our ability to compete for franchise agreements primarily depends on our brand recognition and reputation, the results of our overall operations in general, and the success of the hotels that we currently manachise and franchise. Other competitive factors for franchise agreements include marketing support, capacity of the central reservation channel, and the ability to operate hotels cost-effectively. The terms of any new franchise agreements that we obtain also depend on the terms that our competitors offer for those agreements. In addition, if the availability of suitable locations for new properties decreases, or regulatory planning or other local regulations change, the supply of suitable properties for our manachise and franchise models could be diminished. If the hotels that we manachise or franchise perform less successfully than those of our competitors or if we are unable to offer terms as favorable as those offered by our competitors, we may not be able to compete effectively for new franchise agreements. As a result, we may not be able to achieve our planned growth and our business and results of operations may be materially and adversely affected.

We may have disputes with our franchisees, and they may terminate the franchise agreements with us earlier if the franchised hotels' performance is worse than they expected.

We may have disputes with our franchisees with respect to the performance of the franchise agreements. For example, we have in the past closed certain manachised and franchised hotels as a result of disputes with the franchisees regarding our measures to avoid competition between the franchisees, including keeping appropriate distances between the manachised and franchised hotels. Some franchisees were not satisfied with the performance of the hotel managers we appointed for our manachised hotels or generally the manachised or franchised hotels' profitability or growth rates. Some franchisees complained that our loyalty program and other marketing efforts did not bring sufficient customers for their hotels. Our franchisees may also have disputes with us regarding other matters, such as the amount and settlement of fees payable by them and the adequacy of our operational support to them. In addition, our franchise agreements with franchisees typically provide that the franchise agreements could be terminated under certain circumstances. If franchise agreements are terminated early, we lose the franchise fees and related management fees. Furthermore, we may have to pay losses and damages to our guests, and our brand image may be adversely impacted. As a result, our business and results of operations and financial conditions may be adversely affected by early termination of our franchise agreements.

We plan to renew our existing franchise agreements upon expiration. However, we may be unable to retain our franchisees on satisfactory terms, or at all. If a significant number of our existing franchise agreements are terminated early or are not renewed on satisfactory terms upon expiration, our revenue and profit may decrease in the future. If we cannot secure new franchisees to replace those expired or terminated franchises and compensate for the loss of business, our results of operations could be materially and adversely affected.

Acquisitions, financial investments or strategic investments may have an adverse effect on our ability to manage our business and harm our results of operations and financial condition.

If we are presented with appropriate opportunities, we may acquire or invest in businesses or assets. For example, in the past years, we invested in AAPC Hotel Management Limited and China Cjia Group Limited. We completed the acquisition of Crystal Orange, Blossom Hotel Management and Deutsche Hospitality. We also jointly established Yongle Huazhu Hotel & Resort Group with other partners to develop and operate hotels.

The existing and future acquisitions or investments may expose us to potential risks, including risks associated with unforeseen or hidden liabilities, risks that acquired or invested companies will not achieve anticipated performance levels, diversion of management attention and resources from our existing business, difficulty in integrating the acquired businesses with our existing operational infrastructure, and inability to generate sufficient revenues to offset the costs and expenses of acquisitions or investments. In addition, following completion of an acquisition or investment, our management and resources may be diverted from their core business activities due to the integration process, which diversion may harm the effective management of our business. Furthermore, it may not be possible to achieve the expected level of benefits after integration and the actual cost of delivering such benefits may exceed the anticipated cost. Potential risk exposures associated with acquisition or investments, difficulties in business integration, and requirements of cost, expenses and management attention may be more severe and unpredictable if international acquisitions and investments are involved. Any difficulties encountered in the acquisition or investment and integration process may have an adverse effect on our ability to manage our business and harm our results of operations and financial condition. In addition, if we purchase shares from the open market, we may experience volatility in our investments as the prices of such shares fluctuate frequently. For example, we incurred loss from fair value changes of equity securities associated with shares we purchased from the open market in the past. If a financial or strategic investment is unsuccessful, then in addition to the diversion of management attention and resources from our existing business we may lose the value of our investment, which could have a material adverse effect on our financial condition and results of operations.

Our legal right to lease certain properties could be challenged or affected adversely by property owners or other third parties or subject to government regulation.

Part of our business model relies on leases with third parties who either own or lease the properties from the ultimate property owners. We also grant franchises to hotel operators who may or may not own their hotel properties. The land use rights and other property rights with respect to properties we currently lease, manachise or franchise for our existing hotels could be challenged. For example, our lessors have failed to provide the property ownership certificates and/or the land use rights certificates for certain properties that we lease for our hotel operations. While we have performed due diligence to verify the rights of our lessors to lease such properties, including inspecting documentation issued by competent regulatory authorities evidencing these lessors' land use rights and other property rights with respect to these properties, our rights under those leases could be challenged by other parties including regulatory authorities. If the properties are deemed to be illegal constructions or the landlords do not have the rights to lease the properties to us for hotel operations purposes, the landlords (instead of us, as the lessee) may be subject to monetary penalties and the lease agreements may be invalidated. We may therefore be required to relocate our relevant hotels. We also cannot assure you that we can always keep good title of the properties we lease currently or will lease in the future, free and clear of all liens, encumbrances and defects. If the ultimate owner of the property changes after the original owner of such property mortgages such property to any third party, our legal rights under the lease agreement may be affected adversely and we may not rank senior in the right of continuing occupying the property.

Under PRC laws, lease agreements related to buildings and houses constructed on state-owned land and within urban zoning areas are required to be registered with the local housing bureau. While the majority of our standard lease agreements require the lessors to make such registrations, some of our leases have not been registered as required, which may expose both our lessors and us to potential monetary fines. Some of our rights under the unregistered leases may also be subordinated to the rights of other interested third parties. In addition, in some instances where our immediate lessors are not the ultimate owners of hotel properties, no consents or permits have been obtained from the owners, the primary lease holders or competent regulatory authorities, as applicable, for the subleases of the hotel properties to us, which could potentially impact the enforceability of our leases or lead to the renegotiation of such leases that result in terms less favorable to us or even relocation of our relevant hotels. In addition, even if such aforementioned consents or permits have been obtained, we cannot rule out any possible default by our immediate lessors (as sub-lessors) to the primary lease holders, which may lead to the termination of lease agreements between the sub-lessors and the primary lease holders. As a result, it could render the lease agreements between us and the sub-lessors unenforceable. Some of the properties we lease from third parties were also subject to mortgages at the time the leases were signed. Where consent to the lease has not been obtained from the mortgage holder in such circumstances, the lease may not be binding on the transferee of the property if the mortgage holder forecloses on the mortgage and transfers the property. Moreover, the property ownership or leasehold in connection with our manachised and franchised hotels could be subject to similar third-party challenges.

In Germany, our hotels are operated on the legal basis of lease, management or franchise agreements. Some agreements for hotels located in Germany are concluded subject to conditions precedent or require a consent by a third party, such as authorities in case of local measurement areas (for example, re-development) or ground owners in case of a hereditary building right. There are no indications that these requirements have not been fulfilled; however, if not met, failure to meet these requirements could potentially invalidate the respective agreements or lead to the renegotiation of these agreements which could result in less favorable terms. Furthermore, provisions or parts of lease, management or franchise agreements may not be effective or may lead to legal disputes. This could lead to additional cost burdens for our hotel operations. In addition, some of our leases, management or franchise agreements contain break rights and rescission rights entitling the landlords to terminate the agreements on a certain date or upon the occurrence of certain events. Previously, German law required lease agreements with a fixed lease period of more than one year to be concluded in written form, excluding an ordinary termination right prior to the lapse of the lease period. However, as of January 1, 2025, the written-form requirement for lease agreements with a fixed lease period of more than one year has been replaced by a text-form requirement. This means that such lease agreements may now be concluded in text form, which encompasses, for instance, emails or other electronic documents. Following the expiry of a statutory transition period that applied to lease agreements entered into before January 1, 2025, the statutory text-form requirement now applies to all such lease agreements irrespective of the date on which they were concluded. As a result, the specific statutory risk that a lease agreement concluded before January 1, 2025 could be ordinarily terminated solely due to a defect in the former written-form requirement no longer applies under the current legal regime. If the applicable text-form requirement is not complied with, the agreement may be treated as concluded for an indefinite period and may therefore be subject to ordinary termination in accordance with the statutory provisions. Similar issues, except for the former written-form defect, may occur in connection with our managed and franchised hotels.

Any challenge to our legal rights to the properties used for our hotel operations, if successful, could impair the development or operations of our hotels in such properties. We are also subject to the risk of potential disputes with property owners or third parties who otherwise have rights to or interests in our hotel properties. Such disputes, whether resolved in our favor or not, may divert management's attention, harm our reputation, or otherwise disrupt our business.

Any failure to comply with land- and property-related PRC laws and regulations may negatively affect our ability to operate our hotels and we may suffer significant losses as a result.

Our lessors are required to comply with various land- and property-related laws and regulations to enable them to lease effective titles of their properties for our hotel use. For example, before any properties located on state-owned land in China with allocated or leased land use rights or on land owned by collective organizations may be leased to third parties, lessors should obtain appropriate approvals from the competent regulatory authorities. In addition, properties used for hotel operations and the underlying land should be approved for commercial use purposes by competent regulatory authorities. Some of the lessors of our executed lease agreements have not obtained the required regulatory approvals, including approvals of the properties for commercial use purposes. Such failure may subject the lessors to monetary fines or other penalties and may lead to the invalidation or termination of our leases and relocation of our relevant hotels, and therefore may adversely affect our results of operations. While some lessors have agreed to indemnify us against our losses resulting from their failure to obtain the required approvals, we cannot assure you that we will be able to successfully enforce such indemnification obligations against our lessors or that such indemnification can cover losses from all the property defects. As a result, we may suffer significant losses resulting from our lessors' failure to obtain required approvals to the extent that we are not fully indemnified by our lessors.

Our success could be adversely affected by the performance of our manachised and franchised hotels and defaults or wrongdoings of our franchisees may affect our reputation, which would adversely affect our results of operations.

Our success could be adversely affected by the performance of our manachised and franchised hotels, over which we have less control compared to our leased and owned hotels. As of December 31, 2025, we manachised and franchised approximately 95.5% of our hotels, and we plan to further increase the number of manachised and franchised hotels to increase our presence in China and our overseas markets. Our franchisees for both our manachised and franchised hotels may not be able to develop hotel properties on a timely basis, which could adversely affect our growth strategy and may impact our ability to collect fees from them on a timely basis. Furthermore, given that our franchisees are typically responsible for the costs of developing and operating the hotels, including renovating the hotels to our standards, and all of the operating expenses, the quality of our manachised and franchised hotel operations may be diminished by factors beyond our control.

Our franchisees may not successfully operate hotels in a manner consistent with our standards and requirements. Our manachised and franchised hotels are also operated under our brand names. If our brands are misused by any of our franchisees, there may be an adverse impact on our business reputation and brand image. In addition, like any operators in service-oriented industries, we are subject to customer complaints, and we may face complaints from unsatisfied customers who are unhappy with the standard of service offered by our franchisees. Any complaints, regardless of their nature and validity, may affect our reputation, thereby adversely affecting our results of operations. We may also have to incur additional costs in placating any customers or salvaging our reputation.

If any of our franchisees defaults or commits wrongdoing, there could be situations where the franchisee is not in a position to sufficiently compensate us for losses which we have suffered as a result of such defaults or wrongdoings. While we ultimately can take action to terminate our franchise agreements that do not comply with the terms of our franchise agreements or commit wrongdoing, we may not be able to identify problems and make timely responses and, as a result, our image and reputation may suffer, which may have a material adverse effect on our results of operations.

If we are unable to access funds to maintain our hotels' condition and appearance, or if our franchisees fail to make investments necessary to maintain or improve their properties, the attractiveness of our hotels and our reputation could suffer, and our hotel occupancy rates may decline.

In order to maintain our hotels' condition and appearance, ongoing renovations and other leasehold improvements, including periodic replacement of furniture, fixtures and equipment, are required. In particular, we manachise and franchise properties leased or owned by franchisees under the terms of franchise agreements, substantially all of which require our franchisees to comply with standards that are essential to maintaining the relevant product integrity and our reputation. We depend on our franchisees to comply with these requirements by maintaining and improving properties through investments, including investments in furniture, fixtures, amenities and personnel.

Such investments and expenditures require ongoing funding and, to the extent we or our franchisees cannot fund these expenditures from existing cash or cash flow generated from operations, we or our franchisees must borrow or raise capital through financing. We or our franchisees may not be able to access capital and our franchisees may be unwilling to spend available capital when necessary, even if required by the terms of our franchise agreements. If we or our franchisees fail to make investments necessary to maintain or improve the properties, our hotel's attractiveness and reputation could suffer, we could lose market share to our competitors and our hotel occupancy rates and RevPAR may decline.

Interruption or failure of our information systems or our business partners' systems could impair our ability to effectively provide our services, which could damage our reputation and subject us to penalties.

Our ability to provide consistent and high-quality services and to monitor our operations on a real-time basis throughout our hotel group depends on the continued operation of our information technology systems, including our web property management, central reservation, and customer relationship management systems. Certain damage to or failure of our systems could interrupt our inventory management, affect the manner of our services in terms of efficiency, consistency and quality, and reduce our customer satisfaction.

Our technology platform plays a central role in our management of inventory, revenues, loyalty program, and franchisees. We also rely on our call center and mobile application to facilitate customer reservations. Our systems remain vulnerable to damage or interruption as a result of power loss, telecommunications failures, computer viruses, fires, floods, earthquakes, interruptions in access to our toll-free numbers, hacking or other attempts to harm our systems, and other similar events. Our servers may also be vulnerable to break-ins, sabotage and vandalism. Some of our systems are not fully redundant, and our disaster recovery planning does not account for all possible scenarios.

Furthermore, our systems and technologies, including our website and database, could contain undetected errors or "bugs" that could adversely affect their performance, or could become outdated, and we may not be able to replace or introduce upgraded systems as quickly as our competitors or within budgeted costs for such upgrades. If we experience frequent, prolonged or persistent system failures, our quality of services, customer satisfaction, and operational efficiency could be severely harmed, which could also adversely affect our reputation. Steps we take to increase the reliability and redundancy of our systems may be costly, which could reduce our operating margin, and there can be no assurance that any increased reliability may be achievable in practice or would justify the costs incurred.

In addition, we collaborate with various business partners in our day-to-day operations, and our ability to provide satisfactory services to customers also depends on the maintenance and efficacy of such business partners' systems, such as the maintenance of networks with necessary speed, bandwidth, and stability. If any of our business partners' systems encounter errors, "bugs" or other problems, our ability to effectively provide our services may be adversely affected, our reputation may be harmed, and we may also face customer complaints and be subject to fines and other penalties from competent authorities.

Failure to comply with data protection laws or maintain the integrity of internal or customer data could result in harm to our reputation or subject us to costs, liabilities, fines or lawsuits.

Our business involves collecting and retaining large volumes of internal and customer data, including personal information as our various information technology systems enter, process, summarize and report such data. We also maintain information about various aspects of our operations as well as regarding our employees. The integrity and protection of our customer, employee and company data is critical to our business. Our customers and employees expect that we will adequately protect their personal information. We are required by applicable laws to keep strictly confidential the personal information that we collect, and to take adequate security measures to safeguard such information.

The PRC regulatory and enforcement regime regarding privacy and data security is evolving and tightening:

- The PRC Criminal Law, as amended by its Amendment 7 (effective on February 28, 2009) and Amendment 9 (effective on November 1, 2015), prohibits institutions, companies and their employees from selling or otherwise illegally disclosing a citizen's personal information obtained during the course of performing duties or providing services or obtaining such information through theft or other illegal ways.

- On November 7, 2016, the Standing Committee of the NPC, issued the Cybersecurity Law of the PRC, which became effective on June 1, 2017. Pursuant to the Cybersecurity Law of the PRC, network operators must not, without users' consent, collect their personal information, and may only collect users' personal information necessary to provide their services. Providers are also obliged to provide security maintenance for their products and services and shall comply with provisions regarding the protection of personal information as stipulated under the relevant laws and regulations. In addition, pursuant to the Cybersecurity Law of the PRC, personal information and important data collected and generated by a CIIO in the course of its operations in China must be stored in China, and if a CIIO purchases internet products and services that affects or may affect national security, it should be subject to cybersecurity review by the Cyberspace Administration of China, or the CAC.

- In June 2021, the NPC Standing Committee promulgated the Data Security Law of the PRC, which took effect in September 2021. The Data Security Law of the PRC applies to data handling activities carried out within the territory of the PRC. The Data Security Law of the PRC further provides that data processing activities carried out outside of China, which harm national security, public interest or legal interests of Chinese citizens and organizations, should be subject to legal liabilities. Pursuant to the Data Security Law of the PRC, those conducting data handling activities should, in accordance with laws and regulations, establish and perfect a data security management system across their entire workflow and adopt the corresponding technical measures and other necessary measures to ensure data security.

- The Civil Code of the PRC (effective since January 1, 2021) provides the main legal basis for privacy and personal information infringement claims under the Chinese civil laws.

- The Personal Information Protection Law, which took effect on November 1, 2021, outlines the main system framework and comprehensive requirements for personal information processing.

- On July 2, 2021, the CAC announced that it had launched a cybersecurity review of DiDi Global, a company with its principal operations in China that had recently listed on the NASDAQ to prevent the risk of national data security breach and protect national security and public interest. The CAC then ordered the removal of DiDi's app from China's smartphone app stores. On July 5, 2021, the CAC announced the commencement of cybersecurity review of "Yunmanman," "Huochebang" and "BOSS Zhipin" and suspended their registration of new users. Apart from that, on June 23, 2022, the CAC announced the commencement of cybersecurity review of "CNKI", a Chinese academic resource database and knowledge service platform.

- On July 30, 2021, the State Council promulgated the Regulations on the Security Protection of Critical Information Infrastructure, which came into effect on September 1, 2021. Under such Regulations, critical information infrastructure refers to the important network facilities and information systems in crucial industries and fields such as public telecommunications, information services, energy, transportation, water conservancy, finance, public services, e-government and national defense science, technology and industry, as well as other important network facilities and information systems which, in case of destruction, loss of function or leak of data, may result in serious damage to national security, national economy, the people's livelihood and public interests. According to such Regulations, a CIIO is required to perform certain obligations to protect the critical information infrastructure's security, including but not limited to, conducting network security tests and risk assessments at least once a year. The security protection departments are responsible for organizing the identification of CIIOs in their respective industries and areas in accordance with the identification rules and shall inform the identification results to the operators of network facilities and information systems in a timely manner and in the meanwhile report such results to the public security department of the State Council. As of the date of this annual report, none of our company, or our operating subsidiaries has been identified as a CIIO by the CAC or other PRC regulatory authorities. Nevertheless, PRC regulatory authorities have wide discretion in the interpretation and enforcement of these laws. As a hotel management group operating a large hotel booking internet, we are still exposed to risks of being deemed to be a CIIO. If we are identified as a CIIO, we would be required to fulfill various obligations as required under applicable PRC laws for CIIOs, including, among others, setting up a special security management organization, organizing regular cybersecurity education and training, formulating emergency plans for cyber security incidents, and conducting regular emergency drills.

- In December 2021, the CAC and related authorities promulgated the Cybersecurity Review Measures, or the Cybersecurity Measures, which took effect on February 15, 2022. According to the Cybersecurity Measures, a company is subject to cybersecurity review if it affects or may affect national security and falls under any of the following circumstances: (i) it is a CIIO who purchases network products and service, or (ii) it is a network platform operator who carries out data processing activities. In addition, any network platform operator possessing over one million users' personal information must apply for a cybersecurity review before listing abroad. Relevant PRC regulatory authorities may also initiate cybersecurity review if they determine certain network products, services, or data processing activities affect or may affect national security.

- On July 7, 2022, the CAC issued the Measures for the Security Assessment of Data Cross-border Transfer, or the Security Assessment Measures, which became effective on September 1, 2022. In accordance with the Security Assessment Measures, a data processor should apply to the CAC for a data export security assessment under certain circumstances, including (i) where a data processor provides important data abroad; (ii) where a CIIO or a data processor processing personal information of over one million people provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 people or sensitive personal information of 10,000 people in total abroad since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC. Moreover, the Security Assessment Measures provide that for non-compliant cross-border data transfers that had been carried out before this regulation came into effect, rectification must be completed within six months from the effective date of the regulation.

- On February 22, 2023, the CAC issued the Measures for the Standard Contract for Outbound Transfer of Personal Information, which became effective on June 1, 2023. Pursuant to such regulation, entering into a CAC-formulated standard contract with the overseas data recipient is a pre-requisite for a data processor to transfer data abroad, if such data processor meets all of the following conditions: (i) it is not a CIIO; (ii) it processes personal information of fewer than one million individuals; (iii) it has cumulatively transferred personal information of fewer than 100,000 individuals abroad since January 1 of the previous year; and (iv) it has cumulatively transferred sensitive personal information of fewer than 10,000 individuals abroad since January 1 of the previous year. Within ten (10) working days after the standard contract takes effect, the data processor should file the executed standard contract with the CAC.

- On March 22, 2024, the CAC enacted the official Cross - Border Data Flows Provisions, according to which a company is exempted from applying for the data export security assessment, submitting the standard contract filing, or obtaining the compliance certification when the cumulative number of the individuals' information that a data processor (other than CIIO) transferred abroad in a year since January 1 is smaller than 100,000 individuals and no sensitive personal information is included. Exemption also applies to scenarios where it is really necessary to provide personal information abroad for the purpose of concluding or performing a contract to which an individual concerned is a party, such as hotel reservation.

- On September 24, 2024, the State Council formally issued the Cyber Data Security Regulations, which became effective on January 1, 2025, stipulating that where network data handlers carry out network data processing activities that affect or may affect national security, they should undergo a national security review in accordance with relevant national regulations. The Cyber Data Security Regulations optimize regulations for cross-border data security management, specifying conditions under which network data processors may provide personal information abroad in accordance with international treaties or agreements. The regulations clarify that data not identified or publicly disclosed as important data by relevant regions or departments need not undergo cross-border security assessments for important data. Further, the Cyber Data Security Regulations set forth network data security protection requirements for network platform service providers, third-party product and service providers, and other relevant entities.

- On October 28, 2025, the Standing Committee of the NPC adopted the amendments to the Cybersecurity Law, effective on January 1, 2026. The amendments significantly increase penalties for violations, with maximum fines of up to RMB10 million for companies and RMB1 million for responsible individuals in cases involving particularly serious consequences. They also introduce a legal framework for artificial intelligence governance and clarify that network operators must process personal information in compliance with relevant laws. Failure to comply may subject network operators to substantial fines, regulatory sanctions, and reputational harm.

- On September 11, 2025, the Cyberspace Administration of China promulgated the Measures for the Administration of National Cybersecurity Incident Reporting, which took effect on November 1, 2025. These measures require that network operators engaged in network construction, operation, or network-based service provision within the territory of the People's Republic of China shall report cybersecurity incidents in accordance with the provisions thereof once such incidents occur. In particular, for cybersecurity incidents at or above the "relatively significant level", network operators shall promptly report to the local provincial-level cyberspace administration department, and in any event, such reporting shall not be delayed for more than four hours.

We have implemented comprehensive cybersecurity and data protection policies, procedures and measures to safeguard personal information and ensure secured storage and transmission of data and prevent unauthorized access or use of data. As of the date of this annual report, except for receiving the written decision from the CAC approving the cross-border data transfers required for overseas hotel reservation, we have not received any notice of and are not currently subject to any proceedings initiated by the CAC or any other PRC regulatory authority. However, we cannot guarantee that the regulators will recognize our measures as sufficient. As there remains significant uncertainty in the interpretation and enforcement of China's laws and regulations in relation to data security and cross-border transfer of personal information, we cannot assure you that we will be able to comply with such regulations in all respects. Any non-compliance with these laws and regulations may subject us to fines, orders to rectify or terminate any actions that are deemed illegal by regulatory authorities, other penalties, including reputational damage, legal proceedings against us, which may affect our business, financial condition and results of operations.

PRC regulators, including the NPC Standing Committee, the CAC, the Ministry of Industry and Information Technology and the Ministry of Public Security, have been increasingly focused on the regulation of data security and data protection. The interpretation, application and enforcement of these laws, rules and regulations evolve from time to time and their scope may change continually through new legislation, amendments to existing legislation and changes in enforcement. We expect that these areas will receive greater and continued attention and scrutiny from regulators and the public going forward, which could cause us to incur substantial compliance costs and subject us to heightened risks and challenges associated with data security and protection. If we are unable to manage these risks, we could become subject to civil litigation brought by relevant individuals, administrative penalties, including fines, suspension of business, website closure, and revocation of prerequisite licenses, and criminal penalties in severe violation of relevant legal requirements, and our reputation and results of operations could be materially and adversely affected.

In addition, after our acquisition of Deutsche Hospitality, the European Union has become an important region for our data protection compliance. European data protection laws, in particular the Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (GDPR) (complemented by EU Member States Law on data protection such as the German Federal Data Protection Act), include strict rules on the processing of personal data, including the transfer of data from the European Union to China or other third countries. Under the GDPR, any personal data may be used only if there is a legal justification (which could be a consent or an express statutory justification set out in the GDPR or other applicable EU or national laws), and the principles relating to processing of personal data (see Art. 5 GDPR) must be fulfilled. Deutsche Hospitality has taken various technical and organizational measures, which are regularly reviewed and updated, to stay compliant, including appointment of a data protection officer and a special data protection working group, regulation of data processes, risk management assessment, preparation of relevant documentation and training. We also put high emphasis on proper dealing with data subject rights requests, i.e., the requests of customers, employees and other natural persons regarding our use of their data. We, including Deutsche Hospitality, take GDPR requirements and, in particular, data subject rights requests very seriously. However, we cannot guarantee that we are fully compliant in this complex area where many items are still unclear. This includes, in particular, international data transfers which are a complex topic in general. Theoretically, fines for a violation of the GDPR can amount up to 4% of the global turnover of the whole group.

There is no guarantee that our current security measures and those of our third-party service providers will always be adequate for the protection of our customer, employee or company data, and we must continuously evaluate and adapt our security measures in light of evolving threats. Like all companies that handle significant volumes of data, we have experienced data incidents from time to time. In addition, given the size of our customer base and the types and volume of personal data on our systems, we may be a particularly attractive target. Unauthorized access to our proprietary internal and customer data may be obtained through break-ins, sabotage, breach of our secure network by an unauthorized party, computer viruses, computer denial-of-service attacks, employee theft or misuse, breach of the security of the networks of our third-party service providers, or other misconduct. The techniques used by malicious actors to obtain unauthorized access to, or to sabotage, systems and networks change frequently and have grown more sophisticated over time, and such techniques generally are not recognized until launched against a target. As a result, we may be unable to anticipate these techniques or to implement adequate preventive measures in a timely manner. Unauthorized access to our proprietary internal and customer data may also be obtained through inadequate use of security controls. We may face future litigations, customer complaints, or regulatory inquiries or investigations with respect to any failure to comply with applicable data protection laws or to maintain the integrity of internal or customer data. Any of such disputes or proceedings could be time-consuming and costly to defend, result in negative publicity, and harm our reputation and adversely affect our business and results of operations. Even in the absence of formal disputes or proceedings, we may be subject to negative publicity regarding our security and privacy policies, systems or measurements from time to time.

The laws and regulations applicable to security and privacy are becoming increasingly important globally. Complying with any additional or new regulatory requirements on a jurisdiction-by-jurisdiction basis would continue to impose significant burdens and costs on our operations. Any failure to prevent or mitigate security breaches, cyber-attacks or other unauthorized access to our systems or disclosure of our customers' data, including their personal information, could result in loss or misuse of such data, interruptions to our service system, diminished customer experience, loss of customer confidence and trust, impairment of our technology infrastructure, and harm our reputation and business, resulting in significant legal and financial exposure and potential lawsuits.

If the value of our brand or image diminishes, it could have a material adverse effect on our business and results of operations.

We offer multiple hotel products that are designed to target distinct segments of customers. Our continued success in maintaining and enhancing our brands and image depends, to a large extent, on our ability to satisfy customer needs by further developing and maintaining our innovative and distinctive products and maintaining consistent quality of services across our hotel group, as well as our ability to respond to competitive pressures. If we are unable to do so, our occupancy rates may decline, which could in turn adversely affect our results of operations. Our business may also be adversely affected if our public image or reputation were to be diminished by the operations of any of our hotels, whether due to unsatisfactory service, accidents or otherwise. If the value of our products or image is diminished or if our products do not continue to be attractive to customers, our business and results of operations may be materially and adversely affected.

Failure to protect our tradenames and trademarks as well as other intellectual property rights could have a negative impact on our brands and adversely affect our business.

The success of our business depends in part upon our continued ability to use our brands, trade names and trademarks to increase brand awareness and to further develop our products. As of December 31, 2025, we registered 3,898 trademarks within and outside China. The unauthorized reproduction of our trademarks could diminish the value of our brands and their market acceptance, competitive advantages or goodwill. In addition, we consider our proprietary information systems and operational system to be key components of our competitive advantage and our growth strategy.

Monitoring and preventing the unauthorized use of our intellectual property is difficult. The measures we take to protect our brands, trade names, trademarks, and other intellectual property rights may not be adequate to prevent their unauthorized use by third parties. Furthermore, the application of laws governing intellectual property rights in China and other jurisdictions is evolving and could involve substantial risks to us. In particular, the laws and enforcement procedures in the PRC are uncertain and do not protect intellectual property rights to the same extent as do the laws and enforcement procedures in the United States and other developed countries. If we are unable to adequately protect our brands, trade names, trademarks and other intellectual property rights, we may lose these rights and our business may suffer materially.

We may also be subject to claims for infringement, invalidity, or indemnification relating to third parties' intellectual property rights. Regardless of their merits, such third-party claims may be time-consuming and costly to defend, divert management attention and resources, or require us to enter into licensing agreements, which may not be available on commercially reasonable terms, or at all.

If we are not able to retain, hire and train qualified managerial and other employees, our business may be materially and adversely affected.

Our managerial and other employees manage our hotels and interact with our customers on a daily basis. They are critical to maintaining the quality and consistency of our services as well as our established brands and reputation. In general, employee turnover, especially in lower-level positions, is relatively high in the lodging industry. As a result, it is important for us to retain as well as attract qualified managerial and other employees who are experienced in lodging or other consumer-service industries. There is a limited supply of such qualified individuals in cities where we have operations and other cities into which we intend to expand. In addition, we need to hire qualified managerial and other employees on a timely basis to keep pace with our rapid growth while maintaining consistent quality of services across our hotels in various geographic locations. We must also provide training to our managerial and other employees so that they have up-to-date knowledge of various aspects of our hotel operations and can meet our demand for high-quality services. If we fail to do so, the quality of our services may decrease, which in turn, may have a material adverse effect on our business.

Our current employment practices may be adversely impacted under the applicable labor laws.

The NPC promulgated the Labor Contract Law of the PRC (the "Labor Contract Law") in 2007, which took effect in 2008, and amended it on December 28, 2012. The Labor Contract Law imposes requirements concerning, among others, the execution of written contracts between employers and employees, the time limits for probationary periods, and the length of fixed-term employment contracts. Because the PRC regulatory authorities have introduced various new labor-related regulations since the effectiveness of the labor contract law, and the interpretation and implementation of these regulations are still evolving, our employment practices could violate the Labor Contract Law and related regulations and could be subject to related penalties, fines or legal fees. If we are subject to severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, financial condition and results of operations may be adversely affected. In addition, a significant number of our employees are dispatched from third-party human resources companies, which are responsible for managing, among others, payrolls, social insurance contributions and local residency permits of these employees. According to a regulation on labor dispatch, which was promulgated in January 2014 to implement the provisions of the labor contract law, a company is permitted to use dispatched employees for only up to 10% of its labor force after February 29, 2016. To comply with the labor dispatch regulation, we have reduced the percentage of dispatched employees since January 2014 by using service outsourcing arrangement. Under the service outsourcing arrangement, we have entered into service outsourcing agreements with a service outsourcing firm and relevant employees are deemed as employees of this service outsourcing firm. However, since the current labor dispatch regulation does not clearly define the distinction of labor dispatch and service outsourcing, our service outsourcing arrangement may be considered as labor dispatch by the relevant PRC regulators.

In addition, according to the Labor Contract Law and its implementing rules, if we intend to enforce the non-compete provision with our employees in the employment contracts or confidentiality agreements, we have to compensate our employees on a monthly basis during the term of the restriction period after the termination or ending of the employment contract, which may cause extra expenses to us.

In Germany, our business is subject to various labor-related statutory regulations. For example, there are restrictions regarding the assignment and use of temporary agency workers under the German Temporary Agency Work Act (Arbeitnehmerüberlassungsgesetz). The interpretation of the amended regulations is still evolving. It is possible that we may be responsible for non-compliant assignments of temporary-agency workers, even if the root cause of the non-compliance lies with the temporary-work agency engaged by us. We could therefore be subject to related fines or temporary-agency workers could be deemed to be our employees by fiction. If we are subject to severe fines or incur significant legal fees in connection with labor law disputes or investigations, our business, financial condition and results of operations may be adversely affected.

In addition, our employment practices in other jurisdictions are also subject to changes in applicable labor law. If we are found to have violated any other applicable labor law requirements, we may be subject to fines or other penalties, which could in turn negatively affect our reputation and results of operations, and disputes with our employees could interrupt our business operations.

Failure to retain our management team could harm our business.

We place substantial reliance on the experience and the institutional knowledge of members of our current management team. Mr. Qi Ji, our founder and chairman of the board, Mr. Hui Jin, our chief executive officer, Mr. Arthur Yu, our chief financial officer, and other members of the management team are particularly important to our future success due to their substantial experiences in lodging and other consumer-service industries. Finding suitable replacements for Mr. Qi Ji, Mr. Hui Jin, Mr. Arthur Yu and other members of our management team could be difficult, and competition for such personnel of similar experience is intense. The loss of the services of one or more members of our management team due to their departures or otherwise could hinder our ability to effectively manage our business and implement our growth strategies.

We are subject to various laws and regulations, including franchise, hotel industry, construction, hygiene, health and safety environmental, anti-monopoly, consumer rights protection, and advertising laws and regulations, which may subject us to liability.

Our business is subject to various compliance and operational requirements under PRC laws and regulations. For example, we are required to complete the filing and submit annual reports with the MOFCOM, to engage in the hotel franchising business. In addition, each of our hotels in China is required to obtain a special industry license from the local public security authority and complete fire prevention safety inspection/commitment with the local fire and rescue department, to have hotel operations included in the business scope of its business license, to obtain hygiene permits, and to comply with license requirements and laws and regulations with respect to construction permit, zoning, fire prevention, public area hygiene, food safety, public safety, and environmental protection. We are also subject to anti-monopoly, advertising, consumer rights protection, and other laws and regulations. See “Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on Hotel Operation.” If we fail to comply with any applicable laws and regulations, including franchise, hotel industry, construction, hygiene, health and safety environmental, anti-monopoly, consumer rights protection, and advertising laws and regulations related to our business, we may be subject to investigations, potentially significant monetary damages and fines, order for rectification, or the suspension of our operations or development activities, as well as bad publicities. Furthermore, new laws and regulations could also require us to retrofit or modify our hotels or incur other significant expenses.

New zoning plans or regulations applicable to a specific location may cause us to relocate our hotel(s) in that location or require additional approvals and licenses that may not be granted to us promptly or at all, which may adversely affect our operating results. Any failure by us to control the use of, or to adequately restrict the discharge of, hazardous substances in our development activities, or to otherwise operate in compliance with environmental laws could also subject us to potentially significant monetary damages and fines or the suspension of our hotel development activities or hotel operations, which could materially adversely affect our financial condition and results of operations. Some of our hotels are not in full compliance with all of the applicable requirements. Such failure to comply with applicable construction permit, environmental, fire prevention, health and safety laws and regulations related to our business and hotel operation may subject us to potentially significant monetary damages and fines or the suspension of operations and development activities of our company or related hotels. We could be subject to any challenges or other actions with respect to such non-compliance.

Our manachised and franchised hotels are subject to the same permit and safety requirements. Although our franchise agreements require these franchisees to obtain and maintain all required permits or licenses, we have limited control over these franchisees. Any failure to obtain and maintain the required permits or licenses by any franchisee of a manachised or franchised hotel may require us to delay opening of the manachised or franchised hotel or to forgo or terminate our franchise agreement, which could harm our brand, result in lost revenues and subject us to potential indirect liability.

In particular, the implementation of our strategy of investing in a competing business could be adversely affected by uncertainties in the implementation and enforcement of the amended PRC Anti-Monopoly Law, which came into effect on August 1, 2022. Under the Anti-Monopoly Law, any mergers, acquisitions, establishment of joint ventures, or other transactions resulting in change of control may be deemed as "concentrations of undertakings" in China and the relevant undertaking(s) must notify the State Administration for Market Regulation, or the SAMR, with the transaction before implementing the transaction if certain turnover thresholds are met. The SAMR will consider numerous factors in determining "control" based. In practice, any newly established joint venture under the joint control of at least two undertakings also constitutes a concentration of undertakings. Because of the uncertainties in interpretation, implementation, and enforcement of the Anti-Monopoly Law, we cannot assure you that the SAMR will not regard our past or future acquisitions or investments, to have met the filing thresholds, or investigate or demand a filing for merger control review, or otherwise take enforcement actions. The amended Anti-Monopoly Law has significantly increased the penalties for failing to notify with SAMR. On March 24, 2023, the SAMR issued four implementing rules of the Anti-Monopoly Law, including the Provisions on the Review of Concentration of Undertakings, which came into effect on April 15, 2023. The implementing rules strengthen the enforcement of merger control reviews but still remain silent on the specific factors to be considered in determination of "control", which gives the SAMR great discretion and may result in investigations into our acquisition or investment transactions conducted in the past and make our acquisition transactions in the future more difficult. Our strategic investments, including our past and future transactions, may be subject to SAMR's scrutiny from the anti-monopoly perspective from time to time. There can be no assurance as to whether the SAMR will impose any administrative penalties or other restrictive measures on us or any relevant parties for our strategic investments. If we are deemed to have carried out a concentration of undertakings in violation of the Anti-Monopoly Law, in each incident, we could be subject to a fine of up to RMB5,000,000 where such concentration does not have the effect of excluding or restricting competition, or penalties of being ordered to cease the concentration and unwind the transaction and being imposed with other restrictive measures to restore the pre-concentration market status, or be subject to a fine of up to 10% of our sales revenue from the previous year where such concentration has had or may have the effect of excluding or restricting competition. Our businesses in Europe and other jurisdictions are also subject to local anti-monopoly requirements and the business activities have to comply with various compliance and operational requirements, including inter alia, regulations for customer and data protection, as well as regulations with respect to health, safety and fire protection and hygiene requirements. Compliance with these regulations and adaptions to new regulations could potentially increase the cost of operating our business and lead to additional expenses.

We could suffer impairment losses for our intangible assets.

We had net intangible assets of RMB4,776 million and RMB5,028 million (US$719 million) as of December 31, 2024 and 2025, respectively. Our intangible assets consist primarily of brand names, master brand agreements, franchise or manachise agreements, and our purchased software.

Brand names and master brand agreements are considered to have indefinite lives. We test indefinite useful life intangible assets at least annually for impairment, and more frequently if events or changes in circumstances indicate that they might be impaired. Our other intangible assets are considered to be finite useful life intangible assets. We evaluate finite life intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If such an adverse event occurs and has the effect of changing one of the critical assumptions or estimates related to the fair value of our intangible assets, an impairment charge could result.

We recorded impairment loss of RMB391 million and RMB2 million (US$0.3 million) for the years ended December 31,2024 and 2025, respectively. The extent, magnitude and duration of multiple factors, such as market conditions, changes in business factors, and adjustments to our strategies, may change the assumptions and estimates used in the indefinite useful life intangible assets valuation, which could result in future impairment charges. There can be no assurance that future reviews of intangible assets will not result in significant impairment charges. Although it does not affect cash flow, an impairment charge will have the effect of decreasing our earnings, assets, and shareholders' equity.

We may suffer impairment losses for our goodwill.

We have acquired businesses from time to time, which have resulted in the recognition of goodwill on our financial statements. We had goodwill of RMB5,221 million and RMB5,428 million (US$776 million) as of December 31, 2024 and 2025, respectively. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Factors that could lead to impairment of goodwill include significant adverse changes in the business climate, unanticipated changes in the competitive environment, adverse legal or regulatory actions or developments, changes in clients' perception and the reputation of our brands, changes in interest rates, our strategic realignment, unfavorable changes in our stock price and market capitalization, and deterioration in our financial condition.

Our financial and operating performance may be adversely affected by epidemics, adverse weather conditions, natural disasters and other catastrophes.

Our financial and operating performance may be adversely affected by epidemics, adverse weather conditions, natural disasters and other catastrophes, particularly in locations where we operate a large number of hotels.

Our business could be materially and adversely affected by the outbreak of swine influenza, avian influenza, severe acute respiratory syndrome, COVID-19, or other epidemics. For example, in recent years, there have been reports on the occurrences of avian influenza in various parts of China, Europe, and other countries and regions that we operate, including hundreds of confirmed human deaths. In addition, the COVID-19 pandemic had caused material disruptions to our business operations in China and Europe since early 2020 till early 2023. Though we have witnessed strong recovery in our operations in both China and Europe since 2023, the ultimate effects of the COVID-19 due to its unprecedented nature remains uncertain and unpredictable. Even if the pandemic diminishes, its global economic repercussions, including any resulting recession, could continue to adversely affect our business. Therefore, the impact of the COVID-19 pandemic or any similar health epidemic on our business is uncertain and could be substantial. Losses caused by epidemics, adverse weather conditions, natural disasters and other catastrophes, including earthquakes or typhoons, are either uninsurable or too expensive to justify insuring against in China, Europe, and other countries and regions that we operate. In the event an uninsured loss or a loss in excess of insured limits occurs, we could lose all or a portion of the capital we have invested in a hotel, as well as the anticipated future revenues from the hotel. In that event, we might nevertheless remain obligated for any financial commitments related to the hotel.

Similarly, war (including the potential of war), terrorist activity (including threats of terrorist activity), social unrest and heightened travel security measures instituted in response, travel-related accidents, as well as geopolitical uncertainty and international conflict, will affect travel and may in turn have a material adverse effect on our business and results of operations. In addition, we may not be adequately prepared in contingency planning or recovery capability in relation to a major incident or crisis, and as a result, our operational continuity may be adversely and materially affected and our reputation may be harmed.

Our limited insurance coverage may expose us to losses, which may have a material adverse effect on our reputation, business, financial condition, and results of operations.

We carry all mandatory and certain optional commercial insurance, including property, business interruption, third-party liability, public liability and employer's liability insurance for our leased and owned hotel operations. We also require our lessors, franchisees and contractors to purchase customary insurance policies. Although we require our franchisees to obtain the requisite insurance coverage through our franchisees management, we cannot guarantee that our franchisees will adhere to such requirements. In particular, there are inherent risks of accidents or injuries in hotels. One or more accidents or injuries at any of our hotels could adversely affect our safety reputation among customers and potential customers, decrease our overall occupancy rates and increase our costs by requiring us to take additional measures to make our safety precautions even more visible and effective. In the future, we may be unable to renew our insurance policies or obtain new insurance policies without increases in cost or decreases in coverage levels. We may also encounter disputes with insurance providers regarding payments of claims that we believe are covered under our policies. Furthermore, if we are held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, our reputation, business, financial condition and results of operations may be materially and adversely affected.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud.

We are subject to reporting obligations under the U.S. securities laws. The Securities and Exchange Commission, or the SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, adopted rules requiring every public company to include in its annual report a management report on such company's internal control over financial reporting containing management's assessment of the effectiveness of its internal control over financial reporting. In addition, an independent registered public accounting firm must attest to and report on the effectiveness of such company's internal control over financial reporting except where the company is a non-accelerated filer. We currently are a large accelerated filer.

In connection with the preparation of this annual report, we carried out an evaluation of the effectiveness of our internal control over financial reporting. Based on this assessment and evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2025. Our independent registered public accounting firm has issued an attestation report as of December 31, 2025. See "Item 15. Controls and Procedures—Attestation Report of the Registered Public Accounting Firm." However, if we fail to maintain effective internal control over financial reporting in the future, our management and our independent registered public accounting firm may not be able to conclude that we have effective internal control over financial reporting. This could in turn result in the loss of investor confidence in the reliability of our financial statements and negatively impact the trading prices of our ADSs and/or ordinary shares. Furthermore, we have incurred and anticipate that we will continue to incur considerable costs, management time and other resources in an effort to continue to comply with Section 404 and other requirements of the Sarbanes-Oxley Act.

We, our directors, management and employees may be subject to certain risks related to legal proceedings filed by or against us, and adverse results may harm our business.

We cannot predict with certainty the cost of defense, the cost of prosecution or the ultimate outcome of litigation and other proceedings filed by or against us, our directors, management or employees, including remedies or damage awards, and adverse results in such litigation and other proceedings may harm our business or reputation. Such litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, commercial arrangements, leased properties, share transfer, employment, non-competition fiduciary duties, personal injury, death, property damage, or other harm resulting from acts or omissions by individuals or entities outside of our control, including franchisees and third-party property owners. For example, as of December 31, 2025, we had some pending legal, administrative and arbitration proceedings, including lease contract disputes, franchise agreement disputes and labor disputes. Moreover, in the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in our business and injunctions prohibiting our use of business processes or technology that is subject to third- party patents or other third-party intellectual property rights.

We generally are not liable for the willful actions of our franchisees and property owners; however, there is no assurance that we would be insulated from liability in all cases.

Risks Related to Doing Business in China

We are subject to many of the economic and political risks associated with emerging markets due to our operations in China.

With global presence, including but not limited to Europe, the Middle East and the Southeast Asia, we conduct a substantial portion of our business and operations in China. As the lodging industry is highly sensitive to business and personal discretionary spending levels, it tends to decline during general economic downturns. Accordingly, our results of operations, financial condition and prospects are subject to a significant degree to economic developments in China. The PRC regulatory authorities have implemented various measures to encourage economic development and guide the allocation of resources. While some of these measures benefit the overall PRC economy, they may also have a negative effect on us. For example, our results of operations and financial condition may be adversely affected by regulatory control over capital investments or changes in environmental, health, labor, or tax regulations that are applicable to us.

As the PRC economy is increasingly intricately linked to the global economy, it is affected in various respects by downturns and recessions of major economies around the world, such as the global financial crisis and sovereign debt crisis in Europe. Stimulus measures designed to help China weather the global financial crisis may contribute to higher inflation, which could adversely affect our results of operations and financial condition. For example, certain operating costs and expenses, such as employee compensation and hotel operating expenses, may increase as a result of higher inflation. Measures to control the pace of economic growth may cause a decrease in the level of economic activity in China, which in turn could adversely affect our results of operations and financial condition. In addition, the PRC regulators exercise influence over China's economic growth through its allocation of resources, control of payment of foreign currency-denominated obligations, monetary policy, and preferential treatment for particular industries or companies where the regulators deem appropriate to further regulatory, political and societal goals. Certain measures adopted by the PRC regulatory authorities, such as changes of the People's Bank of China's statutory deposit reserve ratio and lending guideline imposed on commercial banks, may restrict loans to certain industries. The State Administration of Foreign Exchange, or "SAFE", and the relevant Chinese banks where our operating subsidiaries or VIEs in China opened bank accounts may adopt restrictions on the cross-border payment obligations and dividends repatriation made by these subsidiaries or VIEs by way of "window guidance" measures. These actions, as well as future actions and policies, could materially affect our liquidity and access to capital and our ability to operate our business. There have also been concerns about the relationships among China and other Asian countries, the relationship between China and the United States, as well as the relationship between the United States and certain Asian countries such as North Korea, which may result in or intensify potential conflicts in relation to territorial, regional security and trade disputes. Specifically, deterioration in political conditions and abrupt changes in Sino - U.S. relations are difficult to predict and could adversely affect China's overall economic and market conditions and consequently our business, operating results and financial condition. Any ongoing controversies between the United States and China, whether or not related to our business, could cause investors to be unwilling to hold or buy our ADSs and consequently cause the trading price of our ADSs to decline.

Any adverse changes in economic conditions in China, or in the laws and regulations and the policies in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, leading to reduction in demand for our services and solutions and adversely affect our competitive position. An economic downturn, whether actual or perceived, a further decrease in economic growth rates or an otherwise uncertain economic outlook in China could have a material adverse effect on business and consumer spending and, as a result, adversely affect our business, financial condition, and results of operations.

Inflation in China may disrupt our business and have an adverse effect on our financial condition and results of operations.

The Chinese economy has experienced rapid expansion together with rising rates of inflation and increasing salaries. Salary increases could potentially increase discretionary spending on travel, but general inflation may also erode disposable incomes and consumer spending. Furthermore, certain components of our operating costs, including personnel, food, laundry, consumables, property development and renovation costs, may increase as a result of an increase in the cost of materials and labor resulting from general inflation. However, we cannot guarantee that we can pass increased costs to customers through room rate increases. This could adversely impact our business, financial condition and results of operations.

Developments in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

China is one of our major markets and most of our operations are conducted in the PRC through our PRC subsidiaries, and are governed by PRC laws, rules and regulations. The PRC legal system is based on written statutes. It is a system in which prior court decisions have limited value as precedents. Our PRC subsidiaries and the VIEs are subject to various PRC laws and regulations generally applicable to companies in China. However, these laws and regulations are relatively new, and the PRC legal system continues to rapidly evolve.

In particular, PRC laws and regulations concerning the lodging industry are developing and evolving. The PRC governmental authorities may promulgate new laws and regulations regulating the lodging industries. We cannot assure you that our business operations would not be deemed to violate any such new PRC laws or regulations. Moreover, developments in the lodging industry may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies, which in turn may limit or restrict us, and could materially and adversely affect our business and operations.

Besides, the PRC is geographically large and divided into various provinces and municipalities and, as such, different laws, rules, regulations and policies may have different and varying applications and interpretations in different parts of the PRC.

From time to time, we may have to rely on administrative and court proceedings to enforce our legal rights. However, since the PRC administrative and court authorities have discretion in interpreting and implementing statutory and contractual terms, these types of uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China, could materially and adversely affect our business and impede our ability to continue our operations, and may further affect the legal remedies and protections available to investors, which may, in turn, adversely affect the value of your investment.

Regulatory developments in China may subject us to additional regulatory review and disclosure requirements, expose us to government influence, or otherwise restrict or completely hinder our ability to offer securities and raise capital outside China, which could adversely affect our business operations and cause the value of our securities to significantly decline or become worthless.

As our business is primarily conducted in China, we are exposed to legal and other risks associated with our operations in China. The PRC regulators have authority to exert influence on the ability of a company with operations in China, including us, to conduct its business, and may exert influence over the manner our operations. Any actions by the PRC regulators to exert more oversight over offerings that are conducted overseas or foreign investment in companies having operations in China, including us, could significantly limit or completely hinder our ability to offer or continue to offer securities to investors, and cause the value of our securities to significantly decline or become worthless. Over the past few years, the PRC regulators initiated a series of regulatory actions and statements to regulate business operations in China, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas, adopting new measures to extend the scope of cybersecurity reviews, adopting new laws and regulations related to data security, and expanding the efforts in anti-monopoly enforcement. While we do not believe that these regulatory changes would have any material impact on us, we cannot guarantee that the authorities will agree with us or will not promulgate new regulations that restrict our business operations or access to capital.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions on Severe and Lawful Crackdown on Illegal Securities Activities. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision of overseas listings by China-based companies. These opinions proposed to take effective measures, such as promoting the construction of relevant regulatory systems, to deal with the risks and incidents facing China-based overseas-listed companies and the demand for cybersecurity and data privacy protection. These opinions and any related implementation rules to be enacted may subject us to additional compliance requirement in the future. There are still uncertainties regarding the interpretation and implementation of these opinions, and further explanations or detailed rules and regulations with respect to these opinions may be issued in the future that could impose additional requirements on us. Therefore, we cannot assure you that we will remain fully compliant with all new regulatory requirements of these opinions or any future implementation rules on a timely basis, or at all.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (which came into effect on March 31, 2023) and its relevant notes and five supporting guidelines. Pursuant to these regulations, if the offering and listing of securities in an overseas market are made in the name of an offshore entity based on equity, assets, earnings of PRC companies that operate the offshore entity's main businesses, such offering or listing of securities is subject to filing requirements of the CSRC. These regulations apply to various types of overseas equity offerings and listings, including re-financing, secondary or dual primary listings, listing through special purchase acquisition companies, issuance of equity incentive awards, issuance of equity securities or securities convertible into or exchangeable for equity securities. Issuers conducting these transactions will need to make filings with the CSRC. According to the Circular on the Arrangements for the Filing-based Administration of Overseas Securities Offering and Listing by Domestic Companies, for companies that have already offered shares or been listed overseas prior to the implementation of such new regulations, these companies qualify as "Stock Enterprises", and Stock Enterprises are not required to apply for the filing immediately until a subsequent re-financing event occurs. These regulations and their future developments could potentially complicate our future equity offerings and require us to incur significant compliance costs.

In addition, these rules and regulations impose additional requirements on our future re-financing activities and will subject us to relevant CSRC filings or other regulatory authorization or requirements. We cannot assure you that we would be able to obtain such fillings, approval or meet such requirements in a timely manner or at all. Any failure may subject us to fines, penalties or other sanctions which may have a material adverse effect on our business and financial condition as well as our ability to complete this or other future offerings.

Rapid urbanization and changes in zoning and urban planning in China may cause our leased and owned hotels to be demolished, removed or otherwise affected and our franchise agreements to terminate.

China is undergoing a rapid urbanization process, and zoning requirements and other regulatory mandates with respect to urban planning of a particular area may change from time to time. When there is a change in zoning requirements or other regulatory mandates with respect to the areas where our hotels are located, the affected hotels may need to be demolished or removed. We have experienced such demolition and relocation in the past and we may encounter additional demolition and relocation cases in the future. Our franchise agreements typically provide that if the manachised or franchised hotels are demolished, the franchise agreements will terminate. Any such demolition and relocation could cause us to lose primary locations for our hotels and we may not be able to achieve comparable operation results following the relocations. While we may be reimbursed for such demolition and relocation, we cannot assure you that the reimbursement, as determined by the relevant regulatory authorities, will be sufficient to cover our direct and indirect losses. Accordingly, our business, results of operations and financial condition could be adversely affected.

Regulatory control of currency conversion may limit our ability to pay dividends in foreign currencies to our shareholders and therefore adversely affect the value of your investment.

The PRC regulators impose controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. For example, Our PRC subsidiaries must present certain documents to SAFE, its authorized branch, or the designated foreign exchange bank, before they can obtain and remit foreign currencies out of the PRC, including evidence that the relevant PRC taxes have been paid. See “Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on Foreign Currency Exchange” for discussions of the principal regulations and rules governing foreign currency exchange in China. We receive a substantial portion of our revenues in RMB. For most capital account items, approval from appropriate regulatory authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC regulators may also at its discretion restrict access in the future to foreign currencies for current account transactions. If our PRC subsidiaries, for any reason, fail to satisfy any of the PRC legal requirements for remitting foreign currency, or if the foreign exchange control system otherwise prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs and ordinary shares, which would adversely affect the value of your investment.

Fluctuation in the value of the Renminbi may have a material adverse effect on your investment.

The value of the Renminbi against the U.S. dollar, Euro, Hong Kong dollar and other currencies is affected by, among other things, changes in China’s political and economic conditions and China’s foreign exchange policies.

We rely substantially on dividends paid to us by our operating subsidiaries in China and Europe. A significant portion of our revenues, expenses and financial assets are denominated in the Renminbi. The functional currencies of the entities within Deutsche Hospitality include Euro and other currencies such as Swiss Franc. Any significant depreciation of the Renminbi or Euro against the U.S. dollar may have a material adverse effect on our revenues, and the value of, and any dividends payable on, our ADSs and ordinary shares, when translated into U.S. dollars. If we decide to convert our Renminbi or Euro into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or for other business purposes, depreciation of the Renminbi or Euro against the U.S. dollar or Hong Kong dollar would reduce the U.S. dollar or Hong Kong dollar amount available to us. On the other hand, to the extent that we need to convert U.S. dollars or Hong Kong dollar into Renminbi or Euro for our operations, appreciation of the Renminbi or Euro against the U.S. dollar or Hong Kong dollar would have an adverse effect on the Renminbi amount we receive from the conversion. See “Item 11. Quantitative and Qualitative Disclosures about Market Risk — Foreign Exchange Risk” for discussions of our exposure to foreign currency risks. In summary, fluctuation in the value of the Renminbi in either direction could have a material adverse effect on the value of our company and the value of your investment.

In addition, because our reporting currency is Renminbi and we also have operations in Europe (namely, Deutsche Hospitality) with the functional currencies of Euro and other currencies such as Swiss Franc, when the Renminbi appreciates (or depreciates) against these other functional currencies, such as Euro and Swiss Franc, our revenues from these operations could decrease (or increase) when translated into Renminbi. In general, fluctuation in the value of the Renminbi in either direction could result in the fluctuation in the value of our Company and the value of your investment.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident shareholders to personal liability and limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise adversely affect us.

On July 4, 2014, SAFE issued the Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and Round-trip Investments by Domestic Residents through Special Purpose Vehicles, or Circular 37, which replaced the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles issued by SAFE in October 2005, or Circular 75. Pursuant to Circular 37, any PRC residents, including both PRC institutions and individual residents, are required to register with the local SAFE branch before making contribution to a company set up or controlled by the PRC residents outside of the PRC for the purpose of overseas investment or financing with their legally owned domestic or offshore assets or interests, referred to in this circular as a "special purpose vehicle." In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or spin-offs. In February 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Management Policies on Direct Investment, which took effect on June 1, 2015. This notice has amended SAFE Circular 37, requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing, where banks are required to review and carry out foreign exchange registration for offshore direct investments, and SAFE and its branches supervise foreign exchange registration for direct investments indirectly through the banks. See "Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on Offshore Financing" for discussions of the registration requirements and the relevant penalties.

We attempt to comply, and attempt to ensure that our shareholders and beneficial owners of our shares who are subject to these rules comply, with the relevant requirements. We cannot provide any assurance that our shareholders and beneficial owners of our shares who are PRC residents have complied or will comply with the requirements imposed by Circular 37 or other related rules. Any failure by any of our shareholders and beneficial owners of our shares who are PRC residents to comply with relevant requirements under this regulation could subject such shareholders, beneficial owners and us to fines or sanctions imposed by the PRC regulators, including limitations on our relevant subsidiary's ability to pay dividends or make distributions to us and our ability to increase our investment in China, or other penalties that may adversely affect our operations.

We rely principally on dividends and other distributions on equity paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.

We are a holding company, and we rely principally on dividends from our subsidiaries in China for our cash requirements, including any debt we may incur. Current PRC laws and regulations permit our subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our subsidiaries in China is required to set aside a certain percentage of its after-tax earnings each year, if any, to fund certain statutory reserves. These reserves are not distributable as cash dividends. As of December 31, 2025, a total of RMB1,574 million (US$225 million) was not distributable in the form of dividends to us due to these PRC regulations. In addition, due to restrictions on the distribution of share capital from our PRC subsidiaries, the PRC subsidiaries' share capital of RMB2,695 million (US$385 million) as of December 31, 2025 is considered restricted. Furthermore, if our subsidiaries in China incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. The inability of our subsidiaries to distribute dividends or other payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, or otherwise fund and conduct our business.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds from offerings of the ADSs, ordinary shares or other securities to make loans or additional capital contributions to our PRC operating subsidiaries and VIEs.

As an offshore holding company, our ability to make loans or additional capital contributions to our PRC operating subsidiaries and VIEs is subject to PRC regulatory requirements. These regulatory requirements may delay or prevent us from using the proceeds we received in the past or will receive in the future from the offerings of ADSs, ordinary shares or other securities to make loans or additional capital contributions to our PRC operating subsidiaries and VIEs, and impair our ability to fund and expand our business which may adversely affect our business, financial condition and result of operations. For example, SAFE promulgated the Circular on Reforming and Regulating the Management Policies on the Settlement of Capital Projects, or Circular 16, on June 9, 2016. Under Circular 16, registered capital of a foreign-invested company settled in RMB converted from foreign currencies shall be subject to certain limitations prescribed under Circular 16, which was amended by Circular of the State Administration of Foreign Exchange on Further Deepening Reform and Promoting Cross-border Trade and Investment Facilitation issued by SAFE on December 4, 2023. In addition, according to Regulation on Foreign Exchange Administration amended on August 5, 2008, foreign-invested companies may not change how they use such capital without SAFE's approval.

Furthermore, any offshore funds that we use to finance our PRC entities, including the net proceeds from the offering of the ADSs, ordinary shares or other securities, are subject to the foreign investment regulations and foreign exchange regulations in the PRC. We may make loans to our PRC entities, but they are subject to such PRC entities' sufficient foreign debt quota and foreign exchange loan registration with SAFE. For example, loans by us to our PRC entities (as foreign-invested enterprises) in China to finance their activities cannot exceed statutory limits, i.e., the difference between its total amount of investment and its registered capital, or certain amount calculated based on elements including capital or net assets, the cross-border financing leverage ratio and the macro prudential coefficient ("Macro-prudential Management Mode") under relevant PRC laws. Pursuant to the *Notice on Expanding the Pilot Program for High-Level Opening Up of Cross-Border Trade and Investment* issued by SAFE on December 4, 2023, enterprises located in Shanghai, Jiangsu, Guangdong, Beijing, Zhejiang, Hainan, Shenzhen, and Ningbo are permitted to complete registration procedures directly through designated banks. For loans obtained by entities outside these pilot regions, registration with SAFE remains mandatory in accordance with applicable foreign exchange regulations. According to the Circular of the People's Bank of China and the State Administration of Foreign Exchange on Adjusting the Macro-prudent Adjustment Parameter for Cross-border Financing issued on January 7, 2021 and the Notice on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing issued on January 11, 2017 and Notice on Adjusting the Macro-prudential Adjustment Parameter for Cross-border Financing issued by the People's Bank of China and SAFE on January 13, 2025, the limit for the total amount of foreign debt under the Macro-prudential Management Mode is adjusted to 3.5 times of their respective net assets.

In addition, the application of the proceeds under the ADSs, ordinary shares or other securities is subject to the foreign exchange regulations in the PRC. We may also decide to finance our entities by means of capital contributions. According to the relevant PRC regulations on foreign-invested enterprises in China, depending on the total amount of investment, capital contributions to our PRC operating subsidiaries and VIEs is no longer subject to the approval of the MOFCOM or its local branches. Instead, if we finance our PRC subsidiaries by means of additional capital contributions, these capital contributions must be filed and registered with relevant regulatory authorities, including the MOFCOM, or its local counterparts, the State Administration for Market Regulation, or SAMR, through the Enterprise Registration System and the National Enterprise Credit Information Publicity System, and SAFE. However, we cannot assure you that the regulations will always remain favorable to us. If the regulations are revised in the future or we fail to complete such registration or obtain such approvals on time, our ability to use the proceeds of the ADSs, ordinary shares or other securities and to capitalize our operations in PRC may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

We may be subject to fines and legal sanctions imposed by SAFE or other Chinese regulatory authorities and our ability to further grant shares or share options to, and to adopt additional share incentive plans for, our directors and employees may be restricted if we or the participants of our share incentive plans fail to comply with PRC regulations relating to employee shares or share options granted by offshore special purpose companies or offshore listed companies to PRC participants.

In February 2012, the SAFE issued the Notice on Relevant Issues Concerning Foreign Exchange Control on Domestic Individuals Participating in the Stock Incentive Plan of An Overseas Listed Company, or Circular 7, which requires PRC individual participants of stock incentive plans to register with the SAFE and to comply with a series of other requirements. See "Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on Foreign Currency Exchange." We are an offshore listed company and as a result we and the participants of our share incentive plans who are PRC citizens or non-PRC citizens residing in China successively for at least one year, or, collectively, the PRC participants, are subject to Circular 7. While we completed the foreign exchange registration procedures and complied with other requirements according to Circular 7 in June 2012 and September 2023, we cannot provide any assurance that we or the PRC participants of our share incentive plans will be deemed by regulatory authorities to have complied with the requirements imposed by Circular 7. If we or the PRC participants of our share incentive plans fail to comply with Circular 7, we or the PRC participants of our share incentive plans may be subject to fines or other legal sanctions imposed by SAFE or other PRC regulatory authorities and our ability to further grant shares or share options under our share incentive plans to, and to adopt additional share incentive plans for, our directors and employees may be restricted. Such events could adversely affect our business operations.

It is unclear whether we will be considered as a PRC resident enterprise under the Enterprise Income Tax Law of the PRC. If we are not treated as a PRC resident enterprise, dividends paid to us by our PRC subsidiaries will be subject to PRC withholding tax; if we are treated as a PRC resident enterprise, we may be subject to a 25% PRC income tax on our worldwide income, and holders of our ADSs or ordinary shares that are non-PRC resident investors may be subject to PRC withholding tax on dividends on and gains realized on their transfer of our ADSs or ordinary shares.

On March 16, 2007, the NPC passed the Enterprise Income Tax Law, and the PRC State Council subsequently issued the Implementation Regulations of the Enterprise Income Tax Law (the "Implementation Regulations"). The Enterprise Income Tax Law (last amended on December 29, 2018) and its Implementation Regulations (last amended on December 6, 2024), collectively the "EIT Law", provides that enterprises established outside of China whose "*de facto* management bodies" are located in China are considered resident enterprises and are therefore subject to PRC enterprise income tax at a uniform rate of 25% with respect to their income sourced from both within and outside of China. The Implementation Regulations define the term "*de facto* management body" as a management body that exercises substantial and overall control and management over the production and operations, personnel, accounting and properties of an enterprise.

On April 22, 2009, the State Taxation Administration, or the "STA" (previously known as State Administration of Taxation, or the "SAT") issued the Notice Regarding the Determination of Chinese-Controlled Enterprises Registered Offshore as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. In addition, the STA issued Public Announcement [2011] No. 45 in 2011 and Public Announcement [2014] No. 9 in 2014, providing more guidance on the implementation of Circular 82 and clarifying matters including resident status determination, post-determination administration and competent tax authorities. However, the above-mentioned tax circulars apply only to offshore enterprises controlled by PRC enterprises, not those invested in or controlled by PRC individuals. Currently, there are no further detailed rules or precedents applicable to us regarding the procedures and specific criteria for determining "*de facto* management body" for a company invested in or controlled by PRC individuals. It is still unclear if the PRC tax authorities would determine that we should be classified as a PRC resident enterprise.

Although we have not been notified that we are treated as a PRC resident enterprise, we cannot assure you that we will not be treated as a resident enterprise under the EIT Law, any aforesaid circulars or any amended regulations in the future. If we are treated as a PRC resident enterprise for PRC enterprise income tax purposes, among other things, we would be subject to the PRC enterprise income tax at the rate of 25% on our worldwide taxable income. Furthermore, if we are treated as a PRC resident enterprise, payments of dividend by us may be regarded as derived from sources within the PRC and therefore we may be obligated to withhold PRC income tax at 10% on payments of dividend on the ADSs or ordinary shares to non-PRC resident enterprise investors. In the case of non-PRC resident individual investors, the tax may be withheld at a rate of 20%.

In addition, if we are treated as a PRC resident enterprise, pursuant to the EIT Law and the Individual Income Tax Law of the PRC, any gain realized on the transfer of the ADSs and/or ordinary shares by non-PRC resident investors may be regarded as derived from sources within the PRC and accordingly may be subject to a 10% PRC income tax in the case of non-PRC resident enterprises or 20% in the case of non-PRC resident individuals. The PRC income tax on dividends and/or gains may be reduced or exempted under applicable tax treaties between the PRC and the ADS holder's or ordinary share holder's home country. See "Item 10. Additional Information — E. Taxation — PRC Taxation."

If the PCAOB is unable to inspect our auditors as required under the HFCA Act, the SEC will prohibit the trading of our ADSs, which may materially and adversely affect the value of your investment.

The United States adopted the HFCA Act on December 18, 2020, which was amended by the Consolidated Appropriations Act, 2023 in December 2022. Under the HFCA Act, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for two consecutive years (beginning with those we filed in 2022), the SEC will prohibit our securities, including our ADSs, from being traded on a U.S. national securities exchange, including NASDAQ, or in the over-the-counter trading market in the U.S. Pursuant to amendments made to the HFCA Act in 2022, the PCAOB may determine that it is unable to inspect or investigate completely registered public accounting firms in any foreign jurisdictions because of positions taken by any foreign authority, rather than an authority in the location in which the firms are headquartered or in which they have a branch or office, as was the case under the original version of the Act. The process for implementing trading prohibitions pursuant to the HFCA Act will be based on a list of registered public accounting firms that the PCAOB has been unable to inspect and investigate completely as a result of a position taken by a non-U.S. government. The first such list was announced by the PCAOB on December 16, 2021, and our auditor was included on that list.

The SEC reviews annual reports filed with it to determine if the auditor used for such reports was so identified by the PCAOB, and such issuers are designated as "Commission-Identified Issuers" on a list to be published by the SEC. If an issuer is a Commission-Identified Issuer for two consecutive years (which will be determined after the second such consecutive annual report), the SEC will issue an order that will implement the trading prohibitions described above. We were conclusively identified as a "Commission-Identified Issuer" under the HFCA Act on May 26, 2022 in respect of our Annual Report for 2021 on Form 20-F filed on April 27, 2022. If our ADSs are subject to a trading prohibition under the HFCA Act, the price of our ADSs may be adversely affected, and the threat of such a trading prohibition would also adversely affect their price. If our listing in Hong Kong cannot provide sufficient liquidity or if we are unable to be listed on another securities exchange that provides sufficient liquidity, such a trading prohibition may substantially impair your ability to sell or purchase our ADSs when you wish to do so. Furthermore, even if we are able to maintain a listing of our ordinary shares on the Hong Kong Stock Exchange or another non-U.S. exchange, investors owning our ADSs may have to take additional steps to engage in transactions on that exchange, including converting ADSs into ordinary shares and establishing non-U.S. brokerage accounts.

On August 26, 2022, the PCAOB signed a Statement of Protocol with the CSRC and the Ministry of Finance of the PRC, taking a first step toward opening access for the PCAOB to inspect and investigate registered public accounting firms headquartered in Mainland China and Hong Kong. On December 15, 2022, the PCAOB announced its determination that it has been able to inspect and investigate audit firms in mainland China and Hong Kong completely for purposes of the HFCA Act, and the PCAOB vacated its December 16, 2021 determinations. As a result of this announcement, we were not for the fiscal year of 2023 or 2024, and do not expect to be for the fiscal year of 2025, a Commission-Identified Issuer in respect of our annual report on Form 20-F. However, the PCAOB stated that should PRC authorities obstruct the PCAOB's ability to inspect or investigate completely in any way and at any point in the future, the PCAOB Board will act immediately to consider the need to issue new determinations consistent with the HFCA Act. While we currently do not expect the HFCA Act to prevent us from maintaining the trading of our ADSs in the U.S., uncertainties exist with respect to future determinations of the PCAOB in this respect and any further legislative or regulatory actions to be taken by the U.S. or Chinese regulators that could affect our listing status in the U.S. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.

Risks Related to Our Corporate Structure

H World Group Limited is a Cayman Islands holding company. As a result, you may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management based on foreign laws.

H World Group Limited is a holding company with no operations of its own. H World Group Limited conducts its operations primarily by our subsidiaries, a majority of which are based in China and Europe, and through contractual arrangements with the Consolidated Affiliated Entities. Investors in our ADSs and ordinary shares do not hold equity interest in our operating entities in China, but instead are purchasing equity securities of a Cayman Islands holding company. In addition, most of our executive officers reside within China for a significant portion of the time and most of them are PRC nationals. As a result, it may be difficult for our shareholders to effect service of process upon us or those persons residing inside China. In addition, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, United States and many other countries and regions.

Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

Revenue and assets contributions from the Consolidated Affiliated Entities have not been material. Nonetheless, if the PRC regulatory authorities deem that the contractual arrangements in relation to the Consolidated Affiliated Entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, our ordinary shares and ADSs may decline in value if we are unable to assert our contractual control rights over the assets of the Consolidated Affiliated Entities.

The current regulatory framework governing foreign investment activities in the PRC is primarily set out in two key instruments: the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Edition) (the "Negative List"), which was promulgated by the NDRC and the MOFCOM on September 6, 2024, and became effective on November 1, 2024, and the Catalogue of Industries for Encouraged Foreign Investment (Edition 2025) (the "Encouraged Catalogue"), which was promulgated by the NDRC and MOFCOM on December 15, 2025, and became effective on February 1, 2026. Industries listed in the Encouraged Catalogue are generally deemed "encouraged" for foreign investments and may benefit from preferential policies. Industries not listed in either the Negative List or the Encouraged Catalogue are generally deemed "permitted" for foreign investments, unless specifically prohibited or restricted by other PRC laws and regulations, and are subject to the principle of national treatment. Pursuant to the Negative List (2024 Edition), a foreign stake in a value-added telecommunications service may not exceed 50% (except for e-commerce, domestic multi-party communications, store-and-forward, and call center services). In practice, PRC regulatory authorities apply a look-through approach when reviewing foreign ownership, treating foreign investments, including those made through variable interest entity structures or nominee arrangements, as foreign capital for purposes of determining compliance with the 50% cap. Furthermore, pursuant to the Regulations on Travel Agencies (2020 Revision), which was promulgated by the State Council and became effective on November 29, 2020, generally, no foreign-invested travel agency may operate a business providing travel services to Chinese mainland residents traveling to other countries or to Hong Kong, Macau or Taiwan.

Because H World Group Limited is an exempted company incorporated in the Cayman Islands with limited liability, it is classified as a foreign enterprise under PRC laws and regulations, and our PRC subsidiaries are foreign-invested enterprises ("FIEs"). PRC laws and regulations restrict and impose conditions on foreign investment in certain internet-based businesses and international travel agency businesses. Accordingly, to comply with PRC laws and regulations, we operate these businesses in China through the variable interest entity model, and rely on contractual arrangements among our PRC subsidiaries, the Consolidated Affiliated Entities and their respective nominee shareholders to control the business operations of the Consolidated Affiliated Entities and their subsidiary.

If our corporate structure and contractual arrangements are deemed by the Ministry of Industry and Information Technology or the MOFCOM or other regulators having competent authority to be illegal, either in whole or in part, we may lose control of the Consolidated Affiliated Entities and have to modify such structure and contractual arrangements to comply with regulatory requirements. However, there can be no assurance that we can achieve this without disrupting our business. Further, if our corporate structure and contractual arrangements are found to be in violation of any existing or future PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations, including:

- revoking our relevant business and operating licenses;

- levying fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations;
- shutting down our relevant services;
- discontinuing or restricting our operations of such Consolidated Affiliated Entities in China;
- imposing conditions or requirements with which we may not be able to comply;
- requiring us to change our corporate structure and contractual arrangements;
- prohibiting our use of the proceeds from overseas offerings to finance the Consolidated Affiliated Entities' business and operations; and
- taking other regulatory or enforcement actions that could be harmful to our business.

Furthermore, new PRC laws, rules and regulations may be introduced to impose additional requirements that may be applicable to our corporate structure and contractual arrangements. See "—Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and its implementing rules and how they may impact our business, financial condition and results of operations" below for more information. Occurrence of any of these events could materially and adversely affect our business, financial condition and results of operations. If the PRC regulators determine that these contractual arrangements do not comply with PRC regulations, or if these regulations change or are interpreted differently in the future, our ordinary shares and ADSs may decline in value if we are unable to assert our contractual control rights over the assets of the Consolidated Affiliated Entities. In addition, H World Group Limited, which is the company our investors hold securities in, may never have a direct equity ownership interest in the businesses that are conducted by the Consolidated Affiliated Entities. If the imposition of any of these penalties or requirement to restructure our corporate structure causes us to lose the rights to direct the activities of the Consolidated Affiliated Entities or our right to receive their economic benefits, we would no longer be able to consolidate the financial results of such Consolidated Affiliated Entities in our consolidated financial statements.

We rely in part on contractual arrangements with each of the Consolidated Affiliated Entities and their respective nominee shareholders to operate certain restricted business. These contractual arrangements may not be as effective as direct ownership in providing operational control.

H World Group Limited is not a Chinese operating company but a Cayman Islands holding company with operations primarily conducted by our subsidiaries, a majority of which are based in China and Europe, and through contractual arrangements with the Consolidated Affiliated Entities. The Consolidated Affiliated Entities include (i) Tianjin Jizhu, (ii) Shanghai Huanmei and Huanmei Travel, and (iii) Ningbo Futing. Mr. Pengfei Jiang, who is the director/supervisor of certain of our subsidiaries, holds 100% of equity interest in Tianjin Jizhu. Mr. Pengfei Jiang and Mr. Andong Chen, our employee, hold 90% and 10% of equity interest in Shanghai Huanmei, respectively. Mr. Dongfu Shi is the director of and holds 100% of equity interest in Ningbo Futing.

We rely in part on contractual arrangements entered into among Huazhu Hotel Management Co., Ltd., a wholly-owned subsidiary of H World Group Limited ("HZ Hotel Management"), the Consolidated Affiliated Entities and their respective nominee shareholders to operate certain restricted business. We have control over and are the primary beneficiary of the Consolidated Affiliated Entities for accounting purposes and, therefore, have consolidated the financial results of the Consolidated Affiliated Entities in our consolidated financial statements in accordance with U.S. GAAP. Any references to control or benefits that accrue to us because of the Consolidated Affiliated Entities in this annual report are limited to, and are subject to conditions for consolidation of, the Consolidated Affiliated Entities under U.S. GAAP. These contractual arrangements may not be as effective as direct ownership in providing us with control over the Consolidated Affiliated Entities. Investors in our ADSs and ordinary shares are not purchasing equity interest in our operating entities in China, but instead are purchasing an equity interest in H World Group Limited, a Cayman Islands holding company. The Consolidated Affiliated Entities do not have a material contribution to our results of operations and the Consolidated Affiliated Entities do not support material revenues reported within other subsidiaries of our company. The Consolidated Affiliated Entities are consolidated with our results of operations for accounting purposes. If the Consolidated Affiliated Entities or the respective nominee shareholders of the Consolidated Affiliated Entities fail to perform their respective obligations under these contractual arrangements, our recourse to the assets held by the Consolidated Affiliated Entities is indirect and we may have to incur substantial costs and expend significant resources to enforce such arrangements in reliance on legal remedies under PRC law. These remedies may not always be effective. Furthermore, in connection with litigation, arbitration or other judicial or dispute resolution proceedings, assets under the name of any of record holder of equity interest in the Consolidated Affiliated Entities, including such equity interest, may be put under court custody. As a consequence, we cannot be certain that the equity interest will be disposed pursuant to the contractual arrangement or ownership by the record holder of the equity interest.

All of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contractual arrangements would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. While PRC arbitration laws and procedures have been continuously improving—including through the 2025 amendments to the Arbitration Law, which took effect on March 1, 2026 and enhance the framework for temporary measures and recognition of foreign arbitration institutions—they remain less developed than those in some other jurisdictions, such as the United States. As a result, uncertainties regarding the enforcement of laws in China could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of variable interest entities should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC laws, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in the PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing these contractual arrangements, it would be very difficult to exert effective control over the Consolidated Affiliated Entities, and our ability to conduct our business and our financial condition and results of operations may be affected. See " —Risks Related to Doing Business in China—Developments in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us" below in this annual report.

If we exercise the option to acquire equity ownership of the Consolidated Affiliated Entities, the ownership transfer may subject us to certain limitations and substantial costs.

Pursuant to the contractual arrangements, to the extent allowed by PRC laws, rules and regulations, HZ Hotel Management or its designated person has the exclusive right to purchase all or any part of the equity interests in the Consolidated Affiliated Entities from their respective nominee shareholders at the higher of (i) the lowest price permitted by applicable PRC laws and (ii) a nominal price of RMB100. The transfer prices of such equity transfers might be subject to review and tax adjustment with reference to the market value by the relevant tax authorities, and such authorities may require HZ Hotel Management to pay individual income tax in the PRC on behalf of the individual shareholders of such Consolidated Affiliated Entities for ownership transfer income with reference to the market value accordingly, in which case the amount of tax could be substantial.

The nominee shareholders of the Consolidated Affiliated Entities may have potential conflicts of interest with us, which may affect our business and financial condition.

We rely on the nominee shareholders of the Consolidated Affiliated Entities to abide by the obligations under such contractual arrangements. The interests of these shareholders in their capacities as the shareholders of the Consolidated Affiliated Entities may differ from the interests of our company as a whole, as what is in the best interests of the Consolidated Affiliated Entities, including matters such as whether to distribute dividends or to make other distributions to fund our offshore requirements, may not be in the best interests of our company. There can be no assurance that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or that those conflicts of interest will be resolved in our favor. In addition, these shareholders may breach or cause the Consolidated Affiliated Entities and their subsidiary to breach or refuse to renew the existing contractual arrangements with us. Control over, and funds due from, the Consolidated Affiliated Entities may be jeopardized if such shareholders breach the terms of the contractual arrangements or are subject to legal proceedings.

Though it is difficult to address the potential conflicts of interest the nominee shareholders of the Consolidated Affiliated Entities may encounter, on the one hand, and as a director, supervisor or employee of our group company, on the other hand, we could, however, at all times, exercise our option under the exclusive option agreements to cause them to transfer all of their equity ownership in the Consolidated Affiliated Entities to an entity or individual designated by us as permitted by the then applicable PRC laws. In addition, if such conflicts of interest arise, we could also, in the capacity of attorney-in-fact of the nominee shareholders of the Consolidated Affiliated Entities as provided under the power of attorney, directly appoint new directors, supervisors or senior management of the Consolidated Affiliated Entities. We rely on the nominee shareholders of the Consolidated Affiliated Entities to comply with PRC laws and regulations, which protect contracts and provide that directors and senior management owe a duty of loyalty to the companies they serve and require them to avoid conflicts of interest and not to take advantage of their positions for personal gains. If we cannot resolve any conflicts of interest or disputes between us and the individual shareholders of the Consolidated Affiliated Entities, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

If the custodians or authorized users of our controlling non-tangible assets, including chops and seals, fail to fulfill their responsibilities, or misappropriate or misuse these assets, our business and operations may be materially and adversely affected.

Under PRC law, legal documents for corporate transactions, including agreements and contracts such as the leases and sales contracts that our business relies on, are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant local branch of the State Administration for Market Regulation. We generally execute legal documents by affixing chops or seals, rather than having the designated legal representatives sign the documents. The chops of our subsidiaries and the Consolidated Affiliated Entities are generally held by the relevant entities so that documents can be executed locally. Although we usually utilize chops to execute contracts, the registered legal representatives of our subsidiaries and the Consolidated Affiliated Entities have the apparent authority to enter into contracts on behalf of such entities without chops, unless such contracts set forth otherwise.

In order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to the designated key employees of our legal, human resources or finance departments. Our designated legal representatives generally do not have access to the chops. Although we have approval procedures in place and monitor our key employees, including the designated legal representatives of our subsidiaries and the Consolidated Affiliated Entities, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our key employees or designated legal representatives could abuse their authority, for example, by binding our subsidiaries and the Consolidated Affiliated Entities with contracts against our interests, as we would be obligated to honor these contracts if the other contracting party acts in good faith in reliance on the apparent authority of our chops or signatures of our legal representatives. If any designated legal representative obtains control of the chop in an effort to obtain control over the relevant entity, we would need to have a shareholder or board resolution to designate a new legal representative and to take legal action to seek the return of the chop, apply for a new chop with the relevant authorities, or otherwise seek legal remedies for the legal representative's misconduct. If any of the designated legal representatives obtains and misuses or misappropriates our chops and seals or other controlling intangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve while distracting management from our operations, and our business and operations may be materially and adversely affected.

Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and its implementing rules and how they may impact our business, financial condition and results of operations.

The VIE structure through contractual arrangements has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in industries that are currently subject to foreign investment restrictions in China. The MOFCOM published a discussion draft of the proposed Foreign Investment Law of the PRC in January 2015, or the 2015 Draft FIL, according to which, variable interest entities that are controlled via contractual arrangements would also be deemed as foreign-invested entities, if they are ultimately controlled by foreign investors. In March 2019, the NPC promulgated the Foreign Investment Law of the PRC, or the FIL, and in December 2019, the State Council promulgated the Implementing Rules of the Foreign Investment Law of the PRC, or the Implementing Rules, to further clarify and elaborate the relevant provisions of the FIL. The FIL and the Implementing Rules both became effective from January 1, 2020 and replaced the major previous laws and regulations governing foreign investments in the PRC. Pursuant to the FIL, "foreign investments" refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment in other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The FIL and the Implementing Rules do not introduce the concept of "control" in determining whether a company would be considered as a foreign-invested enterprise, nor do they explicitly provide whether the VIE structure through contractual arrangements would be deemed as a method of foreign investment. However, the FIL has a catch-all provision that includes in its definition of "foreign investments" made by foreign investors in China in other methods as specified in laws, administrative regulations, or as stipulated by the State Council. To implement this provision of the FIL, the relevant regulatory authorities may promulgate more laws, regulations or rules on the interpretation and implementation of the FIL, and we cannot rule out the possibility that the concept of "control" as stated in the 2015 Draft FIL may be embodied in, or the VIE structure through contractual arrangements adopted by us may be deemed as a method of foreign investment by, any of such future laws, regulations and rules. If any of the Consolidated Affiliated Entities were deemed as a foreign-invested enterprise under any of such future laws, regulations and rules, and any of the businesses operated by such Consolidated Affiliated Entities in any "negative list" for foreign investment were therefore subject to any foreign investment restrictions or prohibitions, our business, financial condition and results of operations may be materially and adversely affected. Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, business, financial condition and results of operations.

Risks Related to Our ADSs, Ordinary Shares and Our Trading Market

The market prices for our ADSs and/or ordinary shares have been and may continue to be volatile.

The market price for our ADSs has been volatile and ranged from a low of US$30.39 to a high of US$49.12 on the NASDAQ Global Select Market in 2025. Likewise, the high and low prices of our ordinary shares on the Hong Kong Stock Exchange in 2025 were HK$38.64 and HK$23.80, respectively. In addition, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong and/or the United States may affect the volatility in the prices of and trading volumes for our ADSs and/or ordinary shares. Some of these companies have experienced significant volatility. The trading performance of these companies' securities may affect the overall investor sentiment towards other companies with business operations located mainly in China and listed in Hong Kong and/or the United States and consequently may impact the trading performance of our ADSs and/or ordinary shares. The market price is subject to wide fluctuations in response to various factors, including the following:

- actual or anticipated fluctuations in our quarterly operating results;
- changes in financial estimates by securities research analysts;
- conditions in the travel and lodging industries;
- changes in the economic performance or market valuations of other lodging companies;

- announcements by us or our competitors of new products, acquisitions, strategic partnerships, joint ventures or capital commitments;
- addition or departure of key personnel;
- fluctuations of exchange rates between the RMB and U.S. dollar, Hong Kong dollar or other foreign currencies;
- potential litigation or administrative investigations;
- release of lock-up or other transfer restrictions on our outstanding ADSs or ordinary shares or sales of additional ADSs or ordinary shares; and
- political or market instability or disruptions, pandemics or epidemics and other disruptions to China's economy or the global economy, and actual or perceived social unrest in the United States, Hong Kong, Europe, the Middle East and the Southeast Asia or other countries and regions that we operate.

In addition, the market prices for companies with operations in China in particular have experienced volatility that might have been unrelated to the operating performance of such companies. The securities of some China-based companies that have listed their securities in the United States and/or in Hong Kong have experienced significant volatility, including, in some cases, substantial declines in the market prices of their securities. The performance of the securities of these China-based companies after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States and/or Hong Kong, which consequently may impact the performance of our ADSs and ordinary shares, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other China-based companies may also negatively affect the attitudes of investors towards China-based companies in general, including us, regardless of whether we have engaged in any inappropriate activities.

Inflation has accelerated in many economies, including the United States and Europe, and policy actions to address inflation have slowed, and could reverse, economic growth in relevant countries. In addition, the continuing Russia-Ukraine war and the related energy crisis in Europe have weighed on global economic prospects. These types of economic conditions could result in postponed or decreased spending amid consumer concerns over unemployment, inflation, reduced asset values, increased energy costs, geographical issues, the availability and cost of credit, and the stability and solvency of financial institutions, financial markets, businesses, local and state governments, and sovereign nations. The economic recessions in many countries have contributed and may continue to contribute to extreme volatility in the global stock markets, such as the large declines in share prices in the United States, China, Hong Kong and other jurisdictions at various times since 2008. These broad market and industry fluctuations may adversely affect the prices of our ADSs and/or ordinary shares, regardless of our operating performance.

An active trading market for our ordinary shares on the Hong Kong Stock Exchange might not be sustained, and trading prices of our ordinary shares might fluctuate significantly.

Since our listing in Hong Kong in 2020, our ordinary shares have been traded on the Hong Kong Stock Exchange. However, we cannot assure you that an active trading market for our ordinary shares on the Hong Kong Stock Exchange will be sustained. The trading price or liquidity for our ADSs on the NASDAQ Global Select Market and the trading price or liquidity for our ordinary shares on the Hong Kong Stock Exchange in the past might not be indicative of those of our ordinary shares on the Hong Kong Stock Exchange in the future. If an active trading market of our ordinary shares on the Hong Kong Stock Exchange is not sustained, the market price and liquidity of our ordinary shares could be materially and adversely affected.

In 2014, the Hong Kong, Shanghai and Shenzhen Stock Exchanges collaborated to create an inter-exchange trading mechanism called Stock Connect that allows international and mainland Chinese investors to trade eligible equity securities listed in each other's markets through the trading and clearing facilities of their home exchange. Stock Connect allows certain mainland Chinese investors to trade directly in eligible equity securities listed on the Hong Kong Stock Exchange, known as Southbound Trading. If a company's shares are not considered eligible, they cannot be traded through Stock Connect. It is unclear whether and when the ordinary shares of our company will be eligible to be traded through Stock Connect, if at all. The ineligibility of our ordinary shares for trading through Stock Connect will affect certain mainland Chinese investors' ability to trade our ordinary shares.

If securities or industry analysts do not continue to publish research or if they publish inaccurate or unfavorable research about our business, the market prices and trading volume for our ADSs and/or ordinary shares could decline.

The trading market for our ADSs and/or ordinary shares relies in part on the research and reports that equity research analysts publish about us or our business. We do not control these analysts. If research analysts do not maintain adequate research coverage or if one or more of the analysts who covers us downgrades our ADSs and/or ordinary shares or publishes inaccurate or unfavorable research about our business, the market price for our ADSs and/or ordinary shares would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs and/or ordinary shares to decline significantly.

Techniques employed by short sellers may drive down the market prices of the ADSs and/or ordinary shares.

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions and allegations regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market and significant volatility of the prices of ordinary shares and/or ADSs of the targeted company. We received two short seller reports in September 2020. After receiving those reports, we immediately formed a special investigation committee, hired attorneys and conducted an internal investigation regarding the allegations in the relevant reports. Though we concluded that those unfavorable allegations in the short sellers' reports were untrue and without merit, the short seller reports, the volatility in the prices of our ADSs and ordinary shares, as well as our responses to regulatory inquiries and relevant institutions, had diverted and could continue to divert our management's attention. Furthermore, we have spent and could continue to spend a significant amount of resources investigating such allegations, responding to relevant regulatory inquiries and defending ourselves against any potential class action lawsuits. In the event we receive additional short seller reports in the future, our management's attention could be diverted, which could adversely affect our business operations and administration. We may need to spend a significant amount of time and resources responding to the short selling firms and regulatory inquiries and preparing for or defending against potential class action lawsuits or derivative actions initiated by our investors and shareholders. Additionally, we may also be constrained in the manner in which we can proceed against the relevant short sellers by principles of freedom of speech, applicable laws of the relevant jurisdictions or issues of commercial confidentiality.

We may need additional capital, and the sale of additional ADSs, ordinary shares or other equity securities could result in additional dilution to our shareholders, and the incurrence of additional indebtedness could increase our debt service obligations.

We generated positive operating income and net income attributable to H World Group Limited in 2023, 2024 and 2025, respectively. As of December 31, 2025, our current liabilities exceeded our current assets by US$242 million. We believe that our current cash and cash equivalents, anticipated cash flow from operations, and funds available from borrowings under our bank facilities (including the undrawn bank facilities currently available to us and bank facilities we plan to obtain in 2026) will be sufficient to meet our anticipated working capital cash needs for at least the next 12 months. Our ability to continue to meet our working capital demands depends on our ability to generate cash flows from operations and to arrange adequate financing arrangements. For more information, please see "Item 5. Operating and financial review and prospects—5.B. Liquidity and Capital Resources." If we are unable to continue funding our business operations or achieve or maintain profitability, the market price of our ADSs may significantly decrease.

We may, however, require additional cash resources due to changed business conditions, strategic acquisitions or other future developments, including expansion through leased and owned hotels and any investments or acquisitions we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain additional credit facilities. The sale of additional equity and equity-linked securities could dilute the interests of our shareholders and ADS holders and adversely impact the market prices of our ADSs and/or ordinary shares. Our incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

Future sales or issuances, or perceived future sales or issuances, of substantial amounts of our ordinary shares or ADSs could adversely affect the prices of our ADSs and/or ordinary shares.

If our existing shareholders sell, or are perceived as intending to sell, substantial amounts of our ordinary shares or ADSs, including those issued upon the exercise of our outstanding stock options, the market price of our ADSs and/or ordinary shares could fall. For example, as of December 31, 2025, we had approximately 113.3 million non-vested restricted stocks and 24.4 million share options outstanding. Such sales, or perceived potential sales, by our existing shareholders might make it more difficult for us to issue new equity or equity-related securities in the future at a time and place we deem appropriate. Ordinary shares held by our existing shareholders may be sold in the public market in the future subject to the restrictions contained in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements. If any existing shareholder or shareholders sell a substantial amount of ordinary shares after the expiration of the lock-up period, the prevailing market price for our ADSs and/or ordinary shares could be adversely affected.

In addition, certain of our shareholders or their transferees and assignees will have the right to cause us to register the sale of their shares under the Securities Act upon the occurrence of certain circumstances. Registration of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the public market could cause the prices of our ADSs and/or ordinary shares to decline.

Furthermore, we will be required to issue ADSs to holders of our convertible senior notes due 2026, upon their conversion of the notes. We have not entered into any hedging transactions to reduce the dilution to our existing shareholders upon the holders' conversion of our convertible senior notes due 2026. As a result, the prevailing trading prices of our ADSs and/or ordinary shares could be adversely affected by conversions of these notes.

As our founder and co-founders collectively hold a controlling interest in us, they have significant influence over our management and their interests may not be aligned with our interests or the interests of our other shareholders.

As of March 31, 2026, our founder, Mr. Qi Ji, who is also our chairman of the board and our co-founders, Ms. Tong Tong Zhao and Mr. John Jiong Wu, in total beneficially owned approximately 32.2% of our outstanding ordinary shares on an as-converted basis. The interests of these shareholders may conflict with the interests of our other shareholders. Our founder and co-founders have significant influence over us, including on matters relating to mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of us, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company or of our assets and might reduce the price of our ADSs and/or ordinary shares. These actions may be taken even if they are opposed by our other shareholders, including holders of our ADSs and/or ordinary shares.

Holders of our ADSs may not receive dividends or other distributions on our ordinary shares and may not receive any value for them, if it is illegal or impractical to make them available to these holders.

The depositary of the ADSs has agreed that if it or the custodian receives any cash dividends or other distributions on our ordinary shares or other deposited securities underlying the ADSs, it will pay them to the holders of ADSs after deducting its fees and expenses pursuant to the deposit agreement. The holders of ADSs will receive these distributions in proportion to the number of ordinary shares that their ADSs represent. However, the depositary or the custodian is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act, but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not practicable to distribute certain property. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that the holders of ADSs may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to these holders. These restrictions may cause a material decline in the value of the ADSs.

ADS holders may not have the same voting rights as the holders of our ordinary shares and generally have fewer rights than our ordinary shareholders and must act through the depositary to exercise those rights.

Holders of ADSs do not have the same rights as our ordinary shareholders and may only exercise voting and other shareholder rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement. Except as described in the deposit agreement, holders of our ADSs may not be able to exercise voting rights attaching to the shares evidenced by our ADSs on an individual basis. Holders of our ADSs appoint the depositary or its nominee as their representative to exercise the voting rights attaching to the shares represented by the ADSs. ADS holders may not receive voting materials in time to instruct the depositary to vote, and it is possible that they may not have the opportunity to exercise a right to vote and/or may lack recourse if the ADSs are not voted as you requested.

Except in limited circumstances, the depositary will give us a discretionary proxy to vote our ordinary shares underlying the ADSs if holders of these ADSs do not give voting instructions to the depositary, which could adversely affect the interests of holders of ordinary shares and/or the ADSs.

Under the deposit agreement, the depositary will give us a discretionary proxy to vote the ordinary shares underlying the ADSs at shareholders' meetings if holders of these ADSs do not give voting instructions to the depositary, unless:

- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted on at the meeting may adversely affect the rights of shareholders; or
- voting at the meeting is made on a show of hands.

The effect of this discretionary proxy is that, if holders of ADSs fail to give voting instructions to the depositary, they cannot prevent our ordinary shares underlying their ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence our management. Holders of our ordinary shares are not subject to this discretionary proxy.

We adopt different practices as to certain matters as compared with many other companies listed on the Hong Kong Stock Exchange.

We completed our public offering and listing in Hong Kong in September 2020 and the trading of our ordinary shares on the Hong Kong Stock Exchange commenced on September 22, 2020 under the stock code "1179." As a company listed on the Hong Kong Stock Exchange pursuant to Chapter 19C of the Hong Kong Listing Rules, we are not subject to certain provisions of the Hong Kong Listing Rules pursuant to Rule 19C.11, including, among others, rules on notifiable transactions, connected transactions, share option schemes, content of financial statements as well as certain other continuing obligations. In addition, in connection with the listing of our ordinary shares on the Hong Kong Stock Exchange, we have been granted a number of waivers and/or exemptions from strict compliance with the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), the Code on Takeovers and Mergers and Share Buy-backs (the "Takeovers Codes") and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). As a result, we will adopt different practices as to those matters, including with respect to the content and presentation of our annual reports and interim reports, as compared with other companies listed on the Hong Kong Stock Exchange that do not enjoy those exemptions or waivers. Furthermore, if 55% or more of the total worldwide trading volume, by dollar value, of our ordinary shares and ADSs over our most recent financial year takes place on the Hong Kong Stock Exchange's markets, the Hong Kong Stock Exchange will regard us as having a dual primary listing in Hong Kong and we will no longer enjoy certain exemptions or waivers from strict compliance with the requirements under the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), the Takeovers Codes and the SFO, which could result in our needing to undertake additional compliance activities, to devote additional resources to comply with new requirements, and our incurring of incremental compliance costs.

ADS holders may not be able to participate in rights offerings and may experience dilution of his, her or its holdings as a result.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. Under the deposit agreement for the ADSs, the depositary will not offer those rights to ADS holders unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act with respect to all holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or underlying securities or to endeavor to cause such a registration statement to be declared effective. In addition, we may not be able to take advantage of any exemptions from registration under the Securities Act. Accordingly, holders of our ADSs may be unable to participate in our rights offerings and may experience dilution in their holdings as a result.

ADS holders may be subject to limitations on transfer of their ADSs.

Our ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

We may be subject to securities litigation, which is expensive and could divert management attention.

Companies that have experienced volatility in the volume and market prices of their shares have been subject to an increased incidence of securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, and, if adversely determined, could have a material adverse effect on our business, financial condition and results of operations.

As a foreign private issuer, we are permitted to, and we will, rely on exemptions from certain NASDAQ corporate governance standards applicable to U.S. issuers, including the requirement regarding the implementation of a nominations committee. This may afford less protection to holders of our ordinary shares and ADSs.

The NASDAQ Marketplace Rules in general require listed companies to have, among other things, a nominations committee consisting solely of independent directors. As a foreign private issuer, we are permitted to, and we will, follow home country corporate governance practices instead of certain requirements of the NASDAQ Marketplace Rules, including, among others, the implementation of a nominations committee. The corporate governance practice in our home country, the Cayman Islands, does not require the implementation of a nominations committee. We currently intend to rely upon the relevant home country exemption with respect to the nominations committee. As a result, the level of independent oversight over management of our company may afford less protection to holders of our ordinary shares and ADSs.

Our currently effective articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.

Our currently effective articles of association contain provisions that have potential to limit the ability of others to acquire control of our company or cause us to enter into change-of-control transactions. These provisions could have the effect of depriving our shareholders of opportunities to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction.

For example, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more classes or series and to fix their designations, powers, preferences, and relative participating, optional or other rights and the qualifications, limitations or restrictions, including, without limitation, dividend rights, conversion rights, voting rights, terms of redemption privileges and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADSs or otherwise. In the event these preferred shares have better voting rights than our ordinary shares, in the form of ADSs or otherwise, they could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our ADSs may decline and the voting and other rights of the holders of our ordinary shares and ADSs may be materially and adversely affected.

The provisions of our currently effective articles of association may encourage potential acquirers to negotiate with us and allow our board of directors the opportunity to consider alternative proposals in the interest of maximizing shareholder value. However, these provisions may also discourage acquisition proposals or delay or prevent a change in control that could be beneficial to holders of our ordinary shares and ADSs.

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts or Hong Kong courts may be limited. The ability of U.S. or Hong Kong authorities to bring actions against us or our management may also be limited.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands and conduct a substantial portion of our business and operations through our subsidiaries in China, the world's largest emerging market. With the acquisition of Deutsche Hospitality in January 2020, we also operate part of our business in Germany, among other jurisdictions. Most of our officers reside outside the United States and Hong Kong and some or all of the assets of those persons are located outside of the United States and Hong Kong. It may be difficult or impossible for you to bring an action against us or against these individuals in the Cayman Islands, China, Hong Kong or Germany in the event that you believe that your rights have been infringed under the securities laws or otherwise. Even if you are successful in bringing an action of this kind outside the Cayman Islands, China, Hong Kong or Germany, the laws of the Cayman Islands, China, Hong Kong and Germany may render you unable to effect service of process upon, or to enforce a judgment against our assets or the assets of our directors and officers. There is uncertainty as to whether the courts of the Cayman Islands would (i) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (ii) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the securities laws of the United States or any state in the United States. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands would recognize as a valid judgment, a final and conclusive judgment in personam obtained in the foreign courts against our company under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an in personam judgment for non-monetary relief, and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment, (b) such courts did not contravene the rules of natural justice of the Cayman Islands, (c) such judgment was not obtained by fraud, (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands, (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands, and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

A judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States and most other Western countries. There are also uncertainties as to the enforceability in Germany of civil liabilities based on the U.S. federal and state securities laws or Hong Kong laws, either in an original action or in an action to enforce a judgment obtained in U.S. courts or Hong Kong courts (as the case may be). Germany currently does not have a treaty with the U.S. or Hong Kong providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. German courts usually deny the recognition and enforcement of punitive damages as incompatible with the fundamental principles of German law. In addition, due to jurisdictional limitations, matters of comity and various other factors, the SEC, the Department of Justice and other U.S. authorities may be limited in their ability to take enforcement actions, including in instances of fraud, against us or our directors and officers in China. In addition, shareholder claims that are common in the United States, including class action securities law and fraud claims, are generally uncommon in China.

Our corporate affairs are governed by our currently effective memorandum and articles of association and by the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) (the "Companies Act") and the common law of the Cayman Islands. The rights of shareholders to take legal action against our directors and us, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States and Hong Kong. In particular, the Cayman Islands has a less developed body of securities laws as compared to the United States and Hong Kong, and provides significantly less protection to investors. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action before the federal courts of the United States or the courts of Hong Kong. Furthermore, our currently effective articles of association are specific to us and include certain provisions that may be different from common practices in Hong Kong, such as the absence of requirements that the appointment, removal and remuneration of auditors must be approved by a majority of our shareholders.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States or in Hong Kong.

It may be difficult for overseas regulators to conduct investigations or collect evidence within China.

On February 24, 2023, the CSRC released the Confidentiality and Archives Provisions, which came into effect on March 31, 2023. Pursuant to which, a PRC based company must obtain approvals and make filings with relevant authorities when providing or publicly disclosing, by itself or through the overseas listing entity, any document or material that involves state secret or work secret of state agencies. In addition, pursuant to such regulation, any cross-border investigation, collection of evidence or inspection targeting PRC-based issuers, securities companies and security service institutions proposed by overseas securities regulatory authorities must be carried out through cross-border regulatory cooperation mechanism and reported to CSRC or relevant competent departments in advance.

As of the date of this annual report, there remains uncertainties as to the interpretation and implementation of such regulation. Also, shareholder claims or regulatory investigations that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanisms. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. In addition, the Data Security Law and the Personal Information Protection Law provide that no entity or individual within the PRC territory can provide any foreign judicial body and law enforcement body with any data or any personal information stored within the PRC territory without the approval of the competent PRC regulatory authority. While detailed interpretations of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may increase difficulties you may face in protecting your interests.

The different characteristics of the capital markets in Hong Kong and the U.S. may negatively affect the trading prices of our ordinary shares and ADSs.

We are subject to Hong Kong and NASDAQ listing and regulatory requirements concurrently. The Hong Kong Stock Exchange and the NASDAQ Global Select Market have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of our ordinary shares and/or ADSs may not be the same, even allowing for currency differences and the ADS ratio. Fluctuations in the price of our ADSs due to circumstances peculiar to the U.S. capital markets could materially and adversely affect the price of the ordinary shares, or vice versa. Certain events having significant negative impact specifically on the U.S. capital markets may result in a decline in the trading price of our ordinary shares notwithstanding that such event may not impact the trading prices of securities listed in Hong Kong generally or to the same extent, or vice versa. Because of the different characteristics of the U.S. and Hong Kong capital markets, the historical market prices of our ADSs in the NASDAQ Global Select Market may not be indicative of the trading performance of the ordinary shares in the Hong Kong Stock Exchange, and vice versa.

Exchange between our ordinary shares and our ADSs may adversely affect the liquidity and/or trading price of each other.

Our ADSs are currently traded on the NASDAQ Global Select Market. Subject to compliance with U.S. securities law and the terms of the deposit agreement, holders of our ordinary shares may deposit ordinary shares with the depositary in exchange for the issuance of our ADSs. Any holder of ADSs may also withdraw the ordinary shares underlying the ADSs pursuant to the terms of the deposit agreement for trading on the Hong Kong Stock Exchange. In the event that a substantial number of ordinary shares are deposited with the depositary in exchange for ADSs, or vice versa, the liquidity and trading prices of our ordinary shares on the Hong Kong Stock Exchange and our ADSs on the NASDAQ Global Select Market may be adversely affected.

The time required for the exchange between ordinary shares and ADSs may be longer than expected and investors may not be able to settle or effect any sale of their securities during this period, and the exchange of ordinary shares into ADSs involves costs.

There is no direct trading or settlement route between the NASDAQ Global Select Market and the Hong Kong Stock Exchange on which our ADSs and the ordinary shares are respectively traded. In addition, the time differences between Hong Kong and New York and unforeseen market circumstances or other factors may delay the deposit of ordinary shares in exchange of ADSs or the withdrawal of ordinary shares underlying the ADSs. Investors will be prevented from settling or effecting the sale of their securities during such periods of delay. In addition, there is no assurance that any exchange of ordinary shares into ADSs (and vice versa) will be completed in accordance with the timelines investors may anticipate.

Furthermore, the depositary for the ADSs is entitled to charge holders fees for various services including for the issuance of ADSs upon deposit of ordinary shares, the release of ordinary shares upon cancelation of ADSs, distributions of cash dividends or other cash distributions, distributions of ADSs pursuant to share dividends or other free share distributions, distributions of securities other than ADSs and annual service fees. As a result, shareholders who exchange ordinary shares into ADSs, and vice versa, may not achieve the level of economic return the shareholders may anticipate.

We may be classified as a passive foreign investment company, which could result in adverse United States federal income tax consequences for U.S. Holders of our ADSs or ordinary shares.

Based on our audited consolidated financial statements and relevant market and shareholder data, we do not believe that we were a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes for 2025. In addition, based on our audited consolidated financial statements and our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not anticipate becoming a PFIC in 2026. The application of the PFIC rules is subject to ambiguity in several respects and, in addition, we must make annual separate determinations each year as to whether we are a PFIC (after the close of each taxable year). Accordingly, we cannot assure you of our PFIC status for 2026 or for any future taxable year. If we were treated as a PFIC for any taxable year during which a U.S. Holder (as defined herein) held an ADS or an ordinary share, certain adverse United States federal income tax consequences could apply to the U.S. Holder. For a more detailed discussion of United States federal income tax consequences to U.S. Holders, see "Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations."

There is uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of our ADSs.

In connection with the public offering of our ordinary shares in Hong Kong in September 2020, or the Hong Kong IPO, we established a branch register of members in Hong Kong, or the Hong Kong share register. Our ordinary shares that are traded on the Hong Kong Stock Exchange, including those issued in the Hong Kong IPO and those that may be converted from ADSs, are registered on the Hong Kong share register, and the trading of these ordinary shares on the Hong Kong Stock Exchange are subject to the Hong Kong stamp duty. To facilitate ADS-ordinary share conversion and trading between the NASDAQ Global Select Market and the Hong Kong Stock Exchange, we have moved a portion of our issued ordinary shares from our Cayman share register to our Hong Kong share register.

Under the Hong Kong Stamp Duty Ordinance, any person who effects any sale or purchase of Hong Kong stock, defined as stock the transfer of which is required to be registered in Hong Kong, is required to pay Hong Kong stamp duty. The stamp duty is currently set at a total rate of 0.2% of the greater of the consideration for, or the value of, shares transferred, with 0.1% payable by each of the buyer and the seller.

To the best of our knowledge, Hong Kong stamp duty has not been levied in practice on the trading or conversion of ADSs of companies that are listed in both the United States and Hong Kong and that have maintained all or a portion of their ordinary shares, including ordinary shares underlying ADSs, in their Hong Kong share registers. However, it is unclear whether, as a matter of Hong Kong law, the trading or conversion of ADSs of these dual-listed companies constitutes a sale or purchase of the underlying Hong Kong-registered ordinary shares that is subject to Hong Kong stamp duty. We advise investors to consult their own tax advisors on this matter. If Hong Kong stamp duty is determined by the competent authority to apply to the trading or conversion of our ADSs, the trading price and the value of your investment in our ADSs or ordinary shares may be affected.

ITEM 4. *INFORMATION ON THE COMPANY*

4.A. History and Development of the Company

The following table illustrates the key milestones of our history and business development:

Year	Milestone
2005	We launched the first *HanTing Hotel* in Kunshan, Suzhou.
2008	We launched our budget hotel product, *HanTing Hi Inn*, which was subsequently rebranded as *Hi Inn*.
2010	Our ADSs were listed on the NASDAQ Global Selected Market. We launched the first *JI Hotel* in Shanghai.
2012	We acquired a 51% equity interest in Starway HK, a midscale hotel chain, and expanded our offering to four hotel brands. We changed our Chinese trade name from "HanTing Hotel Group" to "HuaZhu Hotel Group".
2013	We acquired the remaining 49% equity interest in Starway HK. We adopted the first proprietary cloud-based property management system in China.
2014	We entered into agreements with Accor, to join forces in the Pan-China region to develop Accor brand hotels and to form an extensive and long-term alliance with Accor. We offered the first automated self-check-in or check-out kiosks in China, featuring advanced technologies such as facial recognition.
2016	We completed our transaction with Accor. We adopted a centralized procurement system, leveraging our Internet of Things technology, which allows all hotels across the network to make bulk purchases of hotel supplies.
2017	We completed the acquisition of all of the equity interests in Crystal Orange, which operated hotels under the brands *Crystal Orange Hotel* and *Orange Hotel*. We issued US$475 million of 0.375% convertible senior notes due 2022.
2018	We changed our name to Huazhu Group Limited, or Huazhu. We completed the acquisition in steps of a majority stake in Blossom Hotel Management, which was engaged in the business of operating and managing hotels under *Blossom Hill Hotels & Resorts* (currently *Blossom House*) brand in the upscale market in the PRC.
2019	We were a winner of the "2019 CIO 100 Award", which recognized us as one of the 100 most innovative organizations worldwide that use information technology in innovative ways to deliver business value. Our H Rewards loyalty program surpassed 150 million members. We opened our first overseas hotel in Singapore under *JI Hotel* brand, which we directly operate.
2020	We completed the acquisition of all equity interest in Steigenberger Hotels AG, which was engaged in the business of operating and managing hotels under five brands, namely *Steigenberger Hotels & Resorts, MAXX, Jaz in the City, IntercityHotel and Zleep Hotels*, primarily in Europe. We issued US$500 million of 3% convertible senior notes due 2026. We completed our global offering and listing on the Hong Kong Stock Exchange. Our ordinary shares started to be traded on the Hong Kong Stock Exchange on September 22, 2020. We completed the put right offer relating to the 2022 Notes.
2021	We completed the acquisition of CitiGO in May 2021, which operates hotels under the brand of *CitiGO Hotel*.
2022	We changed our name to H World Group Limited, or H World.

Year	Milestone
	We fully redeemed our convertible senior notes due 2022 on the maturity date of November 1, 2022.
2023	We issued a total of 7,118,500 ADSs (including 928,500 additional ADSs pursuant to the exercise of a 30-day option), each representing ten ordinary shares of H World Group Limited, at a price of US$42.0 per ADS, in January 2023.
2024	We achieved the milestone of opening 10,000 hotels.
2025	We launched our upper midscale hotel brand, *Grand JI Hotel*. Our H Rewards loyalty program surpassed 300 million members.

Our principal executive offices are located at No. 1299 Fenghua Road, Jiading District, Shanghai 201803, People's Republic of China. Our telephone number at this address is +86 (21) 6195-2011. Our registered office in the Cayman Islands is located at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Investors should contact us for any inquiries through the address and telephone number of our principal executive offices. Our website is http://www.hworld.com. The information contained on our website is not a part of this annual report.

The SEC maintains an internet site (http://www.sec.gov), which contains reports, proxy and information statements, and other information regarding us that file electronically with the SEC.

4.B. Business Overview

We are a leading, fast-growing multi-brand hotel group with international operations. Our hotels are operated under three different models: leased and owned, franchised, and franchised hotels that we operate under management contracts, which we refer to as "manachised." We expanded our hotel network from 9,394 hotels as of December 31, 2023 to 12,858 hotels as of December 31, 2025, representing a CAGR of 17.0%. As of December 31, 2025, we had 12,858 hotels in operation, including 573 leased and owned hotels and 12,285 manachised and franchised hotels, with an aggregate of 1,264,419 hotel rooms. As of the same date, we were developing an additional 2,906 hotels, including 19 leased and owned hotels and 2,887 manachised and franchised hotels.

Brands are the bedrock of our success. Over a decade, we grew from an economy hotel chain to a multi-brand hotel group covering the full spectrum of market segments. Leveraging our consumer insights and our capability to deliver innovative and trend-setting products, we now operate a portfolio of over 20 distinct hotel brands.

We have developed a vast base of loyal and engaged customers under our H Rewards loyalty program. H Rewards covers all of our brands and had more than 311 million members as of December 31, 2025. We engage with program members through multiple online and offline touch points to personalize their lodging experiences and foster strong and long-lasting relationships that inspire loyalty to our brands. H Rewards is a powerful distribution platform, enabling us to conduct lower-cost, targeted marketing campaigns and maintain a high percentage of direct sales to customers. In 2025, approximately 73% of our room nights under legacy Huazhu were sold to customers who were individual or corporate H Rewards members. In the same year, approximately 77% of our room nights under legacy Huazhu were sold through our own sales channels.

We have developed industry-leading, proprietary technology infrastructure that enhances customer experience, increases our operational efficiency, and supports our fast growth. The core of this infrastructure is a comprehensive suite of modularized applications, including a cloud-based property management system and centralized reservation, procurement and revenue management systems. Leveraging our operational experience and technological capabilities, we have built a centralized shared service center and realized the economies of scale made possible through our sizable hotel operations. We have also undertaken a series of industry-first digitalization initiatives to optimize our hotels' operational efficiency and cost structure and operate "smart" hotels. Our digital transformation initiative, the "Easy" series, has increased the speed and efficiency of our hotels' entire business processes, from the moment a reservation is made until a guest checks out.

Leveraging our strong brand recognition, massive member traffic, and robust technology infrastructure, we have pioneered a business operating system designed to enhance hotel operations across all fronts. Our business operating system is the result of our years of industry know-how, and it includes innovative ideas that are first tested and refined by our leased and owned business. Subsequently, these ideas can be "plugged-and-played" by our franchisees with confidence, thus allowing us to effectively expand our hotel network in an asset-light manner. We added a net 3,464 hotels from December 31, 2023 to December 31, 2025, 3,582 of which were manachised and franchised hotels. Apart from receiving franchise fees for these hotels, we also share our technology infrastructure and our vast customers base with our franchisees. We believe that our distinct approach to hospitality has helped us establish a highly differentiated business model that balances scale, quality and returns.

We recorded outstanding financial performance in the past and has recorded strong post COVID-19 recovery since 2023. Our total revenue was RMB21,882 million, RMB23,891 million and RMB25,307 million (US$3,618 million) in 2023, 2024 and 2025, respectively. We had net income attributable to H World Group Limited of RMB4,085 million, RMB3,048 million and RMB5,080 million (US$726 million) in 2023, 2024 and 2025, respectively. Our adjusted EBITDA (non-GAAP) amounted to RMB6,268 million, RMB6,820 million and RMB8,473 million (US$1,211 million) in 2023, 2024 and 2025, respectively. Our net cash provided by operating activities amounted to RMB7,674 million, RMB7,518 million and RMB8,379 million (US$1,198 million) in the respective periods.

We believe that our core competencies and proven business model well-position us to increase our share in the expanding global lodging industry and continue to deliver encouraging financial performance.

Our Brands and Products

As of the date of this annual report, we have hotels in operation or under development under the following brands, which are designed to target distinct segments of customers:

- Economy hotel brands: *HanTing Hotel*, *Ni Hao Hotel*, *Hi Inn*, *Elan Hotel, Zleep Hotels*, and *Ibis Hotel;*
- Midscale hotel brands: *JI Hotel*, *Orange Hotel*, *Starway Hotel*, and *Ibis Styles Hotel;*
- Upper midscale hotel brands: *Crystal Orange Hotel*, *IntercityHotel*, *Grand JI Hotel*, *Manxin Hotel*, *Mercure Hotel*, *Madison Hotel*, *Novotel Hotel*, *CitiGO Hotel*, and *MAXX;*
- Upscale hotel brands: *Joya Hotel*, *Blossom House*, *Steigenberger Hotels & Resorts*, *Jaz in the City*, and *Grand Mercure Hotel*; and
- Luxury hotel brand: *Steigenberger Icons* and *Song Hotels.*

We have entered into brand franchise agreements with Accor and enjoy exclusive franchise rights in respect of *Mercure Hotel*, *Ibis Hotel*, and *Ibis Styles Hotel* in the PRC, Taiwan, and Mongolia and non-exclusive franchise rights in respect of *Grand Mercure Hotel* and *Novotel Hotel* in the PRC, Taiwan, and Mongolia. Through our acquisition of Deutsche Hospitality, we have obtained exclusive rights to construct, operate, manage, franchise, and license hotels under the *Jaz in the City* brand in China, Southeast Asia, Japan, South Korea, and Europe subject to certain exceptions, and non-exclusive rights to operate, manage, franchise, and license certain number of hotels under the *Jaz in the City* brand in certain other countries and regions, such as Tunisia, Cape Verde, the United Arab Emirates (the "UAE"), and Egypt.

As of December 31, 2025, we also operated five other hotels, including other partner hotels and other hotel brands in Yongle Huazhu Hotel & Resort Group.

We believe that our multi-brand strategy provides us with a competitive advantage to open more hotels in attractive markets, capture a wider range of customers with evolving lodging preferences and needs thereby achieving greater economies of scale through shared platforms.

Economy Hotel Brands

HanTing Hotel

Launched in 2005, *HanTing Hotel* is dedicated to becoming a beloved national hotel for all. From the reassurance of a restful night's sleep and a warm, hearty breakfast, to the ease of self check-in and the thoughtfulness of robot-assisted delivery, *HanTing Hotel* has consistently delivered on its commitment to fulfilling the core lodging needs of its guests—quality sleep, refreshing showers, and satisfying breakfast—complemented by a convenient, warm, and 24-hour open lobby. With a travel experience defined by the promise of "good quality at an affordable price" and a continuous enhancement of the sense of security and happiness of Chinese travelers on the go, *HanTing Hotel* has become the "distant relative and close neighbor" of 1.4 billion Chinese people. As of December 31, 2025, we had 4,556 HanTing Hotels in operation and an additional 774 HanTing Hotels under development.

Ni Hao Hotel

Ni Hao Hotel is our economy hotel product targeting young customers. The brand new *Ni Hao Hotel* 2.0 integrates contemporary aesthetics with traditional Chinese colors and symbols, creating a joyful and prosper atmosphere and offering traveler with various aesthetic choices. As of December 31, 2025, we had 513 Ni Hao Hotels in operation and 86 Ni Hao Hotels under development.

Hi Inn

Launched in late 2008 and originally marketed under the name of *HanTing Hi Inn, Hi Inn* is our fully self-service economy hotel brand. With the tenet of "sleep better, spend less," *Hi Inn* focuses on customers' core lodging needs—quality sleep and refreshing showers—and offers travelers with international standard accommodation experience at exceptional value for money. *Hi Inn* is distributed across major first- and second-tier cities as well as rapidly growing third- and fourth-tier cities in China. As of December 31, 2025, we had 696 Hi Inns in operation and an additional 287 Hi Inns under development.

Elan Hotel

In September 2014, we launched *Elan Hotel*. *Elan Hotel* is our economy hotel product committed to improving the operating efficiency of individual micro, small- and medium-sized economy hotels. As of December 31, 2025, we had 45 Elan Hotels in operation.

Ibis Hotel

Ibis Hotel is the world's leading economy hotel brand originated from France. *Ibis Hotel* breaks through the conventional monotonous atmosphere of economy hotels and creates a space without boundaries. Featuring it with front desk that also serves as bar, restaurant that turns into livehouse at night, and vibrant music setting the ambiance at any time, we intend to transform economy hotel into a lively environment open for everyone. As of December 31, 2025, we had 214 Ibis Hotels in operation and an additional six Ibis Hotels under development.

Zleep Hotels

Zleep Hotels, our economy hotel brand, is a well-known and successful hotel brand in Scandinavia and other parts of Europe offering service and design at a great rate. As of December 31, 2025, we had six Zleep Hotels in operation and an additional seven Zleep Hotels under development.

Midscale Hotel Brands

JI Hotel

JI Hotel is a midscale brand that we launched in 2010. Over the past 15 years, *JI Hotel* adheres to its original aspiration to "design for Chinese, offer experience to all." Drawing from oriental wisdom, humanity and culture, it offers quality lodging experience with friendly services, dedicating to providing travelers with accommodations that resonate with the aesthetics and lifestyle of Chinese people and sharing the unique Chinese lodging culture with guests from all over the world. As of December 31, 2025, we had 3,565 JI Hotels in operation and an additional 752 JI Hotels under development.

Orange Hotel

Orange Hotel is our midscale hotel brand. Drawing inspiration from Orange County in California and having "bright sunny days" as its brand concept, *Orange Hotel* creates a bright and memorable journey for travelers by creating sunny living spaces, offering vibrant and efficient services, and promoting a healthy lifestyle. As of December 31, 2025, we had 1,055 Orange Hotels in operation and an additional 250 Orange Hotels under development.

Starway Hotel

Starway Hotel is our select midscale hotel brand. It offers a diverse range of products and quality lodging experiences, meanwhile merging the local characters and creates unique memories for the travelers. Through its thoughtful sleeping system, distinctive breakfast represented by *Starway Hotel*'s signature noodle, convenient smart facilities, laundry services and other ancillary services, *Starway Hotel* caters to customers' diverse travel needs and conveys the unique charm of each city. In every city, with a warm bowl of its signature noodle, *Starway Hotel* is committed to warmly accompanying travelers on each and every journey. As of December 31, 2025, we had 712 Starway Hotels in operation and an additional 118 Starway Hotels under development.

Ibis Styles Hotel

Ibis Styles Hotel is a midscale brand that offers comfortable and designer hotels. *Ibis Styles Hotel* advocates one-hotel-one-design, with each hotel choosing a different story theme to create creative spaces through a fun and premium design approach that is eye-catching. The different style collections of Ibis Styles Hotel can cater to the accommodation needs of different people, covering not only business and vacation, but also attracting the innovative Z-Generations. As of December 31, 2025, we had 99 Ibis Styles Hotels in operation and an additional four Ibis Styles Hotels under development.

Upper Midscale Hotel Brands

Crystal Orange Hotel

Crystal Orange Hotel is our upper midscale hotel brand targeting the upper midscale business travel and quality travel market. Crystal Orange Hotel has launched a new version 2.5, empowering customers with a five-star quality experience at a four-star price. *Crystal Orange Hotel* returns to the essence and purity, using walnut, antique copper and glass elements to create a more textured and premium space atmosphere, earning its reputation as the "pinnacle of aesthetics" in its segment and winning multiple international design awards. Beyond design, *Crystal Orange Hotel* is underpinned by a "Purify, Recharge, Awaken" six-sense energy recovery system, dedicated to creating an energy-restoring journey for urban travelers navigating the fast-paced modern world—a stay that goes beyond rest, empowering guests to rediscover their vitality and become their best selves. As of December 31, 2025, we had 322 Crystal Orange Hotels in operation and an additional 100 Crystal Orange Hotels under development.

IntercityHotel

IntercityHotel, originating from Germany in 1987, entered the Chinese market following our acquisition of Deutsche Hospitality in 2020. Inheriting the Bauhaus tradition of modern design, *IntercityHotel* places functionalism at its core, delivering a "Precise, Seamless, and Efficient" stay experience tailored to the needs of business travelers. Today, as one of the most sought-after brands in the upper midscale segment, *IntercityHotel* has achieved comprehensive coverage across core first- and second-tier cities in China, offering the discerning business traveler an ideal journey defined by "Work Efficiently, Live Effortlessly." As of December 31, 2025, we had 159 IntercityHotels in operation and an additional 111 IntercityHotels under development.

Grand JI Hotel

Grand JI Hotel is our oriental hotel brand. Drawing on the artistic spirit and etiquette of the contemporary East, it conveys a rich cultural essence that embraces all things, allowing the world to experience the elegance and refinement of the East. As of December 31, 2025, we had five Grand JI Hotels under development.

Manxin Hotel

Manxin Hotel incorporates localized features into the design and experience, and is a must-stay lifestyle hotel for urban exploration, with both business and travel features. Currently there are two product lines under *Manxin Hotel*, namely Manxin Hotel and Manxin Mansion. As of December 31, 2025, we had 192 Manxin Hotels in operation and an additional 47 Manxin Hotels under development.

Mercure Hotel

Mercure Hotel is an upper midscale hotel brand originating from France, drawing its inspiration from Mercury, the Roman deity of travel and fortune, and is positioned as a French-lifestyle upper midscale hotel for business travelers. Since its founding in 1973, *Mercure Hotel* has consistently placed the French art de vivre at its core, crafting spaces around the world that offer travelers an experience defined by elegance, ease, and the poetry of everyday life. As of December 31, 2025, we had 226 Mercure Hotels in operation and an additional 88 Mercure Hotels under development.

Madison Hotel

We launched our new upper midscale hotel brands *Madison Hotel* and *Grand Madison Hotel* in 2019, which are committed to offering guests a classic lodging experience. In 2020, we merged the *Grand Madison Hotel* brand into the *Madison Hotel* brand. *Madison Hotel* integrates local characteristics to create a warm and vibrant travel experience for the guests. As of December 31, 2025, we had 218 Madison Hotels in operation, and an additional 113 Madison Hotels under development.

Novotel Hotel

Novotel is an upper midscale brand that provides a multi-service offering for both business and leisure guests, with spacious, modular rooms, 24/7 catering offers with balanced meals, meeting rooms, attentive and proactive staff, kid areas, multi-purpose lobbies and fitness centers. As of December 31, 2025, we had 46 Novotel Hotels in operation and an additional 18 Novotel Hotels under development.

CitiGO Hotel

CitiGO Hotel is a lifestyle brand that mainly targets young people. Crafted by internationally prestigious designers, *CitiGO* blends travel, sports and urban culture together to provide guests with unique lodging experience. *CitiGO* introduces a new concept space that combines elements of hotel, apartment and community, aiming to provide travelers with distinctive travel experience. With a focus on engaging different demographics, *CitiGO* emphasizes stylish and trendy designs along with rich and vibrant communal entertainment areas, breaking traditional perceptions of hotels. The hotel restaurant provides extra-long breakfast from 7:00 am to 12:00 pm, fresh coffee, craft beer and free late-night snack. *CitiGO* is passionate about cross-industry collaborations, embedding a youthful and playful attitude into its brand DNA, leading new travel trends for urban youth seeking quality life. As of December 31, 2025, we had 33 CitiGO Hotels in operation, and an additional four CitiGO Hotels under development.

MAXX

MAXX is our upper midscale hotel brand originated from Germany. *MAXX* inherits European elegance and style, redefining new luxury lifestyle through an international perspective and insights into the local market, serving as an urban oasis that captures every extraordinary moment, and integrates insights into the local market. As of December 31, 2025, we had 11 MAXX hotels in operation and seven MAXX hotels under development.

Upscale Hotel Brands

Joya Hotel

In December 2013, we launched our upscale brand *Joya Hotel*. These hotels are typically located in areas close to major business and commercial districts in first- and second-tier cities. With the new Chinese-style design and diversified service features, *Joya Hotel* creates a hotel space more in line with the Chinese culture and lifestyle. As of December 31, 2025, we had seven Joya Hotels in operation.

Blossom House

Blossom House, founded in Lijiang, China in 2009, is our upscale cultural tourism and resort hotel brand. With "Relax, Connect, and Happiness" at its core, *Blossom House* has successfully integrated local history, culture, and heritage with an upscale service philosophy, pioneering the development of upscale cultural tourism and resort hospitality in China and earning its place as our most happiness-inspiring upscale resort hotel. Guided by its distinctive Blossom aesthetics, the brand leads product innovation and has established three product lines: Blossom House Secret Retreat, full-service resorts, and selective-service resorts. Today, *Blossom House* has achieved coverage across China's major premier tourist destinations and key scenic areas, and will continue to lead all travelers toward new horizons, ushering in an entirely new era of upscale cultural and humanistic resort experiences. As of December 31, 2025, we have 90 Blossom House hotels in operation and an additional 107 Blossom House hotels under development.

Steigenberger Hotels & Resorts

Steigenberger Hotels & Resorts is our upscale brand originated in Germany. With high-quality facilities and services and unique entertainment resources, *Steigenberger Hotels & Resorts* provides guests with a super high-end experience of high-quality conference services, high-quality leisure and quality meals to meet the diverse needs of guests' various activities. As of December 31, 2025, we had 56 Steigenberger Hotels & Resorts in operation and an additional 14 Steigenberger Hotels & Resorts under development.

Jaz in the City

Jaz in the City is our upscale lifestyle brand. *Jaz in the City* branded hotels reflect metropolitan lifestyle and draw upon the local music and cultural scene. As of December 31, 2025, we have three Jaz in the City hotels in operation.

Grand Mercure Hotel

Grand Mercure Hotel offers guests an imaginative, discovery-filled hotel experience, a fresh and engaging stay that attracts visitors from around the world. Deeply rooted in its destinations, *Grand Mercure Hotel* offers an elegant and immersive cultural experience through warm, attentive staff who tell vivid stories and take guests on a journey through the traditions of fine dining and high-end hospitality. As of December 31, 2025, we had ten Grand Mercure Hotels in operation.

Luxury Hotel Brand

Steigenberger Icons

Steigenberger Icons is our first brand under luxury level, a prestigious level we granted only to our most legendary Steigenberger hotels. It offers customers with legendary living experience through its provision of German-style butler services. As of December 31, 2025, we had 12 Steigenberger Icons Hotels in operation and one Steigenberger Icons Hotel under development.

Song Hotels

Song Hotels is our luxury hotel brand designed for high-end vacation experience. It creates luxurious and leisure stay experience for the guests through its portrait of contemporary Chinese lifestyle of pursuing perfection and its innovation of delicate aesthetics rooted in Song dynasty. As of December 31, 2025, we had seven Song Hotels in operation and an additional two Song Hotels under development.

Our Hotel Network

We operate hotels under lease and ownership, manachise and franchise models. Under the lease and ownership model, we directly operate hotels located primarily on leased properties, as well as on owned properties. Under the manachise model, we manage manachised hotels through the on-site hotel managers we appoint and collect fees from franchisees. Under the franchise model, we collect fees from franchisees but do not appoint on-site hotel managers. We have adopted a disciplined return-driven development model aimed at achieving high growth and profitability and applied consistent operational and quality standards across all of our hotels.

Our hotel network has grown rapidly. The following table sets forth the number of hotels we operated as of the dates indicated.

	As of December 31,										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Leased and owned hotels	616	624	671	699	688	753	738	704	691	633	573
Manachised hotels	2,067	2,471	2,874	3,309	4,519	5,746	6,824	7,617	8,526	10,380	12,170
Franchised hotels	80	174	201	222	411	290	268	222	177	134	115
Total	**2,763**	**3,269**	**3,746**	**4,230**	**5,618**	**6,789**	**7,830**	**8,543**	**9,394**	**11,147**	**12,858**

As of December 31, 2025, our hotel network covered 12,858 hotels spanning 1,222 cities in 31 provinces and municipalities across the greater China region and 20 other countries, and we also had a pipeline of hotels in these countries and regions. As of December 31, 2025, we had an additional 2,906 leased and owned as well as manachised and franchised hotels under development.

The following table sets forth a summary of all of our hotels by geographic region as of December 31, 2025.

	Leased and Owned Hotels[1]	Manachised Hotels[2]	Franchised Hotels[2]	Leased and Owned Hotels Under Development[5]	Manachised and Franchised Hotels Under Development[5]
Greater China:					
Shanghai, Beijing, Guangzhou, Shenzhen and Hangzhou	206	2,164	30	8	362
Others [3]	304	9,981	51	3	2,503
Subtotal	510	12,145	81	11	2,865
Outside Greater China:					
Europe	62	6	23	8	6
Other countries[4]	1	19	11	—	16
Subtotal	63	25	34	8	22
Total[5]	573	12,170	115	19	2,887

Notes:

(1) Include 62 leased hotels operated by Deutsche Hospitality and 511 leased and owned hotels operated by the rest of our Group.
(2) Include 56 manachised and franchised hotels operated by Deutsche Hospitality and 12,229 manachised and franchised hotels operated by the rest of our Group.
(3) For our hotels in operation, include 1,217 cities across 29 provinces and municipalities; for our hotels under development, include 936 cities across 30 provinces and municipalities.
(4) For our hotels in operation, include Tunisia, Egypt, the UAE, Oman, Saudi Arabia, Singapore, Qatar, Mongolia, Korea, Vietnam and Cambodia; for our hotels under development, include Egypt, Oman, Saudi Arabia, the UAE, India, Cambodia, Uzbekistan, Thailand, Malaysia and Laos.
(5) Include hotels for which we have entered into binding leases, purchase agreements of land use right or property, or franchise agreements but that have not yet commenced operations. The inactive projects are excluded from this list according to management judgment.

The following table sets forth the status of our hotels under development as of December 31, 2025.

	Pre-conversion Period[1]	Conversion Period[2]	Total
Leased and owned hotels	16	3	19
Manachised and franchised hotels	1,638	1,249	2,887
Total	1,654	1,252	2,906

Notes:

(1) Includes hotels for which we have entered into binding leases or franchise agreements but of which the property has not been delivered by the respective lessors or property owners, as the case may be. The inactive projects are excluded from this list according to management judgment.

(2) Includes hotels for which we have commenced conversion activities but that have not yet commenced operations. The inactive projects are excluded from this list according to management judgment.

Among the 19 leased and owned hotels under development as of December 31, 2025, we had 16 leased and owned hotels during pre-conversion period, for which we have entered into binding leases but of which the property has not been delivered by the respective lessors, and had 3 leased and owned hotels during the conversion period, for which we have completed conversion activities and have started operations in January and February 2026. Total development costs for the leased and owned hotels during the conversion period were approximately RMB121 million. The average development costs per square meter for completed leased and owned hotels in 2025 were approximately RMB2,100 (US$300). The franchisees are responsible for development costs for our manachised hotels and franchised hotels.

The reasons for hotel closures typically include property-related matters (such as rezoning and expiry of leases), hotel operation quality or results not meeting our requirements, and other commercial reasons.

Leased and owned hotels

As of December 31, 2025, we had 565 leased hotels and eight owned hotels, accounting for approximately 4.5% of our hotels in operation. We manage and operate each aspect of these hotels and bear all of the accompanying expenses. We are responsible for recruiting, training, and supervising the hotel managers and employees, paying for leases and costs associated with construction and renovation of these hotels, and purchasing all supplies and other required equipment.

Our leased hotels are located on leased properties. The terms of our leases typically range from ten to 30 years. We generally enjoy an initial two- to eight-month rent-free period. For certain of our hotels (under Deutsche Hospitality), the landlords are responsible for renovating the hotels (other than soft furnishing) and we are not required to pay rent until this renovation is completed. We generally pay fixed rent on a monthly, quarterly or biannual basis for the first three to five years of the lease term, after which we are generally subject to a 2% to 6% increase on rent every three to five years or, for Deutsche Hospitality's hotels, generally annual adjustments based on consumer price index levels. Our leases usually allow extensions by mutual agreement. In addition, for our leased hotels located in China, our lessors are typically required to notify us in advance if they intend to sell or dispose of their properties, in which case we have a right of first refusal to purchase the properties on equivalent terms and conditions.

The following table sets forth the number of our leases for hotels in operation and under development that were expected to expire in the periods indicated as of December 31, 2025.

	Number of Leases
2026[(1)]	68
2027	53
2028	61
2029	41
2030	37
2031-2033	120
2034-2036	85
2037 and onward	119
Total	584

Note:

(1) Including leases of four legacy DH hotels we plan to dispose of. For more information, see "Notes to Consolidated Financial Statements — Note 8. Assets and liabilities held for sale."

Manachised and Franchised Hotels

As of December 31, 2025, we had 12,170 manachised hotels and 115 franchised hotels, accounting for approximately 94.6% and 0.9%, respectively, of our hotels in operation. Our franchisees lease or own their hotel properties and are responsible for the costs of developing and operating the manachised or franchised hotels, including constructing and renovating the hotels according to our standards, and all of the hotel operating expenses. We impose the same standards on all of our manachised and franchised hotels to ensure product quality and consistency across our hotel network. Our franchisees are not allowed to sub-franchise hotels under our brands to any third party. We collect fees from the franchisees of our manachised and franchised hotels and do not bear loss incurred by our franchisees. We believe that the manachise and franchise models have enabled us to quickly and effectively expand our geographical coverage and market share in a less capital-intensive manner through leveraging the local knowledge and relationships of our franchisees.

Manachised hotels

We manage our manachised hotels and impose the same standards on all manachised hotels as our other hotels to ensure product quality and consistency across our hotel network. For our manachised hotels under legacy Huazhu, our manachise agreements typically have the following terms:

Scope of service: We authorize a manachised hotel to use our relevant brand name, logo and relevant trademarks. The franchisee is responsible for the hotel's construction, renovation and maintenance. We provide guidance to the franchisee on the construction or renovation of the hotel and require the hotel to meet our standards before approving it to commence operations. We are engaged in the appointment and training of hotel managers who are responsible for hiring hotel staff and managing daily operations of our manachised hotels. We also provide our franchisees with services such as central reservation, sales and marketing support, technology support, quality assurance inspections, and other operational support and information.

Fees charged to franchisees: we generally charge our franchisees an upfront franchise fee typically ranging between RMB80,000 and RMB1,000,000 per hotel, as well as a monthly franchise fee of approximately 3% to 6.5% of the gross revenues generated by each manachised hotel. In addition, we collect from franchisees a reservation fee for using our central reservation system and a membership registration fee for customers who join our H Rewards loyalty program at the manachised hotels. We also charge system maintenance and support fees and other IT service fees from our franchisees for sharing our technology infrastructure with our manachised hotels. Furthermore, we employ and appoint hotel managers for the manachised hotels and charge franchisees for a manager fee on a monthly basis.

Term of service: our franchise and management agreements for our manachised hotels typically run for an initial term of eight to ten years and may be extended upon mutual agreement between us and the franchisee three months prior to the expiration of the franchise and management agreements.

Termination: we typically have the right to early terminate the franchise and management agreements immediately, if the franchisee commences operations without our approval, goes bankrupt, suspends operation for a specified period, interferes in our appointed manager's management of the hotel, or violates applicable laws and regulations that result in harm to our brand, among others. We are also entitled to terminate these agreements in case of material breaches of the agreements by the franchisee, if the franchisee fails to rectify within a grace period.

For our manachised hotels under Deutsche Hospitality, the franchisees are required to pay Deutsche Hospitality a management fee consisting of a base fee of 0.3% to 3.0% of the hotel's turnover and an incentive fee of 6% to 10% of the hotel's adjusted gross operating profit. Deutsche Hospitality participates in the distribution of the manachised hotel's profit, and charges a marketing fee for a few manachised hotels. General manager compensation of a manachised hotel, including salaries, social security contribution, and various benefits and bonuses, is borne by the manachised hotel. For some manachised hotels outside Germany, Deutsche Hospitality further charges a license fee of approximately 0.5% to 1% of the hotel's turnover. The term of service for our manachised hotels under Deutsche Hospitality is typically 15 to 20 years.

Franchised hotels

We do not appoint hotel managers for our franchised hotels and do not manage their daily operations. We apply the same standards to our franchised hotels as our other hotels. For our franchised hotels under legacy Huazhu, the terms of the franchise agreements are subject to negotiation with individual hotel owners, while they generally have the following terms:

Scope of service: the services that we provide to franchised hotels are similar to those we provide to manachised hotels, except that we do not appoint managers and do not provide management services to the franchised hotels.

Franchise fee: we charge our franchised hotels fees on generally the same terms as our manachised hotels, except that we do not appoint hotel managers to our franchised hotels and thus do not charge these hotels hotel manager fee on a monthly basis.

Term of service: our franchise agreements for our franchised hotels typically run for an initial term of eight to ten years and may be extended upon mutual agreement between us and the franchisee three months prior to the expiration of the franchise agreements.

Termination: our rights to terminate the franchise agreements for our franchised hotels are similar to those for our manachised hotels.

For our franchised hotels under Deutsche Hospitality, the franchisees are required to pay Deutsche Hospitality a franchise fee of approximately 0.5% to 3.8% of the hotel's gross room revenue or turnover. Some hotels outside Germany are charged a fixed franchise fee ranging from EUR40,000 to EUR200,000 per year. Most franchised hotels are also charged a central service fee (or marketing fee) and a license fee. The term of service for our franchised hotels under Deutsche Hospitality is typically ten to 15 years.

Hotel Development

We mainly use the manachise and franchise models to expand our network in a less capital-intensive manner. We also lease the properties of the hotels we operate. Other than the properties we acquired as part of our strategic alliance with Accor in 2016, and from our acquisition of Blossom Hotel Management, we typically do not acquire properties ourselves, as owning properties is generally much more capital intensive. We have adopted a systematic process with respect to the planning and execution of new development projects. Our development department analyzes economic data by city, field visit reports and market intelligence information to identify target locations in each city and form a three-year development plan for new hotels on a regular basis. The plan is subsequently reviewed and approved by our investment committee. Once a property is identified in the targeted location, staff in our development department analyzes the business terms and formulates a proposal for the project. In the case of a lease opportunity, the investment committee evaluates each proposed project based on several factors, including the length of the investment payback period, the rate of return on the investment, the amount of net cash flow projected during the operating period and the impact on our existing hotels in the vicinity. When evaluating potential manachising and franchising opportunities, the investment committee considers the attractiveness of the location as well as additional factors such as quality of the prospective franchisee and product consistency with our standards. Our investment committee weighs each investment proposal carefully to ensure that we can effectively expand our coverage while concurrently improving our profitability.

The following is a description of our hotel development process.

Manachised and franchised hotels

We open manachised and franchised hotels to expand our geographical coverage or to further penetrate in our existing markets. Manachised and franchised hotels provide us valuable operating information in assessing the attractiveness of new markets, and supplement our coverage in areas where the potential franchisees can have access to attractive locations by leveraging their own assets and local network. We generally look to establish manachised and franchised hotels near popular commercial and office districts that tend to generate stronger demand for hotel accommodations. Manachised and franchised hotels must also meet specified criteria in connection with the infrastructure of the building, such as adequate water, electricity and sewage systems.

We typically source potential franchisees through word-of-mouth referrals, applications submitted via our website, our WeChat service platform and industry conferences. Some of our franchisees operate several of our manachised and franchised hotels. In general, we seek franchisees who share our values and management philosophies.

We typically supervise the franchisees in designing and renovating their properties pursuant to the same standards required for our leased and owned hotels and provide assistance as required. We also provide technical expertise and recommend pre-selected qualified suppliers to our franchisees. In addition, we appoint or train hotel managers and help train other hotel staff for our manachised hotels to ensure that high quality and consistent services are provided throughout all our hotels.

Leased and owned hotels

We seek properties that are in central or highly accessible locations in economically more developed cities in order to showcase our hotel operation expertise and ability to achieve desirable investment returns. After identifying a proposed site, we conduct thorough due diligence and typically negotiate leases concurrently with the lessors. All leases and development plans are subject to the final approval of our investment committee. Once a lease agreement has been executed, we then engage independent design firms and construction companies to begin work on leasehold improvement. Our construction management team works closely with these firms on planning and architectural design. Our contracts with construction companies typically contain warranties for quality and requirements for timely completion of construction. Contractors or suppliers are typically required to compensate us in the event of delays or poor work quality. A majority of the construction materials and supplies used in the construction of our new hotels are purchased by us through a centralized procurement system.

Hotel Management

Our management team has accumulated significant experience with respect to the operation of hotels. Building on this experience, our management team has developed a robust operational platform for our years of operations, implemented a rigorous budgeting process, and utilized our real-time information systems to monitor our hotel performance. We believe these systems are critical in maximizing our revenues and profitability. The following are some of the key components of our hotel management infrastructure:

Budgeting. We prepare a detailed annual cost and revenue budget for each of our leased and owned hotels, and an annual revenue budget for each of our manachised and franchised hotels. The hotel budget is prepared based on, among other things, the historical operating performance of each hotel, the performance of comparable hotels and local market conditions. We may adjust the budget upon the occurrence of unexpected events that significantly affect a specific hotel's operating performance. In addition, our compensation scheme for managers in each hotel is directly linked to its performance against the annual budget.

Pricing. The room rates of our leased and owned hotels as well as manachised hotels are determined using a centralized RMS. We adjust room rates regularly based on seasonality and market demand. We also adjust room rates for certain events, such as the China Import and Export Fair held twice a year in Guangzhou and public health events such as COVID-19. Room rates for our franchised hotels are determined by the franchisees based on local market conditions.

Monitoring. Through our cloud-based property management system, we are able to monitor each hotel's occupancy status, average daily room rates, RevPAR, and other operating data on a real-time basis. Real-time hotel operating information allows us to adjust our sales efforts and other resources to rapidly capitalize on changes in the market and to maximize operating efficiency.

Centralized cash management. Our leased and owned hotels deposit cash into our central account several times a week. We also generally centralize all payments for expenditures. Our manachised and franchised hotels manage their cash separately.

Centralized procurement. We have implemented a centralized procurement system to cope with our large procurement requirements. Given the scale of our hotel network and our centralized procurement system, we have the purchasing power to secure favorable terms from suppliers for all of our hotels.

Quality assurance. We have formed detailed brand standards on hotel facilities and interior decoration for us and our franchisees to follow. We have also developed an operating manual to which our staff closely adhere to ensure the consistency and quality of our customer experience. We conduct periodic internal quality checks of our hotels to ensure that our operating policies and procedures are followed. We also engage "mystery guests" from time to time to ensure that we are providing consistent quality services. Furthermore, we actively solicit customer feedback by conducting outbound e-mail surveys and monitor comments posted on our website and third-party websites.

Training. We view the quality and skill sets of our employees as essential to our business and thus have made employee training one of our top priorities. Our H World Academy, previously known as Research and Study Center of H World Group, together with our regional management teams, offers structured training programs for our hotel managers, other hotel-based staff and corporate staff. Our hotel managers are required to attend a series of learning programs, covering topics such as our corporate culture, team management, sales and marketing, customer service, hotel operation standards, and financial and human resource management. A substantial number of our hotel managers have received training completion certificates. Our H World Academy has prepared a new-hire training package to standardize the training for hotel-based staff across our hotel group. In addition, we provide our corporate staff with various training programs, such as managerial skills, leadership development, corporate culture and best practice sharing.

Technology Infrastructure and Digitalization

We have successfully developed and fully implemented an advanced, scalable technology infrastructure platform at the group level, along with a comprehensive suite of digital transformation initiatives at the hotel level. These initiatives encompass our hotel operations, utilizing cutting-edge technologies like algorithms, big data analytics, data mining, AI, machine learning, and Internet of Things ("IoT"). These technologies have enabled us to enhance operational efficiency, make informed decisions promptly, and increase our profitability.

In a global context, based on data centers in Shanghai, Singapore, and Frankfurt, we have successfully built a globally unified digital core platform with proprietary intellectual property rights. This platform meets the regulatory requirements for data compliance around the globe in a better way. The platform consists of the following three main components:

Global Unified Distribution Platform (H-HUB). This platform achieves 100% direct connectivity to all countries, all brands, and all hotels. Sales are conducted through direct channels such as the H World App, B2B Enterprise Channel and overseas H Rewards Internet Booking Engine (IBE). Simultaneously, it integrates with over 20 global distribution platforms, including major online travel agencies, global distribution system, and travel management companies, enabling unified management, pricing, and distribution of global hotel inventory.

Hotel Operating System Platform (H-HOS). Starting from room property management system (PMS), this platform has extended to integrate food and beverage POS (Point of Sale System) and banquet EMS (Event Management System) systems. It not only covers all of our brands in the PRC, but has also extended to overseas markets.

Global Unified Collaboration Platform (H-TONE). H-TONE is an integrated collaboration platform that includes instant messaging, email, video conferencing, online documents, calendars, and application workspaces. It has already been deployed in multiple countries across Asia-Pacific and Europe. With real-time intelligent voice translation, it effectively addresses language barriers, allowing seamless communication between overseas employees and employees in China.

The following discusses certain other key elements of our technology infrastructure as well as our digitalization initiatives:

Central Cloud Services

Customer relationship management (CRM) system. Our integrated CRM system maintains information of our H Rewards members, including their reservation and consumption history and pattern, points accumulated and redeemed, and prepayment and balance. This allows us to better serve the members of our loyalty program and offer targeted promotions to enhance customer loyalty. The CRM system also allows us to monitor the performance of our corporate client sales representatives. An integrated CRM system effectively supports the promotion of H Rewards membership benefits worldwide and provides members with more precise and competitive services and promotional activities, constantly enhancing the consumption experience of our H Rewards members. At the same time, based on member reviews and feedback, it can more effectively and comprehensively track the service quality of every hotel, promoting closed-loop comprehensive quality management driven by customers.

Centralized revenue management system (RMS). Our RMS is the first in-house developed, large scale, fully automated RMS in China's hotel industry. Powered by in-house developed algorithms and AI, our RMS automatically adjusts room rates of hotels within our hotel network in a centralized manner at the group level or the business unit level, based on the current business status and real-time demand forecasts for the local markets within minutes, effectively increasing hotel occupancy through price and promotional tools. We believe our centralized revenue managing system enhances our ability to adjust room rates in a timely fashion, maximizing the revenue per room for hotels within our network.

Centralized procurement system (CPS). Leveraging IoT technology, our CPS is the most representative top collection platform. Our CPS has enabled us to efficiently manage our operating costs, especially with respect to supplies used in large quantities, and allows all hotels across our network to make bulk purchases of hotel supplies at the same time.

Digital Hotel Solutions

Cloud-based property management system (Cloud-PMS). A property management system is a hotel management software suite that hotel managers and front desk staff use to manage every hotel's daily business operations. It is the core component of our H - HOS. Our Cloud-PMS is a cloud-based, hotel-level application that is empowered by, and seamlessly integrated with, our centralized technology infrastructure (which is comprised of our RMS and other group-level modules). Unlike onsite-PMSs which require significant upfront hardware investment and are costly and time-consuming to upgrade, our cloud-based PMS is highly scalable and enables the simultaneous launch of new services across all of our hotels. This system enables each hotel within our network to efficiently and cost-effectively manage its room inventory, reservations and pricing on its own on a real-time basis through an Internet browser, which in turn optimizes each hotel's occupancy rate, average daily room rates, and revenues generated per available room, or RevPAR. The system is designed to enable us to enhance our profitability and compete more effectively by integrating with our central reservation system (CRS) and CRM. We believe our Cloud-PMS has enabled our management to more effectively assess the performance of our hotels on a timely basis and to efficiently allocate resources and effectively identify specific market and sales targets.

"Easy" series. We have implemented an "Easy" series digital system to improve our hotel's operating efficiency. For example, our "Easy House Keeping" digital system, which is the first of its kind in the industry, streamlines and digitizes various hotel housekeeping processes, including room cleaning, room status update and maintenance, which in turn reduces the time between check-out and check-in of a hotel room, increasing hotel room turnover efficiency. This system features an in-house developed, designated mobile application which automatically assigns cleaning or maintenance staff to a room that requires cleaning or repairs. In addition, our "Easy Invoicing" digital system greatly simplifies the check-out process for business travelers.

Self-check-in/out guest terminals. Our user-friendly, patented self-check-in/out guest terminals, featuring a variety of advanced automated technologies to replace traditional manual check-in and check-out services.

Digital payment initiatives. We currently offer a variety of convenient digital payment options for our hotel guests, including online credit card payment, Alipay, WeChat Pay, and Apple Pay.

Complimentary Wi-Fi. We were one of the first in China to offer complimentary Wi-Fi to all hotel guests in 2013. This initiative has greatly contributed to the growth of our customer base and has become mainstream in the industry.

Artificial Intelligence

Smart robots. We are one of the first hotel groups in China that have achieved large-scale deployment of smart robots. These smart robots powered by big data and algorithms, which we co-developed with our partner, can travel the entire hotel to make deliveries of snacks, toiletries and other hotel amenities, greet guests and lead them to their rooms, improving both the hotel's operating efficiency and guest experience.

AI assistant. Our intelligent AI assistant, which we co-launched with our partner, is a pioneer in China's hotel industry based on intelligent voice recognition technology. Embedded in our mobile apps, our intelligent AI assistant can engage in conversation with hotel guests and answer their queries, thereby enhancing guest experience.

Smart rooms. A number of other smart features of our hotel rooms also help enhance the quality of guests' stay. For example, one of our AI initiatives, "Hello Huazhu," also enables voice control of room facilities such as lights, TV, air-conditioning, and window shades.

Privacy and Data Security

We place a strong emphasis on data security. We have established dedicated committees for the oversight and management of data security, such as our information security committee, information security and privacy protection working group, and special data security committee. We also have a dedicated information security center that provides other departments with professional data security and risk management services. For more details on our governance with respect to privacy and data security, see "Item 16K. Cybersecurity — Governance."

We strictly comply with privacy and data security laws of the jurisdictions where we operate, including Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and the General Data Protection Regulation ("GDPR") of the European Union. We have in place extensive policies, processes, network architecture, and software to protect customer data. Our major systems, including those regarding property management, customer relationship management, as well as our website and mobile apps, have passed the Level III information security protection assessment conducted by the China National Accreditation Service for Conformity Assessment. We have also obtained the ISO27001 information security management certification and the ISO27701 privacy information management certification. Our payment system has passed the payment card industry ("PCI") data security standard ("DSS") requirements and security assessment procedures assessment. In addition, we collaborate with renowned consulting companies to strengthen the infrastructure of our information technologies and systems and to ensure compliance with all applicable laws and regulations.

We attach great importance to customer privacy and security, adhere to the requirements of data security, and have implemented relevant protection measures in all aspects throughout the data life cycle. We strictly comply with relevant laws and regulations, carry out compliance analyses on our internal App to ensure that the collection, use and processing of personal information are legal and compliant, and adopt the principle of minimum necessity to only collect customer information with the authorization and consent of customers. All personal information of guests is classified as the upmost confidential data in our data security system.

We have real-time controls over networks and network services to ensure that users can only access authorized networks and network services. Employee can only access authorized internal resources and, by default, enjoys only minimal authorities. We conduct at least one vulnerability scan per year covering all production devices. The information security team implements a 24/7 emergency response strategy, performs annual data security compliance assessments, and conducts occasional security-related audits to ensure continuous data security compliance.

We have set up the H World Security Response Center, inviting external security experts to submit online reports outlining security vulnerabilities in our products and business to help us discover and resolve security issues in a timely manner. We are committed to safeguarding the security of hundreds of millions of our members and Internet users. In addition, we are committed to building the information security ecology across the hotel industry. For example, to build an inclusive and win-win ecosystem, we actively hold information security events, establish information security industry alliances and jointly publish industry white papers.

Sales and Marketing

Our marketing strategy is designed to enhance our brand recognition and customer loyalty. Building and differentiating the brand image of each of our hotel products is critical to increasing our brand recognition. We focus on targeting the distinct guest segments that each of our hotel products serves and adopting effective marketing measures based on thorough analysis and application of data and analytics. In 2025, approximately 77% of our room nights under legacy Huazhu were sold through our own sales channels and the remaining 23% of our room nights were sold through intermediaries.

We use our RMS and Cloud-PMS systems to conduct pricing management for all of our hotels except for our franchised hotels. We review our hotel pricing regularly and adjust room rates as needed based on local market conditions and the specific location of each hotel, focusing mainly on three factors: (i) optimum occupancy rate of the hotel and our other hotels nearby, (ii) seasonal demand for the hotel, and (iii) event-driven demand for the hotel.

A key component of our marketing efforts is the H Rewards, our loyalty program, which covers all of our brands. We believe the H Rewards loyalty program allows us to build customer loyalty and conduct lower-cost, targeted marketing campaigns. As of December 31, 2025, our H Rewards had more than 311 million members. In 2025, approximately 73% of our room nights under legacy Huazhu were sold to our H Rewards members. Members of the H Rewards are provided with discounts on room rates, free breakfasts (for gold and platinum members), more convenient check-out procedures, and other benefits. H Rewards members can also accumulate points through stays in our hotels or by purchasing products and services provided at our hotels and from Huazhu Mall. These points can be used to offset the room charges in our hotels, buy products in Huazhu Mall or be redeemed for various coupons. The H Rewards includes five levels of membership: star, silver, rose gold, gold, and platinum. Rose gold membership is only available for corporate members of the H Rewards. H Rewards was previously known as HanTing Club and HuaZhu Club.

Competition

The hotel industry is highly fragmented. A significant majority of the room supply has come from independent hotels, guest houses and other lodging facilities. In recent years, hotel groups emerged and began to consolidate the market by converting independent hotels into hotel chains. As a multi-brand hotel group, we believe that we compete primarily based on location, room rates, brand recognition, quality of accommodations, geographic coverage, service quality, range of services, guest amenities, and convenience of the central reservation system. We primarily compete with other hotel chains as well as various independent hotels in each of the markets in which we operate, including Chinese hotel groups such as BTG Hotels, Jinjiang, and Atour, as well as international hotel groups such as Marriot, Intercontinental, Accor, and Hilton. We also face competition from Airbnb and service apartments.

Intellectual Property

We regard our trademarks, copyrights, domain names, trade secrets and other intellectual property rights as critical to our business. We rely on a combination of copyright and trademark law, trade secret protection and confidentiality agreements with our employees, business partners and others, to protect our intellectual property rights.

The trademarks and logos used in our current hotels are under protection of the registered trademarks and logos. As of December 31, 2025, we registered 1,991 trademarks and logos with the China National Intellectual Property Administration (CNIPA). As of December 31, 2025, we filed 297 trademark applications pending for examination and review by the CNIPA. As of the same date, we also registered 1,907 trademarks and filed 229 trademark applications outside China. As of December 31, 2025, we received 41 patents; another 11 patents were applied and under review by relevant PRC authority. We also received copyright registration certificates for 243 software programs developed by us as of December 31, 2025. In addition, we registered 710 national and international top-level domain names, including www.hworld.com, as of December 31, 2025. Our intellectual property is subject to risks of theft and other unauthorized use, and our ability to protect our intellectual property from unauthorized use is limited. In addition, we may be subject to claims that we have infringed the intellectual property rights of others. See “Item 3. Key Information — D. Risk Factors — Risks Related to Our Business — Failure to protect our tradenames and trademarks as well as other intellectual property rights could have a negative impact on our brands and adversely affect our business.”

Insurance

We believe that our hotels are covered by adequate property and liability insurance policies with coverage features and insured limits that we believe are customary for similar companies in China and overseas. We also require our franchisees to carry adequate property and liability insurance policies. We carry property insurance that covers the assets that we own at our hotels. Although we require our franchisees to purchase customary insurance policies, we cannot guarantee that they will adhere to such requirements. If we were held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, our business, results of operations, and financial condition may be materially and adversely affected. See “Item 3. Key Information — D. Risk Factors — Risks Related to Our Business — Our limited insurance coverage may expose us to losses, which may have a material adverse effect on our reputation, business, financial condition, and results of operations.”

Legal and Administrative Proceedings

In the ordinary course of our business, we, our directors, management and employees are subject to legal or administrative proceedings. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, our directors, management and employees, we do not believe that any currently pending legal or administrative proceeding to which we, our directors, management and employees are a party will have a material adverse effect on our business or reputation. See "Item 3. Key Information — D. Risk Factors — Risks Related to Our Business — We, our directors, management and employees may be subject to certain risks related to legal proceedings filed by or against us, and adverse results may harm our business."

As of December 31, 2025, we had several pending legal and administrative proceedings, including lease contract disputes, franchise agreement disputes and labor disputes. As of the same date, our accrued contingent liability was RMB16 million (US$2 million).

Sustainable Hospitality

As a global multi-brand hotel group, we remain committed to integrating sustainability into our long-term development. In 2025, we further embedded ESG principles into our strategy and operations, advancing responsible growth while enhancing long-term value creation for stakeholders.

Environmental Stewardship

We always adhere to the concept of green development and fulfil our responsibility for environmental protection. While delivering high-quality hotel services to guests, we strive to minimize the environmental impact of our operations. We are committed to achieving carbon neutrality by 2050, based on total Scope 1 and Scope 2 greenhouse gas emissions in 2023.

We continued to advance green building, green operations, and green services across the full life cycle of hotel development and management. We promoted modular construction to improve resource efficiency and reduce waste, while accelerating the deployment of renewable energy solutions such as air-source heat pumps and solar systems. By the end of 2025, over 4,800 of our hotels had been equipped with air-source heat pumps, and over 1,100 hotels had adopted solar water heating systems. 64 hotels had obtained Global Sustainable Tourism Council (GSTC) certification, and 160 hotels were certified as "China Green Hotels". As of the same date, around 98% of Legacy DH's leased hotels held both ISO 50001 Energy Management System Certification and ISO 14001 Environmental Management System Certification.

At the operational level, we strengthened digital energy and water management through the smart platform "Easy Energy Consumption", improving resource efficiency and enabling real-time monitoring. In parallel, we actively expanded green certifications and enhanced environmental management systems at the property level. By the end of 2025, 11,250 of our hotels were equipped with "Easy Energy Consumption".

We also strengthened water stewardship. The Chief Executive Officer is responsible for overseeing water resource management strategy and performance. Key measures include the installation of water-efficient fixtures, optimization of irrigation systems, systematic leakage detection and repair, and water recycling. We closely monitor water conditions in the regions where we operate and leverage international water risk assessment tools to identify potential risks. For example, Legacy DH has implemented enhanced measures, including installing low-flow fixtures, optimizing operational processes, strengthening employee water-saving training, and continuously monitoring water consumption per occupied room. Additionally, the Madison Hotel in Xiamen Software Park implemented a condensate water recovery project in 2025, collecting air conditioning condensate for reuse in cooling towers and establishing a closed-loop "collect-treat-reuse-monitor" system integrated into hotel operations.

We also extend the green development requirements to our suppliers. Taking laundry suppliers as an example, we have incorporated environmental criteria into our supplier selection process, specifying requirements for equipment's water and energy-saving capabilities, laundry chemical types and the inspection procedures. We actively encourage them to utilize tunnel washers that use water recycling and filtration technology. In 2025, our "Smart Linen Project" continued, with linens in over 2,300 our hotels already installed with chips. These chips can accurately identify the linens' affiliated hotels, while tracking washing conditions such as water temperature, washing duration, and number of washes. At the same time, we actively collaborate with suppliers to develop eco-friendly consumables, which include wheat straw brushes, corn starch shower caps, natural bamboo paper, and RPET (Recycled Polyethylene Terephthalate)-bottled body care products. Through iterative improvements and continuous cooperation with suppliers, we aim to transform our environmental philosophy into an industry benchmark, and then promote its adoption across the whole sector.

At the customer level, we actively engage guests in our environmental initiative of "Green Living, Towel Reuse" ("Green Living") by encouraging practices such as reusing towels, bringing personal toiletries, and opting out of daily cleaning services during extended stays, alongside promoting green travel programs. Meanwhile, we extended sustainability requirements into our supply chain by promoting environmentally responsible sourcing practices, such as plant-based products and cage-free egg procurement, contributing to climate action and biodiversity protection.

At the employee level, we introduced a dedicated ESG and Sustainable Development module on our company-wide Excellence Forum, serving as an online learning platform for our employees. This program is designed to provide foundational knowledge on ESG principles and sustainable development practices. During the reporting period, we carried out structured monthly ESG awareness campaigns, highlighting key environmental observances such as World Environment Day, Earth Day, World Oceans Day, International Migratory Bird Day, International Polar Bear Day, and World Water Day. These initiatives strengthened employees' environmental consciousness, encouraged the adoption of eco-friendly practices in daily operations, and promoted participation in our "Green Living" service program.

Social Responsibility

We remained focused on delivering safe, reliable, and high-quality hospitality experiences. We continuously strengthened guest safety management, service quality, and data privacy protection, ensuring a trusted and secure environment. We have established a "three-tier safety operation system" comprising expert safety inspections, random checks by Safety Ambassadors, and routine self-assessments by hotel managers, enhancing the safety management standards across all properties. In 2025, professional safety audits covered over 50% of the hotels, while dedicated inspections by Safety Ambassadors covered more than 95% of the properties. We have also obtained the ISO27001 information security management certification.

We continued to advance inclusive hospitality by promoting the All-Age Friendly Barrier-Free Program, creating more accessible and comfortable spaces for diverse customer groups. Meanwhile, we strengthened responsible procurement practices to enhance supply chain resilience and sustainability. We also placed strong emphasis on employee development and wellbeing through systematic training and capability-building programs. In 2025, the All-Age Friendly Barrier-Free Program was awarded the Gold Prize in the China Hotel Industry ESG Innovation Competition.

In addition, we actively fulfilled our social responsibilities through long-term public welfare initiatives, including education support and rural revitalization programs. By the end of 2025, a total of 13,473 students had benefited from the Scholarly HanTing online teaching public welfare project. We also partnered with over 130 universities across China to promote industry-academy integration and build a talent pipeline for long-term development.

Effective Governance

We continued to strengthen our ESG governance framework. We established a Sustainability Committee under the Board of Directors, a Sustainability Management Committee, and specialized Sustainability Working Groups, thereby enhancing high-level oversight and strategic coordination of ESG matters. The Sustainability Committee is responsible for overseeing and addressing key ESG priorities, including water stress, carbon emissions, privacy and data security, and other related sustainability matters. To ensure accountability, we have linked sustainability performance to the performance evaluations of brand CEOs, ensuring that ESG objectives are effectively embedded into business decision-making and execution.

At the same time, we upgraded the sustainability strategy and reinforced risk management, internal control, and compliance systems, ensuring effective governance across all business segments and regions. We also continuously improved our business ethics framework and stakeholder communication mechanisms, fostering a culture of integrity, transparency, and accountability.

In 2025, we conducted two business ethics training sessions, achieving 100% employee coverage. In addition, all of Legacy Huazhu's core suppliers have signed the Sunshine Agreement, and Legacy DH has signed the Supplier and Business Partner Code of Conduct with all of its suppliers.

Through these continued efforts, our ESG performance received broad recognition. In 2025, our MSCI ESG rating was upgraded to A, along with more than ten sustainability awards, demonstrating our solid progress toward becoming a more sustainable and responsible global hospitality leader.

Regulation

The hotel industry in the countries and regions where we operate business, including China, is subject to a number of laws and regulations, including laws and regulations relating specifically to hotel operation, management and commercial franchising, and travel agency business, as well as those relating to environmental and consumer protection. The principal regulations governing foreign ownership of hotel businesses in the PRC currently are the *Negative List* issued on September 6, 2024, which became effective on November 1, 2024, and the *Encouraged Catalogue* issued on December 15, 2025, which became effective on February 1, 2026, both of which were promulgated by the MOFCOM, or the MOC, and the NDRC as well as other negative lists (generally with fewer limitations) applicable to the free trade zones. Pursuant to these regulations, there are no restrictions on foreign investment in hotel businesses in China aside from business licenses and other permits that every hotel must obtain. Similar with other industries in China, regulations governing the hotel industry in China are still developing and evolving. As a result, most legislative actions consist of general measures such as industry standards, rules or circulars issued by different ministries rather than detailed legislations. This section summarizes the principal regulations in the countries and regions we operate that are currently relevant to our business and operations.

Regulations on Hotel Operation

The Ministry of Public Security issued the *Measures for the Control of Security in the Hotel Industry* in November 1987 and amended it in 2011, 2020 and 2022, respectively, and the State Council promulgated the *Decision of the State Council on Establishing Administrative License for Necessarily Retained Items Requiring Administrative Examination and Approval* in June 2004 and amended it in January 2009 and August 2016, respectively. Under these two regulations, anyone who applies to operate a hotel is subject to examination and approval by the local public security authority and must obtain a special industry license. The *Measures for the Control of Security in the Hotel Industry* impose certain security control obligations on the operators. For example, the hotel must examine the identification card of any guest to whom accommodation is provided and make an accurate registration. The hotel must also report to the local public security authority if it discovers anyone violating the law or behaving suspiciously or an offender wanted by the public security authority. Pursuant to the *Measures for the Control of Security in the Hotel Industry*, hotels failing to obtain the special industry license may be subject to warnings or fines of up to RMB200. In addition, pursuant to the *Law of the PRC on Penalties for the Violation of Public Security Administration* promulgated in August 2005, amended in October 2012 and June 2025, and effective January 1, 2026, hotels operating without the special industry license may result in detention up to 15 days, fines up to RMB 5,000, and confiscation of illegal gains. Operators of hotel businesses who have obtained a special industry license but violate applicable administrative regulations may also be subject to revocation of such licenses in serious circumstances. Besides, non-compliance with guest registration rules may result in fines and directly responsible personnel may face detention for intentional safety violations.

The State Council promulgated the *Administrative Regulations on Sanitation of Public Places* in April 1987 and most recently amended it in December 2024, according to which, a hotel must obtain a public area hygiene license before opening for business. Pursuant to this regulation, hotels failing to obtain a public area hygiene license may be subject to the following administrative penalties depending on the seriousness of their respective activities: (i) warnings; (ii) fines; or (iii) orders to suspend or cease continuing business operations. In March 2011, the Ministry of Health promulgated the *Implementation Rules of the Administrative Regulations on Sanitation of Public Places*, which was amended in January 2016 and December 2017, according to which, starting from May 1, 2011, hotel operators shall establish sanitation management system and keep records of sanitation management. The Standing Committee of the NPC enacted the *Food Safety Law of the PRC* in February 2009, which was most recently amended in December, 2025. The State Administration for Market Regulation, or the SAMR (previously known as "China Food and Drug Administration"), enacted the *Measures for the Administration of Food Trade Licensing and Recordation* on June 15, 2023, which became effective on December 1, 2023, according to which any entity involving sales of food or food services must obtain a food business license, unless it sells (i) edible agricultural products, (ii) prepackaged food only, (iii) specific full-nutritional formula food in formula food for special medical purposes by a medical institution or drug retailer, or (iv) food produced by a permitted food producer at its production and processing place or through the Internet only. Pursuant to the *Food Safety Law of the PRC*, hotels failing to obtain the food business license (or formerly the food service license) may be subject to: (i) confiscation of illegal gains, food illegally produced for sale, and tools, facilities and raw materials used for illegal production; or (ii) fines between RMB50,000 and RMB100,000 if the value of food illegally produced is less than RMB10,000, or fines equal to 10 to 20 times of the value of food if such value is equal to or more than RMB10,000. Moreover, *The Law of the PRC on Public Health Emergency Response*, passed on September 12, 2025 and effective on November 1, 2025, establishes a comprehensive legal framework for emergency response. It mandates that entities, including hotels, assess risks, should formulate emergency plans, and conduct drills. The law specifies legal liability for non-compliance.

The *Fire Prevention Law of the PRC*, promulgated in April 1998 and amended in October 2008, April 2019 and April 2021 by the Standing Committee of the NPC, and the *Provisions on Supervision and Inspection on Fire Prevention and Control*, promulgated on June 9, 2004 and most recently amended on July 17, 2012 by the Ministry of Public Security, together with the *Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects*, promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and most recently amended on August 21, 2023, require that (i) the fire prevention design documents of special construction projects, such as hotels with overall floor area of more than 10,000 square meters, shall be reviewed and inspected by local housing and urban-rural construction authorities before construction; (ii) the construction of specific construction projects, such as hotels with overall floor area of more than 10,000 square meters be inspected and accepted by local housing and urban-rural construction authorities from a fire prevention perspective before completion; and (iii) the public gathering places, such as hotels, shall complete fire prevention safety inspection with the local fire and rescue department, which is a prerequisite for business opening. Pursuant to these regulations, related hotels failing to obtain approval of fire prevention inspection and acceptance or failing fire prevention safety inspections (including acceptance check and safety check on fire prevention) may be subject to: (i) orders to suspend the construction of projects, use or operation of business; and (ii) fines between RMB30,000 and RMB300,000.

In January 2006, the State Council promulgated the *Regulations for Administration of Entertainment Places*, which was amended in February 2016 and November 2020. The Ministry of Culture issued *the Administrative Measures for Entertainment Places* in February 2013 and amended it in December 2017 and May 2022. Under these regulations, hotels that provide entertainment facilities, such as discos, karaoke venues or ballrooms, are required to obtain a license for entertainment business operations.

On October 18, 2010, the General Administration of Quality Supervision, Inspection and Quarantine and Standardization Administration approved and issued *Classification and Accreditation for Star-rated Tourist Hotels* (GB/T14308-2010), which became effective on January 1, 2011. On November 27, 2023, the Ministry of Culture and Tourism issued the latest version of *Classification and Accreditation for Star-rated Tourist Hotels* (GB/T14308-2023), which took effect on March 1, 2024. On November 19, 2010, the National Tourist Administration promulgated the *Implementation Measures of Classification and Accreditation for Star-rated Tourist Hotels*, which became effective on January 1, 2011. Under these regulations, all hotels with operations of over one year are eligible to apply for a star rating assessment. There are five ratings from one star to five stars for tourist hotels, assessed based on the level of facilities, management standards and quality of service. A star rating, once granted, is valid for three years.

On September 21, 2012, the MOFCOM promulgated the *Provisional Administrative Measures for Single-purpose Commercial Prepaid Cards*, which was amended on August 18, 2016. Pursuant to this regulation, if an enterprise engaged in retail, accommodation and catering, or residential services issues any single-purpose commercial prepaid card to its customers, it should undergo a record-filing procedure. For a hotel primarily engaged in the business of accommodation, the aggregate balance of the advance payment under the single-purpose commercial prepaid cards it issued shall not exceed 40% of its income from its primary business in the previous financial year.

On April 25, 2013, the Standing Committee of the NPC issued the *Tourism Law of the PRC*, which became effective on October 1, 2013 and was most recently amended on October 26, 2018. According to this law, the accommodation operators shall fulfill their obligations under the agreements with customers. If the accommodation operators subcontract part of their services to any third party or involve any third party to provide services to customers, the accommodation operators shall assume the joint and several liabilities with the third parties for any damage caused to the customers.

Regulations on Travel Agency Business

Generally, the travel agency business is subject to the *Regulations on Travel Agencies* promulgated by the State Council on February 20, 2009 and last amended on November 29, 2020, which prohibits foreign-invested travel agencies from providing travel services to Chinese mainland residents for their travels to foreign countries, and to Hong Kong, Macau and Taiwan.

On August 20, 2020, the Ministry of Culture and Tourism promulgated a *Tentative Administrative Measure on Online Travel Operation*, which was intended to standardize the online travel operation business. The online travel operation services mean the provision of travel services to the travelers via information network such as Internet, and such services include package tour, transportation, accommodation, dining, sightseeing, entertainment and so on. The operator of online travel business shall provide real and accurate travel services information without false promotion and advertisement. The operator of online travel platform shall verify the identification, license, quality standard and credit rating of all travel business operators registered on the platform. The online travel business operator shall protect the personal data privacy of travelers and shall not set unfair trading conditions based on consumption record and preference by abusing data analyzing technology. The platform operator shall examine the license and qualification of travel business operators inside the platform and alert the travelers for safety warning, and shall take the liability if it fails to perform relevant obligations requested by such administrative measures.

Regulations on Leasing

Under the *Law of the PRC on Administration of Urban Real Estate* promulgated by the Standing Committee of the NPC, which took effect as of January 1995 and was amended in August 2007, August 2009 and August 2019, respectively, and the *Administrative Measures on Leasing of Commodity House* promulgated by the Ministry of Housing and Urban-rural Construction, which took effect as of February 1, 2011, when leasing premises, the lessor and lessee are required to enter into a written lease contract, prescribing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to go through registration procedures to record the lease with the real estate administration department. Pursuant to these laws and regulations and various local regulations, if the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines, and the leasing interest will be subordinated to an interested third party acting in good faith.

In May 2020, the NPC, the China legislature, passed the *Civil Code of the PRC*, or the *Civil Code,* which took effect on January 1, 2021. According to Chapter 14, Book 3 of the *Civil Code*, which governs lease agreements, subject to consent of the lessor, the lessee may sublease the leased item to a third party. Where the lessee subleases the lease item, the leasing contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the contract if the lessee subleases the lease item without the consent of the lessor.

Pursuant to Chapter 17, Book 2 of the *Civil Code*, which where a mortgagor leases the mortgaged property and the possession thereof has been transferred before the creation of mortgage interest, the previously established leasing relation shall not be affected; and where a mortgagor leases the mortgaged property after the creation of the mortgage interest, the leasing interest will be subordinated to the registered mortgage interest.

Regulations on Consumer Protection

In October 1993, the Standing Committee of the NPC promulgated the *Law of the PRC on the Protection of the Rights and Interests of Consumers*, or the *Consumer Protection Law*, which became effective on January 1, 1994 and was lately amended in October 2013. Under the *Consumer Protection Law*, a business operator providing a commodity or service to a consumer is subject to a number of requirements, including the following:

- to ensure that commodities and services meet with certain safety requirements;
- to protect the safety of consumers;
- to disclose serious defects of a commodity or a service and to adopt preventive measures against damage occurrence;
- to provide consumers with accurate information and to refrain from conducting false advertising;
- to obtain consents of consumers and to disclose the rules for the collection and/or use of information when collecting data or information from consumers; to take technical measures and other necessary measures to protect the personal information collected from consumers; not to divulge, sell, or illegally provide consumers' information to others; not to send commercial information to consumers without the consent or request of consumers or with a clear refusal from consumers;
- not to set unreasonable or unfair terms for consumers or alleviate or release itself from civil liability for harming the legal rights and interests of consumers by means of standard contracts, circulars, announcements, shop notices or other means;
- to remind consumers in a conspicuous manner to pay attention to the quality, quantity and prices or fees of commodities or services, duration and manner of performance, safety precautions and risk warnings, after-sales service, civil liability and other terms and conditions vital to the interests of consumers under a standard form of agreement prepared by the business operators, and to provide explanations as required by consumers; and
- not to insult or slander consumers or to search the person of, or articles carried by, a consumer or to infringe upon the personal freedom of a consumer.

Business operators may be subject to civil liabilities for failing to fulfill the obligations listed above. These liabilities include restoring the consumer's reputation, eliminating the adverse effects suffered by the consumer, and offering an apology and compensation for any losses incurred. The following penalties may also be imposed upon business operators for the infraction of these obligations: issuance of a warning, confiscation of any illegal income, imposition of a fine, an order to cease business operation, revocation of its business license or imposition of criminal liabilities under circumstances that are specified in laws and statutory regulations. Art. 1198 of the *Civil Code* further increases the liabilities of business operators engaged in the operation of hotels, restaurants, or entertainment facilities and subjects such operators to tort liabilities for failing to guarantee the personal safety of others.

Regulations on Environmental Protection

In February 2012, the Standing Committee of the NPC issued the newly amended *Law of the PRC on Promoting Clean Production*, which regulates service enterprises such as restaurants, entertainment establishments and hotels and requires them to use technologies and equipment that conserve energy and water, serve other environmental protection purposes, and reduce or stop the use of consumer goods that waste resources or pollute the environment.

According to the *Environmental Protection Law of the PRC* promulgated by the Standing Committee of the NPC on December 26, 1989 and last amended on April 24, 2014, the *Environmental Impact Assessment Law of the PRC* promulgated by the Standing Committee of the NPC on October 28, 2002 and last amended on December 29, 2018, the *Administrative Regulations on Environmental Protection for Construction Projects* promulgated by the State Council on November 29, 1998 and amended on July 16, 2017, the *Interim Measures on Acceptance of Environmental Protection for Completion of Construction Projects* promulgated by the Ministry of Environmental Protection (renamed as the Ministry of Ecology and Environment) on November 20, 2017 and effective as of the same date and the *Category-Based Management Directory on the Environmental Impact Assessment for Construction Projects (Edition 2021)* issued by the Ministry of Ecology and Environment, hotels which involve Environment Sensitive Areas should submit a Form on Environmental Impact Assessment to competent environmental protection authorities for approvals, and shall prepare and make public an Acceptance Inspection Report of the Environmental Protection Facilities before commencing the operation. Such Environment Sensitive Areas are defined by the *Category-Based Management Directory on the Environmental Impact Assessment for Construction Projects (Edition 2021)*, which was issued by the Ministry of Ecology and Environment. Pursuant to the *Environmental Impact Assessment Law*, any hotel failing to obtain the approval of the Form of Environmental Impact Assessment may be ordered to cease construction and restore the property to its original state, and according to the violation activities committed and the harmful consequences thereof, be subject to fines of no less than 1% but no more than 5% of the total investment amount for the construction project of such hotel. The person directly responsible for the project may be subject to certain administrative penalties. Pursuant to the *Administrative Regulations on Environmental Protection for Construction Projects*, where the construction project is put into production or use when the environmental protection facilities have not undergone acceptance inspection or do not pass acceptance inspection, the responsible hotels may be ordered to make correction within a stipulated period and subject to a fine ranging from RMB200,000 to RMB1 million; where correction is not made within the stipulated period, a fine ranging from RMB1 million to RMB2 million will be imposed. The directly responsible person may be subject to a fine ranging from RMB50,000 to RMB200,000. If the construction project causes any significant environmental pollution or ecological damage, the production or use should be suspended, or the project should be closed down upon approval by the relevant local regulators. Furthermore, any hotel failing to public the Acceptance Inspection Report may be ordered to publicize the Report, and may be subject to a fine ranging from RMB50,000 to RMB200,000. The relevant breach may also be announced by local environmental protection authorities.

Regulations on Commercial Franchising

Franchise operations are subject to the supervision and administration of the MOFCOM, and its regional counterparts. Such activities are currently regulated by the *Administrative Regulations on Commercial Franchising*, which was promulgated by the State Council on February 6, 2007 and became effective on May 1, 2007. The *Administrative Regulations on Commercial Franchising* were subsequently supplemented by the *Administrative Measures on Filing of Commercial Franchises*, which was most recently amended by the MOFCOM on December 29, 2023 and became effective on the same date, and the newly amended *Administrative Measures on Information Disclosure of Commercial Franchises*, which was most recently amended by the MOFCOM on February 23, 2012 and became effective on April 1, 2012.

Under the above applicable regulations, a franchisor must have certain prerequisites including a mature business model, the capability to provide long-term business guidance and training services to franchisees and ownership of at least two self-operated storefronts that have been in operation for at least one year. Franchisors engaged in franchising activities without satisfying the above requirements may be subject to penalties such as forfeit of illegal income and imposition of fines between RMB100,000 and RMB500,000 and may be bulletined by the MOFCOM or its local counterparts. Franchise contracts shall include certain required provisions, such as terms, termination rights and payments.

Franchisors are generally required to file franchise contracts with the MOFCOM or its local counterparts. Failure to report franchising activities may result in penalties such as fines up to RMB100,000. Such noncompliance may also be bulletined. In the first quarter of every year, franchisors are required to report to the MOFCOM or its local counterparts any franchise contracts they executed, canceled, renewed or amended in the previous year.

The term of a franchise contract shall be no less than three years unless otherwise agreed by franchisees. The franchisee is entitled to terminate the franchise contract in his sole discretion within a set period of time upon signing of the franchise contract.

Pursuant to the *Administrative Measures on Information Disclosure of Commercial Franchises*, 30 days prior to the execution of franchise contracts, franchisors are required to provide franchisees with copies of the franchise contracts, as well as written true and accurate basic information on matters including:

- the name, domiciles, legal representative, registered capital, scope of business and basic information relating to its commercial franchising;
- basic information relating to the registered trademark, logo, patent, know-how and business model;
- the type, amount and method of payment of franchise fees (including payment of deposit and the conditions and method of refund of deposit);
- the price and conditions for the franchisor to provide goods, service and equipment to the franchisee;
- the detailed plan, provision and implementation plan of consistent services including operational guidance, technical support and business training provided to the franchisee;
- detailed measures for guiding and supervising the operation of the franchisor;
- investment budget for all franchised hotels of the franchisee;
- the current numbers, territory and operation evaluation of the franchisees within China;
- a summary of accounting statements audited by an accounting firm and a summary of audit reports for the previous two years;
- information on any lawsuit in which the franchisor has been involved in the previous five years;
- basic information regarding whether the franchisor and its legal representative have any record of material violation; and
- other information required to be disclosed by the MOFCOM.

In the event of failure to disclose or misrepresentation, the franchisee may terminate the franchise contract and the franchisor may be fined up to RMB100,000. In addition, such noncompliance may be bulletined.

Regulations on Trademarks

Both the *Trademark Law of the PRC* adopted by the Standing Committee of the NPC on August 23, 1982 and subsequently revised in 1993, 2001, 2013 and 2019, and the *Implementation Regulation of the Trademark Law of the PRC* adopted by the State Council on August 3, 2002 and revised on April 29, 2014 give protection to the holders of registered trademarks. The CNIPA handles trademark registrations. Trademarks can be registered for a term of ten years and can be extended for another ten years if requested upon expiration of any ten-year term. Trademark licensing agreements should be submitted to the CNIPA for record. Without the filing, the trademark licensing should not be used against a bona fide third party.

Regulations on Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the *Foreign Exchange Control Regulations of the PRC* promulgated by the State Council, as amended on August 5, 2008, or the Foreign Exchange Regulations. Under the Foreign Exchange Regulations, the RMB is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless the prior approval of the State Administration of Foreign Exchange, or the SAFE, is obtained and prior registration with the SAFE is made.

The Circular on Reforming the Management Method regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises ("Circular 19"), promulgated by the SAFE on March 30, 2015 and last amended on March 23, 2023, allows foreign-invested enterprises to make equity investments by using RMB funds converted from foreign exchange capital. Under Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprises. The proportion of willingness-based foreign exchange settlement of capital for foreign-invested enterprises is temporarily set at 100%. The SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments. However, Circular 19 and the *Circular on Reforming and Regulating the Management Policies on the Settlement of Capital Projects* ("Circular 16"), promulgated by the SAFE on and effective as of June 9, 2016, continues to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, investment and financing in securities and other investments except for bank's principal-secured products, providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use. Circular 16 has further been amended by *Circular of the State Administration of Foreign Exchange on Further Deepening Reform and Promoting Cross-border Trade and Investment Facilitation* issued by SAFE on December 4, 2023 ("Circular 28") to further explicit restrictions on the use of domestic institutions' income from foreign exchange receipts under capital account and the RMB funds obtained from the settlement. While recently, the *Circular on Matters Related to Deepening the Reform of Foreign Exchange Administration for Cross-border Investment and Financing* (Circular 43), promulgated and effective as of September 12, 2025, partially relaxed the restriction under Circular 28 that "capital account foreign exchange receipts shall not be used for the purchase of residential real estate for non-self-use purposes". The use of foreign exchange receipts under capital contributions and external debts of non-financial enterprises, as well as the RMB funds converted therefrom, may be used for real estate investment, provided that they comply with other existing regulatory requirements.

On October 23, 2019, the SAFE promulgated the *Circular on Further Promoting the Facilitation of Cross-border Trade and Investment* ("Circular [2019] 28"). Pursuant to Circular [2019] 28, on the basis of allowing investment-oriented foreign-invested enterprise (including foreign-invested investment companies, foreign-invested venture capital enterprises and foreign-invested equity investment enterprises) to use capital funds for domestic equity investment in accordance with laws and regulations, non-investment foreign-invested enterprises shall be allowed to use capital funds for domestic equity investment in accordance with the laws under the premise of not violating the Negative List and the authenticity and compliance of their domestic invested projects. Such provisions have recently been replaced by Circular 28 that when non-investing foreign-funded enterprise makes domestic equity investment with capital funds in the domestic currency, the investee shall handle the registration for the acceptance of domestic reinvestment and open a capital account to receive funds, and no entry registration of cash contribution is further required. The domestic institution that transfers the equity shall, in accordance with the relevant provisions, register the receipt of domestic reinvestment and open a settlement account under the capital account to receive the consideration for equity transfer.

According to the *Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business* issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct spot checking in accordance with the relevant requirements.

On December 25, 2006, the People's Bank of China issued the *Administration Measures on Individual Foreign Exchange Control* and its Implementation Rules were issued by the SAFE on January 5, 2007, both of which became effective on February 1, 2007. The Implementation Rules was later partly amended on May 29, 2016 and March 23, 2023. Under these regulations, all foreign exchange matters involved in the employee stock ownership plan, stock option plan and other similar plans, participated by onshore individuals shall be transacted upon approval from the SAFE or its authorized branch. On February 15, 2012, the SAFE promulgated the *Notice on Relevant Issues Concerning Foreign Exchange Control on Domestic Individuals Participating in the Stock Incentive Plan of An Overseas Listed Company*, or Circular 7, to replace the *Operating Procedures for Administration of Domestic Individuals Participating in the Employee Stock Option Plan or Stock Option Plan of An Overseas Listed Company*. Under Circular 7, the board members, supervisors, officers or other employees, including PRC citizens and foreigners having lived within the territory of the PRC successively for at least one year of a PRC entity, who participate in stock incentive plans or equity compensation plans by an overseas publicly listed company, or the PRC participants, are required, through a PRC agent or PRC subsidiaries of such overseas publicly-listed company, to complete certain foreign exchange registration procedures with respect to the plans upon the examination by, and approval of, the SAFE. We and our PRC participants who have been granted stock options are subject to Circular 7. If our PRC participants who hold such options or our PRC subsidiary fail to comply with these regulations, such participants and their PRC employer may be subject to fines and legal sanctions.

Regulations on Foreign Investment

The Standing Committee of the NPC enacted the *Foreign Investment Law of the PRC* on March 15, 2019, and the State Council promulgated the *Implementation Regulations of Foreign Investment Law of the PRC* on December 26, 2019, both of which came into force on January 1, 2020. On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the *Measures on Reporting of Foreign Investment Information*, which also became effective on January 1, 2020. Under these laws and regulations, foreign investors or foreign-invested enterprises shall report and update investment information to the competent authorities for commerce through the Enterprise Registration System and the Enterprise Credit Information Publicity System. Any foreign investor or foreign-invested company found to be non-compliant with these reporting obligations may potentially be subject to fines and legal sanctions.

The *Foreign Investment Law of the PRC*, together with its Implementation Regulations replaced, in their entirety, the trio of previous laws regulating foreign investment in China, namely, the *Sino-foreign Equity Joint Venture Enterprise Law*, the *Sino-foreign Cooperative Joint Venture Enterprise Law* and the *Wholly Foreign-invested Enterprise Law*, together with their implementation rules and ancillary regulations. Generally speaking, the *Company Law of the PRC* (promulgated by the Standing Committee of the NPC in December 1993 and was most recently amended in December 2023) or the *Partnership Law of the PRC* (promulgated by the Standing Committee of the NPC in February 1997 and amended in August 2006) shall apply with respect to the organization of foreign-invested enterprises.

Regulations on Share Capital

In October 2005, the Standing Committee of the NPC issued the amended *Company Law of the PRC*, which became effective on January 1, 2006 and was then amended in March 2014, October 2018 and December 2023. On June 17, 2014, the MOFCOM issued the *Notice of the Ministry of Commerce on Improving the Administration of Foreign Investment Review*. Pursuant to the above regulations, shareholders of a foreign-invested company are obligated to make full and timely contribution to the registered capital of the foreign-invested company in accordance with the *Company Law of the PRC* and the company's articles of association pursuant to which the restrictions or requirements on the percentage of initial capital contribution, the percentage of cash contribution and the period of contribution imposed on foreign-invested companies (including companies invested by investors from Taiwan, Hong Kong and Macau) are abolished. A company which proposes to reduce its registered capital shall prepare a balance sheet and a list of assets. The company shall notify its creditors within ten days from the date of resolution on reduction of registered capital and publish an announcement in the newspapers within 30 days. The creditors may, within 30 days from receipt of the notice or within 45 days from the announcement date, require the company to settle the debts or provide a corresponding guarantee. Shareholders of certain of our PRC subsidiaries have mandatory preemptive rights.

Regulations on Dividend Distribution

The principal regulations governing distribution of dividends of foreign-invested enterprises include the *Company Law of the PRC* (the "Company Law").

Under the Company Law, companies shall contribute 10% of the profits into their statutory surplus reserve upon distribution of their post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital.

Regulations on Offshore Financing

On October 21, 2005, the SAFE issued *Notice on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles*, or Circular 75, which became effective as of November 1, 2005. Under Circular 75, if PRC residents use assets or equity interests in their PRC entities as capital contributions to establish offshore companies or inject assets or equity interests of their PRC entities into offshore companies to raise capital overseas, they are required to register with local SAFE branches with respect to their overseas investments in offshore companies. PRC residents are also required to file amendments to their registrations if their offshore companies experience material events involving capital variation, such as changes in share capital, share transfers, mergers and acquisitions, spin-off transactions, long-term equity or debt investments or uses of assets in China to guarantee offshore obligations. Moreover, Circular 75 applies retroactively. As a result, PRC residents who have established or acquired control of offshore companies that have made onshore investments in the PRC in the past were required to complete the relevant registration procedures with the local SAFE branch by March 31, 2006. Under the relevant rules, failure to comply with the registration procedures set forth in Circular 75 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the increase of its registered capital, the payment of dividends and other distributions to its offshore parent or affiliate and the capital inflow from the offshore entity, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who control our company are required to register periodically with the SAFE in connection with their investments in us.

The SAFE issued a series of guidelines to its local branches with respect to the operational process for SAFE registration, including the *Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment*, or Circular 59, which came into effect as of December 17, 2012. The guidelines standardized more specific and stringent supervision on the registration required by Circular 75. For example, the guidelines impose obligations on onshore subsidiaries of an offshore entity to make true and accurate statements to the local SAFE authorities in case any shareholder or beneficial owner of the offshore entity is a PRC citizen or resident. Untrue statements by the onshore subsidiaries will lead to potential liability for the subsidiaries, and in some instances, for their legal representatives and other individuals.

On July 4, 2014, the SAFE issued the *Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and Round-trip Investments by Domestic Residents through Special Purpose Vehicles*, or Circular 37, which became effective and suspended Circular 75 on the same date, and Circular 37 shall prevail over any other inconsistency between itself and relevant regulations promulgated previously. Pursuant to Circular 37, any PRC residents, including both PRC institutions and individual residents, are required to register with the local branch of the SAFE before making a contribution to an enterprise directly established or indirectly controlled by the PRC residents outside of the PRC for the purpose of overseas investment or financing with their legally owned domestic or offshore assets or equity interests, referred to in this circular as a "special purpose vehicle". Under Circular 37, the term "PRC institutions" refers to entities with legal person status or other economic organizations established within the territory of the PRC. The term "PRC individual residents" includes all PRC citizens (also including PRC citizens abroad) and foreigners who habitually reside in the PRC for economic benefit. A registered special purpose vehicle is required to amend its SAFE registration or file with respect to such vehicle in connection with any change of basic information including PRC individual resident shareholder, name, term of operation, or PRC individual resident's increase or decrease of capital, transfer or exchange of shares, merger, division or other material changes. In addition, if a non-listed special purpose vehicle grants any equity incentives to directors, supervisors or employees of domestic companies under its direct or indirect control, the relevant PRC individual residents could register with the local branch of the SAFE before exercising such options. The SAFE simultaneously issued guidance to its local branches with respect to the implementation of Circular 37. Under Circular 37, failure to comply with the foreign exchange registration procedures may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including restrictions on the payment of dividends and other distributions to its offshore parent company and the capital inflow from the offshore entity, and may also subject the relevant PRC residents and onshore company to penalties under the PRC foreign exchange administration regulations. See "Risk Factors—Risks Related to Doing Business in China—PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident shareholders to personal liability and limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise adversely affect us."

On September 14, 2015, the NDRC issued the *Circular of the National Development and Reform Commission on Promoting the Administrative Reform of the Record-filing and Registration System for the Issuance of Foreign Debts by Enterprises* to remove the quota review and approval system for the issuance of foreign debts (including bonds and loans for more than 1 year) by enterprises, reform and innovate the ways that foreign debts are managed, and implement the administration of record-filing and the registration system.

On January 5, 2023, the NDRC issued the *Administrative Measures for Examination and Registration of Medium- and Long-term Foreign Debts of Enterprises*, which took effect on February 10, 2023, replacing the above *Circular of the National Development and Reform Commission on Promoting the Administrative Reform of the Record-filing and Registration System for the Issuance of Foreign Debts by Enterprises.* The new Administrative Measures provide more clarity on the procedures and requirements of the registration and reporting of medium- and long-term foreign debts.

Regulations on Merger and Acquisition and Overseas Listing

On August 8, 2006, six PRC regulatory agencies, namely the MOFCOM, the State Assets Supervision and Administration Commission, the State Administration of Taxation, the SAIC, the China Securities Regulatory Commission, or the CSRC, and the SAFE, jointly adopted the *Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors*, or the M&A Rule, also known as Circular 10, which became effective on September 8, 2006. The M&A Rule, as amended on June 22, 2009, purports, among other things, to require offshore special purpose vehicles, or SPVs, formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. On September 21, 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by SPVs seeking the CSRC approval of their overseas listings.

We believe, based on the advice of our PRC counsel, that the CSRC approval is not required in the context of our existing listing on the NASDAQ and the Hong Kong Stock Exchange because we established our PRC subsidiaries by means of direct investment other than by merger or acquisition of domestic companies, and we started to operate our business in the PRC through foreign invested enterprises before September 8, 2006, the effective date of the M&A Rule. However, we cannot assure you that the relevant PRC regulators, including the CSRC, would reach the same conclusion as our PRC counsel. If the CSRC or other PRC regulatory body subsequently determines that CSRC's approval was required for our existing listing on the NASDAQ and the Hong Kong Stock Exchange, we may face sanctions by the CSRC or other PRC regulatory agencies, which could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading prices of our ADSs and/or ordinary shares.

The M&A Rule also established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change of control transaction in which a foreign investor takes control of a PRC domestic enterprise.

On July 30, 2017, for the purpose of promoting the reform of the foreign investment administrative system and simplifying the administrative procedures, the MOFCOM amended the *Interim Measures for the Record-filing Administration of the Incorporation and Change of Foreign-invested Enterprises* which was promulgated in October 2016 and further amended in June 2018. According to the amended interim measures, a record-filing administration system shall apply to foreign investors' mergers and acquisitions of domestic non-foreign-invested enterprises and strategic investments in listed companies, provided that they do not involve the implementation of special access administrative measures prescribed by the PRC regulators or involve the mergers and acquisitions of affiliates.

On December 30, 2019, for the purpose of further promoting the foreign investment administration and simplifying the administrative procedures, the MOFCOM and the SAMR promulgated the *Measures on Reporting of Foreign Investment Information*, which became effective on January 1, 2020 and suspended the *Interim Measures for the Record-filing Administration of the Incorporation and Change of Foreign-invested Enterprises* on the same date. Under this regulation, an information reporting system shall apply to foreign investors' mergers and acquisitions of domestic non-foreign-invested enterprises and strategic investments in listed companies, provided that they comply with the implementation of special access administrative measures prescribed by the PRC regulators and do not involve the mergers and acquisitions of affiliates. Specifically, under the information reporting system, where a new foreign-invested enterprise is incorporated or a non-foreign invested enterprise changes to a foreign-invested enterprise through acquisition, merger or other means, such incorporation or change no longer requires approval or record-filing of MOFCOM, but shall be reported online to the commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System, together with the registration with the relevant department of the SAMR through the same systems.

On February 17, 2023, the CSRC promulgated the *Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies*, or the Trial Measures, and relevant notes and Supporting Guidelines, which came into effect on March 31, 2023. The Trial Measures seek to regulate all types of overseas offerings and listings by PRC based companies, including: (a) direct overseas listings, i.e. overseas listings by joint-stock companies which are established in PRC (such as H shares, N shares, GDRs); and (b) indirect overseas listings, i.e. overseas listings by PRC based companies in the names of an overseas entity (such as red-chip listings), if such issuers meets both of the following conditions: (i) more than 50% of its audited financial indicators (either operating revenue, profits, total assets or net assets) for the most recent accounting year is accounted for by its PRC-based companies, and (ii) major business activities or operations are conducted within the territory of PRC; main places of business are located within the territory of the PRC; or the majority of senior management staff domicile in the PRC or are Chinese citizens. Furthermore, pursuant to the Circular on the Arrangements for the Filing-based Administration of Overseas Securities Offering and Listing by Domestic Companies, or the Trial Measures Circular, companies that have already offered or listed securities overseas prior to the implementation of the Trial Measures are considered as "Stock Enterprises", and these Stock Enterprises are not required to apply for filings immediately with CSRC until a re-financing event takes place and then a filing for such re-financing is required.

On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration jointly issued the *Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies,* or the Confidentiality and Archives Provisions, which became effective from March 31,2023. The Confidentiality and Archives Provisions specify that during the overseas issuance of securities and listing activities of domestic enterprises, domestic enterprises and securities companies and securities service institutions that provide relevant securities services shall, by strictly abiding by the relevant laws and regulations of the PRC and the requirements therein, establish sound confidentiality and archives management systems, take necessary measures to implement confidentiality and archives management responsibilities, and shall not leak national secrets, work secrets of governmental agencies and undermine national and public interests. Work manuscripts generated in the PRC by securities companies and securities service institutions that provide relevant securities services for overseas issuance and listing of securities by domestic enterprises shall be kept in the PRC. Without the approval of relevant competent authorities, it shall not be transferred overseas. Where archives or copies need to be transferred outside of the PRC, it shall be subject to the approval procedures in accordance with relevant PRC regulations.

Regulation on Security Review

In August 2011, the MOFCOM promulgated the *Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors*, or the MOFCOM Security Review Rule, which came into effect on September 1, 2011, to implement the *Notice of the General Office of the State Council on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors* promulgated on February 3, 2011. Under these regulations, a security review is required for foreign investors' mergers and acquisitions having "national defense and security" implications and mergers and acquisitions by which foreign investors may acquire "de facto control" of domestic enterprises having "national security" implications. In addition, when deciding whether a specific merger or acquisition of a domestic enterprise by foreign investors is subject to a security review, the MOFCOM will look into the substance and actual impact of the transaction. The MOFCOM Security Review Rule further prohibits foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. Based on the above regulations, on December 19, 2020, the NDRC and MOFCOM jointly issued the *Measures for the Security Review of Foreign Investments*, which became effective as of January 18, 2021. The *Measures for the Security Review of Foreign Investments* establishes a comprehensive security review system of foreign investments, which, among others, expands the review subjects to various types of foreign investments that affect or may affect national security, including greenfield investments and investments in other forms. Similar to the previous regulations, the foreign investments subject to security review include investments having "national defense security" implications and investments by which foreign investors may acquire "de facto control" of invested enterprises having "national security" implications.

Regulations on Labor Contracts and Social Security

The *Labor Law of the PRC*, which was promulgated by the Standing Committee of the NPC on July 5, 1994, came into effect on January 1, 1995, and was amended on August 27, 2009 and December 29, 2018, the *Labor Contract Law of the PRC* that became effective on January 1, 2008, as amended on December 28, 2012, and the *Implementation Regulations on Labor Contract Law of the PRC* which was promulgated and came into effect on September 18, 2008 by the State Council seek to clarify the responsibilities of both employers and employees and codifies certain basic rights and protections of employees. Among others, the *Labor Contract Law of the PRC* provides that after completing two fixed-term employment contracts, an employee that desires to continue working for an employer is entitled to require a non-fixed-term employment contract. In addition, employees who have been employed for more than ten years by the same employer are entitled to require a non-fixed-term contract. The *Labor Contract Law of the PRC* also requires that the employees dispatched from human resources outsourcing firms or labor agencies be limited to temporary, auxiliary or substitute positions. Furthermore, where an employer causes any damage to the dispatched employee, the labor dispatch entity and the employer shall assume joint and several liabilities. According to the *Interim Provisions on Labor Dispatch*, which was promulgated in January 2014 and took effect in March 2014, to implement the provisions of the *Labor Contract Law of the PRC* regarding labor dispatch, a company is permitted to use dispatched employees for up to 10% of its labor force and the companies currently using dispatched employees are given a two-year grace period after March 1, 2014 to comply with this limit.

According to the *Individual Income Tax Law of the PRC*, which was promulgated on September 10, 1980 by the NPC, last amended by the Standing Committee of the NPC on August 31, 2018 and came into effect on January 1, 2019, companies operating in China are required to withhold individual income tax on employees' salaries based on the actual salary of each employee upon payment.

According to the *Law on Social Insurance of the PRC*, which was promulgated by the Standing Committee of the NPC on October 28, 2010, came into effect on July 1, 2011, and was amended on December 29, 2018, the Provisional Regulations on the *Collection and Payment of Social Insurance Premium*, which was promulgated by the State Council on January 22, 1999 and amended on March 24, 2019, and the *Regulations on the Administration of Housing Provident Fund*, which was promulgated by the State Council on April 3, 1999 and came into effect on the same date, and was amended on March 24, 2002 and March 24, 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity insurance and housing provident funds. Employers who fail to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

Considering the PRC regulatory authorities have continued to introduce various new labor-related regulations since the effectiveness of the labor contract law, and the interpretation and implementation of these regulations are still evolving, we cannot assure you that our employment practice will at all times be deemed in compliance with the new regulations. If we are subject to severe penalties or incur significant liabilities in connection with labor disputes or investigations, our business and results of operations may be adversely affected. See "Risk Factors—Risks Related to Our Business—Our current employment practices may be adversely impacted under the applicable labor laws."

Regulation on Information Protection on Networks

On December 28, 2012, the Standing Committee of the NPC issued *Decision of the Standing Committee of the National People's Congress on Strengthening Information Protection on Networks*, pursuant to which network service providers and other enterprises and institutions shall, when gathering and using electronic personal information of citizens in business activities, publish their collection and usage rules and adhere to the principles of legality, rationality and necessarily, explicitly state the purposes, manners and scopes of collecting and using information, and obtain the consent of those from whom information is collected, and shall not collect and use information in violation of laws and regulations and the agreement between both sides; and the network service providers and other enterprises and institutions and their personnel must strictly keep such information confidential and may not divulge, alter, damage, sell, or illegally provide others with such information.

On July 16, 2013, the Ministry of Industry and Information Technology, or the MIIT, issued the *Provisions on the Protection of Personal Information of Telecommunication and Internet User*. The requirements under this order are stricter and specific compared to the above decision issued by the NPC. According to the provisions, if a network service provider wishes to collect or use personal information, it may do so only if such collection is necessary for the services it provides. Furthermore, it must disclose to its users the purpose, method and scope of any such collection or usage, and must obtain consent from the users whose information is being collected or used. Network service providers are also required to establish and publish their protocols relating to personal information collection or usage, keep any collected information strictly confidential and take technological and other measures to maintain the security of such information. Network service providers are required to cease any collection or usage of the relevant personal information and provide services for the users to de-register the relevant user account, when a user stops using the relevant Internet service. Network service providers are further prohibited from divulging, distorting or destroying any such personal information, or selling or providing such personal information unlawfully to other parties. In addition, if a network service provider appoints an agent to undertake any marketing or technical services that involve the collection or usage of personal information, the network service provider is required to supervise and manage the protection of the information. The provisions state, in broad terms, that violators may face warnings, fines, public exposure and, criminal liability whereas the case constitutes a crime.

On June 1, 2017, the *Cybersecurity Law of the PRC* promulgated in November, 2016 by the Standing Committee of the NPC became effective. This law also absorbed and restated the principles and requirements mentioned in the aforesaid decision and order, and further provides that, where an individual finds any network operator collects or uses his or her personal information in violation of the provisions of any law, regulation or the agreement of both parties, the individual shall be entitled to request the network operator to delete his or her personal information; if the individual finds that his or her personal information collected or stored by the network operator has any error, he or she shall be entitled to request the network operator to make corrections, and the network operator shall take measures accordingly. Pursuant to this law, the violators may be subject to: (i) warning; (ii) confiscation of illegal gains and fines equal to one to ten times of the illegal gains; or if without illegal gains, fines up to RMB1,000,000; or (iii) an order to shut down the website, suspend the business operation for rectification, or revoke business license. Besides, responsible persons may be subject to fines between RMB10,000 and RMB100,000. On October 28, 2025, the Standing Committee of the NPC adopted amendments to the Cybersecurity Law, which took effect on January 1, 2026. The amendments substantially increase penalties for non-compliance with relevant regulations, with maximum fines of up to RMB10 million for companies and RMB1 million for responsible individuals in cases involving exceptionally serious consequences.

On January 1, 2021, the *Civil Code* promulgated in May 2020 by the Standing Committee of the NPC became effective. The *Civil Code* protects individuals' right to personal information and provides for similar requirements for personal information protection as the Cybersecurity Law. Individuals may bring up civil litigations based on the Civil Code if their right to personal information is infringed upon.

From criminal law perspective, the *PRC Criminal Law*, as amended by its Amendment 7 (effective on February 28, 2009) and Amendment 9 (effective on November 1, 2015), prohibits institutions, companies and their employees from selling or otherwise illegally disclosing a citizen's personal information obtained during the course of performing duties or providing services or obtained through theft or other illegal ways.

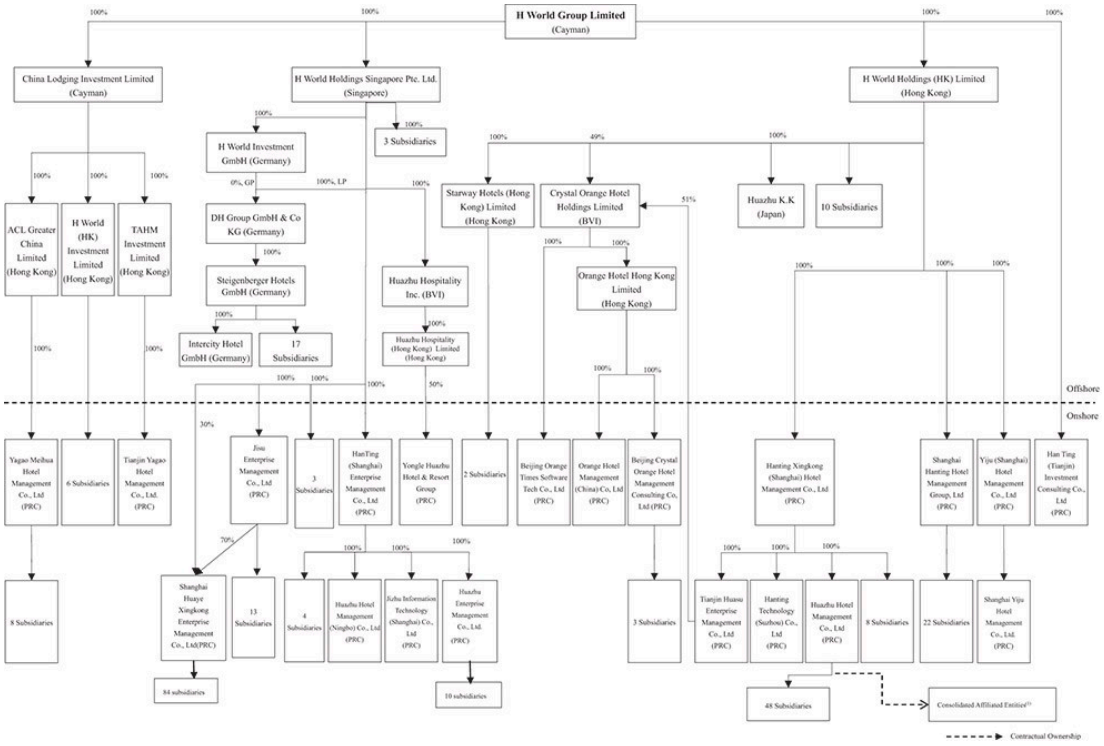
Data Protection Law in Europe

The Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (GDPR), complemented by EU Member States law on data protection (e.g. in Germany the German Federal Data Protection Act), imposes certain requirements and restrictions on the processing of personal data relating to natural persons. GDPR requirements will apply both to companies established in the EU and to companies, such as us, that are not established in the EU but process personal data of individuals who are in the EU (and in the EEA subject to the enactment of implementation procedures), where the processing activities relate to: (a) the offering of goods or services, irrespective of whether a payment of the data subject is required, to such data subjects in the EU; or (b) the monitoring of their behavior as far as their behavior takes place within the EU. Therefore, the GDPR applies to our EU entities as well as the offering of services by our non-EU entities to EU guests. The GDPR imposes on subject companies a large number of obligations, which relate for example, but are not limited, to (i) the principles applying to the processing of personal data, for example, lawfulness, fairness, transparency, purpose limitation, data minimization and "privacy by design", accuracy, storage limitations to process and store personal data only as long as necessary, access restrictions on a "need to know basis", and ensuring security and confidentiality of personal data by technical and organizational measures; (ii) the ability of the controller to demonstrate compliance with such principles (accountability); (iii) a there must be a legal basis for the data processing (special requirements apply to certain specific categories of data such as health related data and other special categories of personal data); and (iv) data subjects rights (for example, transparency, right of information about personal data processed, right of access/receive copies, right to rectification, right to erasure, right to restrict processing, right to data portability, and right to object to a processing under certain circumstances). This leads to companies being under the obligation to implement a number of formal processes and policies regarding the implementation of the GDPR requirements, such as ensuring the rights of the data subjects, handling of data breaches, documentation of the processing activities, processes for regularly testing, assessing and evaluating the effectiveness of technical and organizational measures for ensuring the security of the processing, processes for the selection and auditing of processors. The GDPR provides for substantial fines for breaches of data protection requirements, which, depending on the infringed provisions of the GDPR, can go up to either (thresholds depending on the obligations which have been breached): (i) 2% of the group's annual worldwide turnover of the preceding financial year or EUR10 million, whichever is greater, or (ii) 4% of the group's annual worldwide turnover of the preceding financial year or EUR20 million, whichever is greater. The fine may be imposed instead of, or in addition to, measures that may be ordered by supervisory authorities (for example, request to cease the processing). The GDPR and EU Member States law also provide for private enforcement mechanisms and, in the most severe cases, criminal liability.

The Directive (EC) 2002/58 of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector imposes restrictions on the use of cookies and similar means as well as on website tracking, including the requirement to obtain informed and prior consent for storage or access to information stored on a user's terminal equipment in the EU in certain cases (in particular for cookies which track for marketing purposes). The Directive (EC) 2002/58 is transposed into German law as the Telecommunications Digital Services Data Protection Act.

4.C. Organizational Structure

The following diagram illustrates our corporate and ownership structure, the place of formation and the ownership interests of our subsidiaries as of March 31, 2026.



Notes:

(1) We have four affiliated entities consolidated through contractual arrangements: Tianjin Jizhu, Shanghai Huanmei and its wholly-owned subsidiary Huanmei Travel, and Ningbo Futing. The registered shareholders of these Consolidated Affiliated Entities are (i) Mr. Pengfei Jiang, who is the director/supervisor of certain of our subsidiaries, holding 100% of equity interest in Tianjin Jizhu, (ii) Mr. Pengfei Jiang and Mr. Andong Chen, our employee, holding 90% and 10% of equity interest in Shanghai Huanmei, respectively, and (iii) Mr. Dongfu Shi, who is the director of Ningbo Futing, holding 100% of equity interest in Ningbo Futing.

The following table sets forth summary information for our significant subsidiaries as of March 31, 2026.

Major Subsidiaries	Percentage of Ownership	Date of Incorporation/Acquisition	Place of Incorporation
H World Holdings (HK) Limited	100%	October 22, 2008	Hong Kong
H World Holdings Singapore Pte. Ltd.	100%	April 14, 2010	Singapore
HanTing Xingkong (Shanghai) Hotel Management Co., Ltd.	100%	March 3, 2006	PRC
HanTing (Tianjin) Investment Consulting Co., Ltd	100%	January 16, 2008	PRC
HanTing Technology (Suzhou) Co., Ltd.	100%	December 3, 2008	PRC
HanTing (Shanghai) Enterprise Management Co., Ltd.	100%	December 14, 2010	PRC
HuaZhu Hotel Management Co., Ltd.	100%	August 16, 2012	PRC
Jizhu Information Technology (Shanghai) Co., Ltd.	100%	February 26, 2014	PRC
Huazhu Enterprise Management Co., Ltd.	100%	June 6, 2014	PRC
ACL Greater China Limited	100%	January 25, 2016	Hong Kong
Yagao Meihua Hotel Management Co., Ltd.	100%	January 25, 2016	PRC
Orange Hotel Management (China) Co., Ltd.	100%	May 25, 2017	PRC
Beijing Crystal Orange Hotel Management Consulting Co., Ltd.	100%	May 25, 2017	PRC
Huazhu Hotel Management (Ningbo) Co., Ltd.	100%	July 20, 2018	PRC
Huazhu Cloud (Shanghai) Information Technology Co., Ltd.	100%	November 7, 2013	PRC
Steigenberger Hotels GmbH	100%	January 2, 2020	Germany
Intercity Hotel GmbH	100%	January 2, 2020	Germany
Jisu Enterprise Management Co., Ltd.	100%	July 27, 2022	PRC
Shanghai Huaye Xingkong Enterprise Management Co., Ltd.	100%	December 27, 2024	PRC

H World Group Limited is not a Chinese operating company but a holding company incorporated in the Cayman Islands. As a holding company with no material operations of its own, H World Group Limited conducts substantially all of its business through its subsidiaries, and for some businesses the direct holding of which is restricted by PRC law, through the Consolidated Affiliated Entities. While we do not have any equity ownership of the Consolidated Affiliated Entities, the contractual arrangements we have with the Consolidated Affiliated Entities enables us to direct the activities that most significantly affect the economic performance of the Consolidated Affiliated Entities, as well as receive the economic benefits from the Consolidated Affiliated Entities. Because of these arrangements, we have control over and are the primary beneficiary of the VIEs for accounting purposes and, therefore, have consolidated the financial results of the VIEs in our consolidated financial statements in accordance with U.S. GAAP. Any references to control or benefits that accrue to us because of the VIEs in this annual report are limited to, and are subject to conditions for consolidation of, the VIEs under U.S. GAAP. Investors in our securities do not own equity interest in our operating entities, including our subsidiaries and the Consolidated Affiliated Entities in China, but instead own equity interest in the Cayman Islands holding company. Our securities that are listed on the stock exchanges are securities of our Cayman Islands holding company, not of our operating subsidiaries or the VIEs.

Contractual Arrangements with the Consolidated Affiliated Entities

We have entered into a series of contractual arrangements with each of Tianjin Jizhu, Shanghai Huanmei and Ningbo Futing and the respective nominee shareholder(s) of the Consolidated Affiliated Entities (the "Affiliated Entity Shareholders"), as described in more detail below, including (i) the power of attorney, the share pledge agreement and the loan agreement, which provide us with effective control over and ability to receive significant economic benefits from the Consolidated Affiliated Entities to the extent permitted by PRC law; and (ii) exclusive option agreements, which provide us with exclusive options to purchase all or part of the equity interests in the Consolidated Affiliated Entities to the extent permitted by PRC law.

The contractual arrangements with each of Tianjin Jizhu, Shanghai Huanmei and Ningbo Futing were entered into by and among HZ Hotel Management, the Consolidated Affiliated Entities and each of their respective nominee shareholder(s). The contractual arrangements between each Consolidated Affiliated Entity on the one hand, and HZ Hotel Management and the respective Affiliated Entity Shareholders on the other hand, are all on substantially the same terms, which are summarized below:

Share Pledge Agreement

Pursuant to the Share Pledge Agreement among HZ Hotel Management, the Consolidated Affiliated Entity and the Affiliated Entity Shareholders, the Affiliated Entity Shareholders have pledged 100% equity interest in the Consolidated Affiliated Entity to HZ Hotel Management to guarantee the performance by the Consolidated Affiliated Entity and its shareholder(s) of their obligations under the contractual arrangements. Pursuant to this agreement, HZ Hotel Management has right to claim dividends or distributive profits with regard to the pledged shares from the Consolidated Affiliated Entity. The Consolidated Affiliated Entity Shareholders also agreed, without HZ Hotel Management's prior written consent, not to transfer the pledged shares, or establish or permit the existence of any security interest or other encumbrance on the pledged shares, except by the performance of the Exclusive Option Agreement. The Share Pledge Agreement will remain effective until the Consolidated Affiliated Entity and the Affiliated Entity Shareholders have discharged all their obligations and fully paid all the amounts payable under the contractual arrangements.

Loan Agreement

Pursuant to the Loan Agreement among HZ Hotel Management and the respective Affiliated Entity Shareholders, HZ Hotel Management agrees to provide the shareholders of the Consolidated Affiliated Entity with a loan to fund the Consolidated Affiliated Entity. This loan will be repaid only by transfer of Affiliated Entity Shareholders' equity interest in the Consolidated Affiliated Entity to HZ Hotel Management or any person designated by HZ Hotel Management pursuant to the Exclusive Option Agreement. Without the prior written consent of HZ Hotel Management, Affiliated Entity Shareholders may not, in any manner, among other things, supplement or amend the articles of associations of the Consolidated Affiliated Entity; increase or reduce its registered capital or change the structure of its registered capital in other manners; sell, transfer, pledge or dispose of its assets, legal or beneficial interests in business or revenue or allow any encumbrance on such assets, business or revenue; assume, inherit, guarantee any debt, or allow the existence of any debt, except for debts incurred in the ordinary course of business and debts known and agreed in writing by HZ Hotel Management; cause the Consolidated Affiliated Entity to enter into any material contract with value above RMB100,000 outside the ordinary course of business; provide loans or credits in any form to any other persons; cause or permit to merge, consolidate with, acquire or invest in any other persons; or distribute dividends to its shareholders. The loan agreement will remain effective until ten years after the date of the Loan Agreement and the loan under this agreement should be fully repaid before or upon the termination of the Loan Agreement.

Exclusive Option Agreement

Pursuant to the Exclusive Option Agreement among HZ Hotel Management, the Consolidated Affiliated Entity and the Affiliated Entity Shareholders, the Affiliated Entity Shareholders irrevocably grant HZ Hotel Management or any third party designated by HZ Hotel Management an exclusive option to purchase all or part of their equity interests in the Consolidated Affiliated Entity at the higher of (i) the lowest price permitted by applicable PRC laws and (ii) a nominal price of RMB100. This agreement will remain effective until 20 years after the date of the agreement and will be automatically renewed at the discretion of HZ Hotel Management.

Power of Attorney

Pursuant to the Power of Attorney given by the Affiliated Entity Shareholders, the Affiliated Entity Shareholders irrevocably authorize HZ Hotel Management or any person(s) designated by HZ Hotel Management to act as his or her attorney-in-fact to exercise all of his or her rights as a shareholder of the Consolidated Affiliated Entity, including, but not limited to, the right to call and attend shareholders' meetings, vote, sell, transfer, pledge or dispose of any or all of the shares, nominate, appoint or remove the directors, supervisors and senior management, and other shareholders rights conferred by the articles of association of the Consolidated Affiliated Entity and the relevant laws and regulations. This power of attorney will remain in force as long as the shareholder remains a shareholder of the respective Consolidated Affiliated Entity unless otherwise instructed by us. The Affiliated Entity Shareholders shall not have the right to terminate this power of attorney or revoke the appointment of the attorney-in-fact.

These contractual arrangements may not be as effective as direct ownership in providing us with control over the Consolidated Affiliated Entities. If the Consolidated Affiliated Entities or their shareholders fail to perform their respective obligations under these contractual arrangements, our recourse to the assets held by the Consolidated Affiliated Entities is indirect and we may have to incur substantial costs and expend significant resources to enforce such arrangements in reliance on legal remedies under PRC law. These remedies may not always be effective. Furthermore, in connection with litigation, arbitration or other judicial or dispute resolution proceedings, assets under the name of any record holder of equity interest in the Consolidated Affiliated Entities, including such equity interest, may be put under court custody. As a consequence, we cannot be certain that the equity interest will be disposed of pursuant to the contractual arrangement or ownership by the record holder of the equity interest.

There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules, and regarding the status of the rights of our Cayman Islands holding company with respect to its contractual arrangements with the Consolidated Affiliated Entities, and their shareholders. See "Risk Factors—Risks Related to Our Corporate Structure—Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and its implementing rules and how they may impact our business, financial condition and results of operations" and "—The nominee shareholders of the Consolidated Affiliated Entities may have potential conflicts of interest with us, which may affect our business and financial condition" below in this annual report for more details regarding these uncertainties.

4.D. Property, Plants and Equipment

Our headquarters are located in Shanghai, China and occupy nearly 41,000 square meters of office space, which is owned by us. As of December 31, 2025, we leased 565 out of our 12,858 hotel facilities with an aggregate size of approximately 4.5 million square meters, including approximately 113,000 square meters subleased to others. As of December 31, 2025, we owned eight out of our 12,858 hotel facilities with an aggregate size of approximately 85,000 square meters. For detailed information about the locations of our hotels, see "Item 4. Information on the Company — B. Business Overview — Our Hotel Network."

ITEM 4A. *UNRESOLVED STAFF COMMENTS*

Not applicable.

ITEM 5. *OPERATING AND FINANCIAL REVIEW AND PROSPECTS*

5.A. Operating Results

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report on Form 20-F. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Item 3. Key Information – D. Risk Factors" or in other parts of this annual report on Form 20-F.

Overview

We are a leading, fast-growing multi-brand hotel group with international operations. Our hotels are operated under three different models: leased and owned, franchised, and franchised hotels that we operate under management contracts, which we refer to as "manachised." We expanded our hotel network from 9,394 hotels as of December 31, 2023 to 12,858 hotels as of December 31, 2025, representing a CAGR of 17.0%. As of December 31, 2025, we had 12,858 hotels in operation, including 573 leased and owned hotels and 12,285 manachised and franchised hotels, with an aggregate of 1,264,419 hotel rooms. As of the same date, we were developing an additional 2,906 hotels, including 19 leased and owned hotels and 2,887 manachised and franchised hotels. On January 2, 2020, we completed the acquisition of Deutsche Hospitality and have consolidated its financial information since then.

Our total revenue was RMB21,882 million, RMB23,891 million and RMB25,307 million (US$3,618 million) in 2023, 2024 and 2025, respectively. We had net income attributable to H World Group Limited of RMB4,085 million, RMB3,048 million and RMB5,080 million (US$726 million) in 2023, 2024 and 2025, respectively. Our adjusted EBITDA (non-GAAP) amounted to RMB6,268 million, RMB6,820 million and RMB8,473 million (US$1,211 million) in 2023, 2024 and 2025, respectively, and our net cash provided by operating activities amounted to RMB7,674 million, RMB7,518 million and RMB8,379 million (US$1,198 million) in these respective years.

Specific factors affecting our results of operations

While our business is affected by factors relating to general economic conditions and the lodging industry in China and other jurisdictions in which we operate, including business and leisure travel of the customers and market competition (see "Item 3. Key Information — D. Risk Factors — Risks Related to Our Business — Our operating results are subject to conditions affecting the lodging industry in general" and "—The lodging industries in China, Europe, the Middle East, the Southeast Asia, and other countries and regions where we operate are competitive, and if we are unable to compete successfully, our financial condition and results of operations may be harmed"), we believe that our results of operations are also affected by company-specific factors, including, among others:

- *The total number of hotels and hotel rooms in our hotel network.* Our revenues largely depend on the size of our hotel network. Furthermore, we believe that the expanded geographic coverage of our hotel network will enhance our brand recognition. Whether we can successfully increase the number of hotels and hotel rooms in our hotel group is largely affected by our ability to effectively identify and lease, own, manachise or franchise additional hotel properties at desirable locations on commercially favorable terms and the availability of funding to make necessary capital investments to open these new hotels.

- *Nature of the cost of our business*. A significant portion of our operating costs and expenses, including rent and depreciation and amortization, is relatively fixed. As a result, an increase in our revenues achieved through higher RevPAR generally will result in higher profitability. Vice versa, a decrease in our revenues could result in a disproportionately larger decrease in our earnings because our operating costs and expenses are unlikely to decrease proportionately.

- *The number of new leased and owned hotels under development.* Generally, the operation of each leased and owned hotel goes through three stages: development, ramp-up, and mature operations. During the development stage, our leased and owned hotels generate no revenue. In addition, we bear the pre-opening expenses for a substantial majority of our leased and owned hotels, which generally range from approximately RMB1.5 million to RMB20.0 million per hotel. For certain of our hotels (under Deutsche Hospitality), the landlords are responsible for renovating the hotels (other than soft furnishing) and we are not required to pay rent until this renovation is completed. During periods when a large number of new leased and owned hotels are under development, the pre-opening expenses incurred may have a significant negative impact on our financial performance.

- *The mix of mature and new leased and owned hotels, manachised hotels and franchised hotels*. When a new hotel starts operation and goes through the ramp-up stage, the occupancy rate is relatively low, and the room rate may be subject to discount. Revenues generated by these hotels are lower than those generated by mature hotels and may be insufficient to cover their operating costs, which are relatively fixed in nature and are similar to those of mature hotels. The lower profitability during the ramp-up stage for leased and owned hotels may have a significant negative impact on our financial performance. The length of the ramp-up stage may be affected by factors such as hotel size, seasonality, and location. New hotels opened in lower-tier cities generally have longer ramp-up period. On average, it takes our hotels approximately six months to ramp up. We define mature leased and owned hotels as those that have been in operation for more than six months.

  Under the manachise and franchise models, we generate revenues from franchise and service fees we charge to each manachised and franchised hotel while the franchisee bears substantially all the capital expenditures and pre-opening and operational expenses. The hotel operating costs relating to manachised hotels are mainly costs for hotel managers as we hire and send them to manachised hotels. An increasing proportion of manachised and franchised hotels in our hotel mix will allow us to benefit from the recurring cash inflows from franchise and service fees with minimal upfront costs and capital expenditures. Our manachised and franchised hotels have been and will continue to be significant contributor to our revenues in the foreseeable future.

Key Performance Indicators

We utilize a set of non-financial and financial key performance indicators which our senior management reviews frequently. The review of these indicators facilitates timely evaluation of the performance of our business and effective communication of results and key decisions, allowing our business to react promptly to changing customer demands and market conditions. After our acquisition of Deutsche Hospitality hotels in January 2020, we modified our operating segment structure into two operating segments——legacy Huazhu and legacy DH. Our analysis below sets forth information of both operating segments.

Non-financial Key Performance Indicators

Our non-financial key performance indicators consist of (i) change in the total number of hotels and hotel rooms in our hotel group, (ii) RevPAR, and (iii) same-hotel RevPAR change.

Change in the total number of hotels and hotel rooms. We track the change in the total number of hotels and hotel rooms in operation to monitor our business expansion. Our total hotels in operation increased from 9,394 as of December 31, 2023 to 12,858 as of December 31, 2025.

Our total number of hotel room nights available for sale increased from 292.6 million as of December 31, 2023 to 416.8 million as of December 31, 2025 for legacy Huazhu.

As of December 31, 2025, the total room nights available for sale was 9.3 million for legacy DH.

The following table sets forth various measures of changes in the total number of hotels and hotel rooms as of the dates indicated.

	As of December 31,					
	2023		2024		2025	
	Legacy Huazhu	Legacy DH	Legacy Huazhu	Legacy DH	Legacy Huazhu	Legacy DH
Total hotels in operation	9,263	131	11,025	122	12,740	118
Leased and owned hotels	607	84	557	76	511	62
Manachised hotels	8,501	25	10,359	21	12,148	22
Franchised hotels	155	22	109	25	81	34
Total hotel rooms in operation	885,630	26,814	1,062,329	25,889	1,239,397	25,022
Leased and owned hotels	86,691	16,303	82,580	15,490	76,694	13,363
Manachised hotels	786,157	5,196	970,181	4,647	1,154,806	4,437
Franchised hotels	12,782	5,315	9,568	5,752	7,897	7,222
Total hotel room nights available for sale[(1)]	292,643,397	9,405,932	351,212,097	9,700,173	416,805,923	9,273,146
Leased and owned hotels	31,592,103	5,573,744	30,529,097	5,740,957	28,582,340	5,030,213
Manachised hotels	256,346,691	1,921,324	316,743,951	1,809,668	385,118,056	1,715,860
Franchised hotels	4,704,603	1,910,864	3,939,049	2,149,548	3,105,527	2,527,073

Note:

(1) Excluding room nights of hotels that were temporarily closed. Legacy Huazhu's hotels may be temporarily closed due to decoration, brand upgrade, or business model change purposes. Legacy DH's hotels may be temporarily closed due to repair work or renovation.

RevPAR. RevPAR is a commonly used operating measure in the lodging industry and is defined as the product of average occupancy rates and average daily room rates achieved.

Occupancy rates of our hotels mainly depend on the locations of our hotels, product and service offering, the effectiveness of our sales and brand promotion efforts, our ability to effectively manage hotel reservations, the performance of managerial and other employees of our hotels, as well as our ability to respond to competitive pressure. From year to year, occupancy of our portfolio may fluctuate as a result of changes in the mix of our mature and ramp-up hotels, as well as special events and public health events.

We set the room rates of our hotels primarily based on the location of a hotel, room rates charged by our competitors within the same locality, and our relative brand and product strength in the city or city cluster. From year to year, average daily room rates of our portfolio may change due to our yield management practice, city mix change and special events.

The following table sets forth our RevPAR, average daily room rate and occupancy rate for legacy Huazhu's leased and owned hotels as well as manachised and franchised hotels for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
RevPAR[(1)] (in RMB)			
Leased and owned hotels	308	308	299
Manachised hotels	234	228	227
Franchised hotels	226	229	230
Total hotels in operation	242	235	232
Average daily room rate [(1)] (in RMB)			
Leased and owned hotels	372	364	361
Manachised hotels	289	281	284
Franchised hotels	309	320	335
Total hotels in operation	299	289	290
Occupancy rate (as a percentage)			
Leased and owned hotels	83	84	83
Manachised hotels	81	81	80
Franchised hotels	73	72	69
Total hotels in operation	81	81	80
Weight of hotel room nights available for sale contributed by leased and owned hotels less than 6 months (as a percentage)[(2)]	1	2	1

Notes:

(1) The RevPAR and average daily room rates disclosed in this annual report for legacy Huazhu are based on the tax-inclusive room rates.
(2) Represents (i) the aggregate of monthly hotel room nights available for sale in a given period of leased and owned hotels, which had been in operation for less than six months, divided by (ii) the aggregate of monthly total hotel room nights available for sale in that same period.

RevPAR may change from period to period due to (i) the change in the mix of our leased and owned hotels in the ramp-up and mature phases, (ii) the change in the mix of our hotels in different cities and locations, (iii) the change in the mix of our hotels of different brands, and (iv) the change in same-hotel RevPAR. The RevPAR for all hotels in operation of legacy Huazhu in 2025 was lower than the RevPAR for all of our hotels in operation of legacy Huazhu in 2024, primarily due to an increase in supply in 2025. The RevPAR for all hotels in operation of legacy Huazhu in 2024 was lower than the RevPAR for all of our hotels in operation of legacy Huazhu in 2023 primarily due to a high base in 2023 as well as an increase in supply in 2024.

The following table sets forth our RevPAR, average daily room rate and occupancy rate for the leased hotels as well as manachised and franchised hotels of legacy DH for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
RevPAR[(1)] (in EUR)			
Leased and owned hotels	74	79	81
Manachised hotels	60	61	71
Franchised hotels	75	80	91
All hotels in operation	71	76	82
Average daily room rate[(1)] (in EUR)			
Leased and owned hotels	115	117	112
Manachised hotels	99	94	102
Franchised hotels	120	124	134
All hotels in operation	113	114	116
Occupancy rate (as a percentage)			
Leased and owned hotels	65	67	72
Manachised hotels	61	64	70
Franchised hotels	62	65	68
All hotels in operation	63	66	71

Note:

(1) The RevPAR and average daily room rates for legacy DH are based on the tax-exclusive room rates.

The RevPAR for all legacy DH hotels in operation continually increased from 2023 to 2025, primarily due to increased occupancy and average daily room rate of manachised and franchised hotels.

The seasonality of our business may cause fluctuations in our quarterly RevPAR. We typically have the lowest RevPAR in the first quarter due to reduced travel activities in winter and during the Spring Festival holidays, and the highest RevPAR in the third quarter due to increased travel during summer. National and regional special events that attract large numbers of people to travel may also cause fluctuations in our RevPAR.

The following table sets forth quarterly RevPAR of legacy Huazhu's hotels for the periods indicated.

	For the Three Months Ended							
	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025
RevPAR (in RMB):								
Leased and owned hotels	280	321	333	296	269	304	327	297
Manachised hotels	209	237	249	215	203	230	250	221
Franchised hotels	206	240	254	218	207	237	255	221
Total hotels in operation	216	244	256	222	208	235	256	226

The following table sets forth the quarterly RevPAR of the hotels operated by legacy DH for the periods indicated.

	For the Three Months Ended							
	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025
RevPAR (in EUR):								
Leased and owned hotels	61	88	85	81	64	90	85	86
Manachised hotels	49	60	70	65	53	70	80	79
Franchised hotels	59	82	82	96	76	97	95	94
Total hotels in operation	58	82	82	81	65	88	87	87

Same-hotel RevPAR change. Our overall RevPAR trend does not reflect the trend of a stable and mature portfolio, because it may fluctuate when city mix and mix of mature and ramp-up hotels change. We track same-hotel year-over-year RevPAR change for legacy Huazhu's hotels in operation for at least 18 months to monitor the RevPAR trend for our mature hotels on a comparable basis. The following table sets forth our same-hotel RevPAR for hotels in operation under legacy Huazhu for at least 18 months for the periods indicated.

	For the Three Months Ended							
	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025
Number of hotels in operation for at least 18 months	6,799	6,920	7,035	7,163	7,450	7,790	8,282	8,557
RevPAR (RMB)	218	248	258	222	205	233	250	222
Same-hotel RevPAR change (as a percentage)[1]	0.9	(3.6)	(10.3)	(6.7)	(8.3)	(7.9)	(4.7)	(2.5)

Note:

(1) In calculating the same-hotel RevPAR change (as a percentage) of our hotels which have been in operation for at least 18 months as of the beginning of any month within a certain period, the average RevPAR of these hotels within this period is compared with the average RevPAR of these same hotels in the corresponding period of the prior year.

Financial Key Performance Indicators

Our financial key performance indicators consist of (i) revenues, (ii) operating costs and expenses, and (iii) EBITDA (Non-GAAP) and Adjusted EBITDA (Non-GAAP).

Revenues. We primarily derive our revenues from operations of our leased and owned hotels and franchise and service fees from our manachised and franchised hotels. The following table sets forth the revenues generated by our leased and owned as well as manachised and franchised hotels and other revenues, each in absolute amount and as a percentage of total revenues for the periods indicated.

	Year Ended December 31,						
	2023		2024		2025		
	(RMB)	%	(RMB)	%	(RMB)	(US$)	%
	(In millions, except percentages)						
Revenues:							
Leased and owned hotels	13,796	63.0	13,843	57.9	12,943	1,851	51.1
Manachised and franchised hotels	7,694	35.2	9,498	39.8	11,696	1,672	46.2
Others	392	1.8	550	2.3	668	95	2.7
Total revenues	21,882	100.0	23,891	100.0	25,307	3,618	100.0

- *Leased and Owned Hotels*. In 2023, we generated revenue of RMB13,796 million from our leased and owned hotels, which accounted for 63.0% of our total revenues for the year. In 2024, we generated revenues of RMB13,843 million from our leased and owned hotels, which accounted for 57.9% of our total revenues for the year. In 2025, we generated revenues of RMB12,943 million (US$1,851 million) from our leased and owned hotels, which accounted for 51.1% of our total revenues for the year. As of December 31, 2025, we had 19 leased and owned hotels under development.

For our leased hotels, we lease properties from real estate owners or lessors and we are responsible for hotel development and customization to conform to our standards, as well as for repairs and maintenance and operating costs and expenses of properties over the term of the lease. We are also responsible for substantially all aspects of hotel operations and management, including hiring, training, and supervising the hotel managers and employees required to operate our hotels and purchasing supplies. Our typical lease term ranges from ten to 30 years. For a substantial majority of our hotels, we typically enjoy an initial two- to eight-month rent-free period. For certain of our hotels (under Deutsche Hospitality), the landlords are responsible for renovating the hotels (other than soft furnishing) and we are not required to pay rent until this renovation is completed. We generally pay fixed rent on a monthly, quarterly, or biannual basis for the first three to five years of the lease term, after which we are generally subject to a 2% to 6% increase every three to five years or, for Deutsche Hospitality's hotels, generally annual adjustments based on consumer price index levels.

Our owned hotels include the hotels we acquired as part of our strategic alliance with Accor in 2016 and the ones we acquired through acquisition of Blossom Hotel Management in 2018.

Our revenues generated from leased and owned hotels are significantly affected by the following two operating measures:

- *The total number of room nights available from the leased and owned hotels in our hotel group*. The future growth of revenues generated from our leased and owned hotels will depend significantly upon our ability to expand our hotel group into new locations and maintain and further increase our RevPAR at existing hotels.

- *RevPAR achieved by our leased and owned hotels, which represents the product of average daily room rates and occupancy rates*. To understand factors impacting our RevPAR, please see "– Non-financial Key Performance Indicators – RevPAR."

- *Manachised and Franchised Hotels*. In 2023, we generated revenues of RMB7,694 million from our manachised and franchised hotels, which accounted for 35.2% of our total revenues for the year. In 2024, we generated revenues of RMB9,498 million from our manachised and franchised hotels, which accounted for 39.8% of our total revenues for the year. In 2025, we generated revenues of RMB11,696 million (US$1,672 million) from our manachised and franchised hotels, which accounted for 46.2% of our total revenues for the year. We expect that revenues from our manachised and franchised hotels will increase in the foreseeable future as we add more manachised and franchised hotels in our hotel group. We also expect the number of our manachised and franchised hotels as a percentage of the total number of hotels in our network to increase. As of December 31, 2025, we had 2,887 manachised and franchised hotels under development.

  - *Manachised Hotels*. Our franchisees either lease or own their hotel properties and also invest in the renovation of their properties according to our product standards. Our franchisees are typically responsible for the costs of developing and operating the hotels, including renovating the hotels according to our standards, and all of the operating expenses. We manage our manachised hotels and impose the same standards for all manachised hotels to ensure product quality and consistency across our hotel network. Management services we provide to our franchisees for our manachised hotels generally include hiring, appointing, and training hotel managers, managing reservations, providing sales and marketing support, conducting quality inspections and providing other operational support and information. We believe that our manachise model has enabled us to quickly and effectively expand our geographical coverage and market share in a less capital-intensive manner through leveraging the local knowledge and relationships of our franchisees.

    We collect fees from our franchisees. Our franchisees are responsible for all costs and expenses related to hotel construction and refurbishing. Our franchise and management agreements for manachised hotels typically run for an initial term of eight to ten years under legacy Huazhu, and for our hotels under Deutsche Hospitality, 15 to 20 years.

For our manachised hotels under legacy Huazhu, our franchisees are generally required to pay us an upfront franchise fee typically ranging between RMB80,000 and RMB1,000,000 per hotel. In general, we charge a monthly franchise fee of approximately 3% to 6.5% of the gross revenues generated by each manachised hotel. We also collect from franchisees a reservation fee for using our central reservation system and a membership registration fee for customers who join our H Rewards loyalty program at the manachised hotels. In addition, we charge system maintenance and support fees and other IT service fees from our franchisees for sharing our technology infrastructure with our manachised hotels. Furthermore, we employ and appoint hotel managers for the manachised hotels and charge franchisees manager fee on a monthly basis.

For our manachised hotels under Deutsche Hospitality, the franchisees are required to pay Deutsche Hospitality a management fee consisting of a base fee of 0.3% to 3.0% of the hotel's turnover and an incentive fee of 6% to 10% of the hotel's adjusted gross operating profit. Deutsche Hospitality participates in the distribution of the manachised hotel's profit and charges a marketing fee for the manachised hotels. General manager compensation of a manachised hotel, including salaries, social security contribution, and various benefits and bonuses, is borne by the manachised hotel. For some manachised hotels outside Germany, Deutsche Hospitality further charges a license fee of approximately 0.5% to 1% of the hotel's turnover.

- *Franchised Hotels*. Under our typical franchise agreements, we provide our franchisees with training, central reservation, sales and marketing support, technology support, quality assurance inspections and other operational support and information. We do not appoint hotel managers for our franchised hotels. We collect fees from the franchisees of our franchised hotels and do not bear any loss incurred or otherwise, share any profit realized by our franchisees. Our franchise agreements for our franchised hotels typically run for an initial term of eight to ten years under legacy Huazhu, and for our hotels under Deutsche Hospitality, 10 to 15 years.

  For our franchised hotels under legacy Huazhu, we charge our franchised hotels fees on generally the same terms as our manachised hotels, except that we do not appoint hotel managers to our franchised hotels and thus do not charge these hotels a monthly management service fee.

  For our franchised hotels under Deutsche Hospitality, the franchisees are required to pay Deutsche Hospitality a franchise fee of approximately 0.5% to 3.8% of the hotel's gross room revenue turnover and gross operating revenue. Some hotels outside Germany are charged a fixed franchise fee ranging from EUR40,000 to EUR200,000 per year. Most franchised hotels are also charged a central service fee (or marketing fee) and a license fee.

- *Other Revenues.* Other revenues of RMB392 million, RMB550 million and RMB668 million (US$95 million) in 2023, 2024 and 2025, respectively, represented revenues generated from services other than the operation of hotel businesses, which mainly included revenues from the provision of technical services, procurement platform and Huazhu Mall, and other revenues from legacy DH.

Operating Costs and Expenses. Our operating costs and expenses consist of costs for hotel operation, other operating cost, selling and marketing expenses, general and administrative expenses, and pre-opening expenses. The following table sets forth the components of our operating costs and expenses, both in absolute amount and as a percentage of total revenues for the periods indicated.

	Year Ended December 31,						
	2023		2024		2025		
	(RMB)	%	(RMB)	%	(RMB)	(US$)	%
	(In millions, except percentages)						
Total revenues	21,882	100.0	23,891	100.0	25,307	3,618	100.0
Operating costs and expenses							
Hotel operating costs:							
Rents	4,290	19.6	4,365	18.3	4,179	597	16.5
Utilities	685	3.1	690	2.9	656	94	2.6
Personnel costs	4,684	21.4	5,326	22.3	5,761	824	22.8
Depreciation and amortization	1,329	6.1	1,254	5.2	1,190	170	4.7
Consumables, food and beverage	1,327	6.1	1,293	5.4	1,221	175	4.8
Others	2,026	9.2	2,357	9.9	2,332	334	9.2
Total hotel operating costs	14,341	65.5	15,285	64.0	15,339	2,194	60.6
Other operating costs	34	0.2	31	0.1	61	9	0.2
Selling and marketing expenses	1,072	4.9	1,176	4.9	1,270	182	5.0
General and administrative expenses	2,086	9.5	2,508	10.5	2,262	321	8.9
Pre-opening expenses	35	0.2	50	0.2	41	6	0.2
Total operating costs and expenses	17,568	80.3	19,050	79.7	18,973	2,712	74.9

- *Hotel Operating Costs*. Our hotel operating costs consist primarily of costs and expenses directly attributable to the operation of our leased and owned as well as manachised hotels. Leased and owned hotel operating costs primarily include rental payments and utility costs for hotel properties, compensation and benefits for our hotel-based employees, costs of hotel room consumable products and depreciation and amortization of leasehold improvements, intangible assets and land use rights. Manachised hotel operating costs primarily include compensation and benefits for manachised hotel managers and other limited number of employees directly hired by us, which are recouped by us in the form of monthly service fees and commissions to the agents. We anticipate that our hotel operating costs in absolute amount will increase as we continue to open new hotels. Our hotel operating costs as a percentage of our total revenue may change from period to period mainly driven by three factors: (i) the hotel operating costs as a percentage of revenues from our leased and owned hotels, (ii) the operating costs, mainly personnel costs, as a percentage of revenues from the manachised and franchised business, and (iii) the weight of manachised and franchised hotels in our revenue mix.

- *Selling and Marketing Expenses*. Our selling and marketing expenses consist primarily of commissions to travel intermediaries, expenses for marketing programs and materials, bank fees for processing bank card payments, and compensation and benefits for our sales and marketing personnel, including personnel at our centralized reservation center. We expect that our selling and marketing expenses will increase as our sales increase and as we further expand into new geographic locations and promote our brands.

- *General and Administrative Expenses*. Our general and administrative expenses consist primarily of compensation and benefits for our corporate and regional office employees and other employees who are not sales and marketing or hotel-based employees, travel and communication expenses of our general and administrative staff, costs of third-party professional services, and office expenses for corporate and regional offices. We expect that our general and administrative expenses will increase as we hire additional personnel and incur additional costs in connection with the expansion of our business.

- *Pre-opening Expenses*. Our pre-opening expenses consist primarily of rents, personnel cost, and other miscellaneous expenses incurred prior to the opening of a new leased or owned hotel. Our pre-opening expenses are largely determined by the number of pre-opening hotels in the pipeline and the rental fees incurred during the development stage. Landlords typically offer a two- to eight-month rent-free period at the beginning of the lease. Nevertheless, rental is booked during this period on a straight-line basis. Therefore, a portion of pre-opening expenses is non-cash rental expenses. For certain of our hotels (under Deutsche Hospitality), the landlords are responsible for renovating the hotels (other than soft furnishing) and we are not required to pay rent until this renovation is completed.

EBITDA (Non-GAAP) and Adjusted EBITDA (Non-GAAP). We use earnings before interest income, interest expense, income tax expense (benefit), and depreciation and amortization, or EBITDA, a non-GAAP financial measure, to assess our results of operations before the impact of investing and financing transactions and income taxes. Given the significant investments that we have made in leasehold improvements, depreciation and amortization expense comprises a significant portion of our cost structure. In addition, we believe that EBITDA is widely used by other companies in the lodging industry and may be used by investors as a measure of our financial performance. We believe that EBITDA is a useful financial metric to assess our results of operations before the impact of investing and financing transactions and income taxes and will provide investors with a useful tool for comparability between periods because it eliminates depreciation and amortization expense attributable to capital expenditures. We also use Adjusted EBITDA, another non-GAAP measure. In 2024, to better reflect the profitability of our core business, we redefined Adjusted EBITDA as EBITDA excluding share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments, and as a result, our Adjusted EBITDA in 2023 were adjusted to conform to the 2024 presentation. We present Adjusted EBITDA because it is used by our management to evaluate our operating performance. We believe that Adjusted EBITDA provides meaningful supplemental information regarding our performance by excluding share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments that may not be indicative of our operating performance. We also believe that: (i) both our management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning and forecasting future periods; (ii) these non-GAAP financial measures facilitate our management's internal comparisons to our historical performance; and (iii) these non-GAAP financial measures are useful to investors in allowing for greater transparency with respect to supplemental information used regularly by our management in financial and operational decision-making. The presentation of EBITDA and Adjusted EBITDA should not be construed as an indication that our future results will be unaffected by other charges and gains we consider to be outside the ordinary course of our business.

A reconciliation of EBITDA and Adjusted EBITDA to net income, which is the most directly comparable U.S. GAAP measure, is provided below:

	For the Year Ended December 31,			
	2023	2024	2025	
	(RMB)	(RMB)	(RMB)	(US$)
	(In millions)			
Net income attributable to our company	4,085	3,048	5,080	726
Interest income	(248)	(210)	(223)	(32)
Interest expense	385	318	337	48
Income tax expense	1,204	1,662	2,161	309
Depreciation and amortization	1,414	1,332	1,257	180
EBITDA (Non-GAAP)	6,840	6,150	8,612	1,231
Share-based compensation expenses	143	322	420	60
(Gain) loss from fair value changes of equity securities, net	(109)	66	10	1
Foreign exchange (gain) loss, net	(90)	272	(569)	(81)
(Gain) loss on disposal of investments	(516)	10	—	—
Adjusted EBITDA (Non-GAAP)	6,268	6,820	8,473	1,211

The use of EBITDA and Adjusted EBITDA has certain limitations. Depreciation and amortization expense for various long-term assets, income tax, interest income and interest expense have been and will be incurred and are not reflected in the presentation of EBITDA. Share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, and gain (loss) on disposal of investments have been and will be incurred and are not reflected in the presentation of Adjusted EBITDA. Each of these items should also be considered in the overall evaluation of our results. Additionally, EBITDA or Adjusted EBITDA does not consider capital expenditures and other investing activities and should not be considered as a measure of our liquidity. We compensate for these limitations by providing the relevant disclosure of our depreciation and amortization, interest income, interest expense, income tax expense, share-based compensation expenses, gain (loss) from fair value changes of equity securities, foreign exchange gain (loss), net, gain (loss) on disposal of investments, capital expenditures and other relevant items both in our reconciliations to the U.S. GAAP financial measures and in our consolidated financial statements, all of which should be considered when evaluating our performance.

The terms EBITDA and Adjusted EBITDA are not defined under U.S. GAAP, and neither EBITDA nor Adjusted EBITDA is a measure of net income, operating income, operating performance or liquidity presented in accordance with U.S. GAAP. When assessing our operating and financial performance, you should not consider this data in isolation or as a substitute for our net income, operating income or any other operating performance measure that is calculated in accordance with U.S. GAAP. In addition, our EBITDA or Adjusted EBITDA may not be comparable to EBITDA or Adjusted EBITDA or similarly titled measures utilized by other companies since such other companies may not calculate EBITDA or Adjusted EBITDA in the same manner as we do.

Taxation

We are incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, the British Virgin Islands and Seychelles, our subsidiaries are not subject to tax on income or capital gain. Under the current laws of Germany, companies are subject to income tax at a standard rate of 15% (15.825% including solidarity surcharge), plus municipal trade tax of 7%-21%. In other major jurisdictions, including Austria, Netherlands and Belgium, we are subject to a range from 9% to 25% of the statutory income tax rate, respectively.

Our principal operations and geographic markets are in the PRC. Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law"), which was effective from January 1, 2008, domestically-owned enterprises and foreign-invested enterprises are subject to a uniform tax rate of 25%, and the industries and projects that are encouraged and supported by the State may enjoy tax preferential treatment. Jizhu Information and Technology (Shanghai) Co., Ltd. ("Jizhu Shanghai"), formerly known as Mengguang Information and Technology (Shanghai) Co., Ltd, is a recognized software development entity located in Shanghai of PRC. Jizhu Shanghai was qualified as high and new tech enterprise in December 2021 and December 2024, and accordingly is entitled to a reduced tax rate of 15% from 2021 to 2026. Huazhu Cloud (Shanghai) Information and Technology Co., Ltd. ("Huazhu Cloud") (formerly known as H-World Information and Technology Co., Ltd.) was qualified as high and new tech enterprise in December 2022 and December 2025, and accordingly is entitled to a reduced tax rate of 15% from 2022 to 2027.

The EIT Law imposes a withholding tax of 10% on dividends distributed by a PRC foreign-invested enterprise to its immediate holding company outside of China, if such immediate holding company is considered a "non-resident enterprise" without any establishment or place within China or if the dividends received have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding tax rate. A holding company which is a tax resident in Hong Kong, for example, would be subject to a 5% withholding tax rate on the dividends received from its PRC subsidiary if it owns at least 25% equity in the PRC subsidiary and is the beneficial owner of the dividends. See "Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in China — It is unclear whether we will be considered as a PRC resident enterprise under the Enterprise Income Tax Law of the PRC, and depending on the determination of our PRC resident enterprise status, if we are not treated as a PRC resident enterprise, dividends paid to us by our PRC subsidiaries will be subject to PRC withholding tax; if we are treated as a PRC resident enterprise, we may be subject to 25% PRC income tax on our worldwide income, and holders of our ADSs or ordinary shares that are non-PRC resident investors may be subject to PRC withholding tax on dividends on and gains realized on their transfer of our ADSs or ordinary shares."

Results of Operations

We have grown rapidly since we began our current business of operating and managing a multi-brand hotel portfolio in 2007. We believe that the period-to-period comparison of operating results should not be relied upon as being indicative of future performance. The following table sets forth a summary of our consolidated results of operations, both in absolute amount and as a percentage of total revenues for the periods indicated. This information should be read together with our consolidated financial statements and related notes for the relevant periods.

	Year Ended December 31,						
	2023		2024		2025		
	(RMB)	%	(RMB)	%	(RMB)	(US$)	%
	(In millions, except percentages)						
Consolidated Statement of Comprehensive Income Data:							
Revenues:							
Leased and owned hotels	13,796	63.0	13,843	57.9	12,943	1,851	51.1
Manachised and franchised hotels	7,694	35.2	9,498	39.8	11,696	1,672	46.2
Others	392	1.8	550	2.3	668	95	2.7
Total revenues	21,882	100.0	23,891	100.0	25,307	3,618	100.0
Operating costs and expenses[(1)]:							
Hotel operating costs	14,341	65.5	15,285	64.0	15,339	2,194	60.6
Other operating costs	34	0.2	31	0.1	61	9	0.2
Selling and marketing expenses	1,072	4.9	1,176	4.9	1,270	182	5.0
General and administrative expenses	2,086	9.5	2,508	10.5	2,262	321	8.9
Pre-opening expenses	35	0.2	50	0.2	41	6	0.2
Total operating costs and expenses	17,568	80.3	19,050	79.7	18,973	2,712	74.9
Goodwill impairment loss	4	0.0	—	—	—	—	—
Other operating income, net	404	1.8	359	1.5	485	69	1.9
Income from operations	4,714	21.5	5,200	21.8	6,819	975	27.0
Interest income	248	1.1	210	0.9	223	32	0.9
Interest expense	385	1.7	318	1.3	337	48	1.3
Other income, net	573	2.6	51	0.2	38	5	0.1
Gain (loss) from fair value changes of equity securities, net	109	0.5	(66)	(0.3)	(10)	(1)	(0.0)
Foreign exchange gain (loss), net	90	0.4	(272)	(1.1)	569	81	2.2
Income before income taxes	5,349	24.4	4,805	20.2	7,302	1,044	28.9
Income tax expense	1,204	5.5	1,662	7.0	2,161	309	8.6
Loss from equity method investments	(14)	(0.0)	(41)	(0.2)	(26)	(4)	(0.1)
Net income	4,131	18.9	3,102	13.0	5,115	731	20.2
Less: net income attributable to noncontrolling interest	46	0.2	54	0.2	35	5	0.1
Net income attributable to H World Group Limited	4,085	18.7	3,048	12.8	5,080	726	20.1

Note:

(1) Includes share-based compensation expenses as follows:

	Year Ended December 31,			
	2023	2024	2025	
	(RMB)	(RMB)	(RMB)	(US$)
	(In millions)			
Share-based compensation expenses	143	322	420	60

We have two operating segments——legacy Huazhu and legacy DH. We use adjusted EBITDA as the segment profit measure to evaluate the performance of each segment. The following table provides a summary of our operating segment results for the years ended December 31, 2023, 2024 and 2025.

	Years Ended December 31,											
	2023				2024				2025			
	Legacy Huazhu	Legacy DH	Elimination	Total	Legacy Huazhu	Legacy DH	Elimination	Total	Legacy Huazhu	Legacy DH	Elimination	Total
Total revenues	**17,444**	**4,465**	**(27)**	**21,882**	**19,029**	**4,881**	**(19)**	**23,891**	**20,535**	**4,794**	**(22)**	**25,307**
Adjusted EBITDA	**6,185**	**84**	**(1)**	**6,268**	**6,974**	**(154)**	**(0)**	**6,820**	**7,974**	**499**	**0**	**8,473**

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Total Revenues. Our total revenues increased by 5.9% from RMB23,891 million in 2024 to RMB25,307 million (US$3,618 million) in 2025. This increase was primarily due to the expansion of our hotel network.

- *Leased and Owned Hotels*. Total revenues from our leased and owned hotels /decreased by 6.5% to RMB12,943 million (US$1,851 million) in 2025 from RMB13,843 million in 2024.

- *Manachised and Franchised Hotels*. Total revenues from our manachised and franchised hotels increased by 23.1% from RMB9,498 million in 2024 to RMB11,696 million (US$1,672 million) in 2025, primarily due to the increased number of our manachised hotels.

- *Other Revenues*. Other revenues increased by 21.5% from RMB550 million in 2024 to RMB668million (US$95 million) in 2025.

Operating Costs and Expenses. Our total operating costs and expenses decreased by 0.4% from RMB19,050 million in 2024 to RMB18,973 million (US$2,712 million) in 2025.

- *Hotel Operating Costs*. Our hotel operating costs remained relatively flat at RMB15,285 million in 2024 and RMB15,339 million (US$2,194 million) in 2025. Our hotel operating costs as a percentage of total revenues decreased from 64.0% in 2024 to 60.6% in 2025.

- *Selling and Marketing Expenses*. Our selling and marketing expenses increased by 8.0% from RMB1,176 million in 2024 to RMB1,270 million (US$182 million) in 2025. Our selling and marketing expenses as a percentage of total revenues remained relatively flat at 4.9% in 2024 and 5.0% in 2025.

- *General and Administrative Expenses*. Our general and administrative expenses decreased by 9.8% from RMB2,508 million in 2024 to RMB2,262 million (US$321 million) in 2025. The decrease was mainly due to lower restructuring costs incurred and decreased headcount in Legacy DH as compared with 2024.

- *Pre-opening Expenses*. Our pre-opening expenses decreased by 18.0% from RMB50 million in 2024 to RMB41 million (US$6 million) in 2025. Our pre-opening expenses as a percentage of total revenues remained flat at 0.2% in both 2024 and 2025. Our pre-opening expenses in 2025 were primarily from legacy Huazhu.

Other Operating Income, Net. Our other operating income increased by 35.1% from RMB359 million in 2024 to RMB485 million (US$69 million) in 2025.

Income from Operations. As a result of the foregoing, our income from operations increased by 31.1% from RMB5,200 million in 2024 to RMB6,819 million (US$975 million) in 2025.

Interest Income/Expense, Net. Our net interest expense was RMB114 million (US$16 million) in 2025. Our interest income was RMB223 million (US$32 million), and our interest expense was RMB337 million (US$48 million) in 2025. Our net interest expense was RMB108 million in 2024. Our interest income was RMB210 million, and our interest expense was RMB318 million in 2024.

Other Income, Net. We recorded other income, net of RMB38 million (US$5 million) in 2025, compared to other income, net of RMB51 million in 2024.

Gain (Loss) from Fair Value Changes of Equity Securities, Net. Gain (loss) from fair value changes of equity securities, net mainly represents the gain (loss) from our investment in equity securities with readily determinable fair values. Our loss from fair value changes of equity securities was RMB10 million (US$1 million) in 2025, primarily due to the decrease in the fair value of the market securities that we held.

Foreign Exchange Gain (Loss). Our foreign exchange gain was RMB569 million (US$81 million) in 2025, compared to our foreign exchange loss of RMB272 million in 2024. Our foreign exchange gain in 2025 was primarily attributable to certain internal loan receivables denominated in Euro as a result of Euro's appreciation.

Income Tax Expense. Our income tax expense was RMB2,161 million (US$309 million) in 2025, increased from income tax expense of RMB1,662 million in 2024, primarily due to the increase in our income before income taxes.

Equity Method Investments. Our loss from equity method investments decreased from RMB41 million in 2024 to RMB26 million (US$4 million) in 2025, primarily due to decrease in losses incurred by certain of our investee companies.

Net Income Attributable to Noncontrolling Interest. Net income attributable to noncontrolling interest represents joint venture partners' share of our net income or loss based on their equity interest in the leased and owned hotels owned by the joint ventures which are controlled and consolidated by us. Net income attributable to noncontrolling interest was RMB35 million (US$5 million) in 2025. Net income attributable to noncontrolling interest was RMB54 million in 2024.

Net Income Attributable to H World Group Limited. As a result of the foregoing, net income attributable to H World Group Limited increased from RMB3,048 million in 2024 to RMB5,080 million (US$726 million) in 2025.

Segment Results

Total Revenue. Legacy Huazhu's total revenues for 2025 were RMB20,535 million (US$2,936 million), representing a 7.9% increase from RMB19,029 million in 2024 as a result of our hotel network expansion. Legacy DH's total revenues remained relatively flat at RMB4,881 million in 2024 and RMB4,794 million (US$686 million) in 2025.

Adjusted EBITDA. Legacy Huazhu's adjusted EBITDA from 2025 was RMB7,974 million (US$1,140 million), representing an increase from RMB6,974 million in 2024 as a result of our increased revenue due to hotel network expansion. Legacy DH's adjusted EBITDA from 2025 was RMB499 million (US$71 million), compared to its negative adjusted EBITDA of RMB154 million in 2024, primarily due to lower restructuring costs incurred and decreased headcount, as well as decreased impairment loss from intangible assets.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Total Revenues. Our total revenues increased by 9.2% from RMB21,882 million in 2023 to RMB23,891 million in 2024. This increase was primarily due to expansion of our hotel network.

- *Leased and Owned Hotels*. Total revenues from our leased and owned hotels increased to RMB13,843 million in 2024 from RMB13,796 million in 2023.
- *Manachised and Franchised Hotels*. Total revenues from our manachised and franchised hotels increased by 23.4% from RMB7,694 million in 2023 to RMB9,498 million in 2024, primarily due to the increased number of our manachised hotels.

- *Other Revenues*. Other revenues increased by 40.3% from RMB392 million in 2023 to RMB550 million in 2024.

Operating Costs and Expenses. Our total operating costs and expenses increased by 8.4% from RMB17,568 million in 2023 to RMB19,050 million in 2024.

- *Hotel Operating Costs*. Our hotel operating costs increased by 6.6% from RMB14,341 million in 2023 to RMB15,285 million in 2024, primarily due to the rising personnel costs as our hotel network continued to expand. Our hotel operating costs as a percentage of total revenues decreased from 65.5% in 2023 to 64.0% in 2024.

- *Selling and Marketing Expenses*. Our selling and marketing expenses increased by 9.7% from RMB1,072 million in 2023 to RMB1,176 million in 2024. Our selling and marketing expenses as a percentage of total revenues remained flat at 4.9% in 2023 and 2024.

- *General and Administrative Expenses*. Our general and administrative expenses increased by 20.2% from RMB2,086 million in 2023 to RMB2,508 million in 2024. The increase was mainly due to increased headcount as well as an increase in share-based compensation to attract and retain core employees who are key to our sustainable long-term business growth.

- *Pre-opening Expenses*. Our pre-opening expenses increased by 42.9% from RMB35 million in 2023 to RMB50 million in 2024. Our pre-opening expenses as a percentage of total revenues remained flat at 0.2% in 2023 and 2024. Our pre-opening expenses in 2024 was primarily from legacy Huazhu.

Other Operating Income, Net. Our other operating income decreased by 11.1% from RMB404 million in 2023 to RMB359 million in 2024.

Income (Loss) from Operations. As a result of the foregoing, our income from operations increased by 10.3% from RMB4,714 million in 2023 to RMB5,200 million in 2024.

Interest Expense, Net. Our net interest expense was RMB108 million in 2024. Our interest income was RMB210 million, and our interest expense was RMB318 million in 2024. Our net interest expense was RMB137 million in 2023. Our interest income was RMB248 million, and our interest expense was RMB385 million in 2023.

Other Income, Net. We recorded other income, net of RMB51 million in 2024, compared to other income, net of RMB573 million in 2023. The higher other income, net in 2023 was mainly due to gains from sales of Accor's shares.

(Loss) Gain from Fair Value Changes of Equity Securities, Net. (Loss) gain from fair value changes of equity securities, net mainly represents the (loss) gain from our investment in equity securities with readily determinable fair values. Our loss from fair value changes of equity securities was RMB66 million in 2024, primarily due to loss from fair value changes of UBOX shares.

Foreign Exchange (Loss) Gain. Our foreign exchange loss was RMB272 million in 2024, compared to our foreign exchange gain of RMB90 million in 2023. Our foreign exchange loss in 2024 was primarily attributable to certain internal loan receivables denominated in Euro as a result of the Euro's depreciation.

Income Tax Expense. Our income tax expense was RMB1,662 million in 2024, compared to income tax expense of RMB1,204 million in 2023. Our effective tax rate in 2024 was 34.6%, compared with 22.5% in 2023. The higher effective tax rate in 2024 was mainly attributable to increased withholding tax related to dividend distribution.

Equity Method Investments. Our loss from equity method investments increased from RMB14 million in 2023 to RMB41 million in 2024, primarily due to the increase in losses incurred by certain of our investee companies.

Net Income Attributable to Noncontrolling Interest. Net income attributable to noncontrolling interest represents joint venture partners' share of our net income or loss based on their equity interest in the leased and owned hotels owned by the joint ventures which are controlled and consolidated by us. Net income attributable to noncontrolling interest was RMB54 million in 2024.Net income attributable to noncontrolling interest was RMB46 million in 2023.

Net Income Attributable to H World Group Limited. As a result of the foregoing, net income attributable to H World Group Limited decreased from RMB4,085 million in 2023 to RMB3,048 million in 2024.

Segment Results

Total Revenue. Legacy Huazhu's total revenues for 2024 were RMB19,029 million, representing a 9.1% increase from RMB17,444 million in 2023 as a result of our hotel network expansion. Legacy DH's total revenues from 2024 were RMB4,881 million, representing a 9.3% increase from RMB4,465 million in 2023 primarily due to optimized hotel operations and improved hotel performance.

Adjusted EBITDA. Legacy Huazhu's adjusted EBITDA from 2024 was RMB6,974 million, representing an increase from RMB6,185 million in 2023 as a result of our hotel network expansion. Legacy DH's negative adjusted EBITDA from 2024 was RMB154 million, representing a decrease from its adjusted EBITDA of RMB84 million in 2023, primarily due to increased impairment loss from intangible assets and restructuring costs incurred in 2024.

Outstanding Indebtedness

In May 2020, we issued US$500 million Convertible Senior Notes (the "**2026 Notes**"). The 2026 Notes will mature on May 1, 2026 and bear interest at a rate of 3.00% per annum, payable in arrears semi-annually on May 1 and November 1 of each year, beginning on November 1, 2020. The 2026 Notes can be converted into our ADSs at an initial conversion rate of 23.971, subject to adjustment in some events, of our ADSs per US$1,000 principal amount of the 2026 Notes (equivalent to an initial conversion price of US$41.72 per ADS). The holders may require our Company to repurchase all or portion of the 2026 Notes for cash on May 1, 2024, or in the event of certain fundamental changes, at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest. In 2023, RMB0.01 million of the 2026 Notes was converted into 24 ADSs upon holders' requests. As of December 31, 2024, we classified the 2026 Notes as long-term debt as the put option had expired. As of December 31, 2025, we reclassified the 2026 Notes as short-term debt as the 2026 Notes mature on May 1, 2026.

In August 2022, we entered into a 3-year long-term facility of EUR220 million and RMB-equivalent of EUR110 million term facility, and EUR70 million revolving credit facility agreement with several banks. As of December 31, 2024, the outstanding loan amount was RMB equivalent of EUR99 million in long-term bank borrowings, current portion. This amount had been fully repaid by December 31, 2025.

In March 2024, we entered into a five-year syndicated loan contract with a facility amount of RMB400 million expiring in March 2029. As of December 31, 2024 and December 31, 2025, buildings with a net book value of RMB510 million and RMB478 million, respectively, and land use rights with a net book value of RMB69 million and RMB67 million, respectively, were pledged as collateral for the loan. The loan was intended for the operation of headquarters buildings and refinancing existing obligations. The interest rate resets every year, and is based on the People's Bank of China one-year benchmark LPR minus 55 basis points on the pricing date. There are some financial covenants including revenue and profit related to this facility. We were fully in compliance with the covenants for the year ended December 31, 2024 and 2025. In 2024, we had drawn down RMB340 million under the facility agreement and repaid RMB15 million. In 2025, we repaid RMB40 million. As of December 31, 2024 and 2025, the outstanding loan amount was RMB325 million and RMB285 million, respectively.

In July 2025, we entered into a one-year loan facility of up to RMB2,000 million or its equivalent in other currencies. We had drawn down RMB1,400 million under this agreement and the interest rate was fixed at 1.8% per annum. As of December 31, 2025, the outstanding loan amount was RMB1,400 million and total bank deposits of RMB1,406 million in short-term investments were pledged as collateral.

As of December 31, 2025, we had a total debt balance of RMB5.8 billion (US$0.8 billion) and unutilized facilities of approximately RMB6.3 billion. We had complied with the covenants under our existing banking facilities as of December 31, 2025.

5.B. Liquidity and Capital Resources

Our principal sources of liquidity have been cash generated from operating activities, proceeds from our follow-on offering of ADSs in January 2023, borrowings from commercial banks, and issuance of convertible senior notes due 2026. As of December 31, 2025, we had RMB10,386 million (US$1,485 million) in cash and cash equivalents and RMB146 million (US$21 million) in restricted cash. Our cash and cash equivalents and restricted cash consist of cash on hand, liquid investments which have maturities of three months or less when acquired and are unrestricted as to withdrawal or use, deposits used as security against borrowings, and deposits restricted due to contract disputes or lawsuits or special purpose. Our cash and cash equivalents as of December 31, 2025 primarily consisted of Renminbi and U.S. dollars.

As of December 31, 2025, we had 19 properties for our leased and owned hotels under development. As of December 31, 2025, we expected to incur approximately RMB693 million (US$99 million) of capital expenditures in connection with (i) certain recently completed leasehold improvements and installation of equipment and (ii) the funding of the leasehold improvements and installation of equipment of these 19 leased and owned hotels, which is expected to be incurred within one to two years. We intend to fund this planned expansion with our operating cash flow, our cash balance and our credit facilities.

The following table sets forth a summary of our cash flows for the periods indicated:

	Year Ended December 31,			
	2023	2024	2025	
	(RMB)	(RMB)	(RMB)	(US$)
	(In millions)			
Net cash provided by operating activities	7,674	7,518	8,379	1,198
Net cash used in investing activities	(1,477)	(2,239)	(1,042)	(149)
Net cash used in financing activities	(3,720)	(5,504)	(4,306)	(616)
Effect of exchange rate changes on cash and cash equivalents, and restricted cash	164	30	(30)	(4)
Net (decrease) increase in cash, cash equivalents and restricted cash, including cash classified within assets held for sale	2,641	(195)	3,001	429
Less: net increase (decrease) in cash and cash equivalents classified within assets held for sale	17	(9)	(7)	(1)
Cash, cash equivalents and restricted cash at the beginning of the year	5,086	7,710	7,524	1,076
Cash, cash equivalents and restricted cash at the end of the year	7,710	7,524	10,532	1,506

Operating Activities

In 2023, 2024 and 2025, we financed our operating activities primarily through cash generated from operations.

Net cash provided by operating activities amounted to RMB8,379 million (US$1,198 million) in 2025, primarily attributable to (i) our net income of RMB5,115 million, (ii) an added-back of RMB2,233 million in noncash lease expense, (iii) an added-back of RMB1,257 million in noncash depreciation and amortization, and (iv) an increase in accrued expenses and other current liabilities of RMB936 million, partially offset by a decrease in operating lease liabilities of RMB2,383 million.

Net cash provided by operating activities amounted to RMB7,518 million in 2024, primarily attributable to (i) our net income of RMB3,102 million, (ii) an added-back of RMB2,300 million in noncash lease expense, and (iii) an added-back of RMB1,332 million in noncash depreciation and amortization, partially offset by a decrease in operating lease liabilities of RMB2,453 million.

Net cash provided by operating activities amounted to RMB7,674 million in 2023, primarily attributable to (i) our net income of RMB4,131 million, (ii) an added-back of RMB2,163 million in noncash lease expense, (iii) an added-back of RMB1,414 million in noncash depreciation and amortization, and (iv) an increase in accrued expenses and other current liabilities of RMB1,133 million, partially offset by a decrease in operating lease liabilities of RMB2,548 million.

Investing Activities

Net cash used in investing activities decreased from RMB2,239 million in 2024 to RMB1,042 million (US$149 million) in 2025, primarily due to (i) purchases of investments of RMB8,134 million mainly related to our purchase of time deposits and financial products, and (ii) purchase of property and equipment of RMB828 million, partially offset by proceeds from maturity/sale and return of investments of RMB7,777 million.

Net cash used in investing activities increased from RMB1,477 million in 2023 to RMB2,239 million in 2024, primarily due to (i) purchases of investments of RMB4,017 million mainly related to our purchase of time deposits and financial products and (ii) purchase of property and equipment of RMB883 million, partially offset by proceeds from maturity/sale and return of investments of RMB2,563 million.

Net cash used in investing activities increased from RMB522 million in 2022 to RMB1,477 million in 2023, primarily due to (i) purchases of investments of RMB3,509 million mainly related to our purchase of time deposits and financial products and (ii) purchase of property and equipment of RMB894 million, partially offset by proceeds from maturity/sale and return of investments of RMB2,972 million.

Financing Activities

Our major financing activities since 2021 consist of loans with commercial banks, proceeds from our follow-on offering of ADSs in January 2023, payment of dividends, and share repurchases.

We had net cash used in financing activities of RMB4,306 million (US$616 million) in 2025, primarily consisted of (i) dividends paid of RMB3,907 million, (ii) repayment of short-term debt of RMB2,272 million, (iii) repayment of long-term debt of RMB850 million, and (iv) payment of repurchases of ordinary shares of RMB783 million, partially offset by proceeds from short-term debt of RMB3,595 million.

We had net cash used in financing activities of RMB5,504 million in 2024, primarily consisted of (i) dividends paid of RMB3,480 million, (ii) payment of repurchases of ordinary shares of RMB1,172 million and (iii) purchase of prepaid put option of RMB710 million.

We had net cash used in financing activities of RMB3,720 million in 2023. Net cash used in financing activities in 2023 primarily consisted of repayment of short-term debt of RMB3,436 million and repayment of long-term debt of RMB2,336 million, partially offset by (i) net proceeds from issuance of ordinary shares of RMB1,973 million and (ii) proceeds from debt of RMB1,169 million.

Capital Expenditure

Our capital expenditures were incurred primarily in connection with leasehold improvements, investments in furniture, fixtures and equipment and technology, information and operational software. Our cash paid on capital expenditures totaled RMB901 million, RMB898 million and RMB838 million (US$120 million) in 2023, 2024 and 2025, respectively. Our capital expenditures in 2025 consisted of RMB828 million (US$119 million) in property and equipment and RMB10 million (US$1 million) in software and license. We will continue to make capital expenditures to meet the expected growth of our operations and expect our cash balance, cash generated from our operating activities and credit facilities will meet our capital expenditure needs in the foreseeable future.

Transfer of Cash within Our Organization

H World Group Limited is a holding company with no material operations of its own. H World Group Limited conducts its operations primarily through its subsidiaries in China and Europe. Under legacy Huazhu, H World Group Limited generally transfers cash to its Hong Kong or Singapore subsidiaries, by way of loans and capital contributions, and these Hong Kong or Singapore subsidiaries generally transfer cash to its PRC subsidiaries by making capital contributions or providing loans to them. H World Group Limited may also directly transfer cash to its PRC subsidiaries by making capital contributions or providing loans to them. These PRC subsidiaries generally transfer cash to the VIEs by loans or by making payment to the VIEs for inter-group transactions. These PRC subsidiaries generally transfer cash to these Hong Kong or Singapore subsidiaries by way of repayment of loans and dividends, and these PRC, Hong Kong or Singapore subsidiaries generally transfer cash to H World Group Limited through loans or repayment of loans.

To a lesser extent, H World Group Limited and its subsidiaries may transfer cash to entities of Deutsche Hospitality by way of loans, if needed.

Except as disclosed in the table and discussion below, the VIEs have not distributed and do not currently have any plans to distribute any earnings or settle any amounts owed under the contractual agreements to our subsidiaries. The VIEs in aggregate contributed an insignificant portion (less than 1%) of our total retained earnings as of December 31, 2024 and 2025.

The following table presents the cash flows among the Company, its subsidiaries and the VIEs for the fiscal years ended December 31, 2023, 2024 and 2025.

Cash transfer between our company, subsidiaries and VIEs
(RMB in millions)

Cash flows between subsidiaries and VIEs	2023	2024	2025
Loans from subsidiaries to the VIEs under the contractual arrangement	—	0	1
Cash receipts by the VIEs from subsidiaries for services	21	12	6

Cash flows between holding company and subsidiaries[1]	2023	2024	2025
Loans to subsidiaries	(987)	(0)	(1,465)
Repayment of loans by subsidiaries	2,061	1,000	3,678
Loans from subsidiaries	2,574	2,553	2,608
Repayment of loans from subsidiaries	(540)	(457)	(347)
Dividend payment from subsidiaries	—	19	—

Note:

(1) Includes overseas and PRC subsidiaries.

For the years ended December 31, 2023, 2024 and 2025,

- our subsidiaries paid service fee totaled approximately RMB21 million, RMB12 million and RMB6 million (US$1 million), respectively, to the VIEs for telecommunication services and internet-related services provided to hotels;
- cash inflows of the VIEs were primarily provided via loan arrangements with our subsidiaries, our payment to the VIEs for inter-group transactions, and capital contributions of the nominee shareholders;
- cash was transferred from H World Group Limited to our subsidiaries primarily through shareholder loans. In these same respective periods, our subsidiaries borrowed approximately RMB987 million, nil and RMB1,465 million (US$209 million), respectively, from H World Group Limited, and our subsidiaries repaid a total of approximately RMB2,061 million, RMB1,000 million and RMB3,678 million (US$526 million) loans, respectively, to H World Group Limited;
- our subsidiaries provided RMB2,574 million, RMB2,553 million and RMB2,608 million (US$374 million) loans, respectively, to H World Group Limited, and H World Group Limited repaid approximately RMB540 million, RMB457 million and RMB347 million (US$50 million), respectively, to these subsidiaries for such loans; and
- our subsidiaries paid dividend of nil, RMB19 million and nil, respectively, to H World Group Limited.

Other than the transfers described above, no assets were transferred among H World Group Limited, our subsidiaries, and the VIEs for the years ended December 31, 2023, 2024 and 2025.

Restrictions on Cash Transfers to Us

H World Group Limited is a holding company with no material operations of its own. We conduct our operations primarily through our subsidiaries in China and Europe. We face various restrictions and limitations on foreign exchange, our ability to transfer cash between entities, across borders and to U.S. investors, and our ability to distribute earnings from our subsidiaries and/or the VIEs, to us and holders of the ADSs as well as the ability to settle amounts owed under the contractual arrangements with the VIEs. If our subsidiaries or any newly formed subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our subsidiaries are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Pursuant to laws applicable to entities incorporated in the PRC, our subsidiaries in the PRC must make appropriations from after-tax profit to non-distributable reserve funds. In particular, subject to certain cumulative limits, the statutory reserve fund requires an annual appropriation of 10% of after-tax profit (as determined under accounting principles generally accepted in the PRC at each year-end) until the accumulative amount of such reserve fund reaches 50% of a PRC subsidiary's registered capital. These reserve funds can only be used for such specific purposes as provided in PRC laws and are not distributable as cash dividends. In addition, due to restrictions on the distribution of share capital from our PRC subsidiaries, the share capital of our PRC subsidiaries is considered restricted. As a result of these requirements under PRC laws and regulations, as of December 31, 2025, approximately RMB4,269 million (US$610 million) was not available for distribution to us by our PRC subsidiaries in the form of dividends, loans, or advances.

Due to various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we and the VIEs may not be able to obtain the necessary regulatory approvals or complete the necessary regulatory registrations or other procedures on a timely basis, or at all, with respect to future loans by us to our PRC subsidiaries or the VIEs or with respect to future capital contributions by us to our PRC subsidiaries. These requirements may delay or prevent us from using our offshore funds to make loans or capital contribution to our PRC subsidiaries and the VIEs, and thus may restrict our ability to execute our business strategy, and materially and adversely affect our liquidity and our ability to fund and expand our business.

In addition, uncertainties regarding the interpretation and implementation of the contractual arrangements with the VIEs could limit our ability to enforce such agreements. If the PRC authorities determine that the contractual arrangements constituting part of the VIE structure do not comply with PRC regulations, or if current regulations change or are interpreted differently in the future, our ability to settle amounts owed by the VIEs under the VIE agreements may be seriously hindered.

Furthermore, due to restrictions on foreign exchange placed on our PRC subsidiaries and the VIEs by the PRC regulators under PRC laws and regulations, to the extent cash is located in the PRC or within a PRC-domiciled entity and may need to be used to fund our operations outside of the PRC, the funds may not be available due to such limitations unless and until related approvals and registrations are obtained. Under regulations of the SAFE, the Renminbi is not convertible into foreign currencies for capital account items, such as loans, repatriation of investments and investments outside of China, unless the prior approvals and registrations of the SAFE and other competent PRC authorities are obtained.

Dividends or Distributions to US Investors

We consider making an ordinary dividend distribution semi-annually, the aggregate amount of which for each financial year shall be no less than 60% of our net income in such financial year.

On November 29, 2023, our company declared a cash dividend of approximately US$300 million, including an ordinary dividend in the amount of approximately US$200 million and a special dividend in the amount of approximately US$100 million. On July 23, 2024, our company declared a cash dividend of approximately US$200 million. On March 20, 2025, our company declared a cash dividend of approximately US$300 million. On August 20, 2025, our company declared a cash dividend of approximately US$250 million. On March 18, 2026, our company declared a cash dividend of approximately US$400 million.

H World Group Limited's source of dividends has come primarily from dividends from our PRC subsidiaries.

Taxation on Dividends or Distributions

The PRC Enterprise Income Tax Law and its implementing regulations (collectively "EIT Law") provide that enterprises established outside of China whose "de facto management bodies" are located in China are considered resident enterprises. Currently, it is still unclear whether the PRC tax authorities would determine that we should be classified as a PRC resident enterprise. See "Item 10. Additional Information — E. Taxation — PRC Taxation."

The EIT Law imposes a withholding tax of 10% on dividends distributed by a PRC subsidiary to its immediate holding company outside of China, if such immediate holding company is considered a non-resident enterprise without any establishment or place of business within China or if the dividends received have no connection with the establishment or place of business of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding tax rate. A holding company which is a tax resident in Hong Kong, for example, would be subject to a 5% withholding tax on dividends under the Tax Arrangement between the PRC central government and Hong Kong if the holding company is the beneficial owner of the dividends and holds more than 25% of the share capital of the PRC company.

The EIT Law provides that PRC resident enterprises are generally subject to a uniform 25% enterprise income tax rate on their worldwide income. Therefore, if we are treated as a PRC resident enterprise, we will be subject to PRC income tax on our worldwide income at the 25% uniform tax rate, which could have an impact on our effective tax rate and an adverse effect on our net income and results of operations, although we may be exempted from enterprise income tax on dividends distributed from our directly or indirectly controlled non-PRC subsidiaries sourced from outside China, since such income received by PRC resident enterprise may be tax exempted subject to certain requirements and limitations under the EIT Law.

Our German subsidiaries are permitted to pay dividends from their distributable profit as long as there are no agreements, such as debt covenants, that restrict such payments, in which regulations applying to limited liability companies (*Gesellschaft mit beschränkter Haftung*) have to be taken into account. Pursuant to the Law on Limited Liability Companies of Germany (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*), dividends are only payable out of profits. Typically, the directors of the relevant companies will recommend a particular rate of dividend and these subsidiaries will, in general meetings, declare the dividend subject to the maximum recommended by the directors. However, the general meetings are not bound by the directors' recommendation. They may also declare a dividend exceeding the amount of the recommendation up to the amount of the total distributable profit of the company.

In 2023, 2024 and 2025, RMB1,454 million, RMB3,787 million and RMB2,668 million were paid as dividends from our PRC subsidiaries to our Hong Kong and Singapore subsidiaries, respectively. In 2025, RMB182 million of PRC withholding tax was incurred as a result of our distribution of dividends. Except as disclosed under "—Transfer of Cash within Our Organization," no other dividend or distribution was made by our offshore subsidiaries to our company in 2023, 2024 and 2025.

As of December 31, 2025, we have accrued a PRC dividend withholding tax of RMB322 million on undistributed earnings, which we planned to distribute from our PRC subsidiaries to overseas subsidiaries. Other than these planned dividends distributions, we intend to indefinitely reinvest the remaining undistributed earnings of PRC subsidiaries, of which, no provision for PRC dividend withholding tax has been accrued.

For purposes of illustration only, the following discussion reflects the hypothetical taxes that might be required to be paid in Mainland China, Hong Kong and Singapore, assuming that: (i) we have taxable earnings in the PRC subsidiaries/VIEs, and (ii) we determine to pay dividends with funds derived from our earnings in the PRC subsidiaries/VIEs in the future. The illustration below, presented by percentages, starts with pre-tax earnings of our PRC subsidiaries and VIEs and concludes with the percentage of that amount payable to our company as dividends.

	Taxation Scenario[1] Statutory Tax and Standard Rates
Hypothetical pre-tax earnings in the PRC subsidiaries/VIEs	100 %
Tax on earnings at statutory rate of 25% at WFOE[2] level	(25)%
Amount to be distributed as dividend from WFOE[2] to Hong Kong or Singapore entities	75 %
Withholding tax at standard rate of 10%[3]	(7.5)%
Amount to be distributed as dividend at Hong Kong entities level/Singapore entities level and net distribution to H World Group Limited[4]	67.5 %

Notes:

(1) For purposes of this example, the tax calculation has been simplified. The hypothetical book pre-tax earnings amount is assumed to equal Chinese taxable income.
(2) We use the term "WFOE" to refer to our wholly-owned subsidiary in the PRC that is the counterparty to the VIEs in our contractual arrangements with them.
(3) The EIT Law imposes a withholding income tax of 10% on dividends distributed by a PRC subsidiary to its immediate holding company outside of Mainland China. A lower withholding income tax rate of 5% is applied if the immediate holding company is a Hong Kong or Singapore entity which is the beneficial owner of the dividends and holds more than 25% of the share capital of the PRC subsidiary. There is no incremental tax at Hong Kong or Singapore entities level for any dividend distribution to H World Group Limited.
(4) If the treaty benefit is available and a 5% withholding income tax rate is imposed, the withholding tax would be 3.75% of the hypothetical book pre-tax earnings amount and the amount to be distributed as dividend at Hong Kong or Singapore entities level and net distribution to H World Group Limited would be 71.25%.

Currently, it is still unclear whether the PRC tax authorities will determine that we should be classified as a PRC resident enterprise. If we are deemed to be a PRC resident enterprise by the PRC tax authorities, dividends paid to our non-PRC individual shareholders, including our ADS holders, and any gain realized on the transfer of ADSs or ordinary shares by such holders may be subject to PRC individual income tax at a rate of 20%, which in the case of dividends may be withheld at source. Any such tax may reduce the returns on your investment in the ADSs or ordinary shares. See "Item 3. Key Information—3D. Risk Factors—Risks Related to Doing Business in China —It is unclear whether we will be considered as a PRC resident enterprise under the Enterprise Income Tax Law of the PRC, and depending on the determination of our PRC resident enterprise status, if we are not treated as a PRC resident enterprise, dividends paid to us by our PRC subsidiaries will be subject to PRC withholding tax; if we are treated as a PRC resident enterprise, we may be subject to 25% PRC income tax on our worldwide income, and holders of our ADSs or ordinary shares that are non-PRC resident investors may be subject to PRC withholding tax on dividends on and gains realized on their transfer of our ADSs or ordinary shares."

5.C. Research and Development, Patents and Licenses, etc.

See "Item 4. Information on the Company — B. Business Overview — Technology Infrastructure and Digitalization" and "— Intellectual Property".

5.D. Trend Information

Jizhu Shanghai is a recognized software development entity located in Shanghai of PRC. In December 2021, Jizhu Shanghai was qualified as high and new tech enterprise, resulting Jizhu Shanghai subject to a reduced tax rate of 15% in 2021, 2022 and 2023. In December 2024, Jizhu Shanghai was again qualified as a high and new tech enterprise, resulting Jizhu Shanghai being subject to a reduced tax rate of 15% in 2024, 2025 and 2026. In December 2022, Huazhu Cloud was qualified as high and new tech enterprise, resulting Huazhu Cloud subject to a reduced tax rate of 15% in 2022, 2023 and 2024. In December 2025, Huazhu Cloud was qualified as high and new tech enterprise, resulting Huazhu Cloud subject to a reduced tax rate of 15% in 2025, 2026 and 2027. Pursuant to the relevant regulations applicable to small and micro businesses, several PRC subsidiaries enjoy a preferential tax rate of 20% with a discount to taxable income. From January 1, 2023 to December 31, 2027, for taxable income less than RMB3 million, 75% of the taxable income would be exempted in tax computation. Entities qualified as small and micro businesses shall be engaged in industries not restricted or prohibited by the state, which also meet the following three conditions: annual taxable income does not exceed RMB3 million, no more than 300 employees, and the total assets does not exceed RMB50 million. The aggregate amount and per share effect of tax holidays were as follows:

	Year Ended December 31,		
	2023	2024	2025
	(RMB)	(RMB)	(RMB)
	(In millions, except per share data)		
Aggregate amount	60	47	98
Per share effect—basic	0.02	0.02	0.03
Per share effect—diluted	0.02	0.02	0.03

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the current fiscal year that are reasonably likely to have a material adverse effect on our total revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

5.E. Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires our management to make estimates that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet dates, as well as the reported amounts of revenues and expenses during the reporting periods. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on our own historical experience and other assumptions that we believe are reasonable after taking account of our circumstances and expectations for the future based on available information. We evaluate these estimates on an ongoing basis.

Our expectations regarding the future are based on available information and assumptions that we believe to be reasonable, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. There are other items within our financial statements that require estimation but are not deemed critical, as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements. For a detailed discussion of our significant accounting policies and related judgments, see “Notes to Consolidated Financial Statements – Note 2 Summary of Principal Accounting Policies.”

Impairment of Goodwill and Brand Name Arising from the Acquisition of Deutsche Hospitality

Brand names are generally considered to have indefinite useful lives which are obtained through business acquisitions and originally recorded at their estimated fair values at the date of acquisition.

Estimating the fair value of our goodwill reporting units and brand name for impairment testing require significant judgment. Brand name is evaluated for impairment using an income approach utilizing the relief from royalty method. The determination of the fair value using the discounted cash flow model requires our management to make significant estimates and assumptions related to projected hotels' revenues and growth rates, projected operating cost, royalty saving rates and discount rates.

The assumptions used to assess impairment consider historical trends, macroeconomic conditions, and projections are consistent with our operating strategy. Changes in these estimates can have a significant impact on the assessment of fair value which could result in material impairment losses.

For the year ended December 31, 2025, we performed a quantitative assessment of goodwill for legacy DH. No goodwill impairment charges were recorded as a result of the testing. The estimated fair value of goodwill for legacy DH exceeded the calculated carrying value by 70%. A 5% decline in projected cash flows or increase in the discount rate would not result in an impairment.

We also performed quantitative impairment testing for a brand name for legacy DH. As of December 31, 2025, the estimated fair value of this brand name acquired in the DH acquisition was higher than its respective carrying value. Following an impairment of RMB391 million recognized in 2024, which reduced the carrying value by 16%, no impairment was recognized in 2025. The estimated fair value of this brand name acquired in the DH acquisition exceeded their carrying value by approximately 9%. A 5% increase in the discount rate or decrease in royalty saving rate would not result in impairments.

ITEM 6. *DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES*

6.A. Directors and Senior Management

The following table sets forth the name, age and position of each of our directors and executive officers as of the date of this annual report. The business address of all of our directors and executive officers is No. 1299 Fenghua Road, Jiading District, Shanghai 201803, People's Republic of China.

Directors and Executive Officers	Age	Position/Title
Qi Ji	59	Founder and Executive Chairman of the Board of Directors
John Jiong Wu	58	Co-founder, Independent Director
Jie Zheng	55	Executive Director
Justin Martin Leverenz	58	Director
Theng Fong Hee	71	Independent Director
Lei Cao	51	Independent Director
Yi Zhang	52	Independent Director
Hui Jin	48	Chief Executive Officer
Arthur Yu	46	Chief Financial Officer

Qi Ji is our founder, and was appointed as a director in February 2007. Mr. Ji has also served as the executive chairman of our board since August 2009. Prior to his current role, he also served as our chief executive officer from 2007 to August 2009, from January 2012 to May 2015, and from November 2019 to September 2021. He co-founded Home Inns & Hotels Management Inc. and served as its chief executive officer from 2002 to January 2005. He also co-founded Trip.com Group Limited ("Trip.com," a company listed on the NASDAQ, ticker symbol: TCOM), one of the largest online travel services providers in China, in 1999, acted as its chief executive officer and president until 2001, and served on Trip.com's board as an independent director until February 2026. Mr. Ji received his bachelor's degree in engineering mechanics and master degree in mechanical engineering from Shanghai Jiao Tong University in the PRC in 1989 and February 1992, respectively.

John Jiong Wu, a co-founder of our company, has served as our director since January 2007. He is founding partner and chairman of FengHe Fund Management Pte. Ltd. He served as the venture partner of Northern Light Venture Capital and was an angel investor and the chief technology officer of Alibaba Group from 2000 to 2007. Mr. Wu was a non-executive director of Viva Biotech Holdings (a company listed on the Hong Kong Stock Exchange, stock code: 1873) from 2018 to 2020. Mr. Wu received his Bachelor of Science in Computer Science degree from the University of Michigan in August 1989.

Jie Zheng has served as our executive director since July 2024. Ms. Zheng has over 20 years of leadership experience across automotive and hospitality sectors both in China and internationally. Ms. Zheng is currently a venture partner of Peeli Ventures, where she provides management consulting for portfolio companies in consumer goods and MarTech industries. Ms. Zheng served as our chief strategist from October 2019 to September 2020, and rejoined us in January 2023 as a senior advisor and has served as a supervisory board member of Steigenberger Hotels GmbH since November 2023. From October 2010 to April 2019, Ms. Zheng held various positions within Fiat Chrysler Automobiles Group in China ("FCA China"), including chief executive officer of FCA China (currently known as Stellantis) and general manager of GAC Fiat Chrysler Automobiles Sales Co., Ltd. Prior to that, Ms. Zheng served as the vice president of marketing in Chrysler Group China Sales Ltd. from May 2008 to October 2010, the vice president of communications of Honeywell (China) Co., Ltd. from January 2007 to May 2008, the vice president of global public affairs and communications of OnStar Corporation (a subsidiary of General Motors) in the U.S. from October 2005 to January 2007, the assistant manager, senior manager and director, successively, of public affairs and communications of General Motors China Inc. from January 1997 to September 2005, and a business reporter of China Daily and Shanghai Star from July 1993 to January 1997. Ms. Zheng obtained her bachelor's degree in international journalism from Shanghai International Studies University in 1993, master's degree of business administration from Rutgers University in 2004, master's degree in psychology from Arizona State University in 2023, and is currently pursuing her PhD degree in psychology from California Institute of Integral Studies. Ms. Zheng was awarded the Most Influential Business Women in China by Fortune in 2011, 2014, 2017 and 2018, respectively, and she has also received Mulan Award for Top Business Women in China by China Entrepreneur for six consecutive years since 2013.

Justin Martin Leverenz has served as our executive director since August 2025. Mr. Leverenz was the Chief Investment Officer and a Senior Portfolio Manager of Invesco Developing Markets Fund from May 2007 to July 2025. He joined Invesco Ltd. in 2019 when it combined with OppenheimerFunds. Mr. Leverenz managed the OppenheimerFunds Developing Markets Fund, which was renamed the Invesco Developing Markets Fund, beginning in May 2007. He was a Portfolio Manager at OppenheimerFunds from 2007 to 2019, having started in 2004 as a senior research analyst supporting Global Equity Strategy. Prior to joining OppenheimerFunds, Mr. Leverenz was a director of Pan-Asian Technology Research for Goldman Sachs in Asia, where he covered technology companies in the region. He also served as the Head of Equity Research in Taiwan, China for Barclays de Zoete Wedd and as a Portfolio Manager for Martin Currie Investment Managers in Scotland. Mr. Leverenz obtained his bachelor's degree in Chinese Studies and Political Economy from the University of California and his master's degree in international economics from the University of California. He is a Chartered Financial Analyst® (CFA®) charter holder.

Theng Fong Hee has served as our independent director of the Company since July 2020. Mr. Hee is a senior lawyer in Singapore with over 40 years of experience. He is now a full - time independent arbitrator and mediator with The Arbitration Chambers. Mr. Hee is a fellow of Singapore Institute of Arbitrators and Chartered Institute of Arbitrators (UK). He is also on the panel of arbitrators in various arbitration institutions including Singapore International Arbitration Centre (SIAC), China International Economic and Trade Arbitration Commission (CIETAC), Beijing Arbitration Commission (BAC), Shanghai International Economic and Trade Arbitration Commission (SHIAC), Hong Kong International Arbitration Centre (HKIAC), Hainan International Arbitration Court (HIAC), Chongqing Arbitration Commission (CQAC), Shanghai Arbitration Commission (SHAC), Wuhan Arbitration Commission (WHAC) and Asian International Arbitration Centre (AIAC). Mr. Hee is also an ambassador of Singapore International Mediation Centre (SIMC) and has been an accredited mediator of Singapore Mediation Centre (SMC) since March 2017. He serves as an independent director of several listed companies, including Zheneng Jinjiang Environment Holding Company Limited (a company listed on the Singapore Exchange, stock code: BWM) from 2016 to 2022, Straco Corporation Limited (a company listed on the Singapore Exchange, stock code: S85) from April 2016 to April 2025, Yanlord Land Group Limited (a company listed on the Singapore Exchange, stock code: Z25) since October 2017, China Aviation Oil (Singapore) Corporation Ltd (a company listed on the Singapore Exchange, stock code: G92) since April 2019, Haidilao International Holding Ltd. (a company listed on the Hong Kong Stock Exchange, stock code:6862) since September 2018, Tye Soon Limited (a company listed on the Singapore Exchange, stock code: BFU) from May 1997 to June 2020, APAC Realty Limited (a company listed on the Singapore Exchange, stock code: CLN) from September 2017 to June 2020, First Resources Limited (a company listed on the Singapore Exchange, stock code: EB5) from October 2007 to May 2018, YHI International Limited (a company listed on the Singapore Exchange, stock code: BPF) from May 2003 to April 2018, and Datapulse Technology Limited (a company listed on the Singapore Exchange, stock code: BKW) from January 1994 to December 2017. Mr. Hee was also a director of Chinese Development Assistance Council from June 2012 to June 2018 and Singapore Chinese Cultural Centre from May 2015 to September 2019. He has been a director of Chua Foundation of Singapore from March 2015 to 2021, F&H Singhome Fund II Ltd. since April 2012, F&H Singhome Fund III Ltd. since August 2015 and independent non-executive director of Greenland (Singapore) Trust Management Pte. Ltd. since April 2018. Mr. Hee was awarded the Public Service Medal and Public Service Star awards respectively in 2008 and 2015. He was also appointed as a Justice of the Peace in April 2018. Mr. Hee obtained his bachelor's degree in law from National University of Singapore (formerly known as the University of Singapore) with honors in Singapore in May 1979 and also received a diploma in Chinese law from Soochow University in the PRC in October 2004. He has been admitted as an advocate and solicitor by the Supreme Court of Singapore since October 1981.

Lei Cao has served as our independent director since July 2020. She has been the head of tax Greater China in Philips Electronic Singapore Pte Ltd. since May 2012. Prior to that, Ms. Cao served as a senior tax director from January 2010 to May 2012 and a tax director from October 2007 to December 2009 in Philips China Investment Co., Ltd. She was also a tax director in Philips Electronics Singapore Pte Ltd from January 2006 to September 2007 and the senior tax manager in Philips China Investment Co., Ltd. from November 2003 to December 2005. Her primary role is to manage a team to provide tax solutions for Philips group in the responsible market, as well as to support and secure Philips group's interests and operations. Previously, Ms. Cao worked in Deloitte Touche Tohmatsu Certified Public Accountants LLP from September 1995 to October 2003 under various roles and her last position was a manager in the tax and business advisory department. Ms. Cao received a bachelor's degree with a major in international business management from Shanghai University of Finance and Economics in the PRC in July 1995. Ms. Cao is a PRC Certified Public Accountant, who has obtained her qualification from Shanghai Institute of Certified Public Accountants in December 2009, and is also a PRC Certified Tax Agent, who has obtained her qualification from Shanghai Certified Tax Agent Management Center in June 2000.

Yi Zhang has served as our independent director since August 2025. Ms. Zhang has served as the Chief Financial Officer of SINA Corporation since March 2015. From March 2014 to March 2015, Ms. Zhang was the Chief Financial Officer of Weibo Corporation (NASDAQ: WB; HKEX: 09898), one of SINA's subsidiaries. Prior to joining Weibo, Ms. Zhang was the Chief Financial Officer of AdChina Ltd., a company operating an integrated internet advertising platform in China, from May 2011 to February 2014. From October 2007 to April 2011, Ms. Zhang was an audit partner of Deloitte Touche Tohmatsu based in Shanghai, with a focus on serving Chinese companies listed in the United States and Chinese companies making initial public offerings in the United States. Ms. Zhang has served as an independent director of Yatsen Holding Limited (NYSE: YSG), a NYSE listed company since November 2020. Ms. Zhang has also served as an independent non-executive director of Swire Pacific Limited (HKEX: 0019), a Hong Kong-based international conglomerate with a diversified portfolio of market leading businesses since June 2022. Since February 2023, Ms. Zhang has served as an independent director of Hesai Group (NASDAQ: HSAI), a NASDAQ listed technology company. Ms. Zhang graduated summa cum laude with a B.A. in Business Administration from McDaniel College in Maryland in 1997. She is a member of the American Institution of Certified Public Accountants.

Hui Jin joined us in 2005 and has served as our chief executive officer since September 2021. He has successively served as the director of our Development Department, our vice president, executive vice president, and president, respectively. Mr. Jin worked with Shanghai Home Inns Hotels Management Limited as regional development manager during the period from March 2004 to December 2004. Mr. Jin received his executive master's degree from China Europe International Business School in the PRC in August 2014, and a Bachelor of Science degree in Psychology from the East China Normal University in the PRC in July 2000.

Arthur Yu joined us since December 1, 2025 and has served as our chief financial officer since March 2026. Before joining the Company, Mr. Yu served as the chief financial officer of Baozun Inc. from December 2020 to April 2024. He was also the president of Baozun E-Commerce from December 2022 to March 2025. Before joining Baozun Inc., he worked for Jaguar Land Rover Plc, where he served as the Global Vice President, the chief financial officer of the Greater China Region and a British-side supervisor at Chery Jaguar Land Rover (a joint venture between Chery Automotive Co., Ltd. and Jaguar Land Rover in China) from 2018 to 2020. Prior to this, Mr. Yu worked for BT Group Plc (a company listed on the London Stock Exchange, stock code: BT.A) ("BT Group") from 2009 to 2018 and held several senior leadership positions within BT Group in the United Kingdom and Hong Kong. His last role within BT Group was the chief financial officer (Asia, Middle East and Africa) and the Chairman of BT China. In his earlier career, Mr. Yu worked in PricewaterhouseCoopers as a management consultant from 2007 to 2009 and in Rolls-Royce Plc successively as management trainee, analyst and manager from 2004 to 2007. Mr. Yu received a bachelor of science degree in management sciences from Warwick University in England in 2003, a master of science degree in management information systems from the London School of Economics in 2004 in England, and an executive MBA degree from Judge Business School, University of Cambridge in 2016 in England. He is currently a fellow member of the Charted Institute of Management Accountant.

Employment Agreements

We have entered into an employment agreement with each of our named executive officers. Each of our named executive officers is employed for a specified time period, which will be automatically extended unless either we or the named executive officer gives prior notice to terminate such employment. We may terminate the employment for cause, at any time, without notice or compensation, for certain acts, including but not limited to the conviction of a criminal offence and negligent or dishonest acts to our detriment. A named executive officer may terminate his or her employment at any time with a one-month prior written notice.

Each named executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence, and not to use, except as required in the performance of his or her duties in connection with the employment, any of our confidential information or trade secrets or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. In addition, each named executive officer has agreed to be bound by non-competition restrictions. Specifically, each named executive officer has agreed not to, during his or her employment with us and for a period of two years following his or her termination with our company, be engaged as employee or in another capacity to participant directly or indirectly in any business that is in competition with ours. Each named executive officer also agrees to comply with all material applicable laws and regulations related to his or her responsibilities at our company as well as all material written corporate and business policies and procedures of our company.

6.B. Compensation

For the fiscal year ended December 31, 2025, the aggregate cash compensation and benefits that we paid to our directors and executive officers were approximately RMB28 million (US$4 million). No pension, retirement or similar benefits have been set aside or accrued for our executive officers or directors. We have no service contracts with any of our directors providing for benefits upon termination of employment.

Share Incentive Plans

2009 Share Incentive Plan

In September 2009, our board of directors and our shareholders adopted our 2009 Share Incentive Plan with purposes similar to our 2007 Global Share Plan and 2008 Global Share Plan. Our 2009 Share Incentive Plan was subsequently amended in October 2009, August 2010, March 2015 and May 2018. 430 million ordinary shares may be issued under our amended 2009 Share Incentive Plan, or the Amended 2009 Plan.

Plan Administration. The compensation committee administers our Amended 2009 Plan. Our ESOP administration committee, currently comprised solely of Mr. Qi Ji, has been delegated certain authorities, among others, to grant, in its sole discretion, options, restricted stocks and restricted stock units to be issued under the respective share incentive plans to any of our employees and consultants except for our directors and executive officers, and the aggregate number of shares covered by any single grant it makes shall not exceed 5,000,000 ordinary shares.

Types of Awards.

- *Options*. The purchase price per share under an option will be determined by a committee appointed by our board and set forth in the award agreement. The term of an option granted under the Amended 2009 Plan must not exceed ten years from the grant date, and a shorter term may be required.

- *Restricted Stock and Restricted Stock Units*. An award of restricted stock is a grant of our ordinary shares subject to restrictions the committee appointed by our board may impose. A restricted stock unit is a contractual right that is denominated in our ordinary shares, each of which represents a right to receive the value of a share or a specified percentage of such value upon the terms and conditions set forth in the Amended 2009 Plan and the applicable award agreement.

- *Other Stock-based Awards*. The committee is authorized to grant other stock-based awards that are denominated or payable in or otherwise related to our ordinary shares such as stock appreciation rights and rights to dividends and dividend equivalents. Terms and conditions of such awards will be determined by the committee appointed by our board. Unless the awards are granted in substitution for outstanding awards previously granted by an entity that we acquired or combined, the value of the consideration for the ordinary shares to be purchased upon the exercise of such awards shall not be less than the fair market value of the underlying ordinary shares on the grant date.

Vesting Schedule. As of the date of this annual report, we have entered into option agreements and restricted stock award agreements respectively under our Amended 2009 Plan. Pursuant to our typical option agreement, 50% of the options granted shall vest on the second anniversary of the vesting commencement date specified in the corresponding option agreement, and 1/48 of the options shall vest each month thereafter over the next two years on the first day of each month, subject to the optionee's continuing to provide services to us. Pursuant to our typical restricted stock award agreement, 50% of the restricted stock granted shall vest on the second anniversary of the vesting commencement date specified in the corresponding restricted stock award agreement, and 1/8 of the restricted stock shall vest each six-month period thereafter over the next two years on the last day of each six-month period, subject to the grantee's continuing to provide services to us. For certain grants, we may also apply different vesting schedules set forth in the relevant agreements between the grantees and us or apply different performance conditions. For example, certain restricted stocks granted shall vest over a period of ten years in equal yearly installments.

Termination of the Amended 2009 Plan. Our Amended 2009 Plan will terminate in 2029. Our board of directors may amend, suspend, or terminate our Amended 2009 Plan at any time. No amendment, alteration, suspension, or termination of these plans shall materially and adversely impair the rights of any participant with respect to an outstanding award, unless mutually agreed otherwise between the participant and the administrator.

2023 Share Incentive Plan

In June 2023, our board of directors adopted our 2023 Share Incentive Plan with purposes similar to our Amended 2009 Plan. In June 2024, our shareholders amended and restated the 2023 Share Incentive Plan (the "Amended 2023 Plan"). 300 million ordinary shares may be issued under our Amended 2023 Plan.

Plan Administration. The compensation committee administers our Amended 2023 Plan. Our ESOP administration committee, currently comprised solely of Mr. Qi Ji, has been delegated certain authorities, among others, to grant, in its sole discretion, restricted stock units and options to be issued under the respective share incentive plans to any of our directors, senior management, employees and consultants, provided that the aggregate number of shares covered by the total grants it makes in a year shall not exceed 5,000,000 ordinary shares and that any such grant shall be made in compliance with the rules of the Amended 2023 Plan.

Types of Awards.

- *Options*. The purchase price per share under an option will be determined by the compensation committee or a committee otherwise appointed by our board and set forth in the award agreement. The term of an option granted under the Amended 2023 Plan must not exceed ten years from the grant date, and a shorter term may be required.

- *Restricted Stock and Restricted Stock Units*. An award of restricted stock is a grant of our ordinary shares subject to restrictions the compensation committee or the committee otherwise appointed by our board of directors may impose. A restricted stock unit is a contractual right that is denominated in our ordinary shares, each of which represents a right to receive the value of a share or a specified percentage of such value upon the terms and conditions set forth in the Amended 2023 Plan and the applicable award agreement.

- *Other Stock-based Awards*. The compensation committee or the committee otherwise appointed by our board of directors is authorized to grant other stock-based awards that are denominated or payable in or otherwise related to our ordinary shares such as stock appreciation rights and rights to dividends and dividend equivalents. Terms and conditions of such awards will be determined by the compensation committee or the committee otherwise appointed by our board of directors. Unless the awards are granted in substitution for outstanding awards previously granted by an entity that we acquired or combined, the value of the consideration for the ordinary shares to be purchased upon the exercise of such awards shall not be less than the fair market value of the underlying ordinary shares on the grant date.

Vesting Schedule. As of the date of this annual report, we have entered into option agreements and restricted stock award agreements respectively under our Amended 2023 Plan. Pursuant to our typical option agreement, 50% of the options granted shall vest on the second anniversary of the date of grant specified in the corresponding option agreement, and 1/48 of the options shall vest each month thereafter over the next two years on the first day of each month, subject to the optionee's continuing to provide services to us. Pursuant to our typical restricted stock award agreement, 50% of the restricted stock granted shall vest on the second anniversary of the vesting commencement date specified in the corresponding restricted stock award agreement, and 1/8 of the restricted stock shall vest each six-month period over the next two years on the last day of each six-month period, subject to the grantee's employment or service with us.

Termination of the Amended 2023 Plan. Our Amended 2023 Plan will terminate in 2038. Our board of directors may amend, alter, suspend, discontinue or terminate our Amended 2023 Plan at any time. No amendment, alteration, suspension, discontinuation or termination of these plans shall adversely impair the rights of any participant with respect to an outstanding award, unless mutually agreed otherwise between the participant and the administrator.

The following tables summarize the outstanding options and restricted stocks that we have granted to our directors and executive officers and to other individuals as a group under our share incentive plans as of December 31, 2025.

Name	Ordinary Shares Underlying Outstanding Options Awarded	Exercise Price (US$/Share)	Date of Grant	Date of Expiration
Qi Ji	7,240,910	2.8	May 31, 2023	May 31, 2033
Hui Jin[(1)]	7,913,300	2.8	May 31, 2023	May 31, 2033
Other individuals as a group[(1)]	9,251,820	2.8	May 31, 2023 – January 13, 2025	January 13, 2033 – May 31, 2033

Name	Ordinary Shares Underlying Outstanding Restricted Stocks Awarded	Date of Grant
Qi Ji	7,039,780	May 31, 2023
	28,963,620	January 17, 2024
John Jiong Wu	262,480	August 5, 2025
Jie Zheng[1]	79,110	June 28, 2024
	1,530,060	August 7, 2024
	8,000	January 13, 2025
Theng Fong Hee	194,520	August 5, 2025
Lei Cao	90,030	June 28, 2024
	96,370	August 5, 2025
Hui Jin[1]	363,190	March 26, 2015
	885,860	May 9, 2022
	6,925,000	May 31, 2023
	1,564,130	January 13, 2025
Yi Zhang	262,480	August 5, 2025
Justin Martin Leverenz	656,200	August 5, 2025
Other individuals as a group[1]	64,416,960	March 26, 2015 – October 15, 2025

(1) The number may subject to change as certain of the awards granted are subject to performance conditions.

6.C. Board Practices

General

Our board of directors currently consists of seven directors. Under our currently effective memorandum and articles of association, our board of directors shall consist of no less than two directors. Pursuant to our currently effective articles of association, our directors may be elected by our shareholders. If our board appoints any person as a director to fill a casual vacancy or as an addition to our existing board, such director shall be subject to re-election at our first subsequent annual general meeting. There is no shareholding requirement for qualification to serve as a member of our board of directors.

Our board of directors may exercise all the powers of our company to borrow money, mortgage or charge its undertaking, property and uncalled capital, and issue debentures, bonds and other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party.

We believe that each of Mr. John Jiong Wu, Mr. Theng Fong Hee, Ms. Lei Cao and Ms. Yi Zhang is an “independent director” as that term is used in NASDAQ corporate governance rules.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including but not limited to a duty to act honestly and a duty to act in good faith with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association.

Terms of Directors and Executive Officers

Each of our directors holds office until a successor has been duly elected and qualified or until his or her office is otherwise vacated in accordance with our currently effective articles of association. All of our executive officers are appointed by and serve at the discretion of our board of directors.

Board Committees

We have established two committees under the board of directors — the audit committee and the compensation committee. We have adopted a charter for each of the board committees. Each committee's members and functions are described below. We currently do not plan to establish a nominations committee. As a foreign private issuer, we are permitted to follow home country corporate governance practices under Rule 5615(a)(3) of the NASDAQ Marketplace Rules. This home country practice of ours differs from Rule 5605(e) of the NASDAQ Marketplace Rules regarding implementation of a nominations committee, because there are no specific requirements under Cayman Islands law on the establishment of a nominations committee.

Audit Committee

Our audit committee consists of three directors, namely Ms. Yi Zhang, Mr. Theng Fong Hee and Ms. Lei Cao. All directors satisfy the "independence" requirements of the NASDAQ Global Select Market and the SEC regulations. The chairwoman of our audit committee is Ms. Yi Zhang, who is qualified as an audit committee financial expert within the meaning of the SEC regulations. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- setting clear hiring policies for employees or former employees of the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- reviewing and approving all proposed related-party transactions;
- discussing the annual audited financial statements with management and the independent auditors;
- discussing with management and the independent auditors major issues regarding accounting principles and financial statement presentations;
- reviewing reports prepared by management or the independent auditors relating to significant financial reporting issues and judgments;
- reviewing with management and the independent auditors related-party transactions and off-balance sheet transactions and structures;
- reviewing with management and the independent auditors the effect of regulatory and accounting initiatives and actions;
- reviewing policies with respect to risk assessment and risk management;
- reviewing our disclosure controls and procedures and internal control over financial reporting;
- timely reviewing reports from the independent auditors regarding all critical accounting policies and practices to be used by our company, all alternative treatments of financial information within GAAP that have been discussed with management and all other material written communications between the independent auditors and management;
- establishing procedures for the receipt, retention and treatment of complaints received from our employees regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time; and

- meeting separately, periodically, with management, the internal auditors and the independent auditors.

Compensation Committee

Our compensation committee consists of Mr. John Jiong Wu and Ms. Lei Cao. Both directors satisfy the "independence" requirements of NASDAQ Marketplace Rules and the SEC regulations. Our compensation committee assists the board in reviewing and approving the compensation structure of our directors and executive officers, including all forms of compensation to be provided to our directors and executive officers. The compensation committee is responsible for, among other things:

- reviewing and approving the compensation for our directors and senior executives;
- reviewing and evaluating our director and executive compensation and benefits policies generally;
- reporting to our board of directors periodically;
- evaluating its own performance and reporting to our board of directors on such evaluation;
- periodically reviewing and assessing the adequacy of the compensation committee charter and recommending any proposed changes to our board of directors; and
- such other matters that are specifically delegated to the compensation committee by our board of directors from time to time.

6.D. Employees

We had 26,985, 28,502 and 26,458 employees as of December 31, 2023, 2024 and 2025, respectively. We recruit and directly train and manage all of our employees. We believe that we maintain a good working relationship with our employees and we have not experienced any significant labor disputes. Some of our employees are represented by Unions and Works Councils, with a variety of collective bargaining agreements in place. Generally, we consider the relationships between us and Unions and Works Councils that represent our employees to be respectful.

6.E. Share Ownership

The following table sets forth information with respect to the beneficial ownership, within the meaning of Rule 13d-3 under the Exchange Act, of our ordinary shares, as of March 31, 2026 by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% of our ordinary shares.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to the ordinary shares. Except as indicated below, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all ordinary shares shown as beneficially owned by them.

	Ordinary Shares Beneficially Owned[1]	
	Number	%
Directors and Executive Officers:		
Qi Ji	722,340,740 (2)	23.5
John Jiong Wu	9,784,090 (3)	0.3
Jie Zheng	65,240 (4)	0.0
Justin Martin Leverenz	201,790 (5)	0.1
Theng Fong Hee	—	—
Lei Cao	70,040 (6)	0.0
Yi Zhang	—	—
Hui Jin	6,620,850 (7)	0.2
Arthur Yu	—	—
All Directors and Executive Officers as a Group	737,382,130 (8)	24.0
Principal Shareholders:		
Winner Crown Holdings Limited	701,908,810 (9)	22.8
East Leader International Limited	259,863,980 (10)	8.5
Invesco Ltd.	164,324,490 (11)	5.3
Trip.com Group Limited	220,494,460 (12)	7.2

Notes:

(1) The number of ordinary shares outstanding in calculating the percentages for each listed person or group includes the ordinary shares underlying options held by such person or group exercisable within 60 days from March 31, 2026. Percentage of beneficial ownership of each listed person or group is based on (i) 3,075,238,190 ordinary shares outstanding as of March 31, 2026, and (ii) the ordinary shares underlying share options exercisable by such person within 60 days from March 31, 2026.

(2) Includes (i) 701,908,810 ordinary shares and 43,127 ADSs representing 431,270 ordinary shares held by Winner Crown Holdings Limited, or Winner Crown, a British Virgin Islands company wholly owned by Sherman Holdings Limited, a Bahamas company. Sherman is owned 100% by vote and value by the Ji Family Trust which is a revocable trust valid under the laws of the Republic of Singapore. Butterfield Trust (Asia) Limited acts as trustee of the Ji Family Trust, of which Mr. Qi Ji and his family members are the beneficiaries, (ii) 15,529,950 ordinary shares and 37,500 ADSs representing 375,000 ordinary shares held by Mr. Qi Ji, (iii) 1,173,260 ordinary shares underlying options held by Mr. Qi Ji that are exercisable within 60 days from March 31, 2026, (iv) 1,502,650 ordinary shares held by certain participants of our amended 2023 Plan, over which Mr. Qi Ji has voting power pursuant to relevant award agreements and may therefore be deemed to have beneficial ownership. Mr. Qi Ji disclaims economic interests associated with the 1,502,650 ordinary shares, and (v) 1,851,070 ordinary shares underlying options held by certain participants of our amended 2023 Plan exercisable within 60 days from March 31, 2026, over which Mr. Qi Ji has voting power pursuant to relevant award agreements and may therefore be deemed to have beneficial ownership. Mr. Qi Ji disclaims economic interests associated with the 1,851,070 ordinary shares underlying options that are exercisable within 60 days from March 31, 2026.

(3) Includes 9,784,090 ordinary shares held by Mr. John Jiong Wu.

(4) Includes 65,240 ordinary shares held by Ms. Jie Zheng.

(5) Includes 20,179 ADSs representing 201,790 ordinary shares held by Mr. Justin Martin Leverenz.

(6) Includes 70,040 ordinary shares held by Ms. Lei Cao.

(7) Includes (i) 5,467,870 ordinary shares held by Mr. Hui Jin, and (ii) 1,152,980 ordinary shares underlying options held by Mr. Hui Jin that are exercisable within 60 days from March 31, 2026.

(8) Includes ordinary shares and ordinary shares issuable upon exercise of all of the options that are exercisable within 60 days from March 31, 2026 held by all of our directors and executive officers as a group.

(9) Winner Crown is a British Virgin Islands company wholly owned by Sherman Holdings Limited, a Bahamas company. Sherman is owned 100% by vote and value by the Ji Family Trust which is a revocable trust valid under the laws of the Republic of Singapore. Butterfield Trust (Asia) Limited acts as trustee of the Ji Family Trust, of which Mr. Qi Ji and his family members are the beneficiaries. Mr. Ji is the sole director of Winner Crown. The address of Winner Crown is Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

(10) Includes 253,246,520 ordinary shares and 661,746 ADSs representing 6,617,460 ordinary shares held owned by East Leader International Limited ("East Leader"). According to Amendment No. 2 to Schedule 13D filed with the SEC on October 20, 2025, East Leader is a British Virgin Islands company wholly owned by Perfect Will Holdings Limited, a British Virgin Islands company, which is in turn wholly owned by Trident Trust. The address of East Leader is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

(11) Based on Amendment No. 8 to Schedule 13G filed with the SEC on November 6, 2025 by Invesco Ltd, Invesco Ltd. held sole dispositive power and sole voting power of 164,324,490 ordinary shares in H World.

(12) Includes (i) 72,024,820 ordinary shares that Trip.com purchased from us, (ii) an aggregate of 116,469,640 of our ordinary shares that Trip.com purchased from the Chengwei Funds, CDH Courtyard Limited, the IDG Funds, the Northern Light Funds and Pinpoint Capital 2006 A Limited, and (iii) 3,200,000 ADSs representing 32,000,000 ordinary shares that Trip.com subscribed in our initial public offering. Trip.com is a Cayman Islands company and its registered address is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

As of March 31, 2026, we had 3,075,238,190 ordinary shares issued and outstanding. To our knowledge, we had two record shareholders in the United States. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

None of our existing shareholders has different voting rights from other shareholders since the closing of our initial public offering. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

6.F. Disclosure of Action to Recover Erroneously Awarded Compensation

We have adopted a policy relating to recovery of erroneously awarded compensation (the "**Clawback Policy**"), a form of which is included as Exhibit 97.1 attached herein.

During or after the fiscal year of 2025, we were not required to prepare an accounting restatement that required recovery of erroneously awarded compensation pursuant to the Clawback Policy. As of December 31, 2025, there was no outstanding balance of erroneously awarded compensation to be recovered from the application of the Clawback Policy to a prior restatement.

ITEM 7. ***MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS***

7.A. Major Shareholders

Please refer to "Item 6. Directors, Senior Management and Employees — E. Share Ownership."

7.B. Related Party Transactions

Transactions with Trip.com

We conduct transactions in the ordinary course of our business with Trip.com, one of our principal shareholders in which Mr. Qi Ji, our founder, is a co-founder and served as an independent director until February 2026. In addition, one officer of Trip.com is a family member of one of our directors. Trip.com rendered reservation services to us to facilitate our customers in making reservations at our hotels from Trip.com's hotel booking system. In 2025, the aggregate commission fees paid to Trip.com for its reservation services amounted to RMB307 million (US$44 million). In 2025, the lease expenses of our leased and owned hotel paid to Trip.com amounted to RMB19 million (US$3 million).

In 2025, we provided technical services to Trip.com and recorded service fees amounted to RMB116 million (US$17 million).

Transaction with Cjia Group

China Cjia Group Limited (the "Cjia Group") is one of our equity investees. We sold goods and provided IT and other services to Cjia Group amounted to RMB28 million (US$4 million) in 2025.

In 2025, the lease expenses our lease hotels recognized to Cjia Group amounted to RMB38 million (US$5 million). In 2025, we recognized sublease income from Cjia Group amounted to RMB5 million (US$1 million).

Transaction with AZURE Hospitality Fund I Limited Partnership ("Azure")

Azure is one of our equity investees. We recognized service fees from Azure in the amount of RMB21 million (US$3 million) in 2025.

Employment Agreements

See "Item 6. Directors, Senior Management and Employees — A. Directors and Senior Management — Employment Agreements" for a description of the employment agreements we have entered into with our senior executive officers.

Share Incentives

See "Item 6. Directors, Senior Management and Employees — B. Compensation of Directors and Executive Officers — Share Incentive Plans" for a description of share options we have granted to our directors, officers and other individuals as a group.

7.C. Interests of Experts and Counsel

Not applicable.

ITEM 8. *FINANCIAL INFORMATION*

8.A. Consolidated Statements and Other Financial Information

8.A.1. See "Item 18. Financial Statements" for our audited consolidated financial statements.

8.A.2. See "Item 18. Financial Statements" for our audited consolidated financial statements, which cover the last three financial years.

8.A.3. See page F-2 for the report of our independent registered public accounting firm.

8.A.4. Not applicable.

8.A.5. Not applicable.

8.A.6. Not applicable.

8.A.7. See "Item 4. Information on the Company — B. Business Overview — Legal and Administrative Proceedings."

8.A.8. Dividend Policy

On November 29, 2023, we declared a cash dividend of US$0.093 per ordinary share, or US$0.93 per ADS. The cash dividend was comprised of two tranches, including (i) an ordinary dividend of US$0.062 per ordinary share, or US$0.62 per ADS and (ii) a special dividend of US$0.031 per ordinary share, or US$0.31 per ADS. Cash dividends are paid in U.S. dollars, and the total amount of cash distributed for the dividend was approximately US$300 million.

On July 23, 2024, we declared a cash dividend of US$0.063 per ordinary share, or US$0.63 per ADS. Cash dividends are paid in U.S. dollars, and the total amount of cash distributed for the dividend was approximately US$200 million.

On March 20, 2025, we declared a cash dividend of US$0.097 per ordinary share, or US$0.97 per ADS. Cash dividends are paid in U.S. dollars, and the total amount of cash distributed for the dividend was approximately US$300 million.

On August 20, 2025, we declared a cash dividend of US$0.081 per ordinary share, or US$0.81 per ADS. Cash dividends are paid in U.S. dollars, and the total amount of cash distributed for the dividend was approximately US$250 million.

On March 18, 2026, we declared a cash dividend for the second half of 2025 of US$0.13 per ordinary share, or US$1.30 per ADS. Cash dividends will be paid in U.S. dollars, and the total amount of cash distributed for the dividend is approximately US$400 million.

We are a holding company with no material operations of our own. We conduct our operations primarily through our subsidiaries in China and Europe. As a result, our ability to pay dividends and to finance any debt we may incur depends upon dividends paid to us by our subsidiaries. If our subsidiaries or any newly formed subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

Our PRC subsidiaries are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Pursuant to laws applicable to entities incorporated in the PRC, our subsidiaries in the PRC must make appropriations from after-tax profit to non-distributable reserve funds. In particular, subject to certain cumulative limits, the statutory reserve fund requires an annual appropriation of 10% of after-tax profit (as determined under accounting principles generally accepted in the PRC at each year-end) until the accumulative amount of such reserve fund reaches 50% of a PRC subsidiary's registered capital. These reserve funds can only be used for such specific purposes as provided in PRC laws and are not distributable as cash dividends.

For our German subsidiaries, the distributable profit is calculated based on the respective subsidiary's annual unconsolidated financial statements prepared in accordance with the German accounting principles, namely, the general accounting principles stated in the German Commercial Code (*Handelsgesetzbuch*). Distributions of dividends on shares of stock corporations (*Aktiengesellschaften*) for a given financial year are generally determined by a process in which the management board (*Vorstand*) and supervisory board (*Aufsichtsrat*) submit a proposal to the annual general shareholders' meeting (*Hauptversammlung*) held in the subsequent financial year and such annual general shareholders' meeting (*Hauptversammlung*) adopts a resolution. German law provides that a resolution concerning dividends and distribution thereof may be adopted only on the basis of a balance sheet profit (Bilanzgewinn) shown in the company's adopted annual single entity financial statements (festgestellter Jahresabschluss). If the management board and supervisory board adopt the financial statements, they can (but are not obliged to) allocate an amount of up to half of the company's net income for the year to other surplus reserves. Additions to the legal reserves and loss carryforwards must be deducted in advance when calculating the amount of net income for the year to be allocated to other surplus reserves. Dividends on shares resolved by the general shareholders' meeting (*Hauptversammlung*) are paid annually, generally three days after the annual shareholders' meeting (*Hauptversammlung*). The German subsidiaries are mainly integrated into Steigenberger Hotels AG through control and profit and loss transfer agreements (*Beherrschungs- und Gewinnabführungsverträge*) in such a way that its annual profits or losses are automatically transferred to Steigenberger Hotels AG and integrated into its financial statements. Steigenberger Hotels AG is prohibited from conducting dividend distribution during the 60-month term of a credit facility with KFW it obtained in July 2020.

Steigenberger Hotels AG has changed its legal form on 8 November 2022 into a limited liability company (Steigenberger Hotels GmbH). Consequently, the distribution of profits follows the Law on Limited Liability Companies (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*). The distributable profit is calculated based on the respective subsidiary's annual unconsolidated single entity financial statements prepared in accordance with the German accounting principles, namely, the general accounting principles stated in the German Commercial Code (*Handelsgesetzbuch*). Distributions of dividends on shares of limited liability companies (GmbH) for a given financial year are generally determined by a process in which the management board (*Geschäftsführung*) presents the single entity financial statements to the supervisory board (*Aufsichtsrat*) for review. The supervisory board submits a proposal regarding the approval of the financial statements and another proposal regarding the distribution of a possible profit to the annual general shareholders' meeting (*Gesellschafterversammlung*) held in the subsequent financial year. Such annual general shareholders' meeting passes a resolution regarding the confirmation of the single entity financial statements and passes another resolution on the distribution of profits.

For our Singapore subsidiary, pursuant to the Companies Act 1967 of Singapore, dividends are only payable out of profits. Typically, the directors will recommend a particular rate of dividend and the company in general meeting will declare the dividend subject to the maximum recommended by the directors.

We may declare and distribute an ordinary dividend semi-annually, the aggregate amount of which for each financial year shall be no less than 60% of the Company's net income in such financial year. We may also declare and distribute, from time to time, special dividends. If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. Subject to certain contractual restrictions, our board of directors has sole discretion in deciding whether to distribute dividends and the dividend amounts within the approved range.

8.B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. *THE OFFER AND LISTING*

9.A. Offering and Listing Details

Our ADSs have been listed on the NASDAQ Global Select Market under the symbol "HTHT" since March 26, 2010. In 2023, 2024 and 2025, no significant trading suspensions occurred.

Our ordinary shares have been listed on the Hong Kong Stock Exchange since September 22, 2020 under the stock code "1179."

9.B. Plan of Distribution

Not applicable.

9.C. Markets

The principal trading market for our shares is the NASDAQ Global Select Market, on which our shares are traded in the form of ADSs. Our ordinary shares are also traded on the Hong Kong Stock Exchange under the stock code "1179."

9.D. Selling Shareholders

Not applicable.

9.E. Dilution

Not applicable.

9.F. Expenses of the Issue

Not applicable.

ITEM 10. *ADDITIONAL INFORMATION*

10.A. Share Capital

Not applicable.

10.B. Memorandum and Articles of Association

We incorporate by reference into this annual report the description of our amended and restated memorandum and articles of association contained in our registration statement on Form F-1 (File No. 333-165247) originally filed with the Securities and Exchange Commission on March 5, 2010, as amended. Our shareholders adopted our amended and restated memorandum currently in effect by a special resolution on June 29, 2021, which was further amended by special resolutions on June 24, 2022. Our shareholders adopted our second amended and restated articles of associations in effect by a special resolution on June 27, 2023.

10.C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in Item 4, "Information on the Company" and in Item 7, "Major Shareholders and Related Party Transactions" or elsewhere in this annual report.

10.D. Exchange Controls

See "Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on Foreign Currency Exchange."

10.E. Taxation

The following summary of the material Cayman Islands, Hong Kong, People's Republic of China, Germany and United States federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws.

Cayman Islands Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us or holders of our ADSs or ordinary shares levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise are not a party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Under existing Cayman Islands laws, payments of dividends and capital in respect of our ADSs and ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our ADSs or ordinary shares, as the case may be, nor will gains derived from the disposal of our ADSs or ordinary shares be subject to Cayman Islands income or corporation tax.

Hong Kong Taxation

Taxation on us

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of all profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Our Hong Kong subsidiaries are subject to Hong Kong profits tax at a maximum rate of 16.5% of their respective estimated assessable profits determined under relevant Hong Kong tax regulations. No Hong Kong profits tax has been provided as our Hong Kong subsidiaries have no estimated assessable profits during the years presented.

Taxation on our shareholders

Gains arising from the sale of ADSs, where the purchases and sales of ADSs are effected outside of Hong Kong, should not be subject to Hong Kong profits tax.

According to the current tax practice of the Hong Kong Inland Revenue Department, dividends paid by us on ADSs would not be subject to any Hong Kong tax, even if received by investors in Hong Kong.

To the best of our knowledge, Hong Kong stamp duty has not been levied in practice on the trading or conversion of ADSs of companies that are listed in both the United States and Hong Kong and that have maintained all or a portion of their shares, including shares underlying ADSs, in their Hong Kong share registers. However, it is unclear whether, as a matter of Hong Kong law, the trading or conversion of ADSs of these dual-listed companies constitutes a sale or purchase of the underlying Hong Kong-registered ordinary shares that is subject to Hong Kong stamp duty.

In connection with the initial public offering of our ordinary shares in Hong Kong, we established a branch register of members in Hong Kong, or the Hong Kong share register. Dealings in our ordinary shares registered on our Hong Kong share register will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, our ordinary shares transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of our ordinary shares. In addition, a fixed duty of HK$5.00 is charged on each instrument of transfer (if required).

To facilitate ADS-ordinary share conversion and trading between NASDAQ and the Hong Kong Stock Exchange, we also moved a portion of our issued ordinary shares from our register of members maintained in the Cayman Islands to our Hong Kong share register. It is unclear whether, as a matter of Hong Kong law, the trading or conversion of ADSs constitutes a sale or purchase of the underlying Hong Kong-registered ordinary shares that is subject to Hong Kong stamp duty. We advise investors to consult their own tax advisors on this matter.

PRC Taxation

PRC taxation on us

- Enterprise Income Tax

On March 16, 2007, the NPC, the Chinese legislature, passed the *Enterprise Income Tax Law of the PRC,* which was amended in February 2017 and December 2018, and on December 6, 2007, the PRC State Council issued the *Implementation Regulations of the Enterprise Income Tax Law of the PRC*, which was amended in April 2019 and December 2024. The Enterprise Income Tax Law of the PRC and its Implementation Regulations, or the EIT Law, applies a uniform 25% enterprise income tax rate to PRC resident enterprises, including both foreign-invested enterprises and domestic enterprises. The EIT Law restructures China's tax preference policy under the general principle that industries and projects that are encouraged and supported by the State may enjoy tax preferential treatment. For example, enterprises classified as "high and new technology enterprises strongly supported by the State" are entitled to a 15% enterprise income tax rate. Enterprises classified as "small and micro businesses" enjoy a preferential enterprise income tax rate of 20%.

The EIT Law provides that enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises." The "de facto management body" is defined as the organizational body that effectively exercises overall management of and full and substantial control over production and business operations, personnel, finance and accounting, and properties of the enterprise. The State Taxation Administration, or the STA (previously known as State Administration of Taxation, or the SAT), issued on April 22, 2009 the *Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies*, or Circular 82, implemented from January 1, 2008. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled offshore incorporated enterprise is located in China, which include: (a) the primary location where senior management members responsible for an enterprise's daily production and operations management and the senior management departments discharge their duties; (b) the location where financial and human resource decisions are made or approved by organizations or persons; (c) the location where the major assets and corporate documents are kept; and (d) the location where more than half (inclusive) of all directors with voting rights or senior management have their habitual residence. In addition, the STA issued Public Announcement [2011] No. 45 in 2011 and Public Announcement [2014] No.9 in 2014, providing more guidance on the implementation of Circular 82 and clarifying matters including resident status determination, post-determination administration and competent tax authorities. The above-mentioned tax circulars apply only to offshore enterprises controlled by PRC enterprises or PRC enterprise groups and are not applicable to our case. But the determining criteria set forth in such tax circulars may reflect the STA's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or PRC enterprise groups or by PRC or foreign individuals. Currently, there are no further detailed rules or precedents applicable to us regarding the procedures and specific criteria for determining "de facto management body" for a company invested in or controlled by PRC individuals. As such, it is still unclear if the PRC tax authorities would determine that, notwithstanding our status as the Cayman Islands holding company of our operating business in China, we should be classified as a PRC "resident enterprise".

The EIT Law imposes an enterprise income tax of 10% on dividends distributed by a foreign-invested enterprise to its immediate holding company outside of China, if such immediate holding company is considered a "non-resident enterprise" without any establishment or place of business within China or if the received dividends have no actual connection with the establishment or place of business of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding tax rate. A holding company which is a tax resident in Hong Kong, for example, would be subject to a 5% withholding tax rate on the dividends received from its PRC subsidiary if the holding company owns at least 25% equity in the PRC subsidiary and is the beneficial owner of the dividends.

The EIT Law provides that PRC resident enterprises are generally subject to a uniform 25% enterprise income tax rate on their worldwide income. Therefore, if we are treated as a PRC "resident enterprise", we will be subject to PRC income tax on our worldwide income at the 25% uniform tax rate, which could have an impact on our effective tax rate and an adverse effect on our net income and results of operations. Although the EIT Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC subsidiaries to us would meet such qualification requirements if we were considered a PRC resident enterprise for this purpose. If we are required under the EIT Law to pay income tax on any dividends we receive from our PRC subsidiaries, our income tax expenses will increase and the amount of dividends, if any, we may pay to our shareholders and ADS holders may be materially and adversely affected.

- Value-added Tax

On March 23, 2016, the Ministry of Finance of China (the "MOF"), and the STA jointly issued *the Circular on the Nationwide Implementation of Pilot Program for the Collection of Value Added-Tax Instead of Business Tax*, or Circular 36, which became effective on May 1, 2016. Pursuant to Circular 36, most of our PRC subsidiaries' business are subject to value-added tax, or VAT, at a rate of 6% as general VAT taxpayers, and they would be permitted to offset input VAT by providing valid VAT special invoices received from vendors against their VAT liability.

On March 20, 2019, the MOF, the STA and the General Administration of Customs of China jointly issued *the Public Announcement on Strengthening the VAT Reform Policies*, or Public Announcement [2019] No. 39, pursuant to which, during the period from April 1, 2019 to December 31, 2021, a general VAT taxpayer engaging in the provision of living services, postal services, telecommunications services or modern services with sales revenue from the provision of such services accounting for more than 50% of its total sales revenue is allowed to deduct extra 10% of the deductible input VAT for the current period from the VAT payable. Such rate of extra deduction of input VAT was increased to 15% during the period from October 1, 2019 to December 31, 2021 for general VAT taxpayers engaging in provision of living services with sales revenue from the provision of living services accounting for more than 50% of its total sales revenue pursuant to *the Public Announcement on Clarifying the VAT Super Deduction Policy for the Living Service Sector*, or Public Announcement [2019] No. 87, jointly issued by the MOF and the STA on September 30, 2019. Our PRC subsidiaries that provide living services and meet the required criteria stipulated in Public Announcement [2019] No. 39 and Public Announcement [2019] No. 87 would be permitted to enjoy such extra deduction of input VAT at a rate of 10% during period from April 1, 2019 to September 30, 2019, and at a rate of 15% during period from October 1, 2019 to December 31, 2021, and PRC subsidiaries that do not provide living services but provide postal services, telecommunications services or modern services and meet the required sales revenue criteria stipulated in Public Announcement [2019] No. 39 would be permitted to enjoy such extra deduction of input VAT at a rate of 10% during period from April 1, 2019 to December 31, 2021. The above-mentioned super VAT deduction policy was extended to December 31, 2022 pursuant to Public Announcement [2022] No. 11 jointly issued by the MOF and the STA on March 3, 2022. On January 9, 2023, the MOF and the STA jointly issued the Public Announcement on Clarifying the VAT Relief and Other Policies for Small-scale VAT Taxpayers, or Public Announcement [2023] No. 1, to renew the relevant super VAT deduction policy, pursuant to which, during the period from January 1, 2023 to December 31, 2023, a general VAT taxpayer engaging in the provision of living services, postal services, telecommunications services or modern services with sales revenue from the provision of such services accounting for more than 50% of its total sales revenue is allowed to deduct extra 5% of the deductible input VAT for the current period from the VAT payable, and a general VAT taxpayer engaging in provision of living services with sales revenue from the provision of living services accounting for more than 50% of its total sales revenue is allowed to deduct extra 10% of the deductible input VAT for the current period from the VAT payable.

The policy notified by the Ministry of Finance and the State Taxation Administration of the Additional Value - Added Tax Credit Policy for productive services and living services has not yet been updated or extended. We will pay attention to the policy and will evaluate its influence on us in terms of VAT.

On February 6, 2020, the MOF and the STA jointly issued *the Public Announcement on Tax Policies to Support Prevention and Control of Pneumonia Caused by COVID-19*, or Public Announcement [2020] No.8, which retroactively came into force on January 1, 2020, providing that revenue derived by VAT taxpayers from provision of living services shall be temporarily exempted from VAT from January 1, 2020. Such temporary VAT exemption policy was extended to March 31, 2021 pursuant to Public Announcement [2021] No. 7 jointly issued by the MOF and the STA on March 17, 2021, and was no longer applicable upon expiry. Pursuant to Circular 36, VAT taxpayers that enjoy such temporary VAT exemption would not be permitted to issue VAT special invoices to customers.

On December 25, 2024, the Standing Committee of the NPC issued the Value-Added Tax Law of the PRC, or the VAT Law, which became effective from January 1, 2026. According to the VAT Law, any entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, or immovables, or import goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. Except for taxpayers' export of goods, the sale of services or intangible assets within the scope as prescribed by the State Council by domestic entities and individuals across national borders and other circumstances specified for by the State Council, the rate of VAT for sale of goods, labor services of processing, repair or replacement, or tangible movable property leasing services or import of goods is 13% unless otherwise specified, such as the rate of VAT for sale of agricultural products is 9%, and the rate of VAT for sale of transportation, postal, basic telecommunications, construction, or immovable leasing services, sale of immovables, or transfer of the rights to use land is 9%. In addition to the above circumstances, the rate of VAT for sale of services or intangible assets is 6%.

PRC taxation of our overseas shareholders

Under the EIT Law, PRC enterprise income tax at the rate of 10% is applicable to dividends payable to investors that are "non-resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Similarly, any gain realized on the transfer of ADSs or ordinary shares by such investors is also subject to 10% PRC enterprise income tax if such gain is regarded as income derived from sources within the PRC. Therefore, if we are considered a PRC "resident enterprise", dividends we pay to non-resident enterprise investors with respect to our ADSs or ordinary shares and the gains realized from the transfer of our ADSs or ordinary shares may be considered as income derived from sources within the PRC and be subject to PRC enterprise income tax at a rate of 10% or lower, subject to the provisions of any applicable bilateral tax treaty. The double taxation treaty between the PRC and the United States, or the Treaty, does not reduce the 10% tax rate.

Moreover, non-resident individual investors are required to pay PRC individual income tax at the rate of 20% instead of 10% enterprise income tax on dividends payable to the investors or any capital gains realized from the transfer of ADSs or ordinary shares if such gains are deemed income derived from sources within the PRC, unless there is an applicable tax treaty providing exemption or for a lower withholding tax rate. Under the PRC Individual Income Tax Law (as amended), or IITL, non-resident individual refers to an individual who has no domicile in China and does not stay in the territory of China or who has no domicile in China and has stayed in the territory of China for less than 183 days in aggregate in a calendar year. Pursuant to the IITL and its implementation rules, for purposes of the PRC individual income tax levied on the income from transfer of property, the taxable income will be the balance of the transfer price for the transfer of the ADSs or ordinary shares minus the original value and reasonable expenses paid for such transfer. Therefore, if we are considered a PRC resident enterprise and dividends we pay with respect to our ADSs or ordinary shares and the gains realized from the transfer of our ADSs or ordinary shares are considered income derived from sources within the PRC by relevant competent PRC tax authorities, such dividends and gains earned by non-resident individuals may be subject to PRC individual income tax.

United States Federal Income Tax Considerations on Our Shareholders

The following is a description of material U.S. federal income tax consequences to the U.S. Holders (described below) of owning and disposing of ordinary shares or ADSs, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to own such ordinary shares or ADSs. This discussion applies only to a U.S. Holder that holds ordinary shares or ADSs as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including alternative minimum tax consequences, the Medicare tax on net investment income, and different tax consequences that may apply to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding ordinary shares or ADSs as part of a straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the ordinary shares or ADSs;
- entities or arrangements that are treated as partnerships for U.S. federal income tax purposes (or partners therein);
- tax-exempt entities;
- persons that own or are deemed to own ten percent or more of our ordinary shares (measured by voting power or value); or
- persons who acquired our ordinary shares or ADSs pursuant to the exercise of an employee stock option or otherwise as compensation.

This discussion is based on the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the Treaty, all as of the date hereof, and any of which is subject to change, possibly with retroactive effect. It is also based in part on representations by the depositary and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms.

A "U.S. Holder" is a beneficial owner of ordinary shares or ADSs that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of such ordinary shares or ADSs. In general, a U.S. Holder who owns ADSs will be treated as the owner of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated as the beneficial owner of the underlying ordinary shares represented by the ADSs.

U.S. Holders should consult their tax advisors concerning the U.S. federal, state, local and foreign tax consequences of owning and disposing of ordinary shares or ADSs in their particular circumstances.

Taxation of Distributions

Subject to the discussion under "—Passive Foreign Investment Company Rules" below, distributions paid on ordinary shares or ADSs, other than certain *pro rata* distributions of ordinary shares, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be treated as dividends for U.S. federal income tax purposes.

A non-corporate recipient of dividend income from a "qualified foreign corporation" will generally be subject to tax at a reduced U.S. federal tax rate rather than the marginal tax rates generally applicable to ordinary income provided that certain holding period and other requirements are met. A non-U.S. corporation will generally be considered to be a qualified foreign corporation (a) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, or (b) with respect to any dividend it pays on stock that is readily tradable on an established securities market in the United States, provided, in both cases, that the corporation is not a PFIC for the taxable year in which the dividend is paid or the preceding taxable year. Our ADSs are listed on the NASDAQ Global Select Market and will qualify as readily tradable on an established securities market in the United States so long as they are so listed. As discussed below in "Passive Foreign Investment Company Rules", based on our audited consolidated financial statements and relevant market and shareholder data, we do not believe that we were a PFIC with respect to our 2024 or 2025 taxable years. In addition, based on our audited consolidated financial statements and our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not anticipate becoming a PFIC for our 2026 taxable year or in the foreseeable future.

Since our ordinary shares are not themselves listed on an established securities market in the United States, dividends that we pay on our ordinary shares that are not backed by ADSs may not be eligible for the reduced tax rate. If, however, we are deemed to be a resident enterprise under the PRC Enterprise Income Tax Law, we may be eligible for the benefits of the Treaty (which the U.S. Treasury has determined is satisfactory for this purpose) and in that case we would be treated as a qualified foreign corporation with respect to dividends paid on our ordinary shares or ADSs. Each non-corporate U.S. Holder is advised to consult its tax advisors regarding the availability of the reduced tax rate applicable to qualified dividend income for any dividends we pay with respect to our ADSs or ordinary shares. The amount of the dividend will be treated as foreign-source dividend income to U.S. Holders and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code.

Dividends we pay may be subject to PRC withholding tax. For U.S. federal income tax purposes, the amount of any dividend will include amounts withheld in respect of such PRC withholding tax. See "—PRC Taxation" above. Subject to generally applicable limitations and conditions, PRC dividend withholding tax paid at the appropriate rate applicable to the U.S. Holder may be eligible for a credit against such U.S. Holder's federal income tax liability. These generally applicable limitations and conditions include requirements adopted by the U.S. Internal Revenue Service ("IRS") in regulations promulgated in December 2021 and any PRC tax will need to satisfy these requirements in order to be eligible to be a creditable tax for a U.S. Holder. In the case of a U.S. Holder that either (i) is eligible for, and properly elects, the benefits of the Treaty, or (ii) consistently elects to apply a modified version of these rules under temporary guidance promulgated in December 2023 and complies with specific requirements set forth in such guidance, the PRC tax on dividends will be treated as meeting the requirements and therefore as a creditable tax. In the case of all other U.S. Holders, the application of these requirements to the PRC tax on dividends is uncertain and we have not determined whether these requirements have been met. If the PRC dividend tax is not a creditable tax for a U.S. Holder or the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year, the U.S. Holder may be able to deduct the PRC tax in computing such U.S. Holder's taxable income for U.S. federal income tax purposes. Dividend distributions will constitute income from sources without the United States and, for U.S. Holders that elect to claim foreign tax credits, generally will constitute "passive category income" for foreign tax credit purposes.

The availability and calculation of foreign tax credits and deductions for foreign taxes depend on a U.S. Holder's particular circumstances and involve the application of complex rules to those circumstances. The temporary guidance discussed above also indicates that the Treasury and the IRS are considering proposing amendments to the December 2021 regulations and that the temporary guidance can be relied upon until additional guidance is issued that withdraws or modifies the temporary guidance. U.S. Holders should consult their own tax advisors regarding the application of these rules to their particular situations.

Dividends will be included in a U.S. Holder's income on the date of the U.S. Holder's, or in the case of ADSs, the depositary's, actual or constructive receipt of the dividend. The amount of any dividend income paid in RMB will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss, which would be U.S. source ordinary gain or loss, if the dividend is converted into U.S. dollars after the date of receipt.

Sales or Other Dispositions of Ordinary Shares or ADSs

Subject to the discussion under "—Passive Foreign Investment Company Rules" below, gain or loss realized on the sale or other disposition of ordinary shares or ADSs will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder held the ordinary shares or ADSs for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the ordinary shares or ADSs disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. The deductibility of capital losses is subject to limitations.

As described in "— PRC Taxation — PRC Taxation on Us," if we were deemed to be a tax resident enterprise under PRC tax law, gains from dispositions of our ordinary shares or ADSs may be subject to PRC withholding tax. In that case, a U.S. Holder's amount realized would include the gross amount of the proceeds of the sale or disposition before deduction of the PRC tax. Although any such gain of a U.S. Holder would generally be characterized as U.S.-source income, a U.S. Holder that is eligible for, and properly elects to claim, the benefits of the Treaty may be entitled to elect to treat the gain as foreign-source income for foreign tax credit purposes. Any PRC tax imposed on the sale or other disposition of our ordinary shares or ADSs generally will not be treated as a creditable tax for U.S. foreign tax credit purposes, except in the case of a U.S. Holder that either (i) is eligible for, and properly elects to claim, the benefits of the Treaty, or (ii) consistently elects to apply a modified version of the U.S. foreign tax credit rules that is permitted under the temporary guidance discussed above and complies with the specific requirements set forth in such guidance. If the PRC tax is not a creditable tax or claimed as a credit by the U.S. Holder pursuant to the Treaty, the tax would reduce the amount realized on the sale or other disposition of the shares even if the U.S. Holder has elected to claim a foreign tax credit for other taxes in the same year. The temporary guidance discussed above also indicates that the Treasury and the IRS are considering proposing amendments to the December 2021 regulations and that the temporary guidance can be relied upon until additional guidance is issued that withdraws or modifies the temporary guidance. U.S. Holders should consult their own tax advisors regarding the application of the foreign tax credit rules to a sale or other disposition of the ordinary shares or ADSs and any PRC tax imposed on such sale or disposition.

Deposits and withdrawals of ordinary shares by U.S. Holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

Passive Foreign Investment Company Rules

Special U.S. federal income tax rules apply to U.S. persons owning shares of a "passive foreign investment company", or "PFIC". We will be classified as a PFIC in a particular taxable year if, after applying certain look-through rules, either

- 75 percent or more of our gross income for the taxable year is passive income; or
- the average percentage of the value of our assets that produce or are held for the production of passive income is at least 50 percent.

For this purpose, passive income generally includes dividends, interest, gains from certain commodities transactions, rents, royalties and the excess of gains over losses from the disposition of assets that produce passive income. Cash is generally considered a passive asset for these purposes. Goodwill is an active asset under the PFIC rules to the extent attributable to activities that produce active income.

Based on our audited consolidated financial statements and relevant market and shareholder data, we do not believe that we were a PFIC with respect to our 2024 or 2025 taxable years. In addition, based on our audited consolidated financial statements and our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not anticipate becoming a PFIC for our 2026 taxable year or in the foreseeable future. However, the determination whether we are a PFIC must be made annually after the close of each taxable year and based on the facts and circumstances at that time, and therefore subject to change. Accordingly, there can be no assurance that we will not be a PFIC for any year in which a U.S. Holder holds ADSs.

If we are classified as a PFIC, and a U.S. Holder does not make a mark-to-market election as described below, the U.S. Holder will be subject to a special tax at ordinary income tax rates on "excess distributions" (generally, any distributions that you receive in a taxable year that are greater than 125 percent of the average annual distributions that the U.S. Holder has received in the preceding three taxable years, or the U.S. Holder's holding period, if shorter), and gain that that the U.S. Holder recognizes on the sale of the holder's shares. Under these rules (a) the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which we are a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. If we are a PFIC for any taxable year during which a U.S. Holder own ADSs or ordinary shares, we will generally continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the holder owns the ADSs or ordinary shares, even if we cease to meet the threshold requirements for PFIC status, unless the holder makes a timely "deemed sale" election, in which case any gain on the deemed sale will be taxed under the PFIC rules described above.

If we are a PFIC for any taxable year and any entity in which we own or are deemed to own equity interests is also a PFIC (a "Lower-tier PFIC"), a U.S. Holder will be deemed to own a proportionate amount (by value) of the shares of each Lower-tier PFIC and will be subject to U.S. federal income tax according to the rules described in the previous paragraph on (i) certain distributions by the Lower-tier PFIC and (ii) dispositions of shares of the Lower-tier PFIC, in each case as if the U.S. Holder held such shares directly, even though the U.S. Holder will not receive any proceeds of those distributions or dispositions.

U.S. Holders may be able to mitigate some of the unfavorable rules described in the preceding paragraph by electing to mark their shares or ADSs, as applicable, to market, provided the shares or ADSs, as applicable, are considered "marketable." If a U.S. Holder makes this mark-to-market election, the holder will be required in any year in which we are a PFIC to include as ordinary income the excess of the fair market value of the holder's shares at the end of the holder's taxable year over the holder's basis in those shares. If at the end of a U.S. Holder's taxable year, the holder's basis in the shares exceeds their fair market value, the U.S. Holder will be entitled to deduct the excess as an ordinary loss, but only to the extent of the holder's net mark-to-market gains from previous years. A U.S. Holder's adjusted tax basis in the shares will be adjusted to reflect any income or loss recognized under these rules. In addition, any gain a U.S. Holder recognizes upon the sale of the holder's shares will be taxed as ordinary income in the year of sale and any loss will be treated as an ordinary loss to the extent of the holder's net mark-to-market gains from previous years. Once made, the election cannot be revoked without the consent of the IRS unless the shares cease to be marketable. A make a mark-to-market election cannot be made with respect to any Lower-tier PFIC unless the shares of such Lower-tier PFIC are themselves "marketable." As a result, if a U.S. Holder makes a mark-to-market election with respect to the shares or ADSs, the holder could nevertheless be subject to the PFIC rules described in the preceding paragraph with respect to the holder's indirect interest in any Lower-tier PFIC. U.S. Holders should consult their own tax adviser regarding the availability and advisability of making a mark-to-market election in their particular circumstances if we are a PFIC for any taxable year.

If we are a PFIC (or treated as a PFIC with respect to a U.S. Holder) for any taxable year in which we pay a dividend or the preceding taxable year, the favorable tax rate described above with respect to dividends paid to certain non-corporate U.S. Holders will not apply.

A U.S. Holder that owns an equity interest in a PFIC generally must annually file IRS Form 8621, and may be required to file other IRS forms. A failure to file one or more of these forms as required may toll the running of the statute of limitations in respect of each of the holder's taxable years for which such form is required to be filed. As a result, the taxable years with respect to which a U.S. Holder fails to file the form may remain open to assessment by the IRS indefinitely, until the form is filed.

U.S. Holders should consult their own tax advisor regarding the potential application of the PFIC rules to an investment in the shares or ADSs.

Specified Foreign Financial Assets

Certain U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of US$ 50,000 on the last day of the taxable year or US$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on IRS Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. Holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in ADSs or ordinary shares, including the application of the rules to their particular circumstances.

Information Reporting and Backup Withholding

Dividend payments with respect to ADSs or ordinary shares and proceeds from the sale or exchange of ADSs or ordinary shares may be subject to information reporting to the IRS and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders should consult their tax advisers regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

German Taxation

Income Taxation

German-based corporations (AG and GmbH) are subject to corporate income tax (CIT) and in general also to trade tax, which is a profit tax levied by the municipalities (TT). CIT is charged at a rate of 15% on the taxable income. A 5.5% solidarity surcharge is charged on the CIT, resulting in an effective tax rate of 15.825%. Starting on January 1, 2028, the CIT rate will be gradually reduced from 15% by one percent point per year over five years, reaching 10% in 2032. Trade tax is also charged on the taxable income by the local municipalities whereas the tax rates depend on the local multiplier of each municipality. Thus, TT rates vary from town to town. Typically, TT is levied at an effective rate of 7% – 21%. For Frankfurt, the TT rate amounts to 16.1% and for Munich to 17.15%. Partnerships themselves (GmbH & Co. KG) that qualify as so-called entrepreneurial partnerships for tax purposes (*Mitunternehmerschaften*) are subject to TT but not subject to CIT. For CIT purposes, a partnership is tax transparent; i.e., the taxable income of a partnership is determined at the level of the partnership itself and then allocated to the partners in proportion to their interest in the partnership, irrespective of an actual distribution. In case a partner of a partnership is a corporation, the income is subject to CIT at the level of the partners. If the conditions are fulfilled, expenses of the partner that arise in connection with its partnership participation are tax deductible from the taxable income of the partnership as so-called special purpose expenses (*Sonderbetriebsausgaben*), subject to general rules that may be applicable in relation to deduction of expenses and further provided that the expenses are included in the tax-filing at the level of the partnership.

German branches/permanent establishments of foreign corporations are subject to CIT and TT. In case of permanent establishments, the German double tax treaties generally assign the taxation right to the state in which the permanent establishment is located. The participation of a foreign corporation (H World Holdings Singapore Pte. Ltd.) in a German partnership (DH Group GmbH & Co. KG) as limited partner can create a permanent establishment of the foreign corporation in Germany for CIT and TT purposes.

Tax group for CIT and TT purposes

A tax group in Germany allows a set-off of taxable income (positive and negative) for CIT and TT purposes at the level of the entity heading the tax group (parent company). Such tax group requires in particular the holding of the majority in voting rights (financial integration) from the beginning of the fiscal year of the parent subsidiary company as well as the implementation and proper execution of a profit and loss transfer agreement for a fixed minimum period of at least five calendar years. Accordingly, all profits made as well as all losses suffered at the level of the subsidiary/ies in a tax group as determined pursuant to German accounting rules (HGB) have to be transferred to or need to be compensated by the head of the tax group. One advantage of the tax group is that the profit transfer is not subject to dividend taxation (i.e., no CIT/TT on the 5% non-deductible expenses). Only corporations subject to unlimited corporate income tax with its place of registered office and management in Germany and seat in an EU or EEA country can be subsidiaries in a tax group.

Participation exemption

Dividends received by a German corporation are generally exempt from CIT if in particular a participation quota of at least 10% at the beginning of the year the dividend distribution takes place is fulfilled and the distributed dividend has not reduced the taxable income of the distributing entity; 5% of the dividends are deemed as non-deductible business expenses. Consequently, dividends are effectively 95% tax exempt. The effective CIT including solidarity surcharge on dividends therefore amounts to approximately 0.8% (= 5% taxable portion x 15.825% tax rate). This participation exemption applies regardless of a minimum holding period or the residence of the subsidiary (German or foreign). The participation exemption inter alia does not apply if the shares are held as a trading stock of banks and financial institutions or as an investment of a life or health insurance company.

The 95% exemption applies to TT under additional requirements. For dividends from German corporations the minimum shareholding at the beginning of the year must be at least 15% instead of 10%; otherwise, the dividends are fully taxable for TT purposes. The same holds principally true with regard to the TT treatment of dividends from foreign corporations.

The 95% participation exemption also applies to capital gains from the disposal of shares in corporations, regardless of the shareholding percentage. Exceptions only apply in case of certain tax neutral restructurings made in the past and in case of past tax-effective write-downs. The 95% participation exemption for capital gains applies to both CIT and TT. Again, the participation exemption for capital gains inter alia does not apply if the shares are held as a trading stock of banks and financial institutions or as an investment of a life or health insurance company.

Withholding Taxes

Dividends paid by German corporations are subject to withholding tax (Kapitalertragsteuer) at a rate of 25% plus 5.5% solidarity surcharge thereupon. A German resident shareholder in the form of a corporation or a foreign corporate shareholder that holds its German participation through a German permanent establishment may offset the paid withholding tax against its tax burden or if higher than its tax burden get a refund in the course of the tax assessment. For shareholders which are non-resident in Germany, the withholding tax may generally become a final tax cost unless exemptions apply.

In this regard, for example, a 40% (resp. two fifths) refund on the withholding tax is granted upon application at the Federal Central Tax Office (Bundeszentralamt für Steuern), if the dividend recipient is domiciled abroad and there is no double taxation treaty with Germany. Therefore, an effective withholding tax rate of 15.825% on dividends for German non-resident shareholders applies. However, this refund is subject to enhanced substance requirements.

According to the EU Parent-Subsidiary Directive as implemented into German domestic law, the withholding tax can be reduced to zero (upon prior application and issuance of a respective tax exemption certificate), if the dividends are paid by a German subsidiary to its EU shareholder corporation that has held a 10% minimum participation in the German subsidiary for at least 12 months and respective substance requirements pursuant to German anti-treaty shopping provisions are met.

Furthermore, based on double tax treaties between Germany and the shareholder's country of residence, the withholding tax may be (upon application) reduced to 5% to 15%. Also in these cases, the WHT reduction has to be applied for and substance requirements have to be met.

By contrast, profit distributions paid by a partnership (for example, GmbH &Co. KG) are not subject to withholding tax because they are qualified as "withdrawals" rather than dividends from a German income tax perspective.

If a partnership receives dividends from its corporate subsidiaries and if these corporate subsidiaries are to be actually attributable to the permanent establishment of the German partnership, the dividend withholding tax cannot be reclaimed at the level of a partnership but only at the level of its partners. This also applies to foreign partners of the German partnership which creates a permanent establishment due to the participation in a partnership in Germany and are therefore subject to limited CIT and thus, have to file a CIT return in Germany.

However, reclaiming of the dividend withholding tax in such German CIT return of the foreign partner can only be made in case the corporate subsidiaries of the partnership are actually attributable to the permanent establishment of the German partnership. As a German partnership is a semi-transparent entity, the corporate subsidiaries must be in a functional relationship with the partnership in order to be attributed to the German permanent establishment of the partnership. If the corporate subsidiaries are not attributable to the permanent establishment of the German partnership, they would be directly attributed to the foreign partner of the partnership. In this case, the dividends from such corporations would be seen as directly received by the foreign partner and not by the German partnership, leading to the application of the general refund procedure explained above (including the prove of substance).

Singapore Taxation

Corporate Tax

The prevailing corporate tax rate in Singapore is 17% with effect from Year of Assessment 2011. In addition, with effect from Year of Assessment 2020, the partial tax exemption scheme applies on the first S$200,000 of a company's normal chargeable income; specifically 75% of up to the first S$10,000 of a company's normal chargeable income, and 50% of up to the next S$190,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%.

Singapore has a tax exemption scheme for new start-up companies that was introduced in Year of Assessment 2005 to support entrepreneurship and help the growth of local enterprises. With effect from Year of Assessment 2020 onwards, there will be a 75% exemption on the first S$100,000 of normal chargeable income, and a further 50% exemption on the next S$100,000 of normal chargeable income.

Our subsidiaries in Singapore are subject to Singapore corporate income tax at a rate of 17%.

Goods and Services Tax

Goods and services tax ("GST") in Singapore is a consumption tax that is levied on the import of goods and services into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 9% with effect from January 1, 2024.

Dividend Distributions

Singapore adopts a one-tier corporate tax system under which the tax collected from corporate profits is a final tax and the after-tax profits of a company resident in Singapore can be distributed to its shareholders as tax-exempt dividends. Such dividends are tax-exempt in the hands of the shareholders, irrespective of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident. Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

Capital Gains upon Disposition of Shares

Any gains considered to be in the nature of capital made from the sale of our shares will not be taxable in Singapore to the extent that they do not fall within the ambit of Section 10L of the Income Tax Act 1947 ("ITA"), which came into effect on January 1, 2024. Any gains of an income nature would be subject to tax at the prevailing corporate income tax rate of 17.0%. There are no specific laws or regulations which deal with the characterization of whether a gain is income or capital in nature. Gains arising from the disposal of our shares may be construed to be of an income nature and subject to Singapore income tax, if they arise from activities which the Inland Revenue Authority of Singapore ("IRAS") regards as the carrying on of a trade or business in Singapore. Such gains, even if they do not arise from an activity in the ordinary course of trade or business or from an ordinary incident of some other business activity, may also be considered gains or profits of an income nature if the investor had the intention or purpose of making a profit at the time of acquisition of our shares. However, under Singapore tax laws, subject to section 10L of the ITA, there is a temporary safe harbor rule where any gains derived by a divesting company from its disposal of ordinary shares in an investee company between June 1, 2012 and December 31, 2027 are generally exempt from tax if immediately prior to the date of the relevant disposal, the divesting company has held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months. Subject to certain prescribed exemptions and section 10L of the ITA, the safe harbor rule is only applicable if the divesting company, at the time of lodgment of its income tax return in Singapore relating to the period in which the disposal of ordinary shares occurred, provides such information and documentation as may be specified by the IRAS.

Under Section 10L of the ITA, gains received in Singapore by an entity of a relevant group from the sale or disposal of any movable or immovable property outside Singapore will be treated as income chargeable to tax under Section 10(1)(g) of the ITA under certain circumstances. Any registered shares, equity securities or securities will be deemed to be located outside Singapore if the register or principal register (if there is more than one register) is located outside Singapore regardless of where the company is incorporated. If our shares are deemed to be foreign assets, gains from their disposal will be subject to tax if an entity of a relevant group (other than an excluded entity) disposed of our shares on or after 1 January 2024. An entity is a member of a group of entities if its assets, liabilities, income, expenses and cash flows are (a) included in the consolidated financial statements of the parent entity of the group, or (b) excluded from the consolidated financial statements of the parent entity of the group solely on size or materiality grounds or on the grounds that the entity is held for sale. A group is a relevant group if (a) the entities of the group are not all incorporated, registered or established in Singapore; or (b) any entity of the group has a place of business outside Singapore. An excluded entity is defined in Section 10L of the ITA to include (a) a pure equity-holding company satisfying the conditions in Section 10L(16) of the ITA or (b) any other entity with adequate economic substance in Singapore, taking into account factors enumerated in Section 10L of the ITA, whose operations are managed and performed in Singapore.

Investors are advised to consult their own tax advisors on the applicable tax treatment if they received gains in Singapore from the disposal of our shares.

Global Anti-Base Erosion Model Rules (Pillar Two)

The Global Anti-Base Erosion Model Rules (Pillar Two) ("BEPS Pillar 2") rules are implemented in Singapore via the Multinational Enterprise (Minimum Tax) Act 2024 ("MMTA"). It introduces (i) the multinational enterprise top-up tax ("MTT"), and (ii) the domestic top-up tax ("DTT").

The MMTA applies to a multinational enterprise ("MNE") group for a financial year beginning on or after January 1, 2025 if its annual consolidated group revenue (determined by reference to the consolidated financial statements of its ultimate parent entity) for at least two financial years out of the four financial years immediately before that financial year is equal to or exceeds EUR750 million.

MTT applies to a Singapore parent entity's ownership interest in its relevant entities outside Singapore and its stateless entities but does not apply to its ownership interest in its domestic entities. The minimum rate for MTT is 15% and the top-up amount is computed using the effective tax rate ("ETR") that is calculated on a jurisdictional basis for an MNE group. The charging provision for MTT is found in section 12 of the MMTA, which imposes MTT on an entity if (i) the entity is a responsible member of an MNE group at any time in the financial year, (ii) the MNE group is an in-scope MNE group for the financial year, (iii) the entity holds an ownership interest in another constituent entity ("CE") of the MNE group at any time in the financial year, (iv) that other CE is located in a jurisdiction outside Singapore or is a stateless entity, and has a top up amount for the financial year, and (v) the entity is located in Singapore.

The DTT imposes a top-up tax on certain CEs located in Singapore to raise their ETR to at least 15%. The charging provision for the DTT is section 28 of the MMTA, which imposes DTT equivalent to the on an MNE group for a financial year if (i) the MNE group is an in-scope MNE group, (ii) at least one of its CEs is located in Singapore or is: (a) a flow through entity established, formed, incorporated or registered under the laws of Singapore, (b) not a responsible member, and (c) a reverse hybrid entity with respect to any of its income, expenditure, profit or loss, and (3) the MNE group has a top up amount for that financial year.

Do note that in-scope MNE groups are subject to various administrative requirements. This includes registering under the MMTA, designating a Singapore CE to be a Designated Local DTT Filing Entity ("DFE") / Designated Local GIR Filing Entity ("GFE"), submitting MTT and DTT returns, and making a GloBE information return ("GIR") filing.

However, excluded entities are excluded from the MTT and DTT. While their revenue is still taken into account to determine if the MNE group is in-scope, their attributes such as their profits, losses, taxes accrued, tangible assets, and payroll expenses are excluded from the various computations under MTT and DTT including the de minimis exclusion. Further, such entities are not subject to any administrative obligations under MTT and DTT, such as the filing of a GloBE Information Return. Excluded entities include a governmental entity, an international organisation and a non-profit organisation.

Further, the MTT and DTT regimes also provide for safe harbours that help reduce the MNE groups' compliance burden. Where a safe harbour is elected by an MNE group for a jurisdiction, the top-up amounts for qualifying entities of the MNE group in the jurisdiction are treated as nil. Singapore currently has three safe harbours: (1) transitional CbCR Safe Harbour, (2) simplified Calculations Safe Harbour, and (3) QDMTT Safe Harbour.

Penalties may be imposed under the MMT Act where an in-scope MNE group fails to meet its obligations for MTT and DTT. As MTT and DTT rules are new, MNEs will require time to familiarise themselves with the rules. In view that some MNEs have given feedback that such rules are complex, IRAS will adopt a light touch approach for the first 3 FYs from FY 2025, if an MNE group can demonstrate that it has taken reasonable measures to ensure the correct application of the rules.

10.F. Dividends and Paying Agents

Not applicable.

10.G. Statement by Experts

Not applicable.

10.H. Documents on Display

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year, which is December 31. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the Securities and Exchange Commission at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, (i) we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, (ii) our officers, directors and principal shareholders are exempt from the short-swing profit recovery provisions contained in Section 16 of the Exchange Act, and (iii) our principal shareholders are exempt from the reporting provisions contained in Section 16 of the Exchange Act.

10.I. Subsidiary Information

Not applicable.

10.J. Annual Report to Security Holders

Not applicable.

ITEM 11. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest rates for our outstanding debt and the interest income generated by excess cash invested in liquid investments. We do not rely on derivative financial instruments to manage our interest risk exposure. Interest-earning instruments carry a degree of interest rate risk.

We have not been exposed to material risks due to changes in interest rates. However, our future interest income and interest expense may be different from expected due to changes in market interest rates.

Foreign Exchange Risk

A significant portion of our revenues, expenses and financial assets are denominated in the Renminbi. Our reporting currency is Renminbi. The functional currencies of entities within Deutsche Hospitality include Euro and other currencies such as Swiss Franc. We rely substantially on dividends paid to us by our operating subsidiaries in China and Europe. Any significant depreciation of the Renminbi or Euro against the U.S. dollar may have a material adverse effect on our revenues and the value of, and any dividends payable on, our ADSs and ordinary shares, when translated into U.S. dollars. In general, our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the foreign exchange rate between U.S. dollars and RMB and between U.S. dollars and Euro because the value of our business is effectively denominated in RMB and Euro, while the ADSs will be traded in U.S. dollars.

The value of the RMB against the U.S. dollar, the Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into other currencies, including U.S. dollars and Hong Kong dollar, has been based on rates set by the People's Bank of China. On July 21, 2005, the PRC regulatory authorities changed its decade-old policy of pegging the value of the RMB to the U.S. dollar. Under the new policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy caused the Renminbi to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or the PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future. To the extent we hold assets denominated in U.S. dollars, any appreciation of the RMB against the U.S. dollar could result in a change to our statement of operations and a reduction in the value of our U.S. dollar denominated assets. On the other hand, a decline in the value of the RMB against the U.S. dollar and the Hong Kong dollar could reduce the U.S. dollar equivalent amounts of our financial results, the value of your investment in our company and the dividends we may pay in the future, if any, all of which may have a material adverse effect on the prices of ADSs and ordinary shares. To the extent that we need to convert U.S. dollars or Hong Kong dollars into Renminbi or Euro for our operations, appreciation of the Renminbi or Euro against the U.S. dollar or Hong Kong dollar would have an adverse effect on the Renminbi or Euro amount we receive from the conversion.

By way of example, assuming we had converted a U.S. dollar denominated cash balance of US$1 million as of December 31, 2025 into Renminbi at the exchange rate of US$1.00 for RMB6.9931, such cash balance would have been approximately RMB7.0 million (US$1 million). Assuming a 1.0% depreciation of the RMB against the U.S. dollar, such cash balance would have increased to RMB7.1 million (US$1 million) as of December 31, 2025.

ITEM 12. *DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES*

12.A. Debt Securities

Not applicable.

12.B. Warrants and Rights

Not applicable.

12.C. Other Securities

Not applicable.

12.D. American Depositary Shares

Fees and Expenses

ADS holders will be required to pay the following fees under the terms of the deposit agreement:

Service	Fees
Issuance of ADSs	Up to US$0.05 per ADS issued
Cancelation of ADSs	Up to US$0.05 per ADS canceled
Distribution of cash dividends or other cash distributions (e.g., sale of rights and other entitlements)	Up to US$0.05 per ADS held
Distribution of ADSs pursuant to stock dividends, other free stock distributions or exercise of rights to purchase additional ADSs	Up to US$0.05 per ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to US$0.05 per ADS held
Depositary services	Up to US$0.05 per ADS held on the applicable record date(s) established by the depositary

As an ADS holder, you will also be responsible to pay certain charges such as:

- fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares);
- expenses incurred for converting foreign currency into U.S. dollars;
- expenses for cable, telex and fax transmissions and for delivery of securities;
- taxes (including applicable interest and penalties) and other governmental charges;
- fees and expenses incurred by the depositary in connection with compliance with exchange control regulations and other applicable regulatory requirements; and
- fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.

Depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary and by the brokers (on behalf of their clients) delivering the ADSs to the depositary for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed. In the case of distributions other than cash (i.e., stock dividend, rights), the depositary charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via The Depository Trust Company ("DTC")), the depositary generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes.

Fees and Other Payments Made by the Depositary to Us

The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program established pursuant to the deposit agreement, by making available a portion of the depositary fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary may agree from time to time. For the year ended December 31, 2025, we have received a total of RMB54 million (US$8 million) from the depositary as reimbursement for our expenses incurred in connection with investor relationship programs related to the ADS program.

Dealings and Settlement of Ordinary Shares in Hong Kong

Our ordinary shares trade on the Hong Kong Stock Exchange in board lots of 100 shares. Dealings in our ordinary shares on the Hong Kong Stock Exchange are conducted in Hong Kong dollars.

The transaction costs of dealings in our ordinary shares on the Hong Kong Stock Exchange include:

- Hong Kong Stock Exchange trading fee of 0.00565% of the consideration of the transaction, charged to each of the buyer and seller;
- the Securities and Futures Commission of Hong Kong, or the SFC, transaction levy of 0.0027% of the consideration of the transaction, charged to each of the buyer and seller;
- Accounting and Financial Reporting Council of Hong Kong, or the AFRC, transaction levy of 0.00015% of the consideration of the transaction, charged to each of the buyer and seller;
- transfer deed stamp duty of HK$5.00 per transfer deed (if applicable), payable by the seller;
- ad valorem stamp duty at a total rate of 0.2% of the value of the transaction, with 0.1% payable by each of the buyer and the seller;
- stock settlement fee, which is currently 0.002% of the gross transaction value, subject to a minimum fee of HK$2.00 and a maximum fee of HK$100.00 per side per trade;
- brokerage commission, which is freely negotiable with the broker (other than brokerage commissions for certain public offering transactions, which are currently set at 1% of the subscription or purchase price and will be payable by the person subscribing for or purchasing the securities); and
- the Hong Kong share registrar will charge between HK$2.50 to HK$20.00, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

Investors must settle their trades executed on the Hong Kong Stock Exchange through their brokers directly or through custodians. For an investor who has deposited his or her ordinary shares in his or her stock account or in his or her designated Central Clearing and Settlement System, or CCASS, participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his or her broker or custodian before the settlement date.

Conversion between Ordinary Shares Trading in Hong Kong and ADSs

In connection with the initial public offering of our shares in Hong Kong, we established a branch register of members in Hong Kong, or the Hong Kong share register, which is maintained by our Hong Kong share registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members, or the Cayman share register, will continue to be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited.

As described in further detail below, holders of ordinary shares registered on the Hong Kong share register will be able to convert these ordinary shares into ADSs, and vice versa.

Converting Ordinary Shares Trading in Hong Kong into ADSs

An investor who holds ordinary shares registered in Hong Kong and who intends to convert them to ADSs to trade on NASDAQ must deposit or have his or her broker deposit the ordinary shares with the depositary's Hong Kong custodian, Citibank, N.A., Hong Kong, or the custodian, in exchange for ADSs.

A deposit of ordinary shares trading in Hong Kong in exchange for ADSs involves the following procedures:

- If ordinary shares have been deposited with CCASS, the investor must transfer ordinary shares to the depositary's account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed conversion form to the depositary via his or her broker.

- If ordinary shares are held outside CCASS, the investor must arrange to deposit, his or her shares into CCASS for delivery to the depositary's account with the custodian within CCASS, submit and deliver a request for conversion form to the custodian and after duly completing and signing such conversion form, deliver such conversion form to the custodian.

- Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, the depositary will issue the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs to the designated DTC account of the person(s) designated.

For ordinary shares deposited in CCASS, under normal circumstances, the above steps generally require two business days. For ordinary shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

Converting ADSs to Ordinary Shares Trading in Hong Kong

An investor who holds ADSs and who intends to convert his/her ADSs into ordinary shares to trade on the Hong Kong Stock Exchange must cancel the ADSs the investor holds and withdraw ordinary shares from our ADS program and cause his or her broker or other financial institution to trade such ordinary shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker should follow the broker's procedure and instruct the broker to arrange for cancelation of the ADSs, and transfer of the underlying ordinary shares from the depositary's account with the custodian within the CCASS system to the investor's Hong Kong stock account.

For investors holding ADSs directly, the following steps must be taken:

- To withdraw ordinary shares from our ADS program, an investor who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.

- Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, the depositary will cancel the ADSs and instruct the custodian to deliver ordinary shares underlying the canceled ADSs to the CCASS account designated by an investor.

- If an investor prefers to receive ordinary shares outside CCASS, he or she must receive ordinary shares in CCASS first and then arrange for withdrawal from CCASS. Investors can then obtain a transfer form signed by HKSCC Nominees Limited (as the transferor) and register ordinary shares in their own names with the Hong Kong share registrar.

For ordinary shares to be received in CCASS, under normal circumstances, the above steps generally require two business days. For ordinary shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the ordinary shares on the Hong Kong Stock Exchange until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancellations. In addition, completion of the above steps and procedures is subject to there being a sufficient number of ordinary shares on the Hong Kong share register to facilitate a withdrawal from the ADS program directly into the CCASS system. We are not under any obligation to maintain or increase the number of ordinary shares on the Hong Kong share register to facilitate such withdrawals.

Depositary Requirements

Before the depositary issues ADSs or permits withdrawal of ordinary shares, the depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with procedures it may establish, from time to time, consistent with the deposit agreement, including but not limited to presentation of transfer documents.

The depositary may refuse to deliver, transfer or register issuances, transfers and cancelations of ADSs generally when the transfer books of the depositary or our Hong Kong share registrar are closed or at any time if the depositary or we determine it advisable to do so.

All costs attributable to the transfer of ordinary shares to effect a withdrawal from or deposit of ordinary shares into our ADS program will be borne by the investor requesting the transfer. In particular, holders of ordinary shares and ADSs should note that the Hong Kong share registrar will charge between HK$2.50 to HK$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of ordinary shares and ADSs must pay up to US$5.00 per 100 ADSs for each issuance of ADSs and each cancelation of ADSs, as the case may be, in connection with the deposit of ordinary shares into, or withdrawal of ordinary shares from, our ADS program.

PART II

ITEM 13. *DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES*

None of these events occurred in any of the years ended December 31, 2023, 2024 and 2025.

ITEM 14. *MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS*

In June 2021, we effected a share subdivision to sub-divide each ordinary share with a par value of US$0.0001 each into ten ordinary shares with a par value of US$0.00001 each. Concurrent with the share subdivision, the ratio of ADS to ordinary share was adjusted from one (1) ADS representing one (1) ordinary share to one (1) ADS representing ten (10) ordinary shares after share subdivision.

ITEM 15. *CONTROLS AND PROCEDURES*

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures within the meaning of Rules 13a-15(e) and 15d-15(e) of the Exchange Act as of the end of the period covered by this annual report. Based on such evaluation, our management has concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were effective.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, for our company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with generally accepted accounting principles and includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company's assets, (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles and that a company's receipts and expenditures are being made only in accordance with authorizations of a company's management and directors and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of a company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance with respect to consolidated financial statement preparation and presentation and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act and related rules as promulgated by the SEC, our management assessed the effectiveness of the internal control over financial reporting as of December 31, 2025 using criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2025.

Attestation Report of the Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent registered public accounting firm. The attestation report issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP can be found on page F-4 of this annual report on Form 20-F.

Changes in Internal Control over Financial Reporting

There were no significant changes that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

ITEM 16. ***[RESERVED]***

ITEM 16A. ***AUDIT COMMITTEE FINANCIAL EXPERT***

Our board of directors has determined that Ms. Yi Zhang is an audit committee financial expert, as that term is defined in Item 16A(b) of Form 20-F, and is independent for the purposes of Rule 5605(a)(2) of the NASDAQ Marketplace Rules, or the NASDAQ Rules, and Rule 10A-3 under the Exchange Act.

ITEM 16B. ***CODE OF ETHICS***

Our board of directors adopted a code of business conduct and ethics on January 27, 2010 that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our executive officers and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as an exhibit to our registration statement on Form F-1 (File No. 333-165247) originally filed with the Securities and Exchange Commission on March 5, 2010, as amended. Our code of business conduct and ethics is publicly available on our website at https://ir.hworld.com/.

ITEM 16C. ***PRINCIPAL ACCOUNTANT FEES AND SERVICES***

Deloitte Touche Tohmatsu Certified Public Accountants LLP, or Deloitte, serves as our independent registered public accounting firm.

Our audit committee is responsible for the oversight of Deloitte's work. The policy of our audit committee is to pre-approve all audit and non-audit services provided by Deloitte, including audit services, audit-related services, tax services and other services, other than those for *de minimis* services which are approved by the audit committee prior to the completion of the audit.

We paid the following fees for professional services to Deloitte for the years ended December 31, 2024 and 2025.

	Year Ended December 31,	
	2024	2025
	US$	US$
	(In millions)	
Audit Fees[(1)]	3.0	3.1
Audit-related Fees[(2)]	0.1	—
Tax Fees[(3)]	0.0	—
Other Service Fees[(4)]	0.2	—
Total	3.3	3.1

Notes:

(1) Audit Fees. This category includes the aggregate fees billed for the professional services rendered by our principal auditors for the interim review of quarterly financial statements and the audit of our annual financial statements.
(2) Audit-related Fees. This category includes the aggregated fees billed for the professional services rendered by our principal auditors for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements that are not reported under "Audit Fees."
(3) Tax Fees. This category includes the aggregate fees billed for the professional services rendered by our principal auditors for tax compliance and tax advice.
(4) Other Service Fees. This category includes the aggregate fees billed for the professional services rendered by our principal auditors for business consulting.

ITEM 16D. ***EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES***

Not applicable.

ITEM 16E. ***PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS***

We announced a share repurchase program approved by our board of directors on August 21, 2019. Under the terms of the approved program, we may repurchase up to US$750 million worth of our issued and outstanding ADSs in open market at prevailing market prices or privately negotiated transaction, depending on market conditions and other factors, as well as in accordance with restrictions relating to volume, price and timing. This share repurchase plan ended on August 20, 2024. We repurchased 3,458,597 and 6,876,340 ADSs in 2023 and 2024 under this program, respectively.

We announced a share repurchase program approved by our board of directors on July 23, 2024, which replaced the previous share repurchase program approved and adopted on August 21, 2019 with an aggregate amount of up to US$750 million. Under the terms of the approved program, effective from August 21, 2024, we may repurchase up to US$1,000 million worth of our issued and outstanding ADSs through open market transactions at prevailing market prices or in privately negotiated transactions from time to time as market conditions warrant and in compliance with applicable requirements of Rule 10b5-1 and Rule 10b-18 under the U.S. Securities Exchange Act of 1934, as amended, at times and in such amounts as our company deems appropriate. This share repurchase plan will be effective for five years. Our board of directors review the share repurchase program periodically, and may authorize adjustment of its terms and size or suspend or discontinue the program. We repurchased 1,503,206 and 3,201,703 ADSs in 2024 and 2025 under this program, respectively.

The following table sets forth information about our purchases of outstanding ADSs in 2025.

Period	(a) Total Number of ADSs Purchased	(b) Average Price Paid per ADSs (US$)	(c) Total Number of ADSs Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of ADSs that May Yet be Purchased Under the Plans or Programs (in US$million)
January 2025	1,874,950	32.00	1,874,950	896
February 2025	—	—	—	896
March 2025	—	—	—	896
April 2025	54,035	32.96	54,035	894
May 2025	—	—	—	894
June 2025	—	—	—	894
July 2025	—	—	—	894
August 2025	—	—	—	894
September 2025	11,054	36.60	11,054	894
October 2025	1,261,664	37.72	1,261,664	846
November 2025	—	—	—	846
December 2025	—	—	—	846

ITEM 16F. ***CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT***

Not applicable.

ITEM 16G. ***CORPORATE GOVERNANCE***

We are a "foreign private issuer" (as such term is defined in Rule 3b-4 under the Exchange Act), and our ADSs are listed on the NASDAQ Global Select Market. The NASDAQ rules provide that foreign private issuers may follow home country practice in lieu of the corporate governance requirements of the NASDAQ Stock Market LLC, subject to certain exceptions and requirements and except to the extent that such exemptions would be contrary to U.S. federal securities laws and regulations. The significant differences between our corporate governance practices and those followed by domestic companies under the NASDAQ rules are summarized as follows:

- We follow home country practice that permits our board of directors not to have a majority of independent directors in lieu of complying with Rule 5605(b)(1) of the NASDAQ.
- We follow home country practice that permits our independent directors not to hold regularly scheduled meetings at which only independent directors are present in lieu of complying with Rule 5605(b)(2) of the NASDAQ.
- We follow home country practice that permits our board of directors not to implement a nominations committee, in lieu of complying with Rule 5605(e) of the NASDAQ Rules that requires the implementation of a nominations committee.
- We followed home country practice that permits us not to disclose in our annual report or website the material terms of all agreements or arrangements between any director, nominee for director and any person or entity other than our company relating to compensation or other payment in connection with that person's candidacy or services as a director of our company, in lieu of complying with Rule 5250(b)(3) of the NASDAQ.

Other than the above, we have followed and intend to continue to follow the applicable corporate governance standards under the NASDAQ rules.

In accordance with Rule 5250(d)(1) of the NASDAQ, we will post this annual report on Form 20-F on our company website at https://ir.hworld.com.

Under Rule 19C.11 of the Hong Kong Listing Rules, we are exempt from certain corporate governance requirements of the Hong Kong Stock Exchange, including Appendix C1 of the Hong Kong Listing Rules (Corporate Governance Code) and Appendix D2 of the Hong Kong Listing Rules (Disclosure of Financial Information).

In connection with our listing on the Hong Kong Stock Exchange, the Hong Kong Stock Exchange and the SFC granted certain waivers and exemptions from strict compliance with the relevant provisions of the Hong Kong Listing Rules and the SFO, respectively, and the SFC also granted a ruling under the Takeovers Codes.

Not a Public Company in Hong Kong

Section 4.1 of the Introduction to the Takeovers Codes provides that the Takeovers Codes applies to takeovers, mergers and share buy-backs affecting public companies in Hong Kong and companies with a primary listing in Hong Kong. According to the Note to Section 4.2 of the Introduction to the Takeovers Codes, a Grandfathered Greater China Issuer within the meaning of Rule 19C.01 of the Hong Kong Listing Rules with a secondary listing on the Hong Kong Stock Exchange will not normally be regarded as a public company in Hong Kong under Section 4.2 of the Introduction to the Takeovers Codes.

The SFC granted a ruling that we are not a "public company in Hong Kong" for the purposes of Section 4.2. Therefore, the Takeovers Codes do not apply to us. In the event that the bulk of trading in the Shares migrates to Hong Kong such that our Company would be treated as having a dual-primary listing pursuant to Rule 19C.13 of the Hong Kong Listing Rules, the Takeovers Codes will apply to our Company.

Disclosure of Interests under Part XV of SFO

Part XV of the SFO imposes duties of disclosure of interests in ordinary shares. Under the U.S. Exchange Act, which we are subject to, any person (including directors and officers of the company concerned) who acquires beneficial ownership, as determined in accordance with the rules and regulations of the SEC and which includes the power to direct the voting or the disposition of the securities, of more than 5% of a class of equity securities registered under Section 12 of the U.S. Exchange Act must file beneficial owner reports with the SEC, and such person must promptly report any material change in the information provided (including any acquisition or disposition of 1% or more of the class of equity securities concerned), unless exceptions apply. Therefore, compliance with Part XV of the SFO would subject our corporate insiders to a second level of reporting, which would be unduly burdensome to them, would result in additional costs and would not be meaningful, since the statutory disclosure of interest obligations under the U.S. Exchange Act that apply to us and our corporate insiders would provide our investors with sufficient information relating to the shareholding interests of our significant shareholders.

The SFC granted a partial exemption under section 309(2) of the SFO from the provisions of Part XV of the SFO (other than Divisions 5, 11 and 12 of Part XV of the SFO), on the conditions that (i) the bulk of trading in the ordinary shares is not considered to have migrated to Hong Kong on a permanent basis in accordance with Rule 19C.13 of the Hong Kong Listing Rules; (ii) all disclosures of interest filed in the SEC are also filed with the Hong Kong Stock Exchange as soon as practicable, which will then publish such disclosure in the same manner as disclosures made under Part XV of the SFO; and (iii) we will advise the SFC if there is any material change to any of the information which has been provided to the SFC, including any significant changes to the disclosure requirements in the U.S. and any significant changes in the volume of our worldwide share turnover that takes place on the Hong Kong Stock Exchange. This exemption may be reconsidered by the SFC in the event there is a material change in information provided to the SFC.

The U.S. Exchange Act and the rules and regulations promulgated thereunder require disclosure of interests by shareholders that are broadly equivalent to Part XV of the SFO. For relevant disclosure in respect of the substantial shareholder's interests, see "Item 7. Major Shareholders and Related Party Transactions — A. Major Shareholders."

We undertook to file with the Hong Kong Stock Exchange, as soon as practicable, any declaration of shareholding and securities transactions filed with the SEC. We further undertook to disclose in present and future listing documents any shareholding interests as disclosed in an SEC filing and the relationship between our directors, officers, members of committees and their relationship to any controlling shareholder.

Corporate Communication

Rule 2.07A of the Hong Kong Listing Rules, as amended with effect from December 31, 2023, provides that a listed issuer may (i) send or otherwise make available to the relevant holders of its securities any corporate communication by electronic means or (ii) make the corporate communication available on its website and the website of the Hong Kong Stock Exchange, and must set out on its website the manner in which (i) and/or (ii) above is adopted for the dissemination of its corporate communications.

The Hong Kong Stock Exchange granted us a waiver from strict compliance with the requirements under Rule 2.07A of the Hong Kong Listing Rules, which remains effective.

Since our listing on the Hong Kong Stock Exchange, we made the following arrangements:

- We issue all corporate communications as required by the Hong Kong Listing Rules on our own website in English and Chinese, and on the Hong Kong Stock Exchange's website in English and Chinese.
- We continue to make arrangements to provide printed copies of proxy materials and notices to our shareholders at no costs upon request.
- We have added to the "Investor Relations" page of our website which directs investors to all of our filings with the Hong Kong Stock Exchange.

In light of the amendments to Rule 2.07A of the Hong Kong Listing Rules, we have also set out in the relevant sections of our website the manner of our corporation communication dissemination.

Rule 13.25B of the Hong Kong Listing Rules requires a listed issuer to publish a monthly return in relation to movements in its equity securities (including treasury shares), debt securities and any other securitized instruments, as applicable, during the period to which the monthly return relates. Pursuant to the Joint Policy Statement Regarding the Listing of Overseas Companies, or Joint Policy Statement, we sought a waiver from Rule 13.25B subject to satisfying the waiver condition that the SFC has granted a partial exemption from strict compliance with Part XV of the SFO (other than Divisions 5, 11 and 12 of Part XV of the SFO) in respect of disclosure of shareholders' interests. As we have obtained a partial exemption from the SFC, the Hong Kong Stock Exchange granted a waiver from strict compliance with Rule 13.25B of the Hong Kong Listing Rules. We disclose information about share repurchases, if any, in our quarterly earnings releases and annual reports on Form 20-F which are furnished or filed with the SEC in accordance with applicable U.S. rules and regulations.

ITEM 16H. ***MINE SAFETY DISCLOSURE***

Not applicable.

ITEM 16I. ***DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS***

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading policy (the "Insider Trading Policy"), which governs the purchase, sale and other dispositions of our securities by our directors, executive officers, and employees. Our Insider Trading Policy aims to promote compliance with applicable insider trading laws, rules and regulations, and the NASDAQ listing standards. A copy of our Insider Trading Policy is filed as Exhibit 11.2 to this Annual Report.

ITEM 16K. CYBERSECURITY

Risk Management and Strategy

We have implemented procedures for assessing, identifying, and managing material risks from cybersecurity threats and for prevention, detection, mitigation and remediation of material cybersecurity incidents. We have also integrated cybersecurity risk management into our overall enterprise risk management system.

The framework of our cybersecurity risk management process mainly includes four steps: (i) identifying cybersecurity threats, assessing the severity, identifying the source and whether the threat is associated with a third-party service provider; (ii) reporting material cybersecurity incidents to management and our board of directors; (iii) implementing safeguards, countermeasures and mitigation strategies; and (iv) remediation and restoration of the affected systems. We have established processes to oversee and identify risks from cybersecurity threats associated with our use of third-party services providers.

We have also developed a comprehensive cybersecurity threat defense system to address both internal and external threats. This system encompasses various levels, including network, host and application security, and incorporates systematic security capabilities for threat defense, monitoring, analysis, response, deception, and countermeasures. We strive to manage cybersecurity risks and protect sensitive information through various methods, including technical safeguards, procedural requirements, an intensive monitoring program on our corporate network, continuous testing of our security posture both internally and with outside vendors, a robust incident response program, a review of the effectiveness of our security system with reference to applicable security standards by qualified third parties and regular cybersecurity awareness training for employees. Our Operation and Maintenance Security Department continuously monitor the performance of our platforms and infrastructure to enable us to respond quickly to potential problems, including potential cybersecurity threats.

In addition, we regularly engage third-party assessors, consultants and auditors in connection with our cybersecurity risk management processes, and the audit committee of our Board of Directors has the necessary resources and authority to select, retain, terminate and approve the fees and other retention terms for such assessors, consultants, auditors or other third parties, as it deems necessary or appropriate. As of the date of this annual report, we have not experienced any material cybersecurity incidents or identified any material cybersecurity threats that have affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition.

Governance

We place a strong emphasis on data security. We have established an information security committee and an information security and privacy protection working group consisting of heads of various departments. To further ensure data security, we have also set up a special data security committee to ensure the security of customer data and prevent data leakage by setting data security guidelines and coordinating data security planning. We also have a dedicated information security center equipped with personnel specialized in data security, compliance, and risk management. This center is involved in key aspects of our business operations and provides other departments with professional data security and risk management services.

Our information security committee is responsible for the oversight of risks from cybersecurity threats, including full authority in monitoring, resolving, disclosing, and otherwise handling matters related to or arising out any cybersecurity incidents. Members of our information security committee are responsible for monitoring the prevention, detection, mitigation and remediation of cybersecurity incidents and shall report risks from cybersecurity threats on a regular basis and promptly reporting any material cybersecurity incidents to the management of the information security committee.

Mr. Hui Jin, our chief executive officer, serves as the chairman of our information security committee. Mr. Jin is authorized to make decisions with regard to the cybersecurity matters of our company.

PART III

ITEM 17. *FINANCIAL STATEMENTS*

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. *FINANCIAL STATEMENTS*

Our consolidated financial statements are included at the end of this annual report.

ITEM 19. *EXHIBITS*

Exhibit Number	Description of Document
1.1	The Amended and Restated Memorandum and Second Amended and Restated Articles of Association of the Registrant currently in effect, adopted by way of a special resolution passed on June 27, 2023. (Incorporated by reference to Exhibit 3.1 from our report on Form 6-K filed with the Securities and Exchange Commission on June 27, 2023.)
2.1	Registrant's Specimen American Depositary Receipt. (Incorporated by reference to Form 424b3 (file no. 333-225171) filed with the Securities and Exchange Commission on July 11, 2022.)
2.2	Registrant's Specimen Certificate for Ordinary Shares. (Incorporated by reference to Exhibit 4.1 from our Form F-3 (file no. 333- 269169) filed with the Securities and Exchange Commission on January 10, 2023.)
2.3	Form of Deposit Agreement Among the Registrant, the Depositary and All Holders and Beneficial Owners of the American Depositary Shares. (Incorporated by reference to Exhibits 4.3 from the Amendment No. 1 to our Registration Statement on Form F-1 (file no. 333-165247) filed with the Securities and Exchange Commission on March 12, 2010.)
2.4	Form of Amendment No. 1 to Deposit Agreement among the Registrant, the Depositary and all Holders and Beneficial Owners of the American Depositary Shares issued thereunder. (Incorporated by reference to Exhibits (a)(i) from the post-effective amendment No. 1 to Form F-6 (file no. 333-225171) filed with the Securities and Exchange Commission on May 7, 2021.)
2.5*	Description of Securities
4.1	Amended and Restated 2009 Share Incentive Plan, amended and restated as of October 1, 2009. (Incorporated by reference to Exhibit 10.3 from our Registration Statement on Form F-1 (file no. 333-165247) filed with the Securities and Exchange Commission on March 5, 2010.)
4.2	Amendment to the Amended and Restated 2009 Share Incentive Plan, amended as of August 26, 2010. (Incorporated by reference to Exhibit 99.2 from our report on Form 6-K (file no. 333-34656) filed with the Securities and Exchange Commission on July 15, 2010.)
4.3	Amendment to the Amended and Restated 2009 Share Incentive Plan, amended as of March 26, 2015. (Incorporated by reference to Exhibit 99.2 from our report on Form 6-K filed with the Securities and Exchange Commission on March 27, 2015.)
4.4	Form of Indemnification Agreement with the Registrant's Directors. (Incorporated by reference to Exhibit 10.4 from our Registration Statement on Form F-1 (file no. 333-165247) filed with the Securities and Exchange Commission on March 5, 2010.)
4.5	English translation of the Form of Employment Agreement between the Registrant and Executive Officers of the Registrant. (Incorporated by reference to Exhibit 4.6 from our annual report on Form 20-F (File No. 001-34656) filed with the Securities and Exchange Commission on April 12, 2012.)
4.6	Investor and Registration Rights Agreement between the Registrant and Ctrip.com International, Ltd., dated March 12, 2010. (Incorporated by reference to Exhibit 10.10 from the Amendment No. 1 to our Registration Statement on Form F-1 (file no. 333-165247) filed with the Securities and Exchange Commission on March 12, 2010.)

4.7	Supplemental Registration Rights Agreement between the registrant and Trip.com dated August 3, 2020. (Incorporated by reference to Exhibit 4.7 from our annual report on Form 20-F filed with the Securities and Exchange Commission on April 23, 2021.)
4.8	Indenture between the Registrant and Wilmington Trust, National Association dated May 12, 2020. (Incorporated by reference to Exhibit 4.17 from our annual report on Form 20-F filed with the Securities and Exchange Commission on April 23, 2021.)
4.9	Amended and Restated 2023 Share Incentive Plan, adopted on June 27, 2024. (Incorporated by reference to Exhibit 99.2 from our report on Form 6-K filed with the Securities and Exchange Commission on June 27, 2024.)
8.1*	Subsidiaries of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant. (Incorporated by reference to Exhibit 99.1 from our Registration Statement on Form F-1 (file no. 333-165247) filed with the Securities and Exchange Commission on March 5, 2010.)
11.2	Insider Trading Policy of the Registrant
12.1*	Certification of Hui Jin, Chief Executive Officer of the Registrant, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2*	Certification of Arthur Yu, Chief Financial Officer of the Registrant, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1*	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP, Independent Registered Public Accounting Firm.
15.2*	Consent of JunHe LLP
97.1	Policy Relating to Recovery of Erroneously Awarded Compensation of the Registrant (Incorporated by reference to Exhibit 97.1 from our annual report on Form 20-F filed with the Securities and Exchange Commission on April 23, 2024.)
101.INS*	Inline XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRLtags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104.*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed with this Annual Report on Form 20-F.
** Furnished with this Annual Report on Form 20-F.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

H WORLD GROUP LIMITED

By: /s/ Hui Jin
Name: Hui Jin
Title: Chief Executive Officer

Date: April 24, 2026

H WORLD GROUP LIMITED

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023, 2024 AND 2025

Reports of Independent Registered Public Accounting Firm (PCAOB ID:1113)	F-2
Consolidated Balance Sheets as of December 31, 2024 and 2025	F-5
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2023, 2024 and 2025	F-6
Consolidated Statements of Changes in Equity for the Years Ended December 31, 2023, 2024 and 2025	F-7
Consolidated Statements of Cash Flows for the Years Ended December 31, 2023, 2024 and 2025	F-8
Notes to Consolidated Financial Statements	F-10
Financial Statements Schedule I — Financial Information for Parent Company	F-40
Financial Statements Schedule II — Valuation and Qualifying Accounts	F-44

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF H WORLD GROUP LIMITED

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of H World Group Limited and its subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes and the financial statements schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 24, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Convenience Translation

Our audits also comprehended the translation of Renminbi amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such United States dollar amounts are presented solely for the convenience of readers outside the People's Republic of China.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment Assessment of Goodwill and Brand Name related to DH acquisition - Refer to Notes 2, 5, and 7 to the financial statements

Critical Audit Matter Description

As more fully described in Notes 2, 5, and 7 to the consolidated financial statements, the Company recognized goodwill and brand names related to its acquisition of Steigenberger Hotels Aktiengesellschaft Germany ("DH"). The Company concluded through its impairment analyses, no impairment on goodwill and brand names should be recognized for the year ended December 31, 2025.

We identified impairment assessments of goodwill and a brand name with indefinite lives assigned to the legacy DH reporting unit as a critical audit matter because of the significant judgments made by management relating the determination of the estimated fair value of the legacy DH reporting unit as part of the impairment assessments. The Company determined the estimated fair value of the legacy DH reporting unit and a brand name assigned to the legacy DH reporting unit using the discounted cash flow model under income approach, which requires management to make significant estimates and assumptions related to projected hotels' revenues and growth rates, projected operating cost, royalty saving rates and discount rates (collectively referred to as "significant assumptions"). These significant assumptions are inherently uncertain in that the estimates change from year to year and are sensitive to change in market conditions and consumer demands. It required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's significant estimates and assumptions.

How the Critical Audit Matter was addressed in the Audit

- We tested the effectiveness of internal controls related to management's determination of significant assumptions used in the discounted cash flow model.
- We evaluated the reasonableness of significant assumptions used by management in the cash flow projections for the determination of fair value of legacy DH reporting unit and a brand name with infinite lives. We also evaluated the ranges and probabilities of reasonably possible outcomes, and whether management set its point estimates within the ranges.
- We evaluated management's ability in its future revenues and costs forecast by comparing actual results to management's historical forecasts.
- With the assistance of internal valuation specialists, we evaluated the reasonableness of the discount rates by developing a range of independent estimates and comparing those to the related rates selected by management.
- We tested the accuracy and completeness of the key data used in developing estimates.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai, China
April 24, 2026
We have served as the Company's auditor since 2009.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF H WORLD GROUP LIMITED

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of H World Group Limited (previously known as Huazhu Group Limited) and its subsidiaries (the "Company") as of December 31, 2025 based on criteria established in Internal Control — Integrated Framework (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the "PCAOB"), the financial statements as of and for the year ended December 31, 2025 of the Company and our report dated April 24, 2026 expressed an unqualified opinion on those financial statements and included explanatory paragraphs regarding the convenience translation of Renminbi amounts into United States dollar amounts.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai, China
April 24, 2026

H WORLD GROUP LIMITED

CONSOLIDATED BALANCE SHEETS
(Renminbi in millions, except share and per share data, or otherwise stated)

	As of December 31,		
	2024	2025	2025 US$' in millions (Note 2)
ASSETS			
Current assets:			
Cash and cash equivalents	7,474	10,386	1,485
Restricted cash	50	146	21
Short-term investments, including marketable securities measured at fair value of RMB81 and RMB69 as of December 31, 2024 and 2025, respectively	3,603	4,894	700
Accounts receivable, net	817	723	104
Loan receivables - current, net	114	87	12
Amounts due from related parties - current, net	297	272	39
Inventories	60	57	8
Other current assets, net	800	870	124
Total current assets	13,215	17,435	2,493
Property and equipment, net	5,682	5,230	748
Intangible assets, net	4,776	5,028	719
Operating lease right-of-use assets	24,992	24,983	3,573
Finance lease right-of-use assets	2,272	2,394	342
Land use rights, net	174	155	22
Long-term investments, including available-for-sale debt securities measured at fair value of RMB230 and RMB175 as of December 31, 2024 and 2025, respectively	2,316	1,369	196
Goodwill	5,221	5,428	776
Amounts due from related parties, net	51	42	6
Loan receivables, net	190	132	19
Other assets, net	668	752	108
Deferred income tax assets	1,054	1,157	165
Assets held for sale	1,941	669	96
Total assets	62,552	64,774	9,263
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term debt and current portion of long-term debt	880	5,337	763
Accounts payable	983	1,020	146
Amounts due to related parties	74	129	18
Salary and welfare payables	1,201	1,188	170
Deferred revenue	1,822	1,823	261
Operating lease liabilities, current	3,492	3,478	497
Finance lease liabilities, current	50	59	8
Accrued expenses and other current liabilities	4,006	4,902	702
Income tax payable	813	1,191	170
Total current liabilities	13,321	19,127	2,735
Long-term debt	4,546	479	68
Operating lease liabilities, non-current	23,634	23,653	3,382
Finance lease liabilities, non-current	2,843	3,063	438
Deferred revenue	1,351	1,602	229
Other long-term liabilities	1,472	1,925	276
Retirement benefit obligations	111	109	16
Deferred income tax liabilities	919	1,187	170
Liabilities held for sale	2,084	671	96
Total liabilities	50,281	51,816	7,410
Commitments and contingencies (Note 21)			
Equity:			
Ordinary shares (US$0.00001 par value per share; 80,000,000,000 shares authorized; 3,105,094,690 and 3,098,323,810 shares issued as of December 31, 2024 and 2025, and 3,083,916,600 and 3,071,525,690 shares outstanding as of December 31, 2024 and 2025, respectively)	0	0	0
Treasury shares (21,178,090 and 26,798,120 shares as of December 31, 2024 and 2025, respectively)	(274)	(662)	(95)
Additional paid-in capital	9,620	9,653	1,381
Retained earnings	2,449	3,614	517
Accumulated other comprehensive income	382	199	28
Total H World Group Limited shareholders' equity	12,177	12,804	1,831
Noncontrolling interest	94	154	22
Total equity	12,271	12,958	1,853
Total liabilities and equity	62,552	64,774	9,263

The accompanying notes are an integral part of these consolidated financial statements.

H WORLD GROUP LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Renminbi in millions, except share and per share data, or otherwise stated)

	Years Ended December 31,			
	2023	2024	2025	2025
				US$' in millions (Note 2)
Revenues:				
Leased and owned hotels	13,796	13,843	12,943	1,851
Manachised and franchised hotels	7,694	9,498	11,696	1,672
Others	392	550	668	95
Total revenues	21,882	23,891	25,307	3,618
Operating costs and expenses:				
Hotel operating costs	14,341	15,285	15,339	2,194
Other operating costs	34	31	61	9
Selling and marketing expenses	1,072	1,176	1,270	182
General and administrative expenses	2,086	2,508	2,262	321
Pre-opening expenses	35	50	41	6
Total operating costs and expenses	17,568	19,050	18,973	2,712
Goodwill impairment loss	4	—	—	—
Other operating income, net	404	359	485	69
Income from operations	4,714	5,200	6,819	975
Interest income	248	210	223	32
Interest expense	385	318	337	48
Other income, net	573	51	38	5
Gain (loss) from fair value changes of equity securities, net	109	(66)	(10)	(1)
Foreign exchange gain (loss), net	90	(272)	569	81
Income before income taxes	5,349	4,805	7,302	1,044
Income tax expense	1,204	1,662	2,161	309
Loss from equity method investments	(14)	(41)	(26)	(4)
Net income	4,131	3,102	5,115	731
Less: net income attributable to noncontrolling interest	46	54	35	5
Net income attributable to H World Group Limited	4,085	3,048	5,080	726
Other comprehensive income				
(Loss) gain arising from defined benefit plan, net of tax of RMB(3), RMB0 and RMB2 for the year ended 2023, 2024 and 2025, respectively	(9)	6	9	1
Loss from fair value changes of debt securities, net of tax of RMB3, RMB13 and RMB3 for 2023, 2024 and 2025, respectively	(12)	(38)	(8)	(1)
Foreign currency translation adjustments, net of tax of nil for the years ended 2023, 2024 and 2025, respectively	175	28	(184)	(26)
Comprehensive income	4,285	3,098	4,932	705
Less: comprehensive income attributable to the noncontrolling interest	46	54	35	5
Comprehensive income attributable to H World Group Limited	4,239	3,044	4,897	700
Earnings per share:				
Basic	1.28	0.98	1.65	0.24
Diluted	1.25	0.96	1.60	0.23
Weighted average number of shares used in computation:				
Basic	3,183,163,131	3,115,130,107	3,070,939,457	3,070,939,457
Diluted	3,351,421,211	3,278,308,290	3,247,494,097	3,247,494,097

The accompanying notes are an integral part of these consolidated financial statements.

H WORLD GROUP LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Renminbi in millions, except share data, or otherwise stated)

	Ordinary Shares		Treasury Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interest	Total Equity
	Outstanding shares	Amount	Shares	Amount					
Balance at January 1, 2023	3,112,413,730	0	153,019,860	(441)	10,138	(1,200)	232	74	8,803
Issuance of ordinary shares upon exercise of options and vesting of restricted stocks	6,793,560	0	—	—	(0)	—	—	—	—
Vesting of restricted stock in Treasury Shares	3,239,790	—	(3,239,790)	11	(11)	—	—	—	—
Conversion of Convertible Senior Notes due 2022	240	0	—	—	0	—	—	—	0
Share-based compensation	—	—	—	—	143	—	—	—	143
Net income	—	—	—	—	—	4,085	—	46	4,131
Dividends to noncontrolling interest holders	—	—	—	—	—	—	—	(2)	(2)
Issuance of ordinary shares	71,185,000	0	—	—	1,963	—	—	—	1,963
Capital contribution from noncontrolling interest holders	—	—	—	—	—	—	—	0	0
Acquisition of noncontrolling interest	—	—	—	—	(0)	—	—	(4)	(4)
Loss from fair value changes of debt securities, net of tax benefit of RMB3	—	—	—	—	—	—	(12)	—	(12)
Foreign currency translation adjustments, net of tax of nil	—	—	—	—	—	—	175	—	175
Repurchase of ordinary shares	(34,585,970)	—	34,585,970	(848)	—	—	—	—	(848)
Cash dividends declared	—	—	—	—	—	(2,091)	—	—	(2,091)
Cancellation of ordinary shares	—	(0)	(133,019,860)	372	(372)	—	—	—	0
Loss arising from defined benefit plan, net of tax benefit of RMB3	—	—	—	—	—	—	(9)	—	(9)
Balance at December 31, 2023	3,159,046,350	0	51,346,180	(906)	11,861	794	386	114	12,249
Issuance of ordinary shares upon exercise of options and vesting of restricted stocks	1,497,730	0	—	—	(0)	—	—	—	—
Vesting of restricted stock in Treasury Shares	7,167,980	—	(7,167,980)	25	(25)	—	—	—	—
Share-based compensation	—	—	—	—	322	—	—	—	322
Net income	—	—	—	—	—	3,048	—	54	3,102
Dividends to noncontrolling interest holders	—	—	—	—	—	—	—	(4)	(4)
Capital contribution from noncontrolling interest holders	—	—	—	—	—	—	—	0	0
Acquisition of noncontrolling interest	—	—	—	—	(49)	—	—	(70)	(119)
Loss from fair value changes of debt securities, net of tax benefit of RMB13	—	—	—	—	—	—	(38)	—	(38)
Foreign currency translation adjustments, net of tax of nil	—	—	—	—	—	—	28	—	28
Repurchase of ordinary shares	(52,761,410)	—	52,761,410	(1,172)	—	—	—	—	(1,172)
Purchase of prepaid put option	—	—	—	—	(710)	—	—	—	(710)
Repurchase of ordinary shares upon exercise of prepaid put option	(31,034,050)	—	31,034,050	(710)	710	—	—	—	—
Cash dividends declared	—	—	—	—	—	(1,393)	—	—	(1,393)
Cancellation of ordinary shares	—	(0)	(106,795,570)	2,489	(2,489)	—	—	—	—
Gain arising from defined benefit plan, net of tax of RMB0	—	—	—	—	—	—	6	—	6
Balance at December 31, 2024	3,083,916,600	0	21,178,090	(274)	9,620	2,449	382	94	12,271
Issuance of ordinary shares upon exercise of options and vesting of restricted stocks	5,246,150	0	—	—	16	—	—	—	16
Exercise of share option and vesting of restricted stock in Treasury Shares	14,379,970	—	(14,379,970)	172	(150)	—	—	—	22
Share-based compensation	—	—	—	—	420	—	—	—	420
Net income	—	—	—	—	—	5,080	—	35	5,115
Dividends to noncontrolling interest holders	—	—	—	—	—	—	—	(4)	(4)
Capital contribution from noncontrolling interest holders	—	—	—	—	—	—	—	1	1
Acquisition of noncontrolling interest	—	—	—	—	(30)	—	—	28	(2)
Loss from fair value changes of debt securities, net of tax benefit of RMB3	—	—	—	—	—	—	(8)	—	(8)
Foreign currency translation adjustments, net of tax of nil	—	—	—	—	—	—	(184)	—	(184)
Repurchase of ordinary shares	(32,017,030)	—	32,017,030	(783)	—	—	—	—	(783)
Cash dividends declared	—	—	—	—	—	(3,915)	—	—	(3,915)
Cancellation of ordinary shares	—	(0)	(12,017,030)	223	(223)	—	—	—	—
Gain arising from defined benefit plan, net of tax of RMB2	—	—	—	—	—	—	9	—	9
Balance at December 31, 2025	3,071,525,690	0	26,798,120	(662)	9,653	3,614	199	154	12,958

The accompanying notes are an integral part of these consolidated financial statements.

H WORLD GROUP LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Renminbi in millions, or otherwise stated)

	Years Ended December 31,			
	2023	2024	2025	2025
				US$ in millions (Note 2)
Operating activities:				
Net income	4,131	3,102	5,115	731
Adjustments to reconcile net income to net cash provided by operating activities:				
Share-based compensation	143	322	420	60
Depreciation and amortization	1,414	1,332	1,257	180
Amortization of issuance cost of convertible senior notes and upfront fee on bank borrowings	34	5	—	—
Deferred income taxes	29	113	147	21
Credit loss	89	3	(18)	(3)
Impairment loss	516	537	242	35
Loss from equity method investments, net of dividends	72	97	81	12
Foreign currency exchange (gain) loss	(119)	263	(566)	(81)
Investment income	(806)	(13)	(98)	(14)
Noncash lease expense	2,163	2,300	2,233	319
Others	48	23	(131)	(18)
Changes in operating assets and liabilities, net of effect of acquisitions:				
Accounts receivable	296	(95)	117	17
Salary and welfare payables	402	121	(38)	(5)
Deferred revenue	576	467	231	33
Accrued expenses and other current liabilities	1,133	752	936	134
Operating lease liabilities	(2,548)	(2,453)	(2,383)	(341)
Income tax payable	62	251	378	53
Other long-term liabilities	84	382	435	62
Others, net	(45)	9	21	3
Net cash provided by operating activities	7,674	7,518	8,379	1,198
Investing activities:				
Purchases of property and equipment	(894)	(883)	(828)	(119)
Purchases of intangible asset	(7)	(15)	(10)	(1)
Purchases of investments	(3,509)	(4,017)	(8,134)	(1,163)
Proceeds from maturity/sale and return of investments	2,972	2,563	7,777	1,112
Origination of loan receivables	(226)	(178)	(69)	(10)
Collection of loan receivables	137	217	153	22
Other investing activities	50	74	69	10
Net cash used in investing activities	(1,477)	(2,239)	(1,042)	(149)

Financing activities:				
Proceeds from issuance of ordinary shares	1,973	—	—	—
Net proceeds from issuance of ordinary shares upon exercise of options	—	—	38	5
Payment of repurchases of ordinary shares	(848)	(1,172)	(783)	(112)
Proceeds from short-term debt	745	77	3,595	514
Repayment of short-term debt	(3,436)	(367)	(2,272)	(325)
Proceeds from long-term debt	350	490	—	—
Repayment of long-term debt	(2,336)	(140)	(850)	(122)
Proceeds from long-term finance liabilities	74	72	28	4
Repayment of long-term finance liabilities	(66)	(73)	(66)	(9)
Dividends paid	—	(3,480)	(3,907)	(559)
Principal payments of finance lease	(82)	(65)	(57)	(8)
Purchase of prepaid put option	—	(710)	—	—
Other financing activities	(94)	(136)	(32)	(4)
Net cash used in financing activities	(3,720)	(5,504)	(4,306)	(616)
Effect of exchange rate changes on cash and cash equivalents, and restricted cash	164	30	(30)	(4)
Net increase (decrease) in cash, cash equivalents and restricted cash, including cash and cash equivalents classified within assets held for sale	2,641	(195)	3,001	429
Less: net increase (decrease) in cash and cash equivalents classified within assets held for sale	17	(9)	(7)	(1)
Cash, cash equivalents and restricted cash at the beginning of the year	5,086	7,710	7,524	1,076
Cash, cash equivalents and restricted cash at the end of the year	7,710	7,524	10,532	1,506
Cash and cash equivalents	6,946	7,474	10,386	1,485
Restricted cash	764	50	146	21
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	7,710	7,524	10,532	1,506
Supplemental disclosure of cash flow information:				
Interest paid, net of amounts capitalized	263	166	169	24
Income taxes paid	1,127	1,310	1,632	233
Supplemental schedule of non-cash investing and financing activities:				
Purchases of property and equipment included in payables	477	437	336	48

The accompanying notes are an integral part of these consolidated financial statements.

H WORLD GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2024 and 2025
(Renminbi in millions, except share and per share data, or otherwise stated)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

H World Group Limited (the "Company") was incorporated in the Cayman Islands under the laws of the Cayman Islands on January 4, 2007. The principal business activities of the Company and its subsidiaries and consolidated variable interest entities (the "Group") are to develop and operate leased and owned, manachised and franchised hotels mainly in the People's Republic of China ("PRC" or "PRC Mainland", excluding, for the purposes of this consolidated financial statements only, Taiwan, the Hong Kong Special Administrative Region and the Macao Special Administrative Region), Europe and other countries and areas.

On January 2, 2020, the Group completed the acquisition of 100% equity interest of Steigenberger Hotels Aktiengesellschaft ("Deutsche Hospitality" or "DH") which was renamed as Steigenberger Hotels GmbH. Deutsche Hospitality was engaged in the business of leasing, franchising, operating and managing hotels in the midscale and upscale market in Europe, the Middle East and Africa. After the acquisition, "legacy DH" refers to Deutsche Hospitality and its subsidiaries and "legacy Huazhu" refers to the Group excluding Deutsche Hospitality.

Leased and owned hotels

The Group leases hotel properties from lessors or purchases properties directly and is responsible for all aspects of hotel operations and management, including hiring, training and supervising the managers and employees required to operate the hotels. In addition, the Group is responsible for hotel development and customization to conform to the standards of the Group brands at the beginning of the lease or the construction, as well as repairs and maintenance, operating expenses and management of properties over the term of the lease or the land and building certificate.

As of December 31, 2024 and 2025, the Group had 633 and 573 leased and owned hotels in operation, respectively.

Manachised and franchised hotels

The Group enters into franchise and management arrangements with franchisees for which the Group is responsible for providing branding, quality assurance, training, reservation, hiring and appointing of the hotel general manager and various other support services relating to hotel renovation and operations. Those hotels are classified as manachised hotels. Under the typical franchise and management agreements, the franchisee is required to pay an initial franchise fee and ongoing franchise and management service fees, which typically equal to a certain percentage of the revenues of the hotel. The franchisee is responsible for the costs of hotel development, renovation and the costs of its operations. There are also some franchised hotels for which the Group does not provide a hotel general manager. The franchise and management agreements typically range from eight to ten years under legacy Huazhu, and 15 to 20 years for manachised hotels and 10 to 15 years for franchised hotels under legacy DH. These agreements are renewable upon mutual agreement between the Group and the franchisees. As of December 31, 2024 and 2025, the Group had 10,380 and 12,170 manachised hotels in operation and 134 and 115 franchised hotels in operation, respectively.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its majority-owned subsidiaries and consolidated variable interest entities (the "VIEs"). All intercompany transactions and balances are eliminated on consolidation.

Variable Interest Entities

The Group evaluates the need to consolidate certain variable interest entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Those entities were established to conduct business in internet-based services and international travel agency, and their operations so far have been immaterial to the Group.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Group bases its estimates on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Significant accounting estimates reflected in the Group's consolidated financial statements include the impairment of goodwill and intangible assets with indefinite lives of legacy DH.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and demand deposits, which are unrestricted as to withdrawal and use, and which have original maturities of three months or less when purchased.

Restricted cash

Restricted cash mainly represents deposits used as security against borrowings, deposits restricted due to contract disputes or lawsuit and cash restricted for special purposes.

Investments

The Group uses the equity method of accounting to account for equity investment with significant influence, no control over the investee. Equity-method investment is reviewed for impairment by assessing whether there is an indication that a loss in value has occurred and whether a decline is deemed to be other-than-temporary. In making this determination, factors are evaluated in determining whether a loss in value should be recognized. These include consideration of the intent and ability of the Group to hold investment and the ability of the investee to sustain an earnings capacity, justifying the carrying amount of the investment.

Held to maturity investments are stated at amortized cost.

Investments in equity securities that have readily determinable fair values (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) are measured at fair value, with gains and losses from fair value changes recognized in net income in the consolidated statements of comprehensive income.

Equity investments without readily determinable fair values are measured at cost, less impairment, plus or minus observable price changes.

The Group classifies debt securities for which it does not have an intent to hold till maturity or may sell the security in response to the changes in economic conditions are classified as available-for-sale debt securities. These securities are carried at estimated fair value with unrealized holding gains and losses, net of tax impact, if any, reported as a net amount in a separate component of shareholders' equity, accumulated other comprehensive income, until realized. In determining the allowance for credit losses, the Group evaluates available-for-sale debt securities at the individual security level and considers the Group's investment strategy, current market conditions, financial strength of the underlying investments, term to maturity, and the Group's intent and ability to sell the securities. If the Group does not have the intention to sell a security and it is not more likely than not that it will be required to sell before recovery of the amortized cost basis, and it determines that the decline in fair value below the amortized cost basis is entirely or partially due to credit-related factors, a credit loss is recognized in the consolidated statements of comprehensive income.

Allowances for Losses on Certain Financial Assets

The Group establishes allowances for credit losses on accounts receivable, loans receivables and certain other similar financial assets. For accounts receivables and other financial assets, the adequacy of these allowances is assessed regularly for pools of assets with similar risk characteristics by evaluating of factors such as historical levels of credit losses, current economic condition that may affect a customer's ability to pay, customer credit ratings, and age of the receivable. When specific customers are identified as no longer sharing the same risk profile as their current pool, they are removed from the pool and evaluated separately.

For loan receivables, the Group estimate current expected credit losses based on the expectation of future economic conditions, historical collection experience and a loss-rate approach whereby the allowance is calculated using the probability of default and recovery rates and multiplying it by the asset's amortized cost at the balance sheet date.

Property and equipment, net

Property and equipment, net are stated at cost less accumulated depreciation, and impairment, if any. The renovations, betterments and interest cost incurred during construction are capitalized. Depreciation of property and equipment is provided using the straight line method over their expected useful lives. The expected useful lives are as follows:

Leasehold improvements	Shorter of the lease term or their estimated useful lives
Buildings	20-40 years
Furniture, fixtures and equipment	1-20 years
Motor vehicles	5 years

Construction in progress represents leasehold improvements and property under construction or being installed and is stated at cost. Cost comprises original cost of property and equipment, installation, construction and other direct costs. Construction in progress is transferred to the cost of property and equipment, and depreciation commences when the asset is ready for its intended use.

Expenditures for repairs and maintenance are expensed as incurred. Gain or loss on disposal of property and equipment, if any, is recognized in the consolidated statements of comprehensive income as the difference between the net sales proceeds and the carrying amount of the underlying asset.

Intangible assets, net

Intangible assets with finite useful lives are amortized using the straight-line method over their respective estimated useful lives over which the assets are expected to contribute directly or indirectly to the future cash flows of the Group. These estimated useful lives are generally as follows:

Franchise or manachise agreements	Remaining contract terms from 10 to 20 years
Purchased software	3 - 10 years based on the estimated usage period
Other intangible assets including trademark, licenses and other rights	2 - 15 years based on the contractual term, the length of license agreements and the effective terms of other legal rights

Almost all the brand names and master brand agreement acquired by the Group are considered to have indefinite useful lives since there are no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of these brands and these brands can be renewed at nominal cost. The Group evaluates the brand name and master brand agreement each reporting period to determine whether events and circumstances continue to support an indefinite useful life.

Land use rights, net

The land use rights represent the operating lease prepayments for the rights to use the land in the PRC under ASC 842, *Leases*, which are amortized on a straight-line basis over the remaining term of the land certificates, between 30 to 50 years.

Impairment of long-lived assets

The Group evaluates its long-lived assets including property and equipment, net, right-of-use assets and finite lived intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When these events occur, the Group measures impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss equal to the difference between the carrying amount and fair value of these assets.

The Group performed a recoverability test of its long-lived assets associated with certain hotels due to the sequential underperformance relative to the projected operating results, of which the carrying amount of the long-lived assets exceeded the future undiscounted net cash flows, and recognized an impairment loss of RMB286, RMB89 and RMB180 during the years ended December 31, 2023, 2024 and 2025, respectively.

Fair value of the long-lived assets was determined by the Group based on the income approach using the discounted cash flow associated with the underlying assets, which incorporated certain assumptions including projected hotels' revenue, growth rates and projected operating costs based on current economic condition, expectation of management and projected trends of current operating results.

Goodwill

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. The Group performs a one-step impairment test in which it compares the fair value of a reporting unit with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, if any. The goodwill impairment testing was performed at each reporting unit level. If the carrying amount of a reporting unit exceeds its fair value, an impairment amounts to that excess should be recognized in the consolidated statements of comprehensive income.

Revenue recognition

Revenue are primarily derived from products and services in leased and owned hotels, contracts of manachised and franchised hotels with third-party franchisees as well as activities other than the operation of hotel businesses.

Leased and owned hotel revenues

Leased and owned hotel revenues are primarily derived from the rental of rooms, sales of food, beverage and other ancillary goods and services, including but not limited to souvenir, laundry, parking and conference reservation. Each of these products and services represents an individual performance obligation and, in exchange for these services, the Group receives fixed amounts based on published rates or negotiated contracts. Payment is due in full at the time when the services are rendered or the goods are provided. Room rental revenue is recognized on a daily basis when rooms are occupied. Food and beverage revenue and other goods and services revenue are recognized when they have been delivered or rendered to the guests as the respective performance obligations are satisfied.

Manachised and franchised hotel revenues

Manachised and franchised hotel revenues are derived from franchise or manachise agreements where the franchisees are required to pay (i) an initial one-time franchise fee, and (ii) continuing franchise fees, which mainly consist of (a) primarily on-going management and franchise service fees, (b) central reservation system usage fees, system maintenance and support fees and (c) reimbursements for hotel manager fees.

Initial one-time license/franchise fee: For the manachised and franchised hotel, the Group is entitled to an initial one-time franchise fee, which is typically fixed and collected upfront. Initial franchise fee is recognized as revenue on a straight-line basis over the term of the franchise agreements.

On-going management and franchise service/royalty fees: On-going management and franchise service/royalty fees for Group's manachised and franchised hotels are variable and generally calculated as a percentage of the room revenues of the hotels as defined by each contract. Generally, on-going management and franchise service/royalty fees are recognized on a monthly basis over the term of the agreements as these amounts became payable. For the manachised hotel under Deutsche Hospitality, the franchisees are generally required to pay the Group an on-going management fees consisting of a base fee as a percentage of the hotel's gross revenues and an incentive fee as a percentage of the hotel's gross adjusted profit. Based fee is recognized on a monthly basis over the term of the agreement when the amounts become payable. Incentive fee are recognized on a monthly basis over the term of the agreement based on each hotel's financial results.

Central reservation system usage fees, other system maintenance and support fees: The group also charges a monthly system maintenance and support fees as part of the contracts. These fees are recognized on a monthly basis over the term of the agreements as these amount become payable.

Reimbursements for hotel manager fees: Under the management and franchise agreements, the Group is entitled to be reimbursed for payroll related for the appointed hotel general managers and other out-of-pocket expenses the Group incurs on behalf of the manachised hotels. The Group is entitled to reimbursement in the period the Group incurs the related reimbursable costs, which are recognized within manachised and franchised hotels revenue.

Other revenues

Other revenues mainly include revenues from technical services, procurement platform and commissions from suppliers for goods sold through Huazhu Mall. Revenue from technical services are recognized when services are rendered. The Group acts as an agent for certain e-commerce platforms, recognizing commission revenue on a net basis when suppliers deliver goods to end customers and its performance obligation is satisfied.

Loyalty Program

H Rewards loyalty program members earn loyalty points based on nights and other consumptions that they spent at the Group's hotels and Huazhu Mall. These loyalty points can be redeemed for future products and services. Points earned by loyalty program members represent a material right to free or discounted goods or services in the future. The loyalty program has one performance obligation that consists of marketing and managing the program and arranging for award redemptions by members. The Group is responsible for arranging for the redemption of points, but the Group does not directly fulfill the redemption obligation except at leased and owned hotels. Therefore, the Group is the agent with respect to this performance obligation for manachised and franchised hotels, and is the principal with respect to leased and owned hotels.

For leased and owned hotels, a portion of the leased and owned revenues is deferred until a member redeems points. The amount of revenue the Group recognizes upon point redemption is impacted by the estimate of the "breakage" for points that members will never redeem in the Group's owned and leased hotels.

For manachised and franchised hotels, the Group receives monthly cash contributions from manachised and franchised hotels determined based on the value of qualified spend when the points are earned. The Group recognizes these contributions into revenue as the Group provides the related service. The amount of revenue recognized is based on a blend of historical funding rates and is impacted by the Group's estimate of the "breakage" for points that members will never redeem.

Membership fees from the Group's customer loyalty program are earned and recognized on a straight-line basis over the expected membership duration of the different membership levels. The membership duration is estimated to be two to five years which reflects the expected membership retention. Revenues recognized from membership fees were RMB288, RMB338 and RMB411 for the years ended December 31, 2023, 2024 and 2025, respectively, which amount were included in revenues from leased and owned hotel or revenues from manachised and franchised hotels depending on the type of hotels the membership was sold at.

Advertising and promotional expenses

Advertising related expenses, including promotion expenses and production costs of marketing materials, are charged to the consolidated statements of comprehensive income as incurred, and amounted to RMB255, RMB256 and RMB271 for the years ended December 31, 2023, 2024 and 2025, respectively.

Leases

The Group determines if an arrangement is a lease or contains a lease at the inception of the contract. A lease arrangement is evaluated for classification as operating or financing upon lease commencement. Lease liabilities, which represent the Group's obligation to make lease payments arising from the lease, and corresponding right of-use assets, which represent the Group's right to use an underlying asset for the lease term, are recognized at the commencement date of the lease based on the present value of fixed future payments and variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date) over the lease term, calculated using the discount rate implicit in the lease, if available, or the Group's incremental borrowing rate. For operating leases, lease expense relating to fixed payments is recognized on a straight-line basis over the lease term and lease expense relating to variable payments is expensed as incurred. For finance leases, the amortization of the asset is recognized over the shorter of the lease term or useful life of the underlying asset.

Most leases have initial terms ranging from 10 to 20 years for legacy Huazhu, and from 20 to 30 years for legacy DH. The lease term includes lessee's options to extend or to early terminate the lease, and lease extension options are included in operating lease ROU assets and lease liabilities only to the extent that it is reasonably certain that the Group will exercise such extension options and will not exercise early termination options, respectively. The Group's lease agreements may include nonlease components, mainly common area maintenance, which are combined with the lease components as the Group elects to account for these components as a single lease component, as permitted. The Group elected the practical expedient of not to separate land components outside PRC from leases of specified property and equipment at the ASC842 transition date. Besides, the Group's lease payments are generally fixed and certain agreements contain variable lease payments based on the operating performance of the leased property and the changes in the index of consumer pricing index ("CPI"). Almost all the lease agreements with variable lease payments based on the changes in CPI are held by legacy DH.

For operating leases, the Group recognizes lease expense on a straight-line basis over the lease term and variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date, otherwise variable lease payments are recognized in the period in which the obligation for those payments is incurred. The operating lease expense is recognized as hotel operating costs, general and administrative expenses and pre-opening expenses in the consolidated statements of comprehensive income. For finance leases, lease expense is front-loaded, because ROU asset is depreciated on a straight-line basis over the shorter of the lease term or useful life of the underlying asset, and the lease liability is measured at amortized cost using the effective interest method, and the interest expense declines as the balance of lease liability declines; the depreciation of ROU assets and interest expenses on lease liabilities are respectively classified as hotel operating costs and interest expense in the consolidated statements of comprehensive income. Additionally, the Group elected not to recognize leases with lease terms of 12 months or less at the commencement date. Lease payments on short-term leases are recognized as an expense on a straight-line basis over the lease term, and are not included in lease liabilities. The Group's lease agreements do not contain any significant residual value guarantees or restricted covenants.

The Group reassesses of a contract is or contains a leasing arrangement and re-measures ROU assets and liabilities upon modification of the contract. The Group will derecognize ROU assets and liabilities, with difference recognized in the consolidated statements of comprehensive income on the contract termination.

Income taxes

Current income taxes are provided for in accordance with the relevant statutory tax laws and regulations.

Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. Net operating losses are carried forward and credited by applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of the Group, it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. For a particular tax-paying component of an entity and within a particular tax jurisdiction, all deferred tax liabilities and assets, as well as any related valuation allowance, shall be offset and presented as a single noncurrent amount. However, an entity shall not offset deferred tax liabilities and assets attributable to different tax-paying components of the entity or to different tax jurisdictions.

Foreign currency translation

The reporting currency of the Group is the Renminbi ("RMB"). The functional currency of the Company is the United States dollar ("US$"). Monetary assets and liabilities denominated in currencies other than the functional currency are remeasured in functional currency at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency during the year are converted into the functional currency at the applicable rates of exchange prevailing on the day transactions occurred. Transaction gains and losses are recognized in the statements of comprehensive income.

Assets and liabilities are translated into RMB at the exchange rates at the balance sheet date, equity accounts are translated at historical exchange rates and revenues, expenses, gains and losses are translated using the average rate for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of comprehensive income.

The financial records of the Group's subsidiaries are maintained in local currencies, which are the functional currencies.

Fair value

The established fair value hierarchy by U.S. GAAP has three levels based on the reliability of the inputs used to measure fair value:

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The financial instruments of the Group not measured at fair value include cash and cash equivalent, restricted cash, loan receivables, receivables, held to maturity investments in short-term investments and long-term investments, payables, short-term debts, and long-term debts. The carrying amounts of the short-term financial instruments approximates their fair value due to their short-term nature. The long-term debts, long-term loan receivables and held to maturity investments in long-term investments approximate their fair values, because the bearing interest rates approximate market interest rate, and market interest rates have not fluctuated significantly since the commencement of loan contracts signed. Convertible senior notes are measured at amortized costs of RMB3,537, RMB3,594 and RMB3,514 and the corresponding fair value estimated based on quoted market price were RMB3,768, RMB3,815 and RMB4,587 as of December 31, 2023, 2024 and 2025, respectively.

The following table presents Group's assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

As of December 31, 2024	Fair Value Measurements at Reporting Date Using		
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short term investments			
Equity securities with readily determinable fair values	81	—	—
Long term investments			
Available-for-sale debt securities	—	—	230
Employee benefit plan assets	5	—	—

As of December 31, 2025	Fair Value Measurements at Reporting Date Using		
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short term investments			
Equity securities with readily determinable fair values	69	—	—
Long term investments			
Available-for-sale debt securities	—	—	175
Employee benefit plan assets	8	—	—

Equity securities with readily determinable fair value and employee benefit plan assets are valued using a market approach based on the quoted market prices or broker/dealer quotes of identical or comparable instruments.

Level 3 fair value of available-for-sale debt securities is determined based on market approach using various unobservable inputs. The determination of the fair value required significant judgement by management with respect to the assumptions and estimates for duration, dividend yield, lack of marketability discounts, expected volatility and probability in equity allocation.

Certain assets are measured at a non-recurring basis. The following table presents the asset classification, the fair value and losses recognized for the years ended December 31, 2024 and 2025 due to impairment of the related assets.

As of December 31, 2024		Fair Value Measurements at Reporting Date Using	
Description	Fair Value	Significant Unobservable Inputs (Level 3)	Total Loss for the Year
Property and equipment	23	23	56
Operating lease right-of-use assets	21	21	33
Intangible assets	2,102	2,102	391
Long-term investment	11	11	30
Assets held for sale	1,795	1,795	27

As of December 31, 2025		Fair Value Measurements at Reporting Date Using	
Description	Fair Value	Significant Unobservable Inputs (Level 3)	Total Loss for the Year
Property and equipment	13	13	136
Operating lease right-of-use assets	47	47	31
Land use rights	—	—	13
Intangible assets	—	—	2
Long-term investment	175	175	47
Assets held for sale	583	583	13

Property and equipment, operating lease right-of-use assets and intangible assets were primarily valued using the income approach based on discounted cash flows associated with the underlying assets, which incorporate certain assumptions including projected hotels' revenue, growth rates and projected operating costs based on current economic condition, expectation of future trends. The revenue growth rate, royalty saving rate and the discount rate were the significant unobservable input used in the fair value measurement, which are ranged between 1% to 2%, 1.5% to 3%, and 9.2% to 12% respectively, for the years ended December 31, 2023, 2024 and 2025.

Assets and liabilities held for sale

The Group recognizes the assets and liabilities of a disposal group as held for sale in the period (i) it has approved and committed to a plan to sell the disposal group, (ii) the disposal group is available for immediate sale in its present condition, (iii) an active program to locate a buyer and other actions to sell the disposal group have been initiated, (iv) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The Group measures a disposal group that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a disposal group until closing. Long-lived assets are not depreciated or amortized while they are classified as held for sale. If the criteria are no longer met, a long-lived asset classified as held for sale shall be reclassified as held and used and measured individually at the lower of its carrying amount before the asset was classified as held for sale, adjusted for any depreciation (amortization) expense that would have been recognized had the asset been continuously classified as held and used and its fair value at the date of the subsequent decision not to sell.

Share-based compensation

The Group recognizes share-based compensation in the consolidated statements of comprehensive income based on the fair value of equity awards on the date of the grant, with compensation expenses recognized over the period in which the grantee is required to provide service to the Group in exchange for the equity award. Vesting of certain equity awards are based on the performance conditions for a period of time following the grant date. Share-based compensation expense is recognized according to the Group's judgement of likely future performance and will be adjusted in future periods based on the actual performance.

Treasury shares

Treasury shares represent ordinary shares repurchased by the Company that are no longer outstanding and are held by the Company. The repurchase of ordinary shares is accounted for under the cost method whereby the total acquisition cost is recorded as treasury shares.

Earnings per share

Basic earnings per share is computed by dividing income attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares, which consist of the ordinary shares issuable upon the conversion of the convertible senior notes (using the if-converted method) and ordinary shares issuable upon the exercise of stock options and vesting of nonvested restricted stocks (using the treasury stock method).

Recently Issued Accounting Pronouncements

Adopted Accounting Standards

On December 14, 2023, the FASB issued ASU 2023-09, which establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. The ASU amends ASC 740-10-50-12 to require a public business entity to disclose a reconciliation between the amount of reported income tax expense (or benefit) from continuing operations and the amount computed by multiplying the income (or loss) from continuing operations before income taxes by the applicable statutory federal (national) income tax rate of the jurisdiction (country) of domicile. If the public business entities is not domiciled in the United States, the federal (national) income tax rate in such entity's jurisdiction (country) of domicile shall normally be used in the rate reconciliation. The amendments prohibit the use of different income tax rates for subsidiaries or segments. Further, public business entities that use an income tax rate in the rate reconciliation that is other than the U.S. income tax rate must disclose the rate used and the basis for using it. The ASU also adds ASC 740-10-50-12A, which requires entities to annually disaggregate the income tax rate reconciliation between the following eight categories by both percentages and reporting currency amounts: 1. State and local income tax, net of federal (national) income tax effect, 2. Foreign tax effects, 3. Effect of changes in tax laws or rates enacted in the current period, 4. Effect of cross-border tax laws, 5. Tax credits, 6. Changes in valuation allowances, 7. Nontaxable or nondeductible items, 8. Changes in unrecognized tax benefits. Public business entities must apply the ASU's guidance to annual periods beginning after December 15, 2024. Early adoption is permitted. Entities may apply the amendments prospectively or may elect retrospective application. The Group adopted this ASU prospectively for the year ended December 31, 2025. See Note 17. Income taxes.

Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03 ("ASU 2024-03"), *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,* which requires, among other things, the following for public business entities: (i) tabular disclosure of amounts for the following categories that are included in each expense caption within continuing operations on the statement of operations, with each expense caption that includes one of these expense categories deemed a relevant expense caption: (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization and (e) depreciation, depletion, and amortization recognized as part of oil-and gas-producing activities; (ii) disclosure of certain amounts that are already required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements; (iii) qualitative description of the amount remaining in relevant expense captions that are not separately disaggregated quantitatively; and (iv) disclosure of the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. In January 2025, the FASB issued ASU 2025-01, which clarifies the effective date of ASU 2024-03. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Group does not expect the adoption of this ASU will have a significant impact on the consolidated financial statements.

In May 2025, the FASB issued ASU 2025-03, *Business Combinations (Topic 805) and Consolidation (Topic 810)*: *Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity,* which requires an entity involved in an acquisition transaction effected primarily by exchanging equity interests when the legal acquiree is a VIE that meets the definition of a business to consider specific factors to determine the accounting acquirer and removes the requirement that the primary beneficiary always is the acquirer for certain transactions. Under the amendments, acquisition transactions in which the legal acquiree is a VIE will, in more instances, result in the same accounting outcomes as economically similar transactions in which the legal acquiree is a voting interest entity. The amendments do not change the accounting for a transaction determined to be a reverse acquisition or a transaction in which the legal acquirer is not a business and is determined to be the accounting acquiree. The new guidance is required to be applied prospectively to any acquisition transaction that occurs after the initial application date. This guidance is effective for the year ending March 31, 2028. Early adoption is permitted. The Group does not expect the adoption of this ASU will have a significant impact on the consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets,* which introduces a practical expedient and an accounting policy election for estimating expected credit losses on current accounts receivable and current contract assets arising from revenue transactions with customers. The amendments are effective for annual periods beginning after December 15, 2025, with early adoption permitted. The Group does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)*, which removes the prescriptive "project stage" model for software development and requires capitalization of software costs once management has authorized and committed to funding the project and it is probable the project will be completed and used as intended. The guidance is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact, if any, that the adoption of this standard will have on its Consolidated Financial Statements and disclosures.

In December 2025, the FASB issued ASU 2025-10, *Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities*, which provides updated guidance on how to recognize, measure, and present government grants. The ASU will be effective for annual reporting periods beginning after December 15, 2028, including interim periods within those fiscal years with early adoption permitted. The Group is currently assessing the impact, if any, that the adoption of this standard will have on its Consolidated Financial Statements and disclosures.

Translation into United States Dollars

The financial statements of the Group are stated in RMB. Translations of amounts from RMB into United States dollars are solely for the convenience of the readers and were calculated at the rate of US$1 = RMB6.9931, on December 31, 2025, as set forth in H.10 statistical release of the Federal Reserve Board. The translation is not intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into United States dollars at that rate on December 31, 2025, or at any other rate.

3. REVENUE

Disaggregated Revenues

The following tables present the Group's revenues disaggregated by the nature of the product or service:

	Years Ended December 31,		
	2023	2024	2025
Room revenues	11,789	11,806	11,002
Food and beverage revenues	1,333	1,342	1,319
Others	674	695	622
Leased and owned hotel revenues	13,796	13,843	12,943
Central reservation system usage fees, other system maintenance and support fees	2,628	3,318	4,301
On-going management and service/royalty fees	2,785	3,306	3,957
Reimbursements for hotel manager fees	1,400	1,752	2,179
Initial one-time license/franchise fee	114	137	181
Other fees	767	985	1,078
Manachised and franchised hotel revenues	7,694	9,498	11,696
Other revenues	392	550	668
Total revenues	21,882	23,891	25,307

Contract Balances

The Group's contract assets are insignificant at December 31, 2024 and 2025.

	As of December 31,	
	2024	2025
Current contract liabilities	1,822	1,823
Long-term contract liabilities	1,351	1,602
Total contract liabilities	3,173	3,425

The contract liabilities balances above represent deferred revenue on the consolidated balance sheets, as of December 31, 2024 and 2025.

The Group recognized revenues that were previously deferred as contract liabilities of RMB800 and RMB860 during the years ended December 31, 2024 and 2025, respectively.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

	As of December 31,	
	2024	2025
Cost:		
Buildings	791	782
Leasehold improvements	11,187	10,872
Furniture, fixtures and equipment	2,363	2,490
Motor vehicles	2	3
	14,343	14,147
Less: Accumulated depreciation	8,769	9,121
	5,574	5,026
Construction in progress	108	204
Property and equipment, net	5,682	5,230

Depreciation expense was RMB1,276, RMB1,195 and RMB1,114 for the years ended December 31, 2023, 2024 and 2025, respectively.

5. INTANGIBLE ASSETS, NET

Intangible assets, net consist of the following:

	As of December 31,	
	2024	2025
Intangible assets with indefinite lives:		
Brand names	5,235	5,593
Master brand agreement	192	192
Intangible assets with finite lives:		
Franchise or manachise agreements	248	249
Purchased software	149	159
Other intangible assets	74	76
Total	5,898	6,269
Less: Accumulated amortization	228	263
Less: Accumulated impairment loss(Note2)	894	978
Total	4,776	5,028

Amortization expense of intangible assets for the years ended December 31, 2023, 2024 and 2025 amounted to RMB45, RMB39, and RMB38, respectively.

There were 3 brand names with indefinite lives acquired in DH acquisition. Impairment recognized relating to these brand names were RMB160, RMB391 and nil, respectively for the years ended December 31, 2023, 2024 and 2025.

The annual estimated amortization expense for the above intangible assets excluding brand names and master brand agreement for the following years is as follows:

	Amortization for Intangible Assets
2026	29
2027	25
2028	21
2029	20
2030	17
Thereafter	94
Total	206

6. INVESTMENTS

The investments as of December 31, 2024 and 2025 were as follows:

	As of December 31,	
	2024	2025
Short-term investments		
Equity securities with readily determinable fair values:		
Marketable securities	81	69
Held to maturity investments		
Bank time deposits and financial products	3,522	4,825
Total	3,603	4,894
Long-term investments		
Equity securities without readily determinable fair values	86	89
Equity-method investments:		
AAPC LUB	495	488
Hotel related funds	404	374
Other investments	214	233
Subtotal	1,113	1,095
Available-for-sale debt securities:		
Cjia Group-convertible notes	230	175
Held to maturity investments		
Bank time deposits	887	10
Total	2,316	1,369

7. GOODWILL

The changes in the carrying amount of goodwill for the years ended December 31, 2024 and 2025 were as follows:

	Legacy Huazhu	Legacy DH	Total
Balance at January 1, 2024			
Goodwill	3,036	2,721	5,757
Accumulated impairment loss	(4)	(435)	(439)
	3,032	2,286	5,318
Net foreign exchange-goodwill	—	(115)	(115)
Net foreign exchange-impairment loss	—	18	18
Balance at December 31, 2024			
Goodwill	3,036	2,606	5,642
Accumulated impairment loss	(4)	(417)	(421)
	3,032	2,189	5,221
Net foreign exchange-goodwill	—	246	246
Net foreign exchange-impairment loss	—	(39)	(39)
Balance at December 31, 2025			
Goodwill	3,036	2,852	5,888
Accumulated impairment loss	(4)	(456)	(460)
	3,032	2,396	5,428

As of December 31, 2024 and 2025, the estimated fair value of legacy Huazhu exceeded over 100% of its carrying value. As of December 31, 2024 and 2025, the estimated fair value of legacy DH exceeded its carrying value by 36% and 70%, respectively. A 5% decline in the underlying projected cash flows or increase in the discount rate would not result in an impairment loss in 2024 and 2025.

8. ASSETS AND LIABILITIES HELD FOR SALE

In the fourth quarter of 2023, the Group committed to a plan to sell certain lease-and-owned hotels (the “disposal group”) included in legacy DH. In February 2024, the Group entered into a Share and Asset Purchase and Transfer Agreement with an unaffiliated third party, and the transaction was expected to be closed in 2024, subject to certain customary closing conditions. As of December 31, 2024, the Group remained actively pursuing the sale of the business, with the transaction expected to be completed in phases throughout 2025. According to the amendment signed in early 2025, two tranches were successively completed in 2025. Further negotiations for the residual tranche are anticipated in 2026, with the Group’s ongoing commitment to advancing the disposal. For the year ended December 31, 2024 and 2025, impairments of RMB27 and RMB13, respectively, were recorded as the fair value of certain assets fell below their carrying value.

The total assets and liabilities of the disposal group that were classified as held for sale on the Group's consolidated balance sheet as of December 31, 2024 and 2025, were as follows:

	As of December 31,	
	2024	2025
Assets held for sale:		
Cash and cash equivalents and restricted cash	8	0
Property and equipment, net	82	17
Operating lease right-of-use assets	1,732	552
Finance lease right-of-use assets	67	70
Other assets	52	30
Total	1,941	669
Liabilities held for sale:		
Accrued expenses and other current liabilities	62	39
Operating lease liabilities, current	69	21
Operating lease liabilities, non-current	1,785	510
Finance lease liabilities	71	74
Other liabilities	97	27
Total	2,084	671

9. DEBT

The short-term and long-term debt as of December 31, 2024 and 2025 were as follows:

	As of December 31,	
	2024	2025
Short-term debt and current portion of long-term debt:		
Long-term bank borrowings, current portion	791	371
Short-term bank borrowings	38	1,400
Convertible senior notes, current portion	—	3,514
FF&E liability, current portion	51	52
Total	880	5,337
Long-term debt:		
Long-term bank borrowings, non-current portion	730	268
Convertible senior notes, non-current portion	3,594	—
FF&E liability, non-current portion	209	198
Others	13	13
Total	4,546	479

Bank borrowings

In August 2022, the Group entered into a 3-year long-term facility of EUR220 million and RMB-equivalent of EUR110 million term facility, and EUR70 million revolving credit facility agreement with several banks. As of December 31, 2024, the outstanding loan amount was RMB equivalent of EUR99 million in long-term bank borrowings, current portion. This amount was fully repaid by December 31, 2025.

In March 2024, the Group entered into a five-year syndicated loan contract with facility amount of RMB400 expiring in March 2029. As of December 31, 2024 and December 31, 2025, buildings with a net book value of RMB510 and RMB478, respectively, and land use rights with a net book value of RMB69 and RMB67, respectively, were pledged as collateral for the loan. The loan was intended for the operation of headquarters buildings and refinancing existing obligations. The interest rate reset every year, and was based on the People's Bank of China one-year benchmark LPR minus 55 basis points on the pricing date. There are some financial covenants including revenue and profit related to this facility. The Group was fully in compliance with the covenants for the year ended December 31, 2024 and 2025. In 2024, the Group had drawn down RMB340 under the facility agreement and repaid RMB15. In 2025, the Group repaid RMB40. As of December 31, 2024 and 2025, the outstanding loan amount was RMB325 and RMB285, respectively. As of December 31, 2024 and 2025, the interest rates of borrowings drawn under this agreement were 2.90% and 2.55%, respectively.

In July 2025, the Group entered into a one-year loan facility of up to RMB2,000 or its equivalent in other currencies. The Group had drawn down RMB1,400 under this agreement and the interest rate was fixed at 1.8% per annum. As of December 31, 2025, the outstanding loan amount was RMB1,400 and total bank deposits of RMB1,406 in short-term investments were pledged as collateral.

In November 2025, the Group entered into a term loan and revolving credit facility agreement of up to US$300 million (or its RMB equivalent) with several banks. The term loan and revolving credit facility is available for 12 months after the utilization date and is expected to be extended to 36 months, subject to satisfaction of certain conditions. There are some financial covenants including interest cover, leverage and book equity related to this facility. As of December 31, 2025, the Group did not draw down the loan. In March 2026, the Group drew down RMB-equivalent of US$180 million.

In the fourth quarter of 2025, the Group entered into two uncommitted one-year revolving loan facility agreements respectively of up to US$100 million (or the RMB equivalent) and up to US$50 million (or the equivalent in RMB or EUR or HKD). The revolving credit facilities were available for 12 months after the utilization date and was expected to be extended to 36 months, subject to satisfaction of certain conditions. As of December 31, 2025, the Group did not draw down any of the facilities. In March 2026, the Group drew down RMB833.

Convertible Senior Notes due 2026

In May 2020, the Company issued US$500 million Convertible Senior Notes (the "2026 Notes"). The 2026 Notes will mature on May 1, 2026 and bear interest at a rate of 3.00% per annum, payable in arrears semi-annually on May 1 and November 1 of each year, beginning on November 1, 2020. In 2020, proceeds to the Company were RMB3,499 (equivalently US$493 million), net of issuance costs of RMB49 (equivalently US$7 million).

Holders of the 2026 Notes have the option to convert their Notes at any time prior to the close of business on the second business day immediately preceding the maturity date. The 2026 Notes can be converted into the Company's ADSs at an initial conversion rate of 23.971 of the Company's ADSs per US$1,000 principal amount of the 2026 Notes (equivalent to an initial conversion price of US$41.72 per ADS).

The holders may require the Company to repurchase all or portion of the 2026 Notes for cash on May 1, 2024, or in the event of certain fundamental changes, at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest. As of December 31, 2024, the Group classified the 2026 Notes as long-term debt as the put option had expired. As of December 31, 2025, the Group reclassified the 2026 Notes as short-term debt as the 2026 Notes will mature on May 1, 2026.

Debt Maturities

The contractual maturities of the Group's debt as of December 31, 2025 were as follows:

Year Ending December 31,	Principal Amounts
2026	5,337
2027	183
2028	159
2029	42
2030	28
Thereafter	67
Total	5,816

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As of December 31,	
	2024	2025
Payables to franchisees	1,606	1,762
Other payables	1,426	1,801
Accrued utilities and other accrued expenses	275	461
Liabilities related to customer loyalty program	332	455
Value-added tax, other tax and surcharge payables	301	359
Advance from noncontrolling interest holders	66	64
Total	4,006	4,902

11. HOTEL OPERATING COSTS

Hotel operating costs include all direct costs incurred in the operation of the leased and owned hotels, manachised and franchised hotels and consist of the following:

	Years Ended December 31,		
	2023	2024	2025
Rents	4,290	4,365	4,179
Utilities	685	690	656
Personnel costs	4,684	5,326	5,761
Depreciation and amortization	1,329	1,254	1,190
Consumable, food and beverage	1,327	1,293	1,221
Others	2,026	2,357	2,332
Total	14,341	15,285	15,339

12. SHARE-BASED COMPENSATION

In September 2009, the Group adopted the 2009 Share Incentive Plan which allows the Group to offer incentive awards to employees, officers, directors and consultants or advisors (the "Participants"). In March 2015, the Group increased the maximum number of incentive awards available under the 2009 Share Incentive Plan to 430,000,000. In June 2023, the Group adopted the 2023 Share Incentive Plan (collectively with 2009 Share Incentive Plan, the "Incentive Award Plans"), which allows the Group to offer incentive awards up to 20,000,000 ordinary shares to Participants. In June 2024, the Group increased the maximum number of incentive awards available under the 2023 Share Incentive Plan to 300,000,000. The Group either uses treasury shares or issues shares upon the exercise of share options and the vesting of nonvested restricted stocks. The incentive awards granted under the Incentive Award Plans typically have a maximum life of ten years and vest in typical ways as listed below:

a.) Vest 50% on the second anniversary of the stated vesting commencement date with the remaining 50% vesting ratably over the following two years;

b.) Vest over a period of ten years in equal yearly installments;

As of December 31, 2025, the Group had granted 274,684,560 options and 358,769,850 nonvested restricted stocks, some of which were subject to adjustment on performance condition.

Share options

In 2023, the Group granted 28,625,350 share options to senior officers, which was in five tranches with performance conditions, and the vesting of each of the five tranches commences respectively at the first, second, third, fourth, and fifth anniversary of grant date. Each tranche is accounted for as a separate award with the same grant date, the same service inception date and its own requisite service period. The actual number of share options that could be exercised is contingent on certain financial performance of the year when vesting of share option commences. The Group reassesses the performance condition at each reporting period for true up. For each tranche, 50% vests on the second anniversary of the stated vesting commencement date with the remaining 50% vesting ratably over the following two years and will become exercisable if certain performance conditions are met for the five - year period ending December 31, 2027.

In 2025, the Group granted 888,210 share options to senior officers, which was in three tranches with performance conditions, and the vesting of each of the three tranches commences respectively at the first, second and third anniversary of grant date. Each tranche is accounted for as a separate award with the same grant date, the same service inception date and its own requisite service period. The actual number of share options that could be exercised is contingent on certain financial performance of the year when vesting of share option commences. The Group reassesses the performance condition at each reporting period for true up. For each tranche, 50% vests on the first anniversary of the stated vesting commencement date with the remaining 50% vesting ratably over the following two years and will become exercisable if certain performance conditions are met for the three-year period ending December 31, 2027.

The weighted-average grant date fair value for options granted in 2025 was US$1.34 per share, computed using the binomial option pricing model. The binomial option pricing model required the input of subjective assumptions including the expected stock price volatility and the expected price multiple at which employees were likely to exercise stock options. The Group used historical data to estimate forfeiture rate. Expected volatility was based on the average historical equity volatility of the Group. The risk-free rate for periods within the contractual life of the option was based on the U.S. Treasury yield curve in effect at the time of grant.

The fair value of stock options was estimated using the following significant assumptions:

	2025
Suboptimal exercise factor	2.80
Risk-free interest rate	4.68 %
Volatility	51.75 %
Dividend yield	4.60 %
Life of option	8 years

The following table summarized the Group's share option activity under the option plans:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
		US$	Years	US$'million
Share options outstanding at January 1, 2025	28,019,660	2.80	—	—
Granted	888,210	2.80	—	—
Forfeited	(2,410,610)	2.80	—	—
Exercised	(1,911,860)	2.80	—	—
Adjusted for performance conditions	(179,370)	2.80	—	—
Share options outstanding at December 31, 2025	24,406,030	2.80	7.40	46
Share options vested or expected to vest at December 31, 2025	22,471,610	2.80	7.40	43
Share options exercisable at December 31, 2025	1,716,960	2.80	7.41	3

Given the actual number of share options that could be exercised is contingent on certain financial performance of the year when vesting commences, the share - based compensation expenses related to these options would be recognized when the financial performance is expected to be met. The Group didn't record any compensation expenses relating to options awarded indexed to financial performance beyond the year ended December 31, 2025. The total share based compensation expenses relating to these options were RMB172.

As of December 31, 2025, there was RMB111 in total unrecognized compensation expense, net of estimated forfeitures, related to the option arrangements, which was expected to be recognized over a weighted - average period of 2.56 years.

During the year ended December 31, 2025, 1,911,860 share options were exercised having an aggregate intrinsic value of RMB15.

Nonvested restricted stocks

The fair value of nonvested restricted stock with service conditions or performance conditions is based on the fair market value of the underlying ordinary shares on the date of grant.

In 2023, the Group granted 28,625,350 nonvested restricted stocks to senior officers, with the same terms of the options granted in 2023. The share-based compensation expenses related to these nonvested restricted stocks would be recognized when the financial performance is expected to be met. In 2025, the Group granted 888,210 nonvested restricted stocks to senior officers, with the same terms of the options granted in 2025. The Group didn't record any compensation expenses relating to incentive shares which are indexed to financial performance beyond the year ended December 31, 2025. The total share based compensation expenses relating to these nonvested restricted stocks were RMB281.

The following table summarized the Group's nonvested restricted stock activities during the year ended December 31, 2025.

	Number of Restricted Stocks	Weighted Average Grant Date Fair Value
		US$
Nonvested restricted stocks outstanding at January 1, 2025	127,537,010	2.78
Granted	7,619,230	3.09
Forfeited	(4,319,980)	2.93
Vested	(17,714,260)	2.40
Adjusted for performance conditions	215,790	3.22
Nonvested restricted stocks outstanding at December 31, 2025	113,337,790	2.86

As of December 31, 2025, there was RMB1,520 in total unrecognized compensation costs, net of estimated forfeitures, related to unvested restricted stocks, which was expected to be recognized over a weighted-average period of 5.66 years.

The total fair value of nonvested restricted stocks vested in 2023, 2024 and 2025 was RMB286, RMB224 and RMB490, respectively.

For the years ended December 31, 2023, 2024 and 2025, the Group recognized share-based compensation expenses of RMB143, RMB322 and RMB420, respectively, which were classified as follows:

	Years Ended December 31,		
	2023	2024	2025
Hotel operating costs	31	31	33
Selling and marketing expenses	6	6	7
General and administrative expenses	106	285	380
Total	143	322	420

13. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share for the years indicated:

	Years Ended December 31,		
	2023	2024	2025
Net income attributable to ordinary shareholders — basic	4,085	3,048	5,080
Eliminate the dilutive effect of interest expense of convertible senior notes	120	112	107
Net income attributable to ordinary shareholders — diluted	4,205	3,160	5,187
Weighted average ordinary shares outstanding — basic	3,183,163,131	3,115,130,107	3,070,939,457
Incremental weighted-average ordinary shares from assumed exercise of share options and nonvested restricted stocks using the treasury stock method	44,331,080	36,507,943	42,938,410
Dilutive effect of convertible senior notes	123,927,000	126,670,240	133,616,230
Weighted average ordinary shares outstanding — diluted	3,351,421,211	3,278,308,290	3,247,494,097
Basic earnings per share	1.28	0.98	1.65
Diluted earnings per share	1.25	0.96	1.60

For the years ended December 31, 2023, 2024 and 2025, the Group had securities which could potentially dilute basic earnings per share in the future, but which were excluded from the computation of diluted earnings per share as their effects would have been anti-dilutive. Such outstanding securities consist of the following at non-weighted basis:

	As of December 31,		
	2023	2024	2025
Outstanding employee options and nonvested restricted stocks	53,132,230	45,194,870	10,265,860

14. SEGMENT

The Group's chief operating decision maker ("CODM") has been identified as the chief executive officer. The Group has two operating segments which are legacy Huazhu and legacy DH according to the way management intends to evaluate results and allocate resources within the Group. In identifying its reportable segments, the Group assesses the nature of operating segments and evaluates the operating results of each reporting segment. Both operating segments meet the quantitative thresholds and should be considered as two reportable segments. The CODM uses revenue and Adjusted EBITDA to evaluate the trends of the segments over time and monitor budget-to-actual variances to assess the performance and determine how to allocate capital resources. To better reflect the profitability of core business, the Group has redefined Adjusted EBITDA starting in 2024, with comparative figures for 2023 recast accordingly. Adjusted EBITDA is defined as net income attributable to H World Group Limited excluding income tax expense, interest expense, interest income, depreciation and amortization, share-based compensation expenses, gain(loss) from fair value changes of equity securities, foreign exchange gain(loss) and gain(loss) on disposal of investments. Significant segment expenses include adjusted hotel operating costs, adjusted selling and marketing expenses, adjusted general and administrative expenses, all of which exclude depreciation and amortization and share-based compensation expenses. The CODM does not use assets by operating segment when assessing performance or making operating segment resource allocations.

The following table provides a summary of the Group's operating segment results and reconciliation of Adjusted EBITDA to net income attributable to H World Group Limited for the years ended December 31, 2023, 2024 and 2025.

	Years Ended December 31,											
	2023				2024				2025			
	Legacy Huazhu	Legacy DH	Elimination	Total	Legacy Huazhu	Legacy DH	Elimination	Total	Legacy Huazhu	Legacy DH	Elimination	Total
Leased and owned hotels	9,522	4,286	(12)	13,796	9,146	4,697	—	13,843	8,371	4,572	—	12,943
Manachised and franchised hotels	7,596	107	(9)	7,694	9,385	126	(13)	9,498	11,542	176	(22)	11,696
Others	326	72	(6)	392	498	58	(6)	550	622	46	—	668
Total revenues	**17,444**	**4,465**	**(27)**	**21,882**	**19,029**	**4,881**	**(19)**	**23,891**	**20,535**	**4,794**	**(22)**	**25,307**
Adjusted hotel operating costs	(9,419)	(3,569)	—	—	(9,888)	(4,125)	—	—	(10,476)	(3,662)	—	—
Adjusted selling and marketing expenses	(641)	(429)	—	—	(723)	(451)	—	—	(769)	(493)	—	—
Adjusted general and administrative expenses	(1,405)	(505)	—	—	(1,573)	(575)	—	—	(1,433)	(383)	—	—
Other segment items (primarily include other operating income, net)	206	122	—	—	129	116	—	—	117	243	—	—
Adjusted EBITDA	**6,185**	**84**	**(1)**	**6,268**	**6,974**	**(154)**	**—**	**6,820**	**7,974**	**499**	**—**	**8,473**
Interest income	—	—	—	248	—	—	—	210	—	—	—	223
Interest expense	—	—	—	(385)	—	—	—	(318)	—	—	—	(337)
Income tax expense	—	—	—	(1,204)	—	—	—	(1,662)	—	—	—	(2,161)
Depreciation and amortization	—	—	—	(1,414)	—	—	—	(1,332)	—	—	—	(1,257)
Share-based compensation	—	—	—	(143)	—	—	—	(322)	—	—	—	(420)
Gain (loss) from fair value changes of equity securities, net	—	—	—	109	—	—	—	(66)	—	—	—	(10)
Foreign exchange gain (loss), net	—	—	—	90	—	—	—	(272)	—	—	—	569
Gain (loss) on disposal of investments	—	—	—	516	—	—	—	(10)	—	—	—	—
Net income attributable to H World Group Limited	**—**	**—**	**—**	**4,085**	**—**	**—**	**—**	**3,048**	**—**	**—**	**—**	**5,080**

The following tables represent revenues and property and equipment, net, intangible assets, net, right-of-use assets, land use rights, net and goodwill by geographical region.

Revenues:

	Years Ended December 31,		
	2023	2024	2025
PRC	17,393	18,984	20,499
Germany	3,324	3,544	3,400
All others	1,165	1,363	1,408
Total	**21,882**	**23,891**	**25,307**

Property and equipment, net, intangible assets, net, right - of - use assets, land use rights, net and goodwill:

	As of December 31,	
	2024	2025
PRC	27,461	26,101
Germany	11,940	13,131
All others	3,716	3,986
Total	**43,117**	**43,218**

Other than PRC and Germany, there were no countries that individually represented more than 10% of the total revenue for the years ended December 31, 2023, 2024 and 2025.

15. CASH DIVIDEND

On November 29, 2023, the Group approved and declared a cash dividend of US$0.093 per ordinary share, or US$0.93 per ADS, on its outstanding shares as of the close of trading on January 10, 2024. Such dividend of RMB2,091 was fully paid in 2024.

On July 23, 2024, the Group approved and declared a cash dividend of US$0.063 per ordinary share, or US$0.63 per ADS, on its outstanding shares as of the close of trading on August 14, 2024. Such dividend of RMB1,389 was mostly paid in 2024.

On March 20, 2025, the Group approved and declared a cash dividend of US$0.097 per ordinary share, or US$0.97 per ADS, on its outstanding shares as of the close of trading on April 9, 2025. Such dividend of RMB2,136 was fully paid in 2025.

On August 20, 2025, the Group approved and declared a cash dividend of US$0.081 per ordinary share, or US$0.81 per ADS, on its outstanding shares as of the close of trading on September 9, 2025. Such dividend of RMB1,771 was mostly paid in 2025.

On March 18, 2026, the Group approved and declared a cash dividend of US$0.13 per ordinary share, or US$1.30 per ADS, on its outstanding shares as of the close of trading on May 4, 2026. Such dividend of approximately US$400 million is expected to be paid in the second quarter of 2026.

16. LEASES

The Group's leases mainly related to buildings and the rights to use the land. The total expense related to short-term leases was insignificant for the years ended December 31, 2023, 2024 and 2025, and sublease income of the Group which was recognized in revenues in the consolidated statements of comprehensive income was RMB143, RMB163 and RMB148 for the years ended December 31, 2023, 2024 and 2025, respectively. The Group recognized a negative lease expense of RMB98 for the year ended December 31, 2023 under the relief of lease concession from COVID-19 as the Group elects using the variable lease expense approach. For the year ended December 31, 2024 and 2025, the impact under the relief of lease concession from COVID-19 was immaterial.

A summary of supplemental information related to operating leases in 2024 and 2025 is as follows:

	Years Ended December 31,	
	2024	2025
Lease cost:		
Operating fixed lease cost	4,166	4,017
Finance lease cost		
— Amortization of ROU assets	91	98
— Interest on lease liabilities	129	135
Variable lease cost	290	262
Total lease cost	4,676	4,512
Other information:		
Weighted average remaining lease term		
Operating leases	14 years	14 years
Finance leases	27 years	26 years
Weighted average discount rate		
Operating leases	5.97 %	5.45 %
Finance leases	4.30 %	4.31 %

As of December 31, 2025, the maturities of lease liabilities, excluding lease liabilities classified in liabilities held for sale (Note 8), in accordance with ASC 842 in each of the next five years and thereafter are as follows:

Year Ending December 31,	Total Operating Leases	Total Finance Leases
2026	3,976	190
2027	3,814	194
2028	3,638	197
2029	3,413	198
2030	3,143	198
Thereafter	21,223	4,288
Total minimum lease payments	39,207	5,265
Less: amount representing interest	12,076	2,143
Present value of minimum lease payments	27,131	3,122

As of December 31, 2025, the Group has entered 16 lease contracts that the Group expects to account for as operating or finance leases, the future undiscounted lease payments for these non-cancellable lease contracts are RMB5,044, which is not reflected in the consolidated balance sheets.

As of December 31, 2024, the maturities of lease liabilities, excluding lease liabilities classified in liabilities held for sale (Note 8), in accordance with ASC 842 in each of the next five years and thereafter were as follows:

Year Ending December 31,	Total Operating Leases	Total Finance Leases
2025	4,028	171
2026	3,845	174
2027	3,746	177
2028	3,565	180
2029	3,358	181
Thereafter	21,480	4,086
Total minimum lease payments	40,022	4,969
Less: amount representing interest	12,896	2,076
Present value of minimum lease payments	27,126	2,893

Supplemental cash flow information related to leases for the years ended December 31, 2024 and 2025 are as follows:

	Years Ended December 31,	
	2024	2025
Cash paid for amounts included in the measurement of operating lease liabilities	4,212	4,057
Cash paid for amounts included in the measurement of finance lease liabilities	109	139
Non-cash right-of-use assets obtained in exchange for operating lease liabilities	2,076	1,176
Non-cash right-of-use assets obtained in exchange for finance lease liabilities, net of reassessment of finance lease payments	78	0

17. INCOME TAXES

The Group is subject to different income tax rates in various countries and jurisdictions under laws and relevant interpretations depending on the place of formation. The Group's principal operations and geographic markets are in PRC mainland.

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law"), which was effective from January 1, 2008, domestically-owned enterprises and foreign-invested enterprises are subject to a uniform tax rate of 25%, and the industries and projects that are encouraged and supported by the State may enjoy tax preferential treatment. Jizhu Information and Technology (Shanghai) Co., Ltd. ("Jizhu Shanghai"), which formerly known as Mengguang Information and Technology (Shanghai) Co., Ltd, is a recognized software development entity located in Shanghai of PRC. Jizhu Shanghai was certified as a high and new technology enterprise in November 2018, December 2021 and December 2024, and accordingly was entitled to a reduced tax rate of 15% for the years from 2018 to 2026. Huazhu Cloud (Shanghai) Information and Technology Co., Ltd. ("Huazhu Cloud") (formerly known as H-World Information and Technology Co., Ltd.) was certified as high and new tech enterprise in December 2019, December 2022 and December 2025, and accordingly was entitled to a reduced tax rate of 15% for the years from 2019 to 2027.

Pursuant to the relevant regulations applicable to small and micro businesses, several PRC subsidiaries enjoy a preferential tax rate of 20% with a discount to taxable income. From January 1, 2022 to December 31, 2022, for taxable income less than RMB 1, 87.5% of the taxable income would be exempted in tax computation, and for taxable income over RMB1 but less than RMB3, the discount would be 75%. From January 1, 2023 to December 31, 2027, for taxable income less than RMB3, 75% of the taxable income would be exempted in tax computation. Entities qualified as small and micro businesses shall be engaged in industries not restricted or prohibited by the state, who also meet all three following conditions: annual taxable income does not exceed RMB3, no more than 300 employees, and the total assets does not exceed RMB50.

Under the current tax laws in Germany, companies are subject to income tax at a standard rate of 15% (15.825% including solidarity surcharge), plus municipal trade tax of 7%-21%. In other major jurisdictions, including Austria, Netherlands and Belgium, the Group is subject to a range from 9% to 25% of the statutory income tax rate, respectively. The income tax rates in other countries and jurisdictions are of little effect on the financial statements due to relative small in size of operation.

Income before income taxes consists of:

	Year Ended December 31, 2025
PRC Mainland	7,134
Germany	52
Others	116
Total	7,302

Income before income taxes of prior years consists of:

	Years Ended December 31,	
	2023	2024
PRC Mainland, Hong Kong and Taiwan	5,833	5,414
Germany	(463)	(857)
Others	(21)	248
Total	5,349	4,805

Income tax expense (benefit) is comprised of the following:

	Years Ended December 31,		
	2023	2024	2025
Current Tax	1,175	1,549	2,014
Deferred Tax	29	113	147
Total	1,204	1,662	2,161

A reconciliation between the effective income tax rate and the PRC Mainland statutory income tax rate after the adoption of ASU 2023-09 is as follows:

	Year Ended December 31, 2025	
	Amount	Percent
Tax at PRC Mainland statutory tax rate	1,825	25.00 %
Foreign Tax Effects		
Hong Kong		
Statutory tax rate difference	(214)	(2.93)%
Germany		
Changes in Valuation Allowance	(139)	(1.91)%
Effect of tax rate adjustment	131	1.79 %
Other	24	0.33 %
Other foreign jurisdictions	70	0.96 %
Effect of cross-border tax laws		
Withholding Tax	313	4.29 %
Research and development expenses super deduction	(84)	(1.15)%
Valuation allowance	131	1.80 %
Nontaxable or nondeductible items		
Share based compensation	105	1.44 %
Other nontaxable nondeductible items	4	0.06 %
Other	(5)	(0.08)%
Effective tax rate	2,161	29.60 %

A reconciliation between the effective income tax rate and the PRC Mainland statutory income tax rate for years prior to the adoption of ASU 2023-09 is as follows:

	Years Ended December 31,	
	2023	2024
PRC Mainland statutory tax rate	25 %	25 %
Tax effect of non-deductible expenses and non-taxable income in determining taxable profit	2 %	4 %
Effect of different tax rate of group entities operating in other jurisdictions	(4)%	(2)%
Effect of change in valuation allowance	(0)%	1 %
Effect of tax holiday	(1)%	(1)%
Effect of cash dividends	1 %	8 %
Effective tax rate	23 %	35 %

The amounts of income taxes paid by the Company were as follows:

	Year Ended December 31, 2025
PRC Mainland	1,631
Foreign	1
Income taxes, net of amounts refunded	1,632

The aggregate amount and per share effect of the tax credits are as follows:

	Years Ended December 31,		
	2023	2024	2025
Aggregate amount	60	47	98
Per share effect—basic	0.02	0.02	0.03
Per share effect—diluted	0.02	0.02	0.03

The principal components of the Group's deferred income tax assets and liabilities as of December 31, 2024 and 2025 are as follows:

	As of December 31,	
	2024	2025
Deferred tax assets:		
Net loss carryforward	1,091	1,105
Deferred revenue	562	674
Long-term assets	485	377
Bad debt provision	80	92
Accrued payroll	110	97
Others	121	150
Valuation allowance	(718)	(655)
Total deferred tax assets, net of valuation allowance	1,731	1,840
Deferred tax liabilities:		
Fair value adjustment for building, land use rights and identified intangible assets due to acquisition	1,405	1,548
Withholding tax	191	322
Total deferred tax liabilities	1,596	1,870
Net deferred tax assets (liabilities)	135	(30)
Analysis as:		
Deferred tax assets	1,054	1,157
Deferred tax liabilities	919	1,187
Net deferred tax assets (liabilities)	135	(30)

Deferred tax assets and liabilities have been offset where the Group has a legally enforceable right to do so, and intends to settle on a net basis.

The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carryforward periods, the Group's experience with tax attributes expiring unused and tax planning alternatives. Valuation allowances have been established for deferred tax assets based on a more likely than not threshold. The Group's ability to realize deferred tax assets depends on its ability to generate sufficient taxable income within the carryforward periods provided for in the tax law. Movement of the valuation allowance is as follows:

	Years Ended December 31,		
	2023	2024	2025
Balance at the beginning of the year	(731)	(675)	(718)
Provided	(145)	(271)	(28)
Reversed	165	177	17
Written off	36	51	74
Balance at the end of the year	(675)	(718)	(655)

As of December 31, 2025, the Group's PRC subsidiaries had tax loss carryforwards of RMB1,734, which will expire between 2026 and 2030 if not used. Companies under Legacy DH had tax loss carry forwards of RMB2,720, which can be offset in the future without anytime restriction.

The Group determines whether or not a tax position is "more-likely-than-not" of being sustained upon audit based solely on the technical merits of the position. At December 31, 2024 and 2025, the Group had recorded liabilities for uncertain tax benefit of approximately RMB85 and RMB90 mainly associated with the interests on intercompany loans and other permanent differences related to Corporate Income and Trade Taxes, respectively. No interest or penalty expense was recorded for the years ended December 31, 2023, 2024 and 2025. In 2026, the Group will decrease its income tax liability by RMB0.2 for unrecognized tax benefits previously recorded in 2016 as the statute of limitations for the tax liabilities of certain tax positions will expire under the PRC Tax Administration and Collection Law.

	Years Ended December 31,		
	2023	2024	2025
Balance at the beginning of the year	65	67	85
Addition for tax positions	2	18	5
Balance at the end of the year	67	85	90

In accordance with the EIT Law, dividends, which arise from profits of foreign invested enterprises ("FIEs") earned after January 1, 2008, are subject to a 10% withholding income tax. If there is a favorable tax treaty between PRC Mainland and the jurisdiction of the foreign holding company, the income tax rate may be reduced. For example, holding companies in Hong Kong that are also tax residents in Hong Kong are eligible for a 5% withholding tax on dividends under the Tax Memorandum between PRC Mainland and the Hong Kong Special Administrative Region if the holding company is the beneficial owner of the dividends and holds more than 25% of the PRC company. Under applicable accounting principles, a deferred tax liability should be recorded for taxable temporary differences attributable to the excess of financial reporting basis over tax basis in a domestic subsidiary. To facilitate this dividend distribution and meet the oversea treasury demand, certain amount of dividends from the Group's PRC subsidiaries to its oversea subsidiaries was planned. In 2023, the Group revised its dividend policy that it may make a dividend distribution every year up to 45% of its current year net income starting from 2023. PRC dividend withholding tax of RMB75 was accrued as of December 31, 2023. In 2024, the Group announced an amended three - year dividend policy that, the board of directors has the sole discretion to declare and distribute ordinary dividends semi - annually, the aggregate amount of which for each financial year shall be no less than 60% of the Group's net income in such financial year.

As of December 31, 2025, the Group has accrued a total of RMB322 in PRC dividend withholding tax on undistributed earnings, which the Group plans to distribute from PRC subsidiaries to its oversea subsidiaries. Other than these planned dividends distributions, the Group intends to indefinitely reinvest the remaining undistributed earnings of PRC subsidiaries, of which, no provision for PRC dividend withholding tax has been accrued.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of income taxes is due to computational errors made by the taxpayer. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined, but an underpayment of income tax liability exceeding RMB0.1 is specifically listed as a special circumstance. In the case of a transfer pricing related adjustment, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion. The Group's PRC subsidiaries are therefore subject to examination by the PRC tax authorities from inception to 2025.

According to the German General Fiscal Code, the statute of limitations for the assessment and collection of taxes is four years. The four-year period usually starts at the end of the year in which the tax return is filed. If no tax return is filed, the statute of limitations starts with the end of the third year following the year in which the tax arose. Extended limitations of 5 and 10 years will apply in the event of tax evasion or tax fraud. The statute of limitations may be suspended for a variety of reasons, for example, appeal of assessment by taxpayers, announcement or start of a tax audit, obvious mistake in tax assessment, etc.

The Organisation for Economic Co-operation and Development (OECD) developed a Global Anti-Base Erosion Rules (Pillar Two) to ensure a 15% global minimum tax paid by large multinational enterprises with consolidated revenue over EUR 750 million. In December 2022, the EU Minimum Tax Directive entered into force and led to member states to enact legislation to implement Pillar Two rules effective for fiscal years starting on or after December 31,2023.

On 1 January 2025, Singapore's Multinational Enterprise Top - up Tax Act came into effect. Hong Kong, China, gazetted the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Bill 2024 on 27 December 2024, which will come into operation for financial years commencing on or after 1 January 2025.

Some other major jurisdictions have either enacted certain parts of the Pillar Two rules or begun the process of enacting such rules, with varying effective dates.

Based on current enacted legislation effective in 2025, group's structure and assessment, the Group does not expect Pillar Two to have a material impact on the effective tax rate, consolidation results of operation, financial position, and cash flows in near term. The Group will continue to closely monitor Pillar Two global implementation process and executive the assessment.

18. EMPLOYEE BENEFIT PLANS

a. Defined Benefit Plans

The Group maintains a German pension plan after the completion of the acquisition of DH.

As of December 31, 2024 and 2025, accumulated benefit obligation net of plan assets recognized in the consolidated balance sheets consist of the following:

	As of December 31,	
	2024	2025
Salary and welfare payables	9	10
Retirement benefit obligation	111	109
Liability in the balance sheet	120	119

b. Defined Contribution Plans

Full time employees of the Group in the PRC participate in a government-mandated defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. PRC labor regulations require the Group to accrue for these benefits based on a certain percentage of the employees' salaries. The total contribution for such employee benefits were RMB699, RMB835 and RMB990 for the years ended December 31, 2023, 2024 and 2025, respectively. The Group has no ongoing obligation to its employees subsequent to its contribution to the PRC plan.

Furthermore, the Group pays contribution to governmental and private pension insurance organizations based on legal regulations in some countries out of PRC. The contributions are recognized as expense and amount RMB90, RMB108 and RMB111 for the years ended December 31, 2023, 2024 and 2025.

19. RESTRICTED NET ASSETS

Pursuant to laws applicable to entities incorporated in the PRC, our subsidiaries in the PRC must make appropriations from after-tax profit to non-distributable reserve funds. In particular, subject to certain cumulative limits, the statutory reserve fund requires an annual appropriation of 10% of after-tax profit (as determined under accounting principles generally accepted in the PRC at each year-end) until the accumulative amount of such reserve fund reaches 50% of a PRC subsidiary's registered capital. These reserve funds can only be used for such specific purposes as provided in PRC laws, and are not distributable as cash dividends, amounted to RMB1,029, RMB1,455 and RMB1,574 as of December 31, 2023, 2024 and 2025, respectively. In addition, due to restrictions on the distribution of share capital from the Group's PRC subsidiaries, the PRC subsidiaries share capital of RMB2,695 at December 31, 2025 is considered restricted. As a result of these PRC laws and regulations, as of December 31, 2025, approximately RMB4,269 is not available for distribution to the Company by its PRC subsidiaries in the form of dividends, loans or advances.

20. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The following entities are considered to be related parties to the Group. The related parties mainly act as service providers or service recipients to the Group. The Group is not obligated to provide any type of financial support to these related parties.

Related Party	Nature of the Party	Relationship with the Group
Trip.com Group Limited ("Trip.com")	Online travel services provider	Mr. Qi Ji is a director; Shareholder of the Group; One officer of Trip.com is a family member of the Group's director
China Cjia Group Limited ("Cjia Group")	Apartment Management Group	Equity method investee of the Group
Shanghai Zhuchuang Enterprise Management Co., Ltd. ("Zhuchuang")	Staged office space company	Equity method investee of the Group
Shanghai Lianquan Hotel Management Co., Ltd. ("Lianquan")	Hotel management company	Equity method investee of the Group
Huamai (Guangzhou) Hotel Management Co., Ltd. ("Huamai")	Hotel management company	Equity method investee of the Group
Azure Hospitality Fund I Limited Partnership (LLP) ("Azure")	Fund	Equity method investee of the Group

(a) Related party balances

Amounts due from related parties consist of the following:

	As of December 31,	
	2024	2025
Trip.com	284	265
Lianquan	49	19
Huamai	26	16
Cjia Group	15	12
Zhuchuang	14	14
Others	24	25
Allowance for expected credit losses	(64)	(37)
Total	348	314

Amounts due to related parties consist of the following:

	As of December 31,	
	2024	2025
Trip.com	41	60
Cjia Group	14	20
Others	19	49
Total	74	129

(b) Related party transactions

During the years ended December 31, 2023, 2024 and 2025, significant related party transactions were as follows:

	Years Ended December 31,		
	2023	2024	2025
Commission expenses to Trip.com	260	297	307
Lease expenses to Trip.com	19	19	19
Lease expenses to Cjia Group	37	36	38
Goods sold and service provided to Cjia Group	17	32	28
Service fee from Trip.com	112	146	116
Service fee from Azure	17	21	21
Sublease income from Lianquan	10	11	—
Sublease income from Cjia Group	5	6	5

21. COMMITMENTS AND CONTINGENCIES

(a) Commitments

As of December 31, 2025, the Group's commitments related to leasehold improvements and installation of equipment for hotel operations was RMB119, which is expected to be incurred within one to two years.

(b) Contingencies

The Group is subject to periodic legal or administrative proceedings in the ordinary course of the Group's business, including lease contract terminations and disputes, management agreement disputes and other disputes. The Group does not believe that any currently pending legal or administrative proceeding to which the Group is a party will have a material adverse effect on the financial statements. As of December 31, 2025, the accrued contingent liability was RMB16.

ADDITIONAL FINANCIAL INFORMATION — FINANCIAL STATEMENTS SCHEDULE I
H WORLD GROUP LIMITED
FINANCIAL INFORMATION FOR PARENT COMPANY

CONDENSED BALANCE SHEETS
(Renminbi in millions, except share and per share data, or otherwise stated)

	As of December 31,		
	2024	2025	2025
			US$' in millions (Note 2)
Assets			
Current assets:			
Cash and cash equivalents	1,869	1,836	263
Short-term investments	863	850	122
Other current assets	2	3	0
Total current assets	2,734	2,689	385
Investment in and amount due from subsidiaries	18,103	21,061	3,012
Total assets	20,837	23,750	3,397
Liabilities and equity			
Current liabilities:			
Short-term debt	—	3,514	503
Amount due to subsidiaries	4,990	7,246	1,036
Accrued expenses and other current liabilities	76	186	27
Total current liabilities	5,066	10,946	1,566
Long-term debt	3,594	—	—
Total liabilities	8,660	10,946	1,566
Equity:			
Ordinary shares (US$0.00001 par value per share; 80,000,000,000 shares authorized; 3,105,094,690 and 3,098,323,810 shares issued as of December 31, 2024 and 2025, and 3,083,916,600 and 3,071,525,690 shares outstanding as of December 31, 2024 and 2025, respectively)	0	0	0
Treasury shares (21,178,090 and 26,798,120 shares as of December 31, 2024 and 2025, respectively)	(274)	(662)	(95)
Additional paid-in capital	9,620	9,653	1,381
Retained earnings	2,449	3,614	517
Accumulated other comprehensive income	382	199	28
Total equity	12,177	12,804	1,831
Total liabilities and equity	20,837	23,750	3,397

ADDITIONAL FINANCIAL INFORMATION — FINANCIAL STATEMENTS SCHEDULE I
H WORLD GROUP LIMITED
FINANCIAL INFORMATION FOR PARENT COMPANY

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Renminbi in millions, or otherwise stated)

	Years Ended December 31,			
	2023	2024	2025	2025
				US$' in millions (Note 2)
Operating costs and expenses:				
General and administrative expenses	154	340	438	63
Total operating costs and expenses	154	340	438	63
Loss from operations	(154)	(340)	(438)	(63)
Interest income	69	64	49	7
Interest expense	122	112	127	18
Foreign exchange loss	(108)	(23)	(57)	(8)
Other income, net	61	93	71	10
(Loss) gain from fair value changes of equity securities, net	(15)	4	(8)	(1)
Income in investment in subsidiaries	4,354	3,362	5,590	799
Net income attributable to H World Group Limited	4,085	3,048	5,080	726
Other comprehensive income (loss), net of tax	154	(4)	(183)	(26)
Comprehensive income	4,239	3,044	4,897	700

ADDITIONAL FINANCIAL INFORMATION — FINANCIAL STATEMENTS SCHEDULE I
H WORLD GROUP LIMITED
FINANCIAL INFORMATION FOR PARENT COMPANY

CONDENSED STATEMENTS OF CASH FLOWS
(Renminbi in millions, or otherwise stated)

	Years Ended December 31,			
	2023	2024	2025	2025
				US$' in millions (Note 2)
Net cash (used in) provided by operating activities	(133)	17	94	14
Investing activities:				
Loans to subsidiaries	(987)	(0)	(1,465)	(209)
Repayment of loans by subsidiaries	2,061	1,000	3,678	526
Purchase of investments	(803)	(1,188)	(1,000)	(143)
Proceeds from maturity/sale of investments	301	917	1,006	144
Dividends received	—	19	—	—
Net cash provided by investing activities	572	748	2,219	318
Financing activities:				
Proceeds from issuance of ordinary shares in Hong Kong public offering	1,973	—	—	—
Net proceeds from issuance of ordinary shares upon exercise of options	—	—	38	5
Payment of ordinary share issuance costs	(9)	—	—	—
Payment of repurchases of ordinary shares	(848)	(1,172)	(783)	(112)
Loans from subsidiaries	2,574	2,553	2,608	374
Repayment of loans from subsidiaries	(540)	(457)	(347)	(50)
Repayment of short-term bank borrowings	(439)	—	—	—
Dividends paid	—	(3,480)	(3,907)	(559)
Purchase of prepaid put option	—	(710)	—	—
Net cash provided by (used in) financing activities	2,711	(3,266)	(2,391)	(342)
Effect of exchange rate changes on cash and cash equivalents	28	(12)	45	6
Net increase (decrease) in cash and cash equivalents	3,178	(2,513)	(33)	(4)
Cash, cash equivalents at the beginning of the year	1,204	4,382	1,869	267
Cash, cash equivalents at the end of the year	4,382	1,869	1,836	263

The accompanying notes are an integral part of these consolidated financial statements

ADDITIONAL FINANCIAL INFORMATION — FINANCIAL STATEMENTS SCHEDULE I
H WORLD GROUP LIMITED
FINANCIAL INFORMATION FOR PARENT COMPANY

Note to Schedule I

Schedule I has been provided pursuant to the requirements of Rule 12-04(a) and 5-04-(c) of Regulation S-X, which require condensed financial information as to the financial position, change in financial position and results of operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year.

The condensed financial information has been prepared using the same accounting policies as set out in the accompanying consolidated financial statements except that the equity method has been used to account for investments in its subsidiaries. Such investments in subsidiaries are presented on the balance sheets as investment in subsidiaries and the profit of the subsidiaries is presented as income in investment in subsidiaries.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The footnote disclosures contain supplemental information relating to the operations of the Company and, as such, these statements should be read in conjunction with the notes to the accompanying consolidated financial statements.

As of December 31, 2025, there are no material contingencies, mandatory dividend, and significant provision of long-term obligation or guarantee of the Company, except for those which have separately disclosed in the consolidated financial statements.

ADDITION INFORMATION — FINANCIAL STATEMENTS SCHEDULE II
H WORLD GROUP LIMITED

This financial information has been prepared in conformity with accounting principles generally accepted in the United States.

VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Year	Provision (reversal) of credit loss	Write off	Balance at End of Year
		(Renminbi in millions)		
Allowance for accounts receivable, loan receivables, assets held for sale, and other financial assets:				
2023	203	89	(5)	287
2024	287	3	(17)	273
2025	273	(18)	(33)	222

******

Exhibit 2.5

Description of Rights of Each Class of Securities Registered under Section 12 of the Securities Exchange Act of 1934

American Depositary Shares ("ADSs"), each representing ten ordinary shares of H World Group Limited (our company) are listed on the Nasdaq Global Select Market and the shares are registered under Section 12(b) of the Exchange Act. Shares underlying the ADSs are held by Citibank, N.A., as depositary, and holders of ADSs will not be treated as holders of the ordinary shares. Ordinary shares of our company are listed on the Hong Kong Stock Exchange. This exhibit contains a description of the rights of (i) the holders of ordinary shares and (ii) ADS holders.

Description of Ordinary Shares (Items 9.A.3, 9.A.5, 9.A.6, 10.B.3, 10.B.4, 10.B.6, 10.B.7, 10.B.8, 10.B.9 and 10.B.10 of Form 20-F)

General

All of our issued and outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares. Each of our ordinary shares has a par value US$0.00001.

Preemptive Rights

The shareholders of us do not have preemptive rights.

Transfer of Shares

Subject to any applicable restrictions set forth in our amended and restated articles of association, including, for example, the board of directors' discretion to refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under the share incentive plans for employees upon which a restriction on transfer imposed thereby still subsists, any of our shareholders may transfer all or any of his or her shares by an instrument of transfer in the usual or common form or in a form prescribed by the NASDAQ Global Select Market or the Hong Kong Stock Exchange or in another form that our directors may approve.

- Our directors may decline to register any transfer of any share which is not paid up or on which we have a lien. Our directors may also decline to register any transfer of any share unless:
- the instrument of transfer is lodged with us accompanied by the certificate for the shares to which it relates and such other evidence as our directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of share;
- the instrument of transfer is properly stamped (in circumstances where stamping is required);
- in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four; and
- fee of such maximum sum as the NASDAQ Global Select Market or the Hong Kong Stock Exchange may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer, they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on notice being given by advertisement in such one or more newspapers or by any other means in accordance with the requirements of the NASDAQ Global Select Market or the Hong Kong Stock Exchange, be suspended and the register closed at such times and for such periods as our directors may from time to time determine; provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year as our directors may determine.

Limitations or Qualifications

The rights of our shareholders are not materially limited or qualified.

Dividends

Subject to the Companies Act, our company in general meeting or our directors may declare dividends in any currency to be paid to our shareholders. Dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our directors determine is no longer needed. Our board of directors may also declare and pay dividends out of the share premium account or any other fund or account that can be authorized for this purpose in accordance with the Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provides (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for this purpose as paid up on that share and (ii) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Our directors may deduct from any dividend or bonus payable to any shareholder all sums of money (if any) presently payable by such shareholder to us on account of calls or otherwise.

No dividend or other money payable by us on or in respect of any share shall bear interest against us.

In respect of any dividend proposed to be paid or declared on our share capital, our directors may resolve and direct that (i) such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that our shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if our directors so determine) in cash in lieu of such allotment or (ii) the shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as our directors may think fit. On the recommendation of our directors, we may also by ordinary resolution resolve in respect of any particular dividend that, notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend interest or other sum payable in cash to the holder of shares may be paid by check or warrant sent by mail addressed to the holder at his registered address, or addressed to such person and at such addresses as the holder may in writing direct. Every check or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the check or warrant by the bank on which it is drawn shall constitute a good discharge to us.

All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by our board of directors for the benefit of our company until claimed. Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and reverted to us.

Whenever our directors or our company in general meeting have resolved that a dividend be paid or declared, our directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe for our securities or securities of any other company. Where any difficulty arises with regard to such distribution, our directors may settle it as they think expedient. In particular, our directors may issue fractional certificates, ignore fractions

altogether or round the same up or down, fix the value for distribution purposes of any such specific assets, determine that cash payments shall be made to any of our shareholders upon the footing of the value so fixed in order to adjust the rights of the parties, vest any such specific assets in trustees as may seem expedient to our directors, and appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, which appointment shall be effective and binding on our shareholders.

Voting Rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting every shareholder who is present in person or by proxy (or, in the case of a shareholder being a corporation, by its duly authorized representative) shall have one vote on a show of hands, and on a poll every shareholder present in person or by proxy (or, in the case of a shareholder being a corporation, by its duly appointed representative) shall have one vote for each fully paid share of which such shareholder is the holder.

No shareholder shall be entitled to attend and vote or be reckoned in a quorum at any general meeting unless such shareholder is duly registered as our shareholder at the applicable record date for that meeting and all calls or other sums due by such shareholder to us have been paid.

If a clearing house (or its nominee(s)), being a corporation, is our shareholder, it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting or at any meeting of any class of shareholders provided that the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision is entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of our shares held by that clearing house (or its nominee(s)) including the right to vote individually on a show of hands.

While there is nothing under the laws of the Cayman Islands which specifically prohibits or restricts the creation of cumulative voting rights for the election of our directors, it is not a concept that is accepted as a common practice in the Cayman Islands, and our company has made no provisions in its amended and restated articles of association to allow cumulative voting for such elections.

Liquidation

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares: (i) if we are wound up and the assets available for distribution among our shareholders are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed pari passu among those shareholders in proportion to the amount paid up on the shares held by them, respectively and (ii) if we are wound up and the assets available for distribution among the shareholders as such are insufficient to repay the whole of the paid-up capital, those assets shall be distributed so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid up at the commencement of the winding up on the shares held by them, respectively.

If we are wound up, the liquidator may with the sanction of our special resolution and any other sanction required by the Companies Act, divide among our shareholders in specie or kind the whole or any part of our assets (whether or not they shall consist of property of the same kind) and may, for such purpose, set such value as the liquidator deems fair upon any property to be divided and may determine how such division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may also vest the whole or any part of these assets in trustees upon such trusts for the benefit of the shareholders as the liquidator shall think fit, but so that no shareholder will be compelled to accept any assets, shares or other securities upon which there is a liability.

Share Repurchase

We are empowered by the Companies Act and our amended and restated articles of association to purchase our own shares, subject to certain restrictions. Our directors may only exercise this power on behalf of us, subject to the Companies Act, our amended and restated memorandum and articles of association and to any applicable requirements imposed from time to time by the NASDAQ Global Select Market, the SEC, or by any other

recognized stock exchange on which our securities are listed.

Sinking Fund Provision

There are no sinking fund provisions applicable to our ordinary shares.

Calls on Shares and Forfeiture of Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 clear days prior to the specified time of payment. Shares that have been called upon and remain unpaid on the specified time are subject to forfeiture.

Modification of Rights of Shares

Except with respect to share capital and the location of the registered office, alterations to our amended and restated memorandum and articles of association may only be made by special resolution, meaning being passed by not less than three-fourths of votes cast by such shareholders as being entitled to vote at a shareholders meeting.

Subject to the Companies Act, all or any of the special rights attached to shares of any class (unless otherwise provided for by the terms of issue of the shares of that class) may be varied, modified or abrogated, with the sanction of a special resolution, passed at a separate general meeting of the holders of the shares of that class. The provisions of our amended and restated articles of association relating to general meetings shall apply similarly to every such separate general meeting, but so that the quorum for the purposes of any such separate general meeting or at its adjourned meeting shall be a person or persons together holding (or represented by proxy) on the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class, that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by such holder and that any holder of shares of that class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of any class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Anti-takeover Provisions in the Amended and Restated Memorandum and Articles of Association

Our amended and restated memorandum and articles of association contain provisions which may have the effect of limiting the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more classes or series and to fix their designations, powers, preferences, and relative participating, optional or other rights and the qualifications, limitations or restrictions, including, without limitation, dividend rights, conversion rights, voting rights, terms of redemption privileges and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADSs or otherwise. In the event these preferred shares have better voting rights than our ordinary shares, in the form of ADSs or otherwise, they could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult.

Disclosure of Shareholder Ownership

There are no provisions under Cayman Islands law applicable to our company, or in our amended and restated memorandum and articles of association that require our company to disclose the ownership threshold above which shareholder ownership must be disclosed.

General Meetings of Shareholders

Shareholders' meetings may be convened by our board of directors. Advance notice of at least 14 clear days is required for the convening of our annual general shareholders' meeting and any other general meeting of our shareholders, subject to exceptions in certain circumstances as set out in our amended and restated memorandum and articles of association. A quorum for a meeting of shareholders consists of members holding not less than one-third in nominal value of the total issued voting shares in our company present in person or by proxy.

Registered Office and Objects

Our registered office in the Cayman Islands is located at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, or at such other location within the Cayman Islands as our directors may from time to time determine. The objects for which we are established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

Differences in Corporate Law

The Companies Act is modeled after similar laws in the United Kingdom but does not follow recent changes in United Kingdom laws. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States.

Mergers and Similar Arrangements. Under the laws of the Cayman Islands, two or more companies may merge or consolidate in accordance with Section 233 of the Companies Act. A merger means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such constituent companies as the surviving company. A consolidation means the combination of two or more constituent companies into a new consolidated company and the vesting of the undertaking, property and liabilities of such constituent companies in the new consolidated company. In order to merge or consolidate, the directors of each constituent company must approve a written plan of merger or consolidation which must be authorized by each constituent company by a special resolution of the shareholders and such other authorization as may be specified in such company's articles of association. The consent of each holder of a fixed or floating security interest of a constituent company in a proposed merger or consolidation must also be obtained.

For a director who has a financial interest in the plan of merger or consolidation, he should declare the nature of his interest at the board meeting where the plan was considered. Following such declaration, subject to any separate requirement for Audit Committee approval under the applicable law or any applicable requirements imposed from time to time by the NASDAQ Global Select Market, the SEC, or by any other recognized stock exchange on which the securities are listed, and unless disqualified by the chairman of the relevant board meeting, he may vote on the plan of merger or consolidation.

A shareholder resolution is not required if a Cayman Islands incorporated parent company is seeking to merge with one or more of its Cayman Islands incorporated subsidiary companies (i.e., companies where at least ninety per cent (90%) of the issued shares of which (of one or more classes) that are entitled to vote are owned by the parent company). In any event, all shareholders must be given a copy of the plan of merger or consolidation irrespective of whether they are entitled to vote at the meeting or consent to the written resolution to approve the plan of merger or consolidation.

The shareholders of the constituent companies are not required to receive shares of the surviving or consolidated company but may receive debt obligations or other securities of the surviving or consolidated company, or money and other assets or a combination thereof. Further, some or all of the shares of a class or series may be converted into a kind of asset while the other shares of the same class or series may receive a different kind of asset. As such, not all the shares of a class or series must receive the same kind of consideration.

After the plan of merger or consolidation has been approved by the directors, authorized by a resolution of the shareholders and the holders of fixed or floating security interest have given their consent, the plan of merger or

consolidation is executed by each company and filed, together with certain ancillary documents, with the Registrar of Companies in the Cayman Islands.

A shareholder may dissent from a merger or consolidation. A shareholder properly exercising his dissent rights is entitled to payment in cash of the fair value of his shares. Such dissent rights are unavailable in respect of shares subject to a plan of merger or consolidation for which an open market exists on a recognized stock exchange or recognized interdealer quotation system at the expiry date of the period allowed for written notice of an election to dissent subject to the provisions of the Companies Act.

A shareholder dissenting from a merger or consolidation must object in writing to the merger or consolidation before the vote by the shareholders on the merger or consolidation. If the merger or consolidation is approved by the shareholders, the company must within 20 days give notice of this fact to each shareholder who gave written objection. Such shareholders then have 20 days to give to the company their written election in the form specified by the Companies Act to dissent from the merger or consolidation.

Upon giving notice of his election to dissent, a shareholder ceases to have any rights of a shareholder except the right to be paid the fair value of his shares. As such, the merger or consolidation may proceed in the ordinary course notwithstanding the dissent.

Within seven days of the later of the delivery of the notice of election to dissent and the effective date of the merger or consolidation, the company must make a written offer to each dissenting shareholder to purchase his shares at a specified price that the company determines to be their fair value. The company and the shareholder then have 30 days to agree upon the price. If the company and a shareholder fail to agree on the price within the 30 days, then within 20 days thereafter, the company shall or any dissenting shareholder may file a petition with the Grand Court for a determination of the fair value of the shares of all dissenting shareholders. At the petition hearing, the Grand Court shall determine the fair value of the shares of such dissenting shareholders as it finds are involved, together with a fair rate of interest, if any, to be paid by our company upon the amount determined to be the fair value.

Shareholders' Suits. In principle, we will normally be the proper plaintiff and a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company is acting or proposing to act illegally or beyond the scope of its authority;
- the act complained of, although not beyond the scope of its authority, could only be effected duly if authorized by more than a simple majority vote which has not been obtained; or
- those who control the company are perpetrating a "fraud on the minority."

Corporate Governance. Cayman Islands laws do not restrict transactions with directors, requiring only that directors exercise a duty of care and owe a fiduciary duty to the companies for which they serve. Under our amended and restated memorandum and articles of association, subject to any separate requirement for audit committee approval under the applicable rules of the NASDAQ Global Select Market or unless disqualified by the chairman of the relevant board meeting, so long as a director discloses the nature of his interest in any contract or arrangement which he is interested in, such a director may vote in respect of any contract or proposed contract or arrangement in which such director is interested and may be counted in the quorum at such a meeting.

Restructuring. A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) may be proceeded with or commenced against the company, no resolution to wind up the company may be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

Description of Debt Securities, Warrants and Rights and Other Securities (Items 9.A.7, 12.A, 12.B and 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

Citibank, N.A. acts as the depositary for the American Depositary Shares. Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013. American Depositary Shares are frequently referred to as "ADSs" and represent ownership interests in securities that are on deposit with the depositary. ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depositary typically appoints a custodian to safe-keep the securities on deposit. In this case, the custodian is Citibank, N.A.-Hong Kong, located at 9/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

We have appointed Citibank as depositary pursuant to a deposit agreement. A copy of the deposit agreement is on file with the SEC, under cover of a Registration Statement on Form F-6 (Registration No. 333-225171). You may obtain a copy of the deposit agreement from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the SEC's website (www.sec.gov).

We are providing you with a summary description of the material terms of the ADSs and of your material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of ADSs will be determined by reference to the terms of the deposit agreement and not by this summary. For the complete information, you should read the entire deposit agreement and the form of American Depositary Receipt. The portions of this summary description that are italicized describe matters that may be relevant to the ownership of ADSs but that may not be contained in the deposit agreement.

Each ADS represents the right to receive, and to exercise the beneficial ownership interests in, ten (10) ordinary shares on deposit with the depositary and/or the custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the depositary or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. We and the depositary may agree to change the ADS- to-ordinary shares ratio by amending the deposit agreement. This amendment may give rise to, or change, the depositary fees payable by ADS owners. The custodian, the depositary and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depositary, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the ADSs. The depositary, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of

ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of our ADSs, the registered holders of our ADSs (on behalf of the applicable ADS owners) only through the depositary, and the depositary (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as an owner of ADSs and those of the depositary. As an ADS holder, you appoint the depositary to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of ordinary shares will continue to be governed by the laws of the Cayman Islands, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the depositary, the custodian, our company or any of their or our respective agents or affiliates shall be required to take any actions whatsoever on your behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

We will not treat you, being an owner of ADSs, as one of our shareholders and you will not have direct shareholder rights. The depositary will hold on your behalf the shareholder rights attached to the ordinary shares underlying your ADSs. As an owner of ADSs you will be able to exercise the shareholders rights for the ordinary shares represented by your ADSs through the depositary only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement you will, as an ADS owner, need to arrange for the cancellation of your ADSs and become a direct shareholder.

The manner in which you own the ADSs (e.g., in a brokerage account vs. as registered holder, or as holder of certificated vs. uncertificated ADSs) may affect your rights and obligations, and the manner in which, and extent to which, the depositary's services are made available to you. As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary in your name reflecting the registration of uncertificated ADSs directly on the books of the depositary (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary to the holders of our ADSs. The direct registration system includes automated transfers between the depositary and The Depository Trust Company ("DTC"), the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, we will refer to you as the "holder." When we refer to "you," we assume the reader owns ADSs and will own ADSs at the relevant time.

The registration of the ordinary shares in the name of the depositary or the custodian shall, to the maximum extent permitted by applicable law, vest in the depositary or the custodian the record ownership in the applicable ordinary shares with the beneficial ownership rights and interests in such ordinary shares being at all times vested with the beneficial owners of the ADSs representing the ordinary shares. The depositary or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

Dividends and Distributions

As a holder of ADSs, you generally have the right to receive the distributions we make on the securities

deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of a specified record date, after deduction of the applicable fees, taxes and expenses.

Distributions of Cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary will arrange for the funds received in a currency other than U.S. dollars to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to the applicable laws and regulations.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The amounts distributed to holders will be net of the fees, expenses, withheld taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

Distributions of Ordinary Shares

Whenever we make a free distribution of ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depositary will either distribute to holders new ADSs representing the ordinary shares deposited or modify the ADS-to-ordinary shares ratio, in which case each ADS you hold will represent rights and interests in the additional ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-ordinary shares ratio upon a distribution of ordinary shares will be made net of the fees, expenses, withheld taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depositary may sell all or a portion of the new ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (e.g., the U.S. securities laws) or if it is not operationally practicable. If the depositary does not distribute new ADSs as described above, it may sell the ordinary shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever we intend to distribute rights to subscribe for additional ordinary shares, we will give prior notice to the depositary and we will assist the depositary in determining whether it is lawful and reasonably practicable to distribute rights to subscribe for additional ADSs to holders.

The depositary will establish procedures to distribute rights to purchase additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to purchase the new ADSs upon the exercise of your rights. The depositary is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to purchase new ordinary shares other than in the form of ADSs.

The depositary will not distribute the rights to you if:

- we do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or

- we fail to deliver satisfactory documents to the depositary; or
- it is not reasonably practicable to distribute the rights.

The depositary will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depositary in determining whether such distribution is lawful and reasonably practicable.

The depositary will make the election available to you only if we timely request it to do so, if it is reasonably practicable and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depositary will establish procedures to enable you to elect to receive either cash or additional ADSs in each case as described in the deposit agreement. The depositary is not obligated to establish procedures to facilitate the distribution and exercise by holders of elective distributions to purchase new ordinary shares other than in the form of ADSs.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder would receive upon failing to make an election, as more fully described in the deposit agreement.

Other Distributions

Whenever we intend to distribute property other than cash, ordinary shares or rights to purchase additional ordinary shares, we will notify the depositary in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you, if we timely request the depositary to do so and if we provide to the depositary all of the documentation contemplated in the deposit agreement, the depositary will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, withheld taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary may sell all or a portion of the property received.

The depositary will not distribute the property to you and will sell the property if:

- we do not request that the property be distributed to you or if we ask that the property not be distributed to you; or
- we do not deliver satisfactory documents to the depositary; or
- the depositary determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Redemption

Whenever we decide to redeem any of the securities on deposit with the custodian, we will timely notify the depositary. If it is reasonably practicable and if we provide all of the documentation contemplated in the deposit

agreement, the depositary will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary will convert the redemption funds received in a currency other than U.S. dollars into U.S. dollars upon the terms of the deposit agreement and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as the depositary may determine.

Changes Affecting Ordinary Shares

The ordinary shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value, a split-up, cancellation, consolidation or reclassification of such ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of assets.

If any such change were to occur, your ADSs would, to the extent permitted by law and the deposit agreement, represent the right to receive the property received or exchanged in respect of the ordinary shares held on deposit. The depositary may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the ordinary shares. If the depositary may not lawfully distribute such property to you, the depositary may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of ADSs upon Deposit of Ordinary Shares

The depositary may create ADSs on your behalf if you or your broker deposit ordinary shares with the custodian. The depositary will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the ordinary shares to the custodian. Your ability to deposit ordinary shares and receive ADSs may be limited by legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depositary or the custodian receives confirmation that all required approvals have been given and that the ordinary shares have been duly transferred to the custodian. The depositary will only issue ADSs in whole numbers.

When you make a deposit of ordinary shares, you will be responsible for transferring good and valid title to the depositary. As such, you will be deemed to represent and warrant that:

- The ordinary shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such ordinary shares have been validly waived or exercised.
- You are duly authorized to deposit the ordinary shares.
- The ordinary shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, “restricted securities” (as defined in the deposit agreement).
- The ordinary shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depositary may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Transfer, Combination and Split Up of ADRs

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary and also must:

- ensure that the surrendered ADR certificate is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the depositary deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of Ordinary Shares Upon Cancellation of ADSs

As a holder, you will be entitled to present your ADSs to the depositary for cancellation and then receive the corresponding number of underlying ordinary shares at the custodian's offices. Your ability to withdraw the ordinary shares held in respect of the ADSs may be limited by U.S. and Cayman Islands legal considerations applicable at the time of withdrawal. In order to withdraw the ordinary shares represented by your ADSs, you will be required to pay to the depositary the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the ordinary shares being withdrawn. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depositary may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary may deem appropriate before it will cancel your ADSs. The withdrawal of the ordinary shares represented by your ADSs may be delayed until the depositary receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- temporary delays that may arise because (i) the transfer books for the ordinary shares or ADSs are closed, or (ii) ordinary shares are immobilized on account of a shareholders' meeting or a payment of dividends;
- obligations to pay fees, taxes and similar charges; and
- restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

Voting Rights

As a holder, you generally have the right under the deposit agreement to instruct the depositary to exercise the voting rights for the ordinary shares represented by your ADSs. The voting rights of holders of ordinary shares are described in "Description of Ordinary Shares —Voting Rights" above.

At our request, the depositary will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary to exercise the voting rights of the securities represented by ADSs. In lieu of distributing such materials, the depositary may distribute to holders of ADSs

instructions on how to retrieve such materials upon request.

If the depositary timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities represented by the holder's ADSs. In the event voting takes place at a shareholders' meeting by show of hands, the depositary will instruct the custodian to vote in accordance with the voting instructions received from a majority of holders of ADSs who provided voting instructions. In the event voting takes place at a shareholders' meeting by poll, the depositary will instruct the custodian to vote in accordance with the voting instructions received from the holders of ADSs.

In the event of voting by poll, holders of ADSs in respect of which no timely voting instructions have been received shall be deemed to have instructed the depositary to give a discretionary proxy to a person designated by us to vote the ordinary shares represented by such holders' ADSs; provided, that no such instructions shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which we inform the depositary that (i) we do not wish such proxy to be given, (ii) substantial opposition exists or (iii) the rights of our shareholders may be adversely affected. No discretionary proxy shall be given with respect to any vote by show of hands.

Please note that the ability of the depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary in a timely manner.

The depositary will not join in demanding a vote by poll. A holder of ADSs will not be able to exercise any rights that may attach to the ordinary shares represented by such ADSs to requisition a shareholder meeting or propose resolutions for a shareholder vote. At our request, the depositary will represent deposited ordinary shares for the purpose of establishing a quorum regardless of whether voting instructions have been provided with respect thereto.

Fees and Expenses

ADS holders will be required to pay the following fees under the terms of the deposit agreement:

Service	Fees
Issuance of ADSs	Up to US$0.05 per ADS issued
Cancelation of ADSs	Up to US$0.05 per ADS canceled
Distribution of cash dividends or other cash distributions (e.g., sale of rights and other entitlements)	Up to US$0.05 per ADS held
Distribution of ADSs pursuant to stock dividends, other free stock distributions or exercise of rights to purchase additional ADSs	Up to US$0.05 per ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to US$0.05 per ADS held
Depositary services	Up to US$0.05 per ADS held on the applicable record date(s)established by the depositary

As an ADS holder, you will also be responsible to pay certain charges such as:

- fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the

ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares);

- expenses incurred for converting foreign currency into U.S. dollars;
- expenses for cable, telex and fax transmissions and for delivery of securities;
- taxes (including applicable interest and penalties) and other governmental charges;
- fees and expenses incurred by the depositary in connection with compliance with exchange control regulations and other applicable regulatory requirements; and
- fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.

Depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary and by the brokers (on behalf of their clients) delivering the ADSs to the depositary for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed. In the case of distributions other than cash (i.e., stock dividend, rights), the depositary charge the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary send invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes.

The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program established pursuant to the deposit agreement, by making available a portion of the depositary fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary may agree from time to time.

Amendments and Termination

We may agree with the depositary to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the ordinary shares represented by your ADSs (except as permitted by law).

We have the right to direct the depositary to terminate the deposit agreement. Similarly, the depositary may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depositary will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depositary will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depositary will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses) or as may be required by law.

Books of Depositary

The depositary will maintain ADS holder records at its depositary office. You may inspect such records at such office at all reasonable times but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

The depositary may close the transfer books at any time and from time to time, when deemed necessary or at the reasonable written request of us, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the depositary's obligations to you. Please note the following:

- We and the depositary are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith. Without limiting the foregoing, neither we nor the depositary is obligated to participate in any action, suit or other proceeding relating to deposited property or the ADSs without satisfactory indemnity. The depositary disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.

- The depositary disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on behalf of us or for the accuracy of any translation of such a document, for the investment risks associated with investing in ordinary shares, for the validity or worth of the ordinary shares, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.

- We and the depositary will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.

- We and the depositary disclaim any liability if we are prevented or forbidden from acting on account of any law or regulation, any provision of our amended and restated Memorandum and Articles of Association, any provision of any securities on deposit or by reason of any act of God or war or other circumstances beyond our control.

- We and the depositary disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for the deposit agreement or in our amended and restated Memorandum and Articles of Association or in any provisions of securities on deposit.

- We and the depositary further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting ordinary shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.

- We and the depositary also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit which is made available to holders of ordinary shares but is not, under the terms of the deposit agreement, made available to you.

- We and the depositary may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.

- We and the depositary also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.

- No disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.

- Nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depositary and you as an ADS holder.

- Nothing in the deposit agreement precludes Citibank (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the deposit agreement obligates Citibank to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.

Taxes

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary and to the custodian proof of taxpayer status and residence and such other information as the depositary and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.

- Distribute the foreign currency to holders for whom the distribution is lawful and practical.

- Hold the foreign currency (without liability for interest) for the applicable holders.

Governing Law

The deposit agreement, the ADRs and the ADSs will be interpreted in accordance with the laws of the State of New York. The rights of holders of ordinary shares (including ordinary shares represented by ADSs) are governed by the laws of the Cayman Islands. We and the depositary have agreed that the federal or state courts in the City of New York shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute between us that may arise out of or in connection with the Deposit Agreement. We also submitted to the jurisdiction of these courts, and we have appointed an agent for service of process in the City of New York.

Conversion Between Ordinary Shares Trading in Hong Kong and ADSs (Items 12.D.1 and 12.D.4 of Form 20-F)

In connection with the initial public offering of our shares in Hong Kong, we established a branch register of members in Hong Kong, or the Hong Kong share register, which is maintained by our Hong Kong share registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members, or the Cayman share register, will continue to be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited.

As described in further detail below, holders of ordinary shares registered on the Hong Kong share register will be able to convert these ordinary shares into ADSs, and vice versa.

Our ADSs

Our ADSs are traded on NASDAQ. Dealings in our ADSs on NASDAQ are conducted in U.S. dollars.

ADSs may be held either:

- by having a certificated ADS, or an ADR, registered in the holder's name, or by holding in the direct registration system, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto; or

- indirectly, through the holder's broker or other financial institution.

The depositary for our ADSs is Citibank, N.A., whose office is located at 388 Greenwich Street, New York, New York 10013, United States.

Converting Ordinary Shares Trading in Hong Kong into ADSs

An investor who holds ordinary shares registered in Hong Kong and who intends to convert them to ADSs to trade on NASDAQ must deposit or have his or her broker deposit the ordinary shares with the depositary's Hong Kong custodian, Citibank, N.A., Hong Kong, or the custodian, in exchange for ADSs.

A deposit of ordinary shares trading in Hong Kong in exchange for ADSs involves the following procedures:

- If ordinary shares have been deposited with CCASS, the investor must transfer ordinary shares to the depositary's account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed conversion form to the depositary via his or her broker.

- If ordinary shares are held outside CCASS, the investor must arrange to deposit, his or her shares into CCASS for delivery to the depositary's account with the custodian within CCASS, submit and deliver a

request for conversion form to the custodian and after duly completing and signing such conversion form, deliver such conversion form to the custodian.

- Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, the depositary will issue the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs to the designated DTC account of the person(s) designated.

For ordinary shares deposited in CCASS, under normal circumstances, the above steps generally require two business days. For ordinary shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

Converting ADSs to Ordinary Shares Trading in Hong Kong

An investor who holds ADSs and who intends to convert his/her ADSs into ordinary shares to trade on the Hong Kong Stock Exchange must cancel the ADSs the investor holds and withdraw ordinary shares from our ADS program and cause his or her broker or other financial institution to trade such ordinary shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker should follow the broker's procedure and instruct the broker to arrange for cancelation of the ADSs, and transfer of the underlying ordinary shares from the depositary's account with the custodian within the CCASS system to the investor's Hong Kong stock account.

For investors holding ADSs directly, the following steps must be taken:

- To withdraw ordinary shares from our ADS program, an investor who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.

- Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, the depositary will cancel the ADSs and instruct the custodian to deliver ordinary shares underlying the canceled ADSs to the CCASS account designated by an investor.

- If an investor prefers to receive ordinary shares outside CCASS, he or she must receive ordinary shares in CCASS first and then arrange for withdrawal from CCASS. Investors can then obtain a transfer form signed by HKSCC Nominees Limited (as the transferor) and register ordinary shares in their own names with the Hong Kong share registrar.

For ordinary shares to be received in CCASS, under normal circumstances, the above steps generally require two business days. For ordinary shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the ordinary shares on the Hong Kong Stock Exchange until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancelations. In addition, completion of the above steps and procedures is subject to there being a sufficient number of ordinary shares on the Hong Kong share register to facilitate a withdrawal from the ADS program directly into the CCASS system.

We are not under any obligation to maintain or increase the number of ordinary shares on the Hong Kong share register to facilitate such withdrawals.

Depositary Requirements

Before the depositary issues ADSs or permits withdrawal of ordinary shares, the depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with procedures it may establish, from time to time, consistent with the deposit agreement, including but not limited to presentation of transfer documents.

The depositary may refuse to deliver, transfer or register issuances, transfers and cancelations of ADSs generally when the transfer books of the depositary or our Hong Kong share registrar are closed or at any time if the depositary or we determine it advisable to do so.

All costs attributable to the transfer of ordinary shares to effect a withdrawal from or deposit of ordinary shares into our ADS program will be borne by the investor requesting the transfer. In particular, holders of ordinary shares and ADSs should note that the Hong Kong share registrar will charge between HK$2.50 to HK$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

In addition, holders of ordinary shares and ADSs must pay up to US$5.00 per 100 ADSs for each issuance of ADSs and each cancelation of ADSs, as the case may be, in connection with the deposit of ordinary shares into, or withdrawal of ordinary shares from, our ADS program.

Exhibit 8.1

List of subsidiaries of H World Group Limited

List of Subsidiaries

I. Directly-Owned Subsidiaries:

China Lodging Investment Limited (Cayman Islands)
H World Holdings (HK) Limited (Hong Kong)
H World Holdings Singapore Pte. Ltd. (Singapore)
HanTing (Tianjin) Investment Consulting Co., Ltd. (PRC)

II. Indirectly-Owned Subsidiaries:

1. 100% Owned Subsidiaries
1.001 Starway Hotels (Hong Kong) Limited (Hong Kong)
1.002 Crystal Orange Hotel Holdings Limited (BVI)
1.003 Orange Hotel Hong Kong Limited (Hong Kong)
1.004 ACL Greater China Limited (Hong Kong)
1.005 H World (HK) Investment Limited (Hong Kong)
1.006 TAHM Investment Limited (Hong Kong)
1.007 Huazhu Investment I Limited (Hong Kong)
1.008 Starway Hotel Holdings Limited (BVI)
1.009 Hi Inn Hotel Holdings Limited (BVI)
1.010 Hi Inn Hotel (Hong Kong) Limited (Hong Kong)
1.011 Starway Lodging (Hong Kong) Limited (Hong Kong)
1.012 Huazhu K.K. (Japan)
1.013 Elan Hotel Holdings Limited (BVI)
1.014 Elan Hotel (Hong Kong) Limited (Hong Kong)
1.015 H World Technologies Pte. Ltd.(Singapore)
1.016 H Rewards Pte. Ltd.(Singapore)
1.017 H World Hotel Management Pte. Ltd.(Singapore)
1.018 H World Investment GmbH (Germany)
1.019 DH Group GmbH & Co. KG (Germany)
1.020 Huazhu Hospitality Inc (BVI)
1.021 Huazhu Hospitality (Hong Kong) Limited (Hong Kong)
1.022 Steigenberger Hotels GmbH (Germany)
1.023 IntercityHotel GmbH (Germany)
1.024 Deutsche Hospitality Hotels Czech Republic s.r.o.(Czech Republic)
1.025 Sourcify GmbH (Germany)
1.026 Steigenberger Consulting GmbH (Germany)
1.027 Deutsche Hospitality Asset GmbH (Germany)
1.028 Hotel Columbia 2 GmbH(Germany)
1.029 Steigenberger Spa GmbH (Germany)
1.030 Steigenberger (Saudi Arabia)
1.031 STAG Hotelverwaltungs-Gesellschaft mbH (Austria)
1.032 Steigenberger Hotels AG (Switzerland)
1.033 STAG Hotels Netherlands B.V. (Netherlands)
1.034 Scheveningen Hotel Holding B.V. (Netherlands)
1.035 STAG Belgium N.V. (Belgium)
1.036 Steigenberger Italia S.r.l. (Italy)
1.037 Steigenberger DMCC (UAE)
1.038 Tunisian Hospitality Group SARL (Tunisia)
1.039 STAG Hotels Hungary Szállodaipari Kft. (Hungary)
1.040 Deutsche Hospitality Hotels Spain S.L. (Spain)
1.041 Yagao Meihua Hotel Management Co., Ltd.
1.042 Tianjin Yagao Hotel Management Co., Ltd.
1.043 Starway Hotel Management (Shanghai) Co., Ltd.
1.044 Orange Hotel Management (China) Co., Ltd.
1.045 Beijing Crystal Orange Hotel Management Consulting Co., Ltd.

1.046 Beijing Orange Times Softwares Technology Co., Ltd.
1.047 Yiju (Shanghai) Hotel Management Co., Ltd.
1.048 Shanghai HanTing Hotel Management Group, Ltd.
1.049 HanTing Xingkong (Shanghai) Hotel Management Co., Ltd.
1.050 Hanting (Shanghai) Enterprise Management Co., Ltd.
1.051 Huazhu (Hainan) Hotel Management Co., Ltd
1.052 Shanghai Huaxiang Catering Management Co., Ltd.
1.053 Hai Haiyou Hotel Management (Ningbo) Co., Ltd.
1.054 Xingji Hotel Management (Ningbo) Co., Ltd.
1.055 Suzhou Siting Hotel Limited
1.056 Nanjing Yiya Hotel Management Co., Limited
1.057 Tianjin Huazhu Hotel Limited
1.058 Chengdu Kehua Hotel Limited
1.059 Chengdu Siting Hotel Limited
1.060 Ya'an Yiya Hotel Limited
1.061 Huasu (Hainan) Enterprise Management Co., Ltd.
1.062 Jizhu Information Technology (Shanghai) Co., Ltd.
1.063 Huazhu Hotel Management (Ningbo) Co., Ltd.
1.064 Huazhu Xingshun (Suzhou) Tourism Investment Co., Ltd.
1.065 Shanghai Chengge Hotel Management Co., Ltd.
1.066 Huazhu Hotel Management (Shenzhen) Co., Ltd.
1.067 Shanghai Shuohong Hotel Management Co., Ltd.
1.068 Shanghai Ibis Hotel Management Co., Limited
1.069 Nanjing Meiyue Hotel Management Co., Ltd.
1.070 Xi'an Anruosi Hotel Management Co., Ltd.
1.071 Xi'an Yusi Hotel Management Co., Ltd.
1.072 Ibis Xiamen Hotel Limited
1.073 Beijing Yaoting Hotel Management Co., Ltd.
1.074 Beijing Xiting Hotel Management Co., Ltd.
1.075 Beijing Huazhu Ruijing Hotel Management Co., Ltd.
1.076 Shanghai Yiju Hotel Management Co., Ltd. （上海逸居酒店管理有限公司）
1.077 Wuxi Yiju Hotel Management Co., Ltd.
1.078 Shanghai Yate Hotel Management Co., Ltd.
1.079 Shanghai Songting Hotel Management Co., Ltd.
1.080 Shanghai Qinting Hotel Management Co., Ltd. （上海沁庭酒店管理有限公司）
1.081 Shanghai Xinting Hotel Management Co., Ltd.（上海新庭酒店管理有限公司）
1.082 Shanghai Pengting Hotel Management Co., Ltd.
1.083 Shanghai Luting Hotel Management Co., Ltd.
1.084 Shanghai Haoting Hotel Management Co., Ltd. （上海灏庭酒店管理有限公司）
1.085 Shanghai Changting Hotel Management Co., Ltd.（上海长庭酒店管理有限公司）
1.086 Shanghai Xiting Hotel Management Co., Ltd. (上海熙庭酒店管理有限公司)
1.087 Shanghai Yaogu Shangwu Hotel Management Co., Ltd.
1.088 Shanghai Aiting Hotel Management Co., Ltd.
1.089 Shanghai Yiju Hotel Management Co., Ltd. （上海宜居酒店管理有限公司）
1.090 Shanghai Changting Hotel Management Co., Ltd.（上海畅庭酒店管理有限公司）
1.091 Shanghai Huawei Education Technology Co., Ltd.
1.092 Hangzhou Qiuting Hotel Management Co., Ltd.
1.093 Hangzhou Yishitan Investment and Management Co., Ltd.
1.094 Hangzhou Senting Hotel Management Co., Ltd.
1.095 Beijing Zhongting Hotel Management Co., Ltd.
1.096 Beijing HanTing Jiamei Hotel Management Co., Ltd.
1.097 Beijing HanTing Ruijing Hotel Management Co., Ltd.
1.098 Beijing Jiating Hotel Management Co., Ltd.
1.099 Beijing Anting Hotel Management Co., Ltd.
1.100 Tianjin Yiting Hotel Management Co., Ltd.
1.101 Tianjin HanTing Xingkong Hotel Management Co., Ltd.
1.102 Xi'an HanTing Fukai Hotel Management Co., Ltd.
1.103 Xi'an Fengting Hotel Management Co., Ltd.
1.104 Jinan Hanting Hotel Management Co., Ltd.
1.105 Zibo HanTing Hotel Management Co., Ltd.
1.106 Xiamen Wuting Hotel Co., Ltd.

1.107 Xiamen Tingju Hotel Co., Ltd.
1.108 Xiamen Xiating Hotel Co., Ltd.
1.109 Guangzhou Chengting Hotel Management Co., Ltd.
1.110 Guangzhou Shangbin Hotel Co., Ltd.
1.111 Guangzhou Mengting Hotel Management Co., Ltd.
1.112 Guangzhou Huiting Hotel Management Co., Ltd.
1.113 Guangzhou Meiting Hotel Management Co., Ltd.
1.114 Shenzhen Shenting Hotel Management Co., Ltd.
1.115 Taiyuan Hanting Jiangnan Hotel Management Co., Ltd.
1.116 Shenyang Maruika Hotel Management Co., Ltd.
1.117 Kunming Xiting Hotel Management Co., Ltd.
1.118 Baotoushi Anting Hotel Management Co., Ltd.
1.119 Huazhu Hotel Management Co., Ltd.
1.120 Hanting Technology (Suzhou) Co., Ltd.
1.121 Tianjin Huasu Enterprise Management Co., Ltd.
1.122 Shanghai Keting E-Commerce Co., Ltd.
1.123 Shanghai Huazhu Commercial Factoring Co., Ltd.
1.124 Chengdu Zongju Hotel Management Co., Ltd.
1.125 Tianjin Huarui Hotel Management Co., Ltd.
1.126 Banma Yigou E-Commerce Co., Ltd.
1.127 Shanghai Huiting Hotel Management Co., Ltd. （上海荟庭酒店管理有限公司）
1.128 Shanghai Huiyue Hotel Management Co., Ltd.
1.129 Shanghai Fanting Hotel Management Co., Ltd.
1.130 Shanghai Yinting Hotel Management Co., Ltd.
1.131 Shanghai Guangting Hotel Management Co., Ltd.
1.132 Shanghai Lanting Hotel Management Co., Ltd.
1.133 Shanghai Baiting Hotel Management Co., Ltd.
1.134 Shanghai Chengji Hotel Management Co., Ltd.
1.135 Shanghai Xingting Hotel Management Co., Ltd.
1.136 Shanghai Fangpu Hotel Management Co., Ltd.
1.137 Shanghai Manao Hotel Management Co., Ltd.
1.138 Hangzhou Pingting Hotel Management Co., Ltd.
1.139 Hangzhou Wenxuan Hotel Management Co., Ltd.
1.140 Hangzhou Miaoting Hotel Management Co., Ltd.
1.141 Jinan Luoting Hotel Management Co., Ltd.
1.142 Xi’an Yahua Hotel Management Co., Ltd.
1.143 Xi’an Quanji Maoting Hotel Management Co., Ltd.
1.144 Kunshan Bizhu Enterprise Management Co., Ltd.
1.145 Hangzhou Yilai Hotel Chain Co., Ltd.
1.146 Huazhu Enterprise Management Co., Ltd.
1.147 Shanghai Aiqu Enterprise Management Co., Ltd.
1.148 Shanghai Wuqin Equity Fund Co., Ltd.
1.149 Huazhu Investment (Shanghai) Co., Ltd.
1.150 Shanghai Jijing Catering Co., Ltd.
1.151 Shanghai Yiju Hotel Management Co., Ltd. （上海宜桔酒店管理有限公司）
1.152 Shanghai Shangting Hotel Management Co., Ltd.
1.153 Shanghai Hongting Hotel Management Co., Ltd.
1.154 Shanghai Duting Hotel Management Co., Ltd.
1.155 Shanghai Hongxi Hotel Management Co., Ltd.
1.156 Shanghai Haoting Hotel Management Co., Ltd. （上海郝庭酒店管理有限公司）
1.157 Shanghai Tongji Hotel Management Co., Ltd.
1.158 Shanghai Chunting Hotel Management Co., Ltd.
1.159 Shanghai Moting Hotel Management Co., Ltd.
1.160 Hangzhou Ansheng Hotel Management Co., Ltd.
1.161 Suzhou Lishan Yatai Hotel Management Co., Ltd.
1.162 Suzhou Yongchangjiahe Hotel Management Co., Ltd.
1.163 Wantong Yiguan (Beijing) Hotel Management Co., Ltd.
1.164 Beijing Dongnian Hotel Co., Ltd.
1.165 Zhuhai Manneijiali Investment Development Company Limited
1.166 Guangzhou Zhongting Quanji Hotel Management Co., Ltd.
1.167 Guangzhou Didu Hotel Management Co., Ltd.

1.168 Guangzhou Bihua Hotel Management Co., Ltd.
1.169 Shanghai Hua Yu Zhou enterprise Management Co., Ltd.
1.170 Shenzhen Chengxuan Hotel Management Co., Ltd.
1.171 Shenzhen Qiquan Hotel Management Co., Ltd.
1.172 Shanghai Jizhu Investment Management Co., Ltd.
1.173 Kunshan Hanka Catering Management Co., Ltd.
1.174 Ningbo Huating Investment Consulting Co., Ltd.
1.175 Ningbo Huating Galaxy Investment Management Co., Ltd.
1.176 Shanghai Huazhu Chengxing Management Consulting Co., Ltd.
1.177 Huazhu Enterprise Management (Zhuhai Hengqin) Co., Ltd.
1.178 Hangzhou Yueli Yilai Hotel Co., Ltd.
1.179 Hangzhou Maolu Yilai Hotel Co., Ltd.
1.180 Hangzhou Qiandaohu Yilai Resort Co., Ltd.
1.181 Beijing Crystal Orange Hotel Management Co., Ltd.
1.182 Beijing Orange Times Hotel Management Co., Ltd.
1.183 Shanghai Juchao Department Management Co., Ltd.
1.184 Guiyang Yangguang Hotel Management Co., Ltd.
1.185 Beijing Yuecheng Hotel Management Co., Ltd.
1.186 Hangzhou Zhongcheng Hotel Management Co., Ltd.
1.187 He Garden Hotel (Beijing) Co., Ltd.
1.188 Xi ‘an Chengjia Fukai Hotel Management Co., Ltd.
1.189 Shanghai Shiju Catering Service Co., Ltd.
1.190 Tianjin Jizhu Information Technology Co., Ltd.
1.191 Ningbo Futing Enterprise Management Co., Ltd.
1.192 Huanmei Information Technology (Shanghai) Co., Ltd.
1.193 Huanmei International Travel Service (Shanghai) Co., Ltd.
1.194 Hanting Hesheng (Suzhou) Hotel Management Co., Ltd.
1.195 Shanghai HanTing Guancheng Hotel Management Co., Ltd.
1.196 Tianjin Huazhu Finance Leasing Co., Ltd.
1.197 Ningbo Jishi Investment Management LLP
1.198 Ningbo Jisu Investment Management LLP
1.199 Ningbo Qiji Galaxy Investment Management Center LLP
1.200 Blossom Hotel Investment Management (Kunshan) Co., Ltd.
1.201 Huazhu (Shanghai) Hotel Management Co., Ltd.
1.202 Shanghai Blossom House Investment Management Co., Ltd.
1.203 Shanghai Blossom Hotel Management Co., Ltd.
1.204 Shanghai Changguan Investment Management Co., Ltd.
1.205 Chengdu Jishun Hotel Management Co., Ltd.
1.206 Wuxi Blossom House Culture Tourism Investment Co., Ltd.
1.207 Suzhou Blossom Hotel Investment Management Co., Ltd.
1.208 Huzhou Blossom House Hotel Investment Management Co., Ltd.
1.209 Ningbo Blossom House Hotel Management Co., Ltd.
1.210 Lijiang Blossom House Hotel Management Co., Ltd.
1.211 Diqingzhou Blossom House Hotel Management Co., Ltd.
1.212 Guangzhou Huange Hotel Management Co., Ltd.
1.213 Jisu Enterprise Management Co., Ltd.
1.214 Changsha Changting Hotel Management Co., Ltd.
1.215 Shanghai Huaxiang Six Catering Management Co., Ltd.
1.216 Nanjing Hongying Hotel Management Co., Ltd.
1.217 Wuxi Hanting Hotel Management Co., Ltd.
1.218 Shanghai Huaxiang Four Catering Management Co., Ltd.
1.219 Huazhu Cloud (Shanghai) Information Technology Co., Ltd.
1.220 Shanghai Yaoting Enterprise Management Co., Ltd.
1.221 Shanghai Xingqing Hotel Management Co., Ltd.
1.222 Jihao Hotel Management (Shanghai) Co., Ltd.
1.223 Shanghai Huaye Xingkong Enterprise Management Co., Ltd.
1.224 Shanghai Juzhou Hotel Management Co., Ltd.
1.225 Yangzhou Jiting Hotel Management Co., Ltd.
1.226 Huazhu Gou (Shanghai) Trading Co., Ltd.
1.227 Ningbo Hongting Investment Management Center LLP
1.228 Shanghai Qiting Hotel Management Co., Ltd.

1.229	Qingdao Xiangye Hotel Management Co., Ltd.			
1.230	Shanghai Yide Hotel Management Co., Ltd.			
1.231	Shanghai Kaiqingju Hotel Management Co., Ltd.			
1.232	Shanghai Anting Hotel Management Co., Ltd.			
1.233	Kaifeng Guting Hotel Management Co., Ltd.			
1.234	Huazhu (Nantong) Hotel Management Co., Ltd.			
1.235	Huazhu Xingkong Investment (Shanghai) Co., Ltd.			
1.236	Shanghai Taiting Hotel Management Co., Ltd.			
1.237	Shanghai Jiangting Hotel Management Co., Ltd.			
1.238	Shanghai Zhenting Hotel Management Co., Ltd.			
1.239	Shanghai Twelve Shichen Supply Chain Technology Co., Ltd.			
2.	Majority-Owned Subsidiaries			
2.01	Shanghai Leshu Hotel Management Co., Ltd.	100%	equity interests owned by	Shanghai Ruiji Hotel Management Co., Ltd.
2.02	Shanghai Mingxin Hotel Management Co., Ltd.	100%	equity interests owned by	Shanghai Ruiji Hotel Management Co., Ltd.
2.03	Shanghai Mingjing Hotel Investment Management Co., Ltd.	100%	equity interests owned by	Shanghai Ruiji Hotel Management Co., Ltd.
2.04	Xiamen Leshu Hotel Management Co., Ltd.	100%	equity interests owned by	Shanghai Ruiji Hotel Management Co., Ltd.
2.05	Fuzhou Leshu Hotel Management Co., Ltd.	100%	equity interests owned by	Shanghai Ruiji Hotel Management Co., Ltd.
2.06	Changxing Longguan Culture Development Co., Ltd.	100%	equity interests owned by	Shanghai Longhua Investment Management Co. Ltd.
2.07	Suzhou Zhongzhou Express Hotel Co. Ltd.	100%	equity interests owned by	Henan Zhongzhou Express Hotel Investment Co., Ltd.
2.08	Hangzhou Yuexi Hotel Management Co., Ltd.	91.83%	equity interests owned by	Blossom Hotel Investment Management (Kunshan) Co., Ltd.
2.09	Suzhou Blossom House Hotel Management Co., Ltd.	60%	equity interests owned by	Blossom Hotel Investment Management (Kunshan) Co., Ltd.
2.10	Kunshan Zhouzhuang Blossom House Hotel Investment Management Co., Ltd.	60%	equity interests owned by	Blossom Hotel Investment Management (Kunshan) Co., Ltd.
2.11	Sichuan Blossom House Hotel Investment Management Co., Ltd.	51%	equity interests owned by	Blossom Hotel Investment Management (Kunshan) Co., Ltd.
2.12	Shanghai Longhua Investment Management Co., Ltd.	51%	equity interests owned by	Shanghai Changguan Investment Management Co., Ltd.
2.13	Guangzhou Yahua Puxin Hotel Co., Ltd.	90%	equity interests owned by	Jisu Enterprise Management Co., Ltd.
2.14	Shanghai Meixie Hotel Management Co., Ltd.	60%	equity interests owned by	Yagao Meihua Hotel Management Co., Ltd.
2.15	Beijing Hanting Oriental Hotel Management Co., Ltd.	99%	equity interests owned by	Shanghai HanTing Hotel Management Group, Ltd.
2.16	Chongqing Yiting Hotel Management Co., Ltd.	99%	equity interests owned by	Shanghai HanTing Hotel Management Group, Ltd.
2.17	Xi'an Bangting Hotel Management Co., Ltd.	99%	equity interests owned by	Shanghai HanTing Hotel Management Group, Ltd.
2.18	Shanghai Liansheng Hotel Co., Ltd.	90%	equity interests owned by	Shanghai HanTing Hotel Management Group, Ltd.
2.19	Chengdu Changting Hotel Management Co., Ltd.	80%	equity interests owned by	Shanghai HanTing Hotel Management Group, Ltd.
2.20	Nanjing Leting Hotel Management Co., Ltd.	80%	equity interests owned by	Shanghai HanTing Hotel Management Group, Ltd.
2.21	Chengdu Yuting Hotel Management Co., Ltd.	60%	equity interests owned by	Shanghai HanTing Hotel Management Group, Ltd.
2.22	Shanghai Huiting Hotel Management Co., Ltd. （上海辉庭酒店管理有限公司）	55%	equity interests owned by	Shanghai HanTing Hotel Management Group, Ltd.
2.23	Chengdu HanTing Yangchen Hotel Management Co., Ltd.	51%	equity interests owned by	Shanghai HanTing Hotel Management Group, Ltd.
2.24	Shanghai Dingting Hotel Management Co., Ltd.	55%	equity interests owned by	HanTing Xingkong (Shanghai) Hotel Management Co., Ltd.
2.25	Nanjing Zhuting Hotel Management Co., Ltd.	51%	equity interests owned by	HanTing Xingkong (Shanghai) Hotel Management Co., Ltd.
2.26	Hangzhou Chenji Hotel Management Co., Ltd.	51%	equity interests owned by	HanTing Xingkong (Shanghai) Hotel Management Co., Ltd.
2.27	Xi'an Jvting Hotel Management Co., Ltd.	90%	equity interests owned by	Huazhu Hotel Management Co., Ltd.
2.28	Shenzhen Nanshen Hotel Management Co., Ltd.	88%	equity interests owned by	Huazhu Hotel Management Co., Ltd.
2.29	Henan Zhongzhou Express Hotel Investment Co., Ltd.	85%	equity interests owned by	Huazhu Hotel Management Co., Ltd.
2.30	Suzhou Zhujiangnan Hotel Management Co., Ltd.	66%	equity interests owned by	Huazhu Hotel Management Co., Ltd.
2.31	Shanghai Junrui Hotel Co., Ltd.	60%	equity interests owned by	Huazhu Hotel Management Co., Ltd.
2.32	Wenzhou Yaozhu Hotel Management Co., Ltd.	60%	equity interests owned by	Huazhu Hotel Management Co., Ltd.
2.33	Yongle Huazhu Hotel & Resort Group	50%	equity interests owned by	Huazhu Hospitality (Hong Kong) Limited

2.34	Beijing Shenzhou Business Travel Hotel Investment Management Co., Ltd.	85%	equity interests owned by	Hanting (Shanghai) Enterprise Management Co., Ltd.
2.35	Shenzhen Shijie Chengjia Hotel Management Co., Ltd.	51%	equity interests owned by	Shanghai Chengge Hotel Management Co., Ltd.
2.36	Shanghai Ruicheng Hotel Management Co., Ltd.	50%	equity interests owned by	Shanghai Chengge Hotel Management Co., Ltd.
2.37	Shanghai Shenzhou Business Travel Hotel Co., Ltd.	100%	equity interests owned by	Beijing Shenzhou Business Travel Hotel Investment Management Co., Ltd.
2.38	Shanghai Ruiji Hotel Management Co., Ltd.	50%	equity interests owned by	Huazhu Investment (Shanghai) Co., Ltd.
2.39	Beijing Hualige Hotel Management Co., Ltd.	40%	equity interests owned by	Starway Hotel Management (Shanghai) Co., Ltd.
2.40	Hefei Jucheng Hotel Management Consulting Co., Ltd.	70%	equity interests owned by	Beijing Crystal Orange Hotel Management Consulting Co., Ltd.
2.41	Nanjing Jinlv Huazhu Mingri City Hotel Co., Ltd.	100%	equity interests owned by	Jiangsu Jinlv Huazhu Hotel Management Co., Ltd.
2.42	Zhengzhou Tiancheng Express Hotel Co. Ltd.	65%	equity interests owned by	Henan Zhongzhou Express Hotel Investment Co., Ltd., and 35% equity interests owned by Huazhu Hotel Management Co., Ltd.
2.43	Jiangsu Jinlv Huazhu Hotel Management Co., Ltd.	39%	equity interests owned by	Huazhu Hotel Management Co., Ltd., and 15% equity interests owned by Ningbo Futing Enterprise Management Co., Ltd.

Exhibit 12.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act

I, Hui Jin, certify that:

1. I have reviewed this annual report on Form 20-F of H World Group Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 24, 2026

By: /s/ Hui Jin
Name: Hui Jin
Title: Chief Executive Officer

Exhibit 12.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act

I, Arthur Yu, certify that:

1. I have reviewed this annual report on Form 20-F of H World Group Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 24, 2026

By: /s/ Arthur Yu
Name: Arthur Yu
Title: Chief Financial Officer

Exhibit 13.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The certification set forth below is being submitted to the Securities and Exchange Commission in connection with the Annual Report on Form 20-F for the year ended December 31, 2025 (the "Report") of H World Group Limited (the "Company") for the purpose of complying with Rule 13a-14(b) or Rule 15d14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Hui Jin, the Chief Executive Officer of the Company, and Arthur Yu, the Chief Financial Officer of the Company, each certifies that, to the best of his or her knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 24, 2026

By: /s/ Hui Jin
Name: Hui Jin
Title: Chief Executive Officer

By: /s/ Arthur Yu
Name: Arthur Yu
Title: Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-269169 and 333-280844 on Form F-3 and Registration Statement Nos. 333-166179, 333-192295, 333-203460 and 333-281654 on Form S-8 of our reports dated April 24, 2026, relating to the financial statements of H World Group Limited and the effectiveness of H World Group Limited's internal control over financial reporting appearing in this Annual Report on Form 20-F for the year ended December 31, 2025.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, China
April 24, 2026

Exhibit 15.2

君合律师事务所
JUNHE

26/F HKRI Centre One, HKRI Taikoo Hui
288 Shimen Road (No.1),
Shanghai 200041, P. R. China
T: (86-21) 5298-5488
F: (86-21) 5298-5492

April 24, 2026

H World Group Limited
No. 1299 Fenghua Road
Jiading District
Shanghai 201803
People's Republic of China

Dear Sir/Madam:

We hereby consent to the references to our firm's name under the headings "Item 3. Key Information" in H World Group Limited's annual report on Form 20-F for the fiscal year of 2025 (the "**Annual Report**"), which will be filed with the Securities and Exchange Commission (the "**SEC**") on the date hereof. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Very truly yours,

/s/ JunHe LLP
JunHe LLP