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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  
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: 001-40540

**Atour Lifestyle Holdings Limited**

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

**Cayman Islands**

(Jurisdiction of incorporation or organization)

**1st Floor, Wuzhong Building,  
618 Wuzhong Road,  
Minhang District, Shanghai, 201103  
People's Republic of China**

(Address of principal executive offices)

**Haijun Wang**

**Chief Executive Officer**

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People's Republic of China**

(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	Name of each exchange on which registered
American depository shares, each ADS represents three Class A ordinary shares, par value US\$0.0001 per share	ATAT	The Nasdaq Global Select Market
Class A ordinary shares, par value US\$0.0001 per share*	N/A	The Nasdaq Global Select Market

\* Not for trading, but only in connection with the listing of the American depository shares on The Nasdaq Global Select Market of American depository shares.

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

None

(Title of Class)

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:**

None

(Title of Class)

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.

412,380,886 ordinary shares, comprising of 338,699,969 Class A ordinary shares, par value US\$0.0001 per share and 73,680,917 Class B ordinary shares, par value US\$0.0001 per share, as of December 31, 2025.

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, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

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. Yes  No

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). Yes  No

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 Section 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

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## INTRODUCTION

Except where the context otherwise requires and for purposes of this annual report only:

- “ADR” refers to average daily room rate, which means room revenue divided by the number of rooms in use;
- “ADSs” refers to the American depository shares, each representing Class A ordinary shares;
- “Atour,” “our group,” “our,” “we,” or “us” refers to our company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our company and/or its subsidiaries and their predecessors (if any);
- “Atour Shanghai” refers to Shanghai Atour Business Management Group Co., Ltd., a limited liability company established in the PRC on February 17, 2013 and an indirectly wholly-owned subsidiary of the Company;
- “CAGR” refers to compound annual growth rate, which represents the year-over-year growth rate of a value over a specified period, assuming the value grows at a steady rate on a compounded basis;
- “China,” “Chinese Mainland” or “PRC” refers to the People’s Republic of China which, for the purpose of this annual report and for geographical reference only, excludes Hong Kong, Macao Special Administrative Region of the People’s Republic of China, and Taiwan Region;
- “Class A ordinary shares” refers to our Class A ordinary shares with a par value of US\$0.0001 per share;
- “Class B ordinary shares” refers to our Class B ordinary shares with a par value of US\$0.0001 per share;
- “Company,” “our company,” or “the Company” refers to Atour Lifestyle Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on April 10, 2012;
- “GMV” refers to gross merchandise value, which is the total value of confirmed orders placed and paid for by our end customers with us or our franchisees, as the case may be, and sold as part of our retail business, where the ordered products have been dispatched, regardless of whether they are delivered or returned, calculated based on the prices of the ordered products net of any discounts offered to our end customers;
- “hotel chain” refers to a group of hotels operating under the same brand or common management, which may include leased hotels, franchised hotels, and manachised hotels;
- “independent hotel” refers to a hotel that is not part of a hotel chain and operates under its own brand or management;
- “leased hotels” refers to leased-and-operated hotels, which, for the avoidance of doubt, include hotels that are exclusively operated by us on properties leased by certain designated third parties;
- “manachised hotels” refers to franchised-and-managed hotels;
- “mini-program” refers to a mobile application embedded within third-party platforms, such as Weixin, that provides booking and service functionalities similar to those of our mobile app;
- “occupancy rate” refers to the number of rooms in use divided by the number of available rooms for a given period;

- “ordinary shares” refers to our Class A ordinary shares and Class B ordinary shares;
- “OTA” refers to online travel agency;
- “RevPAR” refers to revenue per available room, referring to the average daily revenue generated for each available room, whether occupied or not, which is calculated by total revenues during a period divided by the number of available rooms of our hotels during the same period;
- “RMB” or “Renminbi” refers to the legal currency of the People’s Republic of China;
- “room nights” refers to the total number of rooms occupied multiplied by the number of nights during a given period;
- “SKU” refers to stock keeping unit, referring to a distinct retail product item offered for sale;
- “Tier 1 cities” refers to, based on China Business Network’s rankings of 2024, the four Chinese cities of Beijing, Shanghai, Guangzhou and Shenzhen;
- “New Tier 1 cities” refers to, based on China Business Network’s rankings of 2024, the 15 Chinese cities of Chengdu, Chongqing, Hangzhou, Xi’an, Wuhan, Suzhou, Zhengzhou, Nanjing, Tianjin, Changsha, Dongguan, Ningbo, Wuxi, Hefei and Qingdao;
- “Tier 2 cities” refers to, based on China Business Network’s rankings of 2024, the 30 Chinese cities of Baoding, Changzhou, Dalian, Quanzhou, Jinhua, Fuzhou, Weifang, Guiyang, Harbin, Jiaxing, Huizhou, Jinan, Foshan, Kunming, Lanzhou, Taizhou, Changchun, Nanchang, Nanning, Nantong, Xuzhou, Xiamen, Shaoxing, Shenyang, Shijiazhuang, Taiyuan, Wenzhou, Yantai, Zhongshan and Zhuhai;
- “US\$,” “dollars” or “U.S. dollars” refers to the legal currency of the United States; and
- “U.S. GAAP” refers to the accounting principles generally accepted in the United States of America.

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report are made at RMB6.9931 to US\$1, which are the exchange rates set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2025. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all.

#### **FORWARD-LOOKING INFORMATION**

This annual report contains statements that constitute forward-looking statements. Many of the forward-looking statements contained in this annual report can be identified by the use of forward-looking words such as “anticipate,” “believe,” “could,” “expect,” “should,” “plan,” “intend,” “estimate” and “potential,” among others.

Forward-looking statements appear in a number of places in this annual report and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those identified under the section entitled “Item 3. Key Information—3.D. Risk Factors” in this annual report. These risks and uncertainties include factors relating to:

- general economic, political, demographic and business conditions in China and globally;

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- fluctuations in inflation and exchange rates in China and globally;
- our ability to implement our growth strategy;
- our ability to compete and conduct our business in the future;
- the availability of qualified personnel and the ability to retain such personnel;
- the expected growth and competition in the hospitality industry in China;
- changes in government policies and regulation;
- other factors that may affect our financial condition, liquidity and results of operations; and
- other risk factors discussed under “Item 3. Key Information—3.D. Risk Factors.”

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

**PART I**

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

Not applicable.

**ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

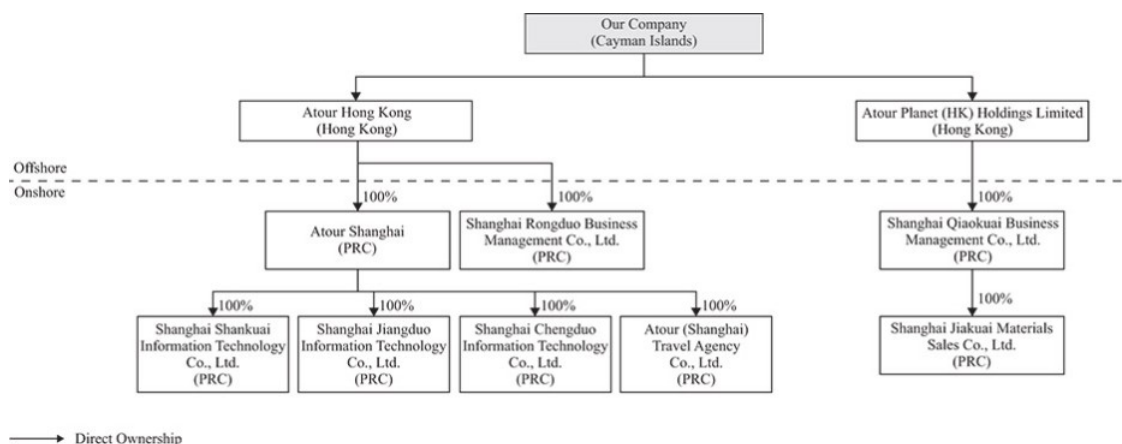
Not applicable.

**ITEM 3. KEY INFORMATION**

**Holding Company Structure**

We are a holding company with no business operations of our own. We conduct all of our operations through our indirectly owned subsidiaries in China, and a substantial portion of our assets are located in China.

This holding company structure involves unique risks to investors. The following chart illustrates our corporate structure, including our significant subsidiaries as that term is defined under Section 1-02 of Regulation S-X under the Securities Act and certain other subsidiaries, as of the date of this annual report.



Our ability to pay dividends and to service any debt we may incur overseas largely depends upon dividends paid by our subsidiaries. If our 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 subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance of the PRC, or the PRC GAAP. Pursuant to the laws and regulations applicable to China's foreign investment enterprises, our subsidiaries that are foreign investment enterprises in the PRC have to make appropriation from their after-tax profit, as determined under PRC GAAP, to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of our subsidiary. Appropriations to the other two reserve funds are at our subsidiaries' discretion. Our PRC subsidiaries did not make any contribution to the enterprise expansion fund or the staff and bonus welfare fund during the years ended December 31, 2024 and 2025. The PRC reserve fund of our PRC subsidiaries totaled RMB286.7 million and RMB375.5 million (US\$53.7 million) as of December 31, 2024 and 2025, respectively. See "Item 4. Information on The Company — 4.B. Business Overview — Regulation — Regulations on Dividend Distribution" for a detailed discussion of the PRC legal restrictions on dividends and our ability to transfer cash within our group. In addition, ADS holders may potentially be subject to PRC taxes on dividends paid by us in the event Atour Lifestyle Holdings Limited is deemed as a PRC resident enterprise for PRC tax purposes. See "Item 5. Operating and Financial Review and Prospects — 5.A. Operating Results — Taxation — Chinese Mainland" for more details.

In August 2024, we announced a three-year annual dividend policy, under which we plan to declare and distribute dividends with an aggregate amount of no less than 50% of our net income for the preceding financial year in each of the three financial years commencing 2024. The exact dividend amount will be determined at the discretion of our board of directors, based on its assessment of the Company's actual and projected results of operations, financial and cash position, capital requirements and other relevant factors. In August 2024, May 2025 and November 2025, we distributed cash dividends of approximately RMB436.0 million, RMB418.2 million (US\$59.8 million) and RMB353.8 million (US\$50.6 million), respectively.

In 2025, with cash generated from operating activities in the PRC by Atour Shanghai and its subsidiaries, Atour Shanghai distributed RMB800.0 million (US\$114.4 million) to our Hong Kong subsidiary, Atour Hotel (HK) Holdings Limited, or Atour Hong Kong. Our subsidiaries in the PRC generate cash from operating activities, which may be reinvested in our business or used to fund share repurchases and dividend distributions. In the future, cash proceeds raised from overseas financing activities may be transferred by us through our Hong Kong subsidiaries to their respective PRC subsidiaries via capital contribution and shareholder loans, as the case may be. Subsequently, these PRC subsidiaries will transfer funds to their own subsidiaries to meet the capital needs of our business operations. For details about the applicable PRC rules that limit transfer of funds from overseas to our PRC subsidiaries, see "Item 3. Key Information — 3.D. Risk Factors — Risks Related to Doing Business in China — PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental regulation of currency conversion may restrict or delay us from using the proceeds of our initial public offering to make loans or additional capital contributions to our PRC subsidiaries, which could adversely affect our liquidity and our ability to fund and expand our business" and "Item 4. Information on The Company — 4.B. Business Overview — Regulation — Regulations on Offshore Financing."

In addition, we face various legal and operational risks and uncertainties related to being based in and having a significant portion of our operations in China. The PRC regulatory authorities have significant oversight and discretion over the conduct of our business and may influence our operations as they deem appropriate to further economic, regulatory, political, and societal goals. The PRC regulatory authorities have issued new policies covering cybersecurity, data privacy, antitrust, foreign investments, and overseas securities listings, requiring or potentially requiring us to undergo additional regulatory approvals and filings for our business operations, acceptance of foreign investments, and future overseas financing activities. For example, we may need to comply with the filing requirements under the CSRC Filing Rules (as defined below in "Item 3. Key Information — Recent Regulatory Developments — CSRC Filing Requirements") for future offerings and listings of our securities in overseas markets to the extent applicable. Furthermore, we cannot rule out the possibility that the PRC regulatory authorities will in the future release regulations or policies regarding our industry that could adversely affect our business, financial condition and results of operations. These risks could result in a material change in our operations and the value of the ADSs, significantly limit or completely hinder our ability to offer or continue to offer securities to investors or cause the value of such securities to significantly decline or be worthless. For more details, see "Item 3. Key Information — Recent Regulatory Developments," "Item 3. Key Information — Permissions Required from the PRC Authorities for Our Operations and Overseas Securities Offerings" and "Item 3. Key Information — 3.D. Risk Factors — Risks Related to Doing Business in China."

## **Recent Regulatory Developments**

### ***Cybersecurity Review***

On December 28, 2021, the Cyberspace Administration of China (the “CAC”), and 12 other relevant PRC government authorities published the amended Cybersecurity Review Measures, which came into effect on February 15, 2022. The final Cybersecurity Review Measures provide that a “network platform operator” that possesses personal information of more than one million users and seeks a listing in a foreign country must apply for a cybersecurity review. Further, the relevant PRC governmental authorities may initiate a cybersecurity review against any company if they determine certain network products, services, or data processing activities of such company affect or may affect national security.

As a network platform operator who possesses personal information of more than one million users for purposes of the Cybersecurity Review Measures, we had applied for and completed a cybersecurity review with respect to the listing of the ADSs representing our Class A ordinary shares on Nasdaq in November 2022 pursuant to the Cybersecurity Review Measures.

### ***CSRC Filing Requirements***

On February 17, 2023, the China Securities Regulatory Commission, or the CSRC, as approved by the State Council, released the Trial Measures for Administration of Overseas Securities Offerings and Listings by Domestic Companies and five interpretive guidelines (collectively, the “CSRC Filing Rules”), which came into effect on March 31, 2023. Under the CSRC Filing Rules, a filing-based regulatory system shall be applied to “indirect overseas offerings and listings” of PRC domestic companies, which refers to securities offerings and listings in an overseas market made under the name of an offshore entity but based on the underlying equity, assets, earnings or other similar rights of a domestic company that operates its main business domestically. The CSRC Filing Rules state that, any post-listing follow-on offering by an issuer in the same overseas market, including issuance of shares, convertible notes and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering. Therefore, any of our future offering and listing of our securities in an overseas market shall be subject to the filing requirements under the CSRC Filing Rules.

If we fail to obtain required approval or complete other review or filing procedures, under the CSRC Filing Rules or otherwise, for any future overseas securities offering or listing, we may face sanctions by the CSRC or other PRC regulatory authorities, which may 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 future financing transactions offshore, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of the ADSs. See “Item 3. Key Information-3.D. Risk Factors-Risks Related to The ADSs-The approval or filing of the China Securities Regulatory Commission or other PRC regulatory agencies may be required to maintain our listing status or conduct future offshore securities offerings.”

### ***Implication of the Holding Foreign Companies Accountable Act***

Trading in our securities on U.S. markets, including Nasdaq, may be prohibited under the Holding Foreign Companies Act, as amended by the Consolidated Appropriations Act, 2023 (the “HFCAA”), if the PCAOB determines that it is unable to inspect or investigate completely our auditor for two consecutive years. On December 16, 2021, the PCAOB issued the HFCAA Determination Report to notify the SEC of its determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in Chinese Mainland and Hong Kong, including our auditor which is headquartered in Chinese Mainland. The inability of the PCAOB to conduct inspections in the past also deprived our investors of the benefits of such inspections. However, this determination was vacated by the PCAOB in 2022. On December 15, 2022, the PCAOB announced that it was able to conduct inspections and investigations completely of PCAOB-registered public accounting firms headquartered in Chinese Mainland and Hong Kong in 2022.

On December 29, 2022, the Consolidated Appropriations Act, 2023, was signed into law, amending the HFCAA in two significant ways: (i) reducing the consecutive non-inspection years required to trigger HFCAA prohibitions from three to two, and (ii) allowing any foreign jurisdiction to be the basis for the PCAOB's incomplete access to inspect or investigate a company's auditor. Initially, the HFCAA applied only if the PCAOB's inability to inspect or investigate resulted from a stance taken by an authority in the foreign jurisdiction where the relevant public accounting firm operated. Following the Consolidated Appropriations Act, 2023, the HFCAA now also applies if the PCAOB's inability to inspect or investigate the relevant accounting firm arises from a stance taken by an authority in any foreign jurisdiction, irrespective of the location of the accounting firm. However, whether the PCAOB will continue to conduct inspections and investigations completely to its satisfaction of PCAOB-registered public accounting firms headquartered in Chinese Mainland and Hong Kong remains uncertain and depends on a number of factors out of our, and our auditor's, control, including positions taken by authorities of the PRC. The PCAOB is expected to continue to demand complete access to inspections and investigations against accounting firms headquartered in Chinese Mainland and Hong Kong in the future. The PCAOB is required under the HFCAA to make its determination on an annual basis with regards to its ability to inspect and investigate completely accounting firms based in Chinese Mainland and Hong Kong, among other jurisdictions. The possibility of being a "Commission-Identified Issuer" and risk of delisting could continue to adversely affect the trading price of our securities. If the PCAOB determines in the future that it no longer has full access to inspect and investigate accounting firms headquartered in Chinese Mainland and Hong Kong and we continue to use such accounting firm to conduct audit work, we would be identified as a "Commission-Identified Issuer" under the HFCAA following the filing of the annual report for the relevant fiscal year, and if we were so identified for two consecutive years, trading in our securities on U.S. markets would be prohibited, and Nasdaq may determine to delist our securities. For the details of the risks associated with the enactment of the HFCAA, see "Item 3. Key Information — 3.D. Risk Factors — Risks Related to Doing Business in China — Trading in our securities may be prohibited under the HFCAA if the PCAOB determines that it is unable to inspect or investigate completely our auditors located in China, and as a result, U.S. national securities exchanges, such as Nasdaq, may determine to delist the ADSs."

### **Permissions Required from the PRC Authorities for Our Operations and Overseas Securities Offerings**

We are required to obtain certain licenses, permits and approvals from relevant governmental authorities in China in order to operate our business. For each hotel that we operate, our subsidiary operating the hotel is required to obtain a basic business license and a special industry license issued by local public security bureau, and is required to have hotel operation included in the business scope of its business license. As of December 31, 2025, we have obtained such basic business license and special industry license in compliance with applicable PRC laws and regulations. In addition, our operating subsidiaries in China may from time to time be required to obtain other secondary licenses, permits or approvals from local governmental authorities at the operational level, such as fire prevention safety inspection, hygiene permit and environmental impact assessment approval, to the extent relevant to their respective business. For a detailed discussion of compliance with these licenses, permits or approvals required in our ordinary course of business, and the associated consequences and risks for any non-compliance, see "Item 3. Key Information — 3.D. Risk Factors — Risks Related to Our Business and Industry — We are subject to various laws and regulations that may subject us to liability and require various approvals, licenses and permits to operate our business."

In addition, as described above, the PRC government has recently tightened the regulation of cybersecurity, and indicated an intent to exert more oversight and control over securities offerings and other capital markets activities that are conducted overseas and foreign investment in China-based companies like us. In connection with our prior initial public offering and Nasdaq listing status, we had applied for and completed a cybersecurity review with respect to the listing of the ADSs on the Nasdaq pursuant to the Cybersecurity Review Measures. In addition, we are required to complete the filing with the CSRC for our future overseas securities offerings under the CSRC Filing Rules. For details of related risks, see "Item 3. Key Information—3.D. Risk Factors—Risks Related to The ADSs—The approval or filing of the China Securities Regulatory Commission or other PRC regulatory agencies may be required to maintain our listing status or conduct future offshore securities offerings."

We manage our business operations in a prudent manner where we determine whether a particular regulatory permission or approval is required based on opinions and guidance from our in-house and external legal counsel and relevant governmental authorities, as the case may be. As of the date of this annual report, we have not received any regulatory notice requesting us to obtain a permission or approval that we have concluded is not required. If we inadvertently concluded that any permission or approval was not required, we could be subject to administrative penalties as provided in relevant PRC laws and regulations, as if such permission or approval were not obtained. In addition, there remains substantial uncertainty as to what consequences would be in the event of change in laws, regulations, or interpretations, which largely depends on the specific rule-making. While we continue to keep abreast of regulatory developments in China, our business may be disrupted and our results of operations may suffer if there are new laws, regulations, policies or guidelines introduced to impose additional regulatory approvals, licenses, permits and requirements. See “Item 3. Key Information—3.D. Risk Factors—Risk Factors—Risks Related to Doing Business in China—Uncertainties regarding the enforcement of laws, and changes in laws and regulations in China could adversely affect us and limit the legal protections available to you and us.”

### **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**

Below please find a summary of the principal risks we face, organized under relevant headings.

#### **Risks Related to Our Business and Industry**

- Our operating results are subject to conditions typically affecting the hospitality industry in China, any of which could reduce our revenues and limit opportunities for growth.
- If we are unable to compete successfully, our financial condition and results of operations may be harmed.
- We may not be able to manage our expected growth, which could adversely affect our operating results.
- Our expansion within existing markets and into new markets may present increased risk.
- Our historical operating results may not be indicative to our future prospects and results of operations.
- If our brand reputation is harmed, it could have a material adverse effect on our business and results of operations.
- We may be adversely affected by any negative publicity concerning us and our business, shareholders, affiliates, directors, officers, other employees, business partners, other third parties as well as the industry in which we operate, regardless of its accuracy, that could harm our reputation and business.
- We may not be successful in developing and achieving expected returns from our new products or services for both of our hotel and retail businesses, which could adversely affect our business and financial performance.
- Our growth depends on our ability to increase revenues generated by our existing and future hotels and from our existing and future members.
- Some of our existing development pipeline may not be developed into new hotels, which could materially and adversely affect our growth prospects.

- We are subject to various operational risks inherent in the manachise hotel operation model.
- We may not be able to successfully attract new franchisees and compete for franchise and management agreements and, as a result, we may not be able to achieve our planned growth.
- Our franchise and management agreements could be terminated early and we may not be able to renew our existing franchise and management agreements or renegotiate new franchise and management agreements when they expire.
- Our failure to comply with franchise regulations may result in penalties to us and could have a material adverse effect on our business.
- Our newly-leased hotels or rebranded leased hotels typically incur substantial upfront capital expenditures and generate relatively low revenues during their ramp-up stages, which may have a significant negative impact on our results of operations.
- We may not be able to successfully identify, secure or operate additional hotel properties.

**Risks Related to Doing Business in China**

- Changes in China’s economic, political or social conditions or government policies could have a material adverse effect on our business, financial condition and results of operations. For details, see page 30 of this annual report.
- Uncertainties with respect to the PRC legal system, including uncertainties regarding the enforcement of laws, and sudden or unexpected changes in laws and regulations in China could adversely affect us and limit the legal protections available to you and us. For details, see page 31 of this annual report.
- Uncertainties exist with respect to the enactment timetable, interpretation and implementation of the laws and regulations with respect to our online platform business operation. For details, see page 31 of this annual report.
- Trading in our securities may be prohibited under the HFCAA if the PCAOB determines that it is unable to inspect or investigate completely our auditors located in China, and as a result, U.S. national securities exchanges, such as Nasdaq, may determine to delist the ADSs. For details, see page 32 of this annual report.
- 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. For details, see page 32 of this annual report.
- We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business. For details, see page 33 of this annual report.
- The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets. For details, see page 33 of this annual report.
- PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental regulation of currency conversion may restrict or delay us from using the proceeds of our initial public offering to make loans or additional capital contributions to our PRC subsidiaries, which could adversely affect our liquidity and our ability to fund and expand our business. For details, see page 34 of this annual report.

### **Risks Related to The ADSs**

- We will incur additional costs as a result of being a public company.
- You must rely on the judgment of our management as to the use of the net proceeds from our initial public offering, and such use may not produce income or increase the price of the ADSs representing our Class A ordinary shares.
- The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.
- If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.
- Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and the ADSs may view as beneficial.
- The dual-class structure of our ordinary shares may adversely affect the trading market for the ADSs.
- Forum selection provisions in our memorandum and articles of association could limit the ability of holders of our Class A ordinary shares, ADSs, or other securities to obtain a favorable judicial forum for disputes with us, our directors and officers, the depositary bank, and potentially others.
- We are a “controlled company” as defined under the Nasdaq Stock Market corporate governance rules. As a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements that would otherwise provide protection to shareholders of other companies.

### **Risks Related to Our Business and Industry**

***Our operating results are subject to conditions typically affecting the hospitality industry in China, any of which could reduce our revenues and limit opportunities for growth.***

Our operating results are subject to conditions typically affecting the hospitality industry in China, including, among others:

- changes in national, regional or local economic conditions;
- contraction in the global economy or low levels of economic growth;
- competition from other hotels and vacation rental online marketplace companies;
- the attractiveness of our hotels to our guests;
- local market conditions such as an oversupply of, or a reduction in demand for, hotel rooms;
- adverse weather conditions, natural disasters or serious contagious diseases;
- the ability of third-party online and other travel intermediaries who sell our hotel rooms to guests to attract and retain customers;
- the availability and cost of capital necessary for us and third-party hotel owners to fund investments, capital expenditures and service debt obligations;
- delays in or cancellations of planned or future development or refurbishment projects;
- seasonal and cyclical volatility in the hospitality industry;

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- changes in desirability of geographic regions of the hotels in our business, geographic concentration of our operations and customers and shortages of desirable locations for development;
- the performance of managerial and other employees of our hotels; and
- increases in operating costs and expenses, particularly rents, due to inflation and other factors.

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

### ***If we are unable to compete successfully, our financial condition and results of operations may be harmed.***

The hospitality industry in China is highly competitive. Competition for guests and customers is primarily focused on hotel room rates, quality of accommodations, brand recognition, convenience of location, geographic coverage, quality and range of services, other lifestyle offerings, and guest amenities. We mainly compete with other branded and independent hotel operating companies, national and international hotel brands and ownership companies. In addition, we may face competition from new entrants in the hospitality industry in China or increased competition from competitors who are expanding rapidly. Such competitors include vacation rental online marketplace companies. New and existing competitors may offer more competitive rates, greater convenience, superior services or amenities, or superior facilities, possibly attracting guests away from our hotels and resulting in lower occupancy rate and ADR for our hotels.

Competitors may also outbid us in the selection of sites for newly leased hotel conversion, negotiate better management terms for potential franchised hotels or offer better terms to our existing franchised hotel owners, 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 types of hotels. Any of these factors may have an adverse effect on our competitive position, results of operations and financial condition.

In addition, the retail industry in China is highly competitive. We compete with numerous home textile brands as well as the retail business of other hotel brands. Our competitors may have more financial, technical, marketing and other resources than we have, and may devote greater resources to develop, promote and support their products. They may also have more extensive industry relationships, longer operating histories and greater brand recognition than we have. As a result, these competitors may respond more quickly to consumer tastes and trends and introduce new products with designs that are more appealing to consumers. Moreover, our competitors may sell products at more competitive prices, which may create pricing pressure on us and negatively affect our profitability and competitive edge. In addition to existing competitors, the increasing use of digital technology, social media and the internet has lowered the barriers for new participants to enter our markets, which has broadened the array of companies we compete with. New participants can gain access to consumers and become a significant source of competition for our products in a very short period of time.

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

We intend to expand our hotel network and bolster our retail offerings. Our expansion has placed, and will continue to place, substantial demands on our managerial, financial, operational, IT, and other resources. In order to manage and support our growth, we must continue to improve our existing managerial, operational and IT systems, including our financial and management controls, and recruit, train and retain qualified personnel. Our planned expansion will also require us to maintain consistent and high-quality accommodations and services to ensure that our brand does not suffer as a result of any deviations, whether actual or perceived, in our quality standards. We cannot assure you that we will be able to effectively and efficiently manage the growth of our operations or maintain our quality standards. If we are unable to do so, our results of operations and financial condition may be materially and adversely affected.

***Our expansion within existing markets and into new markets may present increased risk.***

Our expansion within markets where we already have a presence may adversely affect the financial performance of our hotels in operation in those markets and, as a result, negatively affect our overall results of operations. Furthermore, expansion into new markets may present operating and marketing challenges that are different from those that we currently encounter 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 keep qualified employees who share our vision, passion and culture. Expansion into new markets may also cause certain of our non-financial key performance indicators to decline, such as our ADR, occupancy rate and RevPAR, as new markets may have lower average hotel room rates than markets in which we currently have a presence and our new hotels tend to have a lower occupancy rate than our more mature hotels. Our inability to anticipate the changing demands that expanding operations will impose on our managerial, operational, IT, and other resources, or our failure to quickly adapt our systems and procedures to the demands of new markets, could result in lost revenues and increased expenses and otherwise harm our results of operations and financial condition.

In addition, our retail business may face challenges when we enter new markets, such as differences in consumer preferences, purchasing behavior and price sensitivity, which may require us to tailor our product offerings or pricing strategies accordingly. We may also encounter difficulties in building an effective supply chain and after-sales service network in a new market, especially where local infrastructure or logistics partners are underdeveloped. Furthermore, our retail brand awareness in new markets may be limited, requiring higher upfront investments in marketing and customer acquisition. We may also experience lower conversion rates or repurchase rates in new markets, as customers take longer to recognize and trust our brand and product quality compared to our existing markets where we have established a loyal customer base. Any of the foregoing may adversely affect our results of operations and financial condition.

***Our historical operating results may not be indicative to our future prospects and results of operations.***

We believe that our future success depends on our ability to achieve sustainable and profitable growth. Our historical operating results may not be indicative to evaluate our future prospects. Particularly, we began our retail business in 2018 and may face additional challenges in scaling this business while maintaining growth momentum. In addition, fluctuations in results could make period to period comparisons difficult. You should consider our future prospects in light of the following risks and challenges, among others:

- the uncertainties associated with our ability to continue our growth and maintain profitability;
- preserving our competitive position in the industries we operate in;
- offering consistent and high-quality services and products to retain and attract customers;
- implementing our strategy and modifying it from time to time to respond effectively to competition and changes in customer preferences;
- our ability to introduce new lifestyle offerings to achieve our goal to become a leading lifestyle group;
- increasing awareness of our hotel and retail brands, such as Atour and Atour Planet, and continuing to develop customer loyalty; and
- recruiting, training and retaining qualified managerial and other personnel.

If we are unsuccessful in addressing any of these risks or challenges, our business may be materially and adversely affected.

***If our brand reputation is harmed, it could have a material adverse effect on our business and results of operations.***

We believe our hotel and retail brands are integral to our success, including the success of our sales and marketing efforts and our efforts to grow through hotel management arrangements. Our continued success in maintaining and enhancing our brand depends, to a large extent, on our ability to provide consistent and high-quality accommodations and services across our hotel network, and design and introduce new accommodations and services to meet customer demands, as well as our ability to respond to competitive pressures. In addition, we must maintain our hotels' good condition and attractive appearance which requires ongoing renovations and other leasehold improvements, including periodic repair and replacement of furniture, fixtures and equipment. For retail business, we must consistently deliver quality products and user experience, design and launch new products that align with evolving consumer preferences and respond effectively to market competition. This requires our ongoing investment in product development, supply chain management and marketing and customer service capabilities. As our brands span both the hotel and retail sectors, negative publicity or customer dissatisfaction in one sector could adversely affect customer perception and demand in the other, given the high degree of brand association across our offerings. Moreover, our future lifestyle brand offerings also depend on successful execution of our brand strategy and customer perception of us as a leading and pioneering lifestyle brand. If we are unable to maintain and enhance our brand reputation or fail to execute our brand strategy, our occupancy and room rates may decline and our new lifestyle brand offerings may not be widely accepted by customers, which would adversely affect our business and results of operations.

***We may be adversely affected by any negative publicity concerning us and our business, shareholders, affiliates, directors, officers, other employees, business partners, other third parties as well as the industry in which we operate, regardless of its accuracy, that could harm our reputation and business.***

Our ability to attract and retain customers is highly dependent upon the external perceptions of our services, trustworthiness and business practices. Negative perceptions or publicity about us and our business, shareholders, affiliates, directors, officers, employees, business partners, other third parties as well as the industry in which we operate, even if related to isolated incidents, could erode trust and confidence and damage our reputation among existing and potential customers. In turn, this could reduce the demand for our products and services, increase regulatory scrutiny and detrimentally effect our business. In addition to traditional media, there has been an increasing use of social media platforms and similar devices in China, including instant messaging applications, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. Negative publicity concerning these parties could be related to a wide variety of matters, including, but are not limited to:

- alleged misconduct or other improper activities committed by our directors, shareholders, officers, and employees, our franchisees and their personnel, as well as our business partners;
- false or malicious allegations or rumors about us or our directors, shareholders, affiliates, officers, employees and franchisees;
- disputes between us and our directors, shareholders, affiliates, officers, employees and franchisees and among these parties;
- complaints by our customers about our products and services;
- security breaches of private customer or transaction data;
- employment-related claims relating to alleged employment discrimination, wage and hour violations; and
- governmental and regulatory investigations or penalties resulting from our failure to comply with applicable laws and regulations.

The availability of information on instant messaging applications and social media platforms is virtually immediate as is its impact without affording us an opportunity for redress or correction. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our company, shareholders, directors, officers and employees may be posted on such platforms at any time. The risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm our reputation, business, financial condition and results of operations.

Furthermore, our brand name and our business may be harmed by aggressive marketing and communication strategies by competitors and third parties. We may be subject to government or regulatory investigation or third-party claims as a result and we may be required to spend significant time and incur substantial costs to react to and address these consequences. There is no assurance that we will be able to effectively refute each of the allegations within a reasonable period of time, or at all. Additionally, public allegations, directly or indirectly, against us or our business partners, may be posted online by anyone on an anonymous basis. The availability of information on social media platforms is virtually immediate, as is its impact. Social media platforms may not necessarily filter or check the accuracy of information before publishing them and we are often afforded little or no time to respond. As a result, our reputation may be materially and adversely affected and our ability to attract and retain customers and maintain our market share and our financial conditions may suffer.

***We may not be successful in developing and achieving expected returns from our new products or services for both of our hotel and retail businesses, which could adversely affect our business and financial performance.***

We engage in both hotel and retail businesses. In 2023, 2024 and 2025, we primarily derived our revenues from (i) franchise and management fees from our franchised hotels and sales of hotel supplies to franchised hotels, (ii) operations of our leased hotels, and (iii) sales of our retail products in connection with our retail business.

We have developed seven lifestyle hotel brands, covering the entire chain of midscale to luxury hotels with differentiated appeal to a wide range of guests. However, any new brands that we have launched or may launch in the future may not achieve anticipated returns. The development of a new brand requires significant upfront market research and accurate prediction of customer preferences, followed by development process that takes a considerable amount of time as well as significant sales and marketing activities and costs. We may not possess enough knowledge or experience in expanding into these new market segments and we may face more competition in such new market segments. We cannot assure you that our efforts in developing new hotel brands will be successful. If a new hotel brand is not well received by our customers, 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.

In addition to our hotel offerings, we are also engaged in retail business with a strategic focus on the sleep category and have developed our flagship brand, Atour Planet, which offers a curated range of sleep-related products such as pillows, comforters, and mattresses. There is no guarantee that we may further expand our product service offerings, attract more customers, and drive customer spending on such businesses. In particular, our retail services are subject to various potential liabilities and risks commonly associated with e-commerce or online retail, including, among others:

- product liability disputes and related liabilities;
- food safety disputes and related liabilities;
- intellectual property infringement disputes and related liabilities;
- portrait right infringement disputes and liabilities associated with the marketing materials that we use to promote our products;
- disputes and liabilities related to pricing, advertisements, consumer protection, privacy and data security;
- non-compliance risks under various laws and regulations, including those laws and regulations relating to online platforms.
- risks related to refund policy, storage and transportation of our products;
- fluctuations in the price of raw materials;
- reliance on third-party manufacturers for our private label products and their ability to produce and supply products in compliance with our specifications;
- lack of effective monitoring over our franchisees, who act as distributors for our retail products; and
- inventory impairment risks.

Any new products or services that we have launched or may launch in the future may not achieve anticipated returns. The development of a new product or service requires significant upfront market research and accurate prediction of customer preferences, followed by development process that takes a considerable amount of time as well as significant sales and marketing activities and costs. We cannot assure you that our efforts in developing new products or services will be successful. If a new product or service is not well received by our customers, 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 growth depends on our ability to increase revenues generated by our existing and future hotels and from our existing and future members.***

While sales growth will depend in part on our plans for new hotel openings, deeper penetration into existing and new geographic markets and increased sales at our existing hotels will also affect our sales growth and will continue to be critical factors affecting our revenue and profit. Our ability to increase the revenues generated by our hotels depends in part on our ability to successfully implement our growth strategy and related initiatives. Our ability to penetrate further into the existing geographic markets where we already have a presence depends in part on our ability to successfully market ourselves and to maintain and increase sales to our existing members and attract more members to our ACARD membership program. We may not be able to achieve our targeted sales growth at our existing and future hotels, and sales at such hotels could decrease. In addition, we may not be able to achieve our targeted level of expansion within existing and new geographic markets. The occurrence of any of such events may have a material adverse effect on our business, financial condition and results of operations.

***Some of our existing development pipeline may not be developed into new hotels, which could materially and adversely affect our growth prospects.***

As of December 31, 2025, we had a pipeline of 779 manachised hotels with a total of 85,901 hotel rooms under development, which we define as hotels under construction or approved for development under our hotel brands. The commitments of owners and developers with whom we have contracts are subject to numerous conditions, and the eventual development and construction of our development pipeline not currently under construction is subject to numerous risks, including, in certain cases, the owner's or developer's ability to obtain adequate financing and obtaining governmental or regulatory approvals. As a result, not every hotel in our development pipeline may develop into a new hotel that enters our hotel network.

***We are subject to various operational risks inherent in the manachise hotel operation model.***

Our success could be adversely affected by the performance of our manachised hotels, which are subject to a variety of risks inherent in our manachise hotel operation model. Under the manachise business model, we manage hotels through the on-site hotel managers and deputy managers we appoint to each hotel and collect fees from franchisees. We plan to continue to increase the number of manachised hotels in the future. Our franchisees 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.

We oversee and manage the operations of our manachised hotels pursuant to various franchise and management agreements. However, we are not able to control the actions of our franchisees. Under those franchise and management agreements, our franchisees are typically responsible for developing hotel properties on a timely basis, bearing the costs and expenses of developing and operating the hotels, including costs of renovating the hotels to our standards and recruiting and employing hotel staff. However, if our franchisees have difficulties in accessing capital or are reluctant to make investments for the management or renovation of the hotels, we may not be able to force them to secure the required capital and the quality of our manachised hotels' operations may be thereby diminished. The risk can be magnified where such franchisees own multiple hotels under our brand. Moreover, as the brand owner of manachised Atour hotels, and considering the fact that we appoint the hotel managers and deputy managers mainly to ensure consistent service quality and brand standards, we may be named as a party to certain litigations or proceedings or otherwise involved in disputes relating to such manachised hotels. In 2023, 2024 and 2025, most disputes relating to the operations of manachised hotels were settled by the franchisees only. Nevertheless, while typically only the franchisees shall be responsible for handling and resolving such disputes in accordance with their contractual obligations under the franchise and management agreements, we cannot assure you that customers or other third parties will not seek to pursue claims against us in the future, and if we are found liable, we may incur additional costs or reputational damage.

Besides, as the hospitality industry in China is subject to various hospitality industry, health and safety, construction and fire prevention laws and regulations, we cannot ensure that all of our franchisees or manachised hotels comply with these laws and regulations. We normally require our franchisees to secure relevant governmental approvals and permits for operating the hotels in our standard franchise and management agreements and require that our franchisees provide us with some basic approvals and permits, including, among others, special industry license, the Certificate for the Fire Safety Inspection of Public Gathering Places before the Use or Commencement of the Business Operations and the Food Business License. However, some of our franchisees may fail to obtain or renew such approvals or permits in a timely manner, or at all. Any failure to obtain or renew such approvals or permits or to comply with the laws and regulations will negatively affect the operation of our manachised hotels, which will in turn have a material adverse effect on our results of operations.

As many factors affecting the operations of those hotels are beyond our control, we cannot assure you that the quality of the services in our manachised hotels are consistent with our standards and requirements, and we may not be able to identify problems in their operations and make responses on a timely basis. Our manachised hotels are also operated under our brand names. As a result, our image and reputation may suffer due to misuse of our brands by any of our franchisees, which may have a material adverse effect on our business and results of operations. 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, such franchisee may not be in a position to sufficiently compensate us for losses which we have suffered as a result of such defaults or wrongdoings. 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.

In addition to quality standards, safety incidents such as fire accidents may occur at our manachised hotels despite our supervision. Any such occurrence may result in substantial reputational harm to us and our brands. In addition, if such safety incidents occur at any of the manachised hotels that do not possess the relevant licenses, permits or inspection certificate, there could be substantial negative publicity, thereby triggering government actions that could impact our entire hotel network, which in turn will have a material adverse impact on our business, results of operations and financial condition.

We may not be able to prevent fraud or manipulation of operational and financial data by franchisees, which could adversely affect our ability to effectively respond to potential issues. Moreover, the term of lease for some of the properties of our franchisees is shorter than the typical term of our franchise and management agreements. We cannot assure you that upon expiration, these franchisees will be able to renew their leases in order to perform their franchise and management agreements with us.

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

Our growth strategy largely depends on our ability to further expand our presence through entering into franchise and management agreements with our franchisees. We believe that our ability to attract new franchisees and compete for franchise and management agreements with them depends primarily on our brand recognition and reputation, the results of our overall operations in general and the success of our current manachised hotels. Other competitive factors for franchise and management agreements include marketing support, membership program, efficiency of our central reservation system (“CRS”) and IT infrastructure, our ability to provide systems and support to assist franchisees to operate their hotels cost- effectively.

The terms of any new franchise and management 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 governmental planning or other local regulations change, the supply of suitable properties for additional manachised hotels could diminish. If the performance of our manachised hotels is less successful than that of our competitors’ hotels 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 and management agreements and we may not be able to attract as many new franchisees as we expect. 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.

***Our franchise and management agreements could be terminated early and we may not be able to renew our existing franchise and management agreements or renegotiate new franchise and management agreements when they expire.***

We franchise our brands to third parties pursuant to franchise and management agreements or other similar agreements. These franchise and management agreements may be renegotiated or may expire. The versions of franchise and management agreements we have used during recent years typically have a fixed term of up to 20 years. We plan to renew our existing franchise and management agreements upon expiration or renegotiate with our franchisees for new franchise and management agreements. However, we may be unable to retain our franchisees on satisfactory terms, or at all. In addition, our franchise and management agreements could also be terminated early due to a number of reasons, including property disputes or defects, franchisees' financial difficulties, regulatory non-compliance, and others, many of which are beyond our control. If a significant number of our existing franchise and management agreements expire and new franchisees do not cover those expired franchisees or a significant number of our franchisees terminate the franchise and management agreements with us early, our revenue and profit may decrease in the future, and our results of operations could be materially and adversely affected.

In addition, disputes could arise between us and our franchisees under our franchise and management agreements. We or our franchisees may take legal actions against each other in connection with such disputes. No assurance can be given as to the outcome of any such legal proceedings, which could have a material adverse effect on our business, results of operations and financial condition. Even if we and our related parties are successful in our attempt to defend ourselves in legal and administrative actions or to assert our rights under various laws, enforcing our rights against the various parties involved may be expensive, time-consuming and ultimately futile. These actions could expose us to negative publicity and to substantial monetary damages and legal defense costs, injunctive relief, and criminal and civil liabilities and/or penalties.

As the hospitality industry in China is highly competitive, the terms of our franchise and management agreements are influenced by contract terms offered by our competitors. We cannot assure you that the terms of franchise and management agreements for new franchised hotels entered into or renewed in the future will be as favorable as the terms under our existing franchise and management agreements. If such agreements cannot be renewed on satisfactory terms upon expiration, our results of operations could be materially and adversely affected.

***Our failure to comply with franchise regulations may result in penalties to us and could have a material adverse effect on our business.***

In China, any entity engaging in franchise activities are subject to the supervision and administration of the Ministry of Commerce, or the MOC, and its local counterparts. Under the relevant regulations, franchisors are required to file their franchise agreements with the MOC or its local counterparts, and are required to report to the MOC regarding the franchise agreements that they executed, canceled, renewed or amended in the previous year within the first quarter of every year. Fifteen days after a franchisor first enters into a franchise agreement, the franchisor is required to make appropriate filing with the MOC or its local counterparts. As of the date of this annual report, we have made appropriate filing with the MOC or its local counterparts for the franchise agreements that we have entered into. However, we cannot guarantee that we will obtain all applicable approvals and make all appropriated filings pursuant to laws and regulations, and such non-compliance could subject us to fines and other penalties that may negatively affect our operation, which could result in a material adverse effect on our business. Besides, given the uncertainties in the interpretation of relevant laws and regulations, our management agreements or trademark license agreements may be determined to be franchise agreements by the relevant authorities, in which case we may be required to obtain approvals or make filings for such activities, and failure to do so may also subject us to fines and other penalties.

Besides, the franchise activities are subject to various laws and regulations. For example, before entering into franchise agreements, the franchisor is required to correctly, accurately and fully disclose and provide specified written information to the franchisee regarding the franchised businesses, which includes certain proprietary information. If we violate the disclosure requirements related to franchise activities, our franchisees may choose to terminate their franchise agreements with us, and we could be subject to fines and other penalties that may negatively affect our operation, which could result in a material adverse effect on our business. Apart from that, all franchise agreements are required to include certain provisions, such as termination rights and payment obligations. If we are required to revise our agreements pursuant to applicable laws and regulations, such revised terms may be less favorable to us, which could materially diminish the economic value of our agreements.

***Our newly-leased hotels or rebranded leased hotels typically incur substantial upfront capital expenditures and generate relatively low revenues during their ramp-up stages, which may have a significant negative impact on our results of operations.***

We typically incur substantial upfront capital expenditures for newly-leased hotels or rebranding of our existing leased hotels. During the ramp-up stage immediately after the opening or rebranding, occupancy rates increase gradually and revenues may be insufficient to cover operating costs, which are relatively fixed in nature. As a result, most newly-leased or rebranded hotels may not achieve profitability until they reach a mature level of operations. Additionally, we may be unable to recover development costs or capital expenditures we incur for projects that are not completed or do not perform as expected. Any expansion of our leased hotel portfolio or rebranding of existing leased hotels would incur significant upfront capital expenditures and relatively low revenues during the ramp-up stage, which could materially impact our financial performance.

Properties that we develop or rebrand could become less attractive due to market saturation, oversupply or changes in market demand, with the result that we may not be able to recover investments as we expect, or at all.

***We may not be able to successfully identify, secure or operate additional hotel properties.***

We plan to open more hotels in markets where we have a presence and new cities in China to further grow our business. We may not be successful in identifying, leasing, managing and operating additional hotel properties at desirable locations and on commercially reasonable terms, or at all. In more developed cities, it may be difficult to increase the number of hotels because we or our competitors may already have operations in such cities, rental prices may increase, or our competitors may be able to secure leases of properties before we can do so. In some cases, our competitors may be willing to enter into less favorable lease or hotel management arrangements in order to prevent us from securing a particular property. Alternatively, in less developed cities, demand for our hotels may not increase as rapidly as we may expect. In addition, even if we are able to successfully identify and lease or manage new hotel properties, new hotels may not generate the returns we expect. Furthermore, we may incur costs in connection with evaluating properties and negotiating with property owners, lessors and manachised hotel owners, including properties that we are subsequently unable to lease or manage. If we fail to successfully identify or compete for additional hotel properties, our ability to execute our growth strategy could be impaired and our business and prospects may be materially and adversely affected.

***Our legal right to lease certain properties to operate our leased hotels could be challenged by property owners or other third parties, which could prevent us from continuing to operate our leased hotels or increase the costs associated with operating these hotels.***

We rely on leases with third parties who either own or lease the properties from the ultimate property owners to operate our leased hotels. The land use rights and other property rights with respect to properties we currently lease for our existing hotels could be challenged. As of March 31, 2026, our lessors of two leased hotels had not provided us with the valid property ownership certificates and/or the land use rights certificates. These two hotels accounted for approximately 7.6% of all our leased hotels in terms of gross floor area. While we have performed due diligence to verify the rights of our lessors to lease such properties, including inspecting documentation issued by competent government authorities evidencing these lessors' land use rights and other property rights with respect to these properties, the lessees' rights under those leases could be challenged by other parties including government authorities in China. If the properties are deemed to be illegal constructions or the landlords do not have the rights to lease the properties to the lessees for hotel operations purposes, the lessors (instead of the lessees) may be subject to monetary penalties and the lease agreements may be invalidated. While we, as the lessee, are not subject to the monetary penalties, we may therefore be required to relocate our relevant hotels. In addition, some of our properties where our leased hotels are located are owned by governmental and other third-party organizations, and such leases are subject to present and future policies in China related to government-owned properties or other similar types of properties. In the event that we could no longer operate on such sites, we may suffer financial losses.

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, lessees' legal rights under the lease agreement may be affected adversely and we may not rank senior in the right of continuing occupying the property. In addition to the above risks, we also face potential disputes with property owners, primary lease holders or third parties. Such disputes, whether or not resolved in our favor, may divert management attention, involve significant cost, harm our reputation and otherwise disrupt our business.

***Failure to comply with lease registration under PRC law may subject both parties to such leases to fines or other penalties that may negatively affect our ability to operate our leased hotels.***

Under PRC law, all lease agreements of commodity housing tenancy are required to be registered with the local housing bureau, including those relating to the leased properties underlying our leased hotels. While the majority of our standard lease agreements require the lessors to make such registrations, as of December 31, 2025, none of our leases had been registered as required by PRC law, which may expose both lessors and lessees to potential monetary fines ranging from RMB1,000 to RMB10,000 for each non-registration. If all of our current leases remain unregistered, the maximum aggregate fine could amount to approximately RMB400,000. 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 the lessors or lessees are not the ultimate owners of hotel properties, no consents or permits have been obtained from the property owners, the primary lease holders or competent government authorities, as applicable, for the subleases of the hotel properties to certain of our hotels, which could potentially invalidate the leases for our hotel properties or lead to the renegotiation of such leases that result in terms less favorable to us or even relocation of our relevant hotels. Some of the properties leased from third parties were also subject to mortgages at the time the leases were signed. Moreover, the property ownership or leasehold in connection with our managed hotels could be subject to similar third-party claims.

***Failure to comply with land- and property-related requirements under PRC law may subject lessors to fines or other penalties that may negatively affect our ability to operate our leased hotels.***

Lessors of our hotel properties 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 competent government authorities. In addition, properties used for hotel operations and the underlying land should be approved for hospitality use or appropriate commercial use purposes by competent government authorities. Some of the lessors of our hotel properties have not obtained the required governmental approvals, including approvals of the properties for hospitality use purposes. As of March 31, 2026, six of our leased hotels, representing approximately 23.6% of our leased hotels in terms of gross floor area, had not obtained the required governmental approvals for the properties to be used for hospitality use purposes. Failure to comply with the land- and property-related laws and regulations may subject the lessors to monetary fines of up to RMB30,000 per property or other penalties. We, as the lessees, are not subject to monetary fines or other penalties and the lack of such approval does not affect these hotels' ability in obtaining the requisite licenses and approvals for hotel operations, pursuant to the relevant PRC laws and regulations which stipulate penalties only against the property owner or land user (i.e., the lessor) rather than the lessee, and the lessor's land use approval status is not a prerequisite for the issuance of the requisite licenses and approvals for hotel operations. As of March 31, 2026, such leased hotels had obtained all material licenses, permits, approvals and certificates necessary to conduct our actual business operations. However, such failure to comply with the relevant laws and regulations may lead to the invalidation or termination of the leases and relocation of our relevant leased hotels, and therefore may adversely affect our results of operations. While some lessors have agreed to indemnify lessees against the losses resulting from the lessors' failure to obtain the required approvals, there is no assurance that the lessees will be able to successfully enforce such indemnification obligations against the lessors or that such indemnification can cover losses from all the property defects. As a result, we may suffer significant losses resulting from the lessors' failure to obtain required approvals to the extent that the lessees are not fully indemnified by the lessors.

***The lease agreements for our leased hotels could be terminated early, the existing leases may not be renewed on commercially reasonable terms and the rents paid by us could increase substantially, which could materially and adversely affect our operations.***

The terms of leases for leased hotels typically provide, among other things, that the lease could be terminated under certain legal or factual conditions. If any such lease were terminated early, operations of the related hotel property may be interrupted or discontinued and costs may be incurred by us to relocate to another location. Furthermore, we may be liable to our lessors, guests and other vendors and may be required to pay losses and damages due to our default under relevant contracts. As a result, our business, results of operations and financial condition could be materially and adversely affected.

We may not be able to renew such leases and maintain current hotel operations on satisfactory terms, or at all. In particular, we may experience increased rent payments and increased operating costs in connection with renegotiating leases. If we fail to maintain current hotel operations on satisfactory terms upon expiration of the leases, the respective operating costs of our company may increase and overall profits generated from hotel operations may decrease. If we are unable to pass on increased costs to our guests through room rate increases, the operating margins and earnings of our company could decrease and our results of operations could be materially and adversely affected.

Our leases typically allow us to terminate the lease early under limited circumstances, and in some instances, our leases contain a term which requires us to pay the contingent rent for our wrongful early termination of such agreements. If disputes between us and our landlords occur in the future, and resolved in favor of our landlords, we may need to pay losses and damages to the landlords and as a result, our business, results of operations and financial condition could be materially and adversely affected.

***The growth of third-party websites and other hotel reservation intermediaries and travel consolidators may adversely affect our margins and profitability.***

Some of our hotel rooms are reserved through third-party websites and other hotel reservation intermediaries and travel consolidators to whom we pay commissions for such services. We believe that such intermediaries and consolidators aim to have consumers develop loyalties to their reservation systems rather than to hotel brands such as ours. In addition, as the competitive landscape of the third-party hotel reservation intermediary business evolves, if one or more of these intermediaries and consolidators become a more significant channel through which our guests make reservations, they may be able to negotiate higher commissions, reduced room rates, or other significant concessions from us, which could adversely affect our margins and profitability. These intermediaries and consolidators also may favor other hotel brands with more promotional resources, leading to a decrease in our bookings. Our contracts with many hospitality intermediaries offer preferential commission rates to hotels, but we may not be able to renegotiate these contracts upon their expiration with terms as favorable as existing terms of these contracts.

***The success of our retail business is dependent on the continued popularity of our products, our continued innovation and successful launches of new products, and our anticipation of and timely responses to changes in consumer preferences.***

The success of our retail business depends on our ability to continuously offer quality products that are attractive to consumers. Consumer preferences may shift over time in response to changes in demographic and social trends, economic circumstances and marketing efforts. We must stay abreast of emerging consumer preferences and anticipate product trends that will appeal to existing and potential consumers. There can be no assurance that our existing products will continue to be favored by consumers or that we will be able to anticipate or respond to changes in consumer preferences in a timely manner. Our failure to anticipate, identify or react to these particular preferences could adversely affect our sales performance and our profitability.

The backbone of our retail business lies in our experience-centric philosophy, supported by our customer insights, product development, supply chain management, marketing and customer service capability. We identify new product lines or upgrade existing product lines by monitoring the latest trend in the market and conduct surveys with our customers. We then design the products and work with third-party manufacturers to produce them. However, we may not be successful in developing new products, and our new products may not be commercially successful. To the extent that we are not able to successfully identify, develop and design new or improved products in response to changing market preference, our financial results and our competitive position may suffer. Moreover, there are inherent market risks associated with new product introductions, including uncertainties about marketing and consumer preference, and there can be no assurance that we will be successful in introducing new products with designs and functions that are appealing to consumers. We may expend substantial resources developing new products that may not achieve expected sales levels. In addition, counterfeit products in the market and other forms of unfair competition may harm our brand image and the popularity of our products, which may adversely affect our business, results of operations and financial condition.

***If we are unable to attract purchases from new and existing consumers, our business, financial condition and results of operations may be materially and adversely affected.***

Our future growth depends on our ability to continue to attract both new and existing consumers. However, our marketing and consumer engagement efforts may not be as effective as we anticipate. In addition, our competitors may offer promotions or loyalty program incentives that could attract consumers who purchase our products. If we are unable to retain the loyalty of existing consumers and attract new consumers, our revenues could decrease and we may not be able to expand our retail business base as planned, which could have a material adverse effect on our business, financial condition and results of operations.

***We primarily promote our brand and sell products through online channels. If such online channels' services or operations are interrupted or if our cooperation with third-party e-commerce platforms terminates, deteriorates or becomes more costly, our retail business, financial condition and results of operations may be materially and adversely affected.***

We primarily promote our brand and sell products through online channels. To support this, we have developed a comprehensive online sales platform that integrates e-commerce functions into our mobile app and mini-programs. Additionally, we sell our products on leading third-party e-commerce platforms in China, providing broader access to consumers. Currently, over 90% of our retail revenue comes from online sales. If such online channels' services or operations are interrupted, if such online channels fail to provide a satisfactory user experience and fail to attract new and retain existing consumers, if our cooperation with third-party e-commerce platforms terminates, deteriorates or becomes more costly, our retail business and results of operations may be materially and adversely affected. We cannot guarantee that we will be able to find alternative channels on terms and conditions commercially acceptable to us in a timely manner, or at all. In addition, any negative publicity about third-party e-commerce platforms, proven or not, may deter visits to the platforms and result in fewer sales of our products, which may negatively impact our retail business, financial condition and results of operations.

***We are subject to risks associated with the supply chain.***

We rely upon third-party manufacturers, OEM partners, suppliers and logistics service providers for the production and delivery of both our hotel supplies and retail products. Our ability to meet our consumers' needs depends on our ability to maintain a steady supply of products from such manufacturers and other suppliers. Disruptions in their operations could delay or prevent them from fulfilling orders placed by us in a timely manner. If any of our third-party manufacturers and other suppliers fail to make timely shipments, do not meet our quality standards or otherwise fail to deliver us goods in accordance with our plans, it could result in inferior service quality, lost sales and increased operational costs, which could harm our business and consumer relationships. Moreover, if one or more of our major suppliers were to sever their relationship with us or significantly alter the terms of our relationship, we may not be able to establish alternative supply chain arrangements in a timely manner, which could have an adverse effect on our business, financial condition or results of operations. In addition, our supply chain is exposed to risks from changes in international trade policies, tariffs and other trade barriers, as well as fluctuations in the prices of raw materials such as textiles, packaging materials, construction materials and other key inputs. Any significant cost increase that we are unable to pass on to customers or otherwise mitigate could adversely affect our margins. Any of the foregoing events could materially and adversely affect our business, financial condition and results of operations.

***If we were to be sued for product liability, we could face substantial liabilities.***

The products that we sell through our retail business could lead to the filing of product liability claims where someone may allege that the products that we sold failed to perform as designed or caused certain injuries or losses. We may be subject to product liability claims resulting from misuse of the products that we sold, and we currently do not maintain any product liability insurance. A product liability claim could result in substantial damages and be costly and time-consuming for us to defend. If we cannot successfully defend ourselves against product liability claims, we will incur substantial liabilities and reputational harm. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- costs of litigation;
- distraction of management's attention from our primary business;
- the inability to market relevant products on our retail stores and online platforms;
- decreased demand for such products;
- damage to our business reputation;
- substantial monetary awards to customers or other claimants;
- loss of sales; or
- termination of existing agreements by our partners and potential partners failing to partner with us.

***Any lack of requisite approvals, licenses or permits applicable to our online retail business may have a material and adverse impact on our business, financial condition and results of operations.***

Our online retail business is subject to governmental supervision and regulation by the relevant PRC governmental authorities, including but not limited to the Ministry of Commerce and the MIIT. Together, these government authorities promulgate and enforce regulations that cover many aspects of the operation of the online retail industry, including entry into the industry, the scope of permissible business activities, licenses and permits for various business activities, and foreign investment. If the PRC government considers that we were operating without the proper approvals, licenses or permits, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material and adverse effect on our results of operations. In addition, if we are unable to maintain and renew one or more of our licenses and certificates, or making appropriate reports or filings, we may be subject to sanctions and enforcement actions, which could adversely and materially affect our business, financial condition and results of operations.

***If we are unable to conduct sales and marketing activities cost-effectively, our business, financial condition and results of operations may be materially and adversely affected.***

We rely on our sales and marketing efforts to enlarge our customer base and drive the spending of our customers. In particular, effective sales and marketing activities are crucial to the expansion and success of our retail business. Our sales and marketing activities may not be well received by the market and may not result in the levels of sales that we anticipate. We also may not be able to retain or recruit a sufficient number of experienced sales and marketing personnel, or to train newly hired sales and marketing personnel, which we believe is critical to implementing our sales and marketing strategies cost-effectively. Further, sales and marketing approaches and tools are evolving rapidly. This requires us to continually enhance the effectiveness and efficiency of our sales and marketing activities and experiment with new methods to keep pace with industry developments and customer preferences. Failure to engage in sales and marketing activities in a cost-effective manner may reduce our market share, cause our sales to decline, slow down the growth of our retail business, negatively impact our profitability, and materially harm our business, financial condition and results of operations.

***If our IT capabilities and infrastructure fail to keep up with our growing business needs, industry trends or technological developments, our business, results of operations and financial condition may be materially and adversely affected.***

Our expansion has placed, and will continue to place, substantial demands on our IT capabilities and infrastructure. In order to manage and support our growth, we must continue to improve our IT systems, including investments in IT infrastructure and recruitment and training of IT personnel. We cannot assure you that the development of our IT capabilities and infrastructure will keep up with our growing business needs. If we fail to do so, our business, results of operations and financial condition may be materially and adversely affected.

Furthermore, the industries we operate in are rapidly evolving and subject to continuous technological changes. Our success will depend on our ability to keep up with the changes in technology and user behavior resulting from new developments and innovations. For example, as we provide our product and service offerings across a variety of mobile systems and devices, we are dependent on the interoperability of our services with popular mobile devices and mobile operating systems that we do not control, such as Android and iOS. If any changes in such mobile operating systems or devices degrade the functionality of our services or give preferential treatment to competitive services, the usage of our services could be adversely affected. In addition, we have invested in developing our data analytics and other technologies to improve our customer services and operational efficiency, but there is no guarantee that such investments may result in our anticipated outcomes or returns. We also incorporate intelligent technologies in internal management and other operational activities, which exposes us to potential risks of new or enhanced governmental or regulatory scrutiny, litigation or other legal liability, ethical concerns, negative perceptions as to automation and intelligent technologies, activities that threaten people's safety or well-being on- or offline, or other complications that could adversely affect our business, reputation, or financial results.

Technological innovations may also require substantial capital expenditures in product or service development as well as in modification of products, services or infrastructure. We cannot assure you that we can obtain financing to cover such expenditure. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—We require significant capital to fund our operations, growth and technological investments. If we cannot obtain sufficient capital on acceptable terms, our business, financial condition and prospects may suffer.” If we fail to adapt our products and services to such changes in an effective and timely manner, we may suffer from decreased user traffic and user base, which, in turn, could materially and adversely affect our business, financial condition and results of operations.

***If we fail to maintain our relationships with our members and corporate account clients, our business and financial condition could be materially and adversely affected.***

Historically, we have derived a portion of our revenues from our loyalty program members and from our cooperation arrangements with certain corporate account clients. In 2025, approximately 62.9% of our room-nights were sold through our core CRS channels. We expect that these members and corporate account clients will contribute to the growth of our business in the near future.

We cannot assure you that our members will remain loyal patrons of our hotels and that our corporate account clients will agree to renew the relevant cooperation agreements upon their expiration, or enter into new agreements with us on substantially similar terms. Our negotiating position with corporate account clients also is limited given the competition in China’s hospitality and retail industries. If we fail to enhance or maintain our relationships with our members, and the frequency of member stays at our hotels declines as a result, or if our corporate account clients decline to renew their cooperation agreements or propose new agreements with commercial terms less favorable to us, our business and financial condition could be materially and adversely affected.

***The cessation, reduction or taxation of program benefits of our ACARD loyalty program could adversely affect our brand and guest loyalty.***

We manage the ACARD loyalty program for our brand. Program members accumulate points based on eligible stays and hotel charges as well as purchase of our retail products and redeem the points for a range of benefits including free rooms and other items of value. The program is an important aspect of our business and of the affiliation value for hotel owners under franchise and management agreements. Currently, the program benefits are not taxed as income to members under PRC tax laws. If the program awards and benefits are materially altered, curtailed or taxed such that a material number of ACARD members choose to no longer participate in the program, this could adversely affect our business.

***Scalpers may exploit our ACARD loyalty program by reserving rooms at member-only price and resell such room reservation to our prospective guests, which could adversely affect our guests’ hotel experience and harm our brand and business.***

We offer our ACARD members certain discounts to room price as part of the membership benefits. Scalpers have tried to and may continue to exploit these ACARD room discounts by reserving rooms at a lower member-only price and resell to a non-member guest at a higher price. Such exploitation not only results in losses of our revenue but also adversely affects our guests’ hotel experience and harms our brand and business. To prevent such exploitation and ensure the quality of our guests’ hotel experience, we have taken various measures. Nevertheless, there can be no assurance that our efforts against such exploitation will be successful. If we fail to effectively prevent scalpers from exploiting our ACARD loyalty program, our guests’ hotel experience could be harmed and we will suffer loss of revenue, which could in turn adversely affect our brand, reputation and business.

***Any failure to protect our trademarks, patents and other intellectual property rights could have a negative impact on our business.***

We believe our brand, trade name, trademarks, patents and other intellectual property are critical to our success. For example, “Atour” and “Atour Light” are well-recognized brands in China’s hospitality industry, while “Atour Planet” series are renowned brands for sleep-related products. The success of our business depends in part upon our continued ability to use our brand, trade names and trademarks to increase brand awareness and to further develop our market presence. We have registered “Atour,” “Atour Light,” “Atour Planet” and other logos related to our business as trademarks in China, but there is no assurance that any issued patents or registered trademarks will adequately protect our intellectual property, or that such patents and trademarks will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Besides, our trade secrets may leak or otherwise become available to, or be independently discovered by, our competitors or other third parties. Some of our trademark applications may not be granted for various reasons, including existence of prior registrations, applications or rights, or rejection by the authorities in their discretion. If our trademark applications are not granted, we may have to use different marks for affected products or services, or seek other alternative arrangements, which might not be available on commercially reasonable terms, if at all. In addition, once our registered trademarks have expired, we will be able to renew our trademark registrations for another ten years upon paying a renewal fee. If we are unable to renew or maintain one or more trademark registrations, our ability to use such trademarks could be impaired, which could materially and adversely affect the performance of our existing franchise and management agreements, our ability to enter into future franchise and management agreements, and our business and results of operations.

We have registered certain copyrights and patents for both hotel and retail businesses with the relevant governmental authorities in China and to the extent possible, we rely on trademark, patent, copyright and trade secret laws, as well as confidentiality procedures or other contractual restrictions of same or similar nature, to establish and protect our intellectual property rights. However, the rights granted under any registered copyrights or issued patents may not provide us with meaningful protection or competitive advantages, and the laws, procedures and restrictions we rely on may provide only limited and uncertain protection. Any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated, including by counterfeiters.

In addition, we consider our technology platform and IT system to be key components of our competitive advantage and our growth strategy. There can be no assurance that our future computer software copyright applications will be granted. Monitoring and preventing the unauthorized use of our intellectual property is difficult. Any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation. If there is a third party using similar brand or logos that attempt to cause confusion or diversion of customer demands away from us, preventing such behavior could be difficult, costly and time-consuming and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. The unauthorized use of our trademarks or the use of confusingly similar brands could diminish the value of our brand and its market acceptance, competitive advantages and goodwill.

The measures we take to protect our brand, trade names, trademarks and other intellectual property rights may be costly, involve substantial management time and resources to enforce and may fail to prevent their unauthorized use by third parties. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources and could put our intellectual property at risk of being invalidated or narrowed in scope. There is no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. Furthermore, the application of laws governing intellectual property rights in China is uncertain and evolving and could involve substantial risks to us. If we are unable to adequately protect our brand, trade names, trademarks and other intellectual property rights, we may lose these rights, and our business may suffer materially.

***We may be liable for intellectual property infringement relating to intellectual properties of third parties, which may materially and adversely affect our business, financial condition and prospects.***

We cannot assure you that our operations do not or will not infringe upon or violate intellectual property rights (including but not limited to trademarks, patents, copyrights, know-how) or other rights (including but not limited to portrait right) owned or held by third parties. In our ordinary course of operations, we are granted the right to use certain intellectual properties of our business partners. We may not be able to renew any or some of such license agreements, which could have a material adverse effect on our business, financial condition and results of operations. We have been involved in claims against us alleging our infringement of third-party intellectual property rights on certain computer software. Any such intellectual property rights infringement claim could result in costly remedial measures and may adversely affect our business and financial condition. We have adopted systematic methods to reduce our exposure to the risks of intellectual property infringement claims. However, we cannot assure you those methods are sufficient to shield us from third party liabilities for intellectual property infringement, or our efforts will be considered favorably by a given court or relevant governmental authority. Liabilities for intellectual property infringement, or allegations of such infringement, may impose a burden on our management, cause penalties, lead to unfavorable media coverage and damage to our reputation, or even cause PRC authorities to impose sanctions on us, including, in serious cases, suspending our operation, which may materially and adversely affect our business, financial condition and prospects.

***Failure to retain our senior management team and other key employees could harm our business and operations.***

Our future success significantly depends upon the continuing service of our senior management team, including, our founder, Chairman of Board of Directors and Chief Executive Officer, Mr. Haijun Wang. If one or more members of our senior management team or other key employees are unable or unwilling to continue in their present position, we may not be able to replace them easily, or at all. As a result, our business could be severely disrupted, and our financial condition and results of operations could be materially and adversely affected. In addition, our senior management team has limited experience in running public companies, which will require us to expend additional resources in hiring additional support staff and incur additional costs and expenses.

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

Our ability to continue to conduct and expand our operations depends on our ability to attract and retain a large and growing number of qualified personnel in China. Our ability to meet our labor needs, including our ability to find qualified personnel to fill positions that become vacant, while controlling labor costs, is generally subject to numerous external factors, including the availability of a sufficient number of qualified persons in the work force of the markets in which we operate, unemployment levels within those markets, prevailing wage rates, changing demographics, health and other insurance costs and adoption of new or revised employment and labor laws and regulations. If we are unable to locate, attract or retain qualified personnel, or manage leadership transition successfully, the quality of service we provide to customers and franchisees may decrease and our financial performance may be adversely affected. In addition, if our costs of labor or related costs increase for other reasons or if new or revised labor laws, rules or regulations or healthcare laws are adopted or implemented that further increase our labor costs, our financial performance could be materially and adversely affected.

In particular, our hotel managers and deputy managers are responsible for managing our manachised hotels and interact with our guests on a daily basis and are critical to maintaining our consistent and high- quality accommodations and services, as well as our established brand and reputation. We aim to recruit, train and retain entrepreneurial, motivated and customer-oriented hotel managers and deputy managers with backgrounds and experience in hotel, service and other industries. We must recruit and train qualified hotel managers and deputy managers on a timely basis to keep pace with our rapid growth. There may be a limited supply of such qualified individuals in some of the metropolitan markets in China where we have operations and other cities into which we intend to expand. In addition, criteria such as dedication to work and commitment to high-quality of customer service are difficult to ascertain during the recruitment process. We also must provide continuous training to our hotel managers and deputy managers so that they can stay abreast of changes in our hotel operations and consumer preferences and demands, and meet and implement our quality standards. If we fail to recruit, train and retain qualified hotel managers and deputy managers, our quality standards may decrease in one or more of our hotels and our manachised hotels' operation may be adversely affected, which in turn may have a material and adverse effect on our brand, our business, and our financial condition and results of operations.

***We may be liable for improper collection, use or appropriation of personal information provided by our customers.***

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 are 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. For details of regulations related to Internet information security and privacy protection, please see “Item 4. Information on The Company — 4.B. Business Overview — Regulation — Regulation on Information Protection on Networks.”

As these laws and regulations regarding cybersecurity, information security, privacy and data protection are continuously evolving, we cannot assure you that we will comply with such regulations in all respects, and we may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities. We may also become subject to fines and/or other sanctions which may have material adverse effect on our business, operations and financial condition.

We share guests’ order data with franchisees through PMS and other relevant systems in order to ensure that they can assist guests in completing service processes including hotel booking, check-in, check-out and other related processes. We have adopted data security and internal control measures, such as entering into agreements with franchisees and implementing access control mechanism, to safeguard the security of personal information during such sharing. However, we cannot ensure that all the franchisees will at all times fully comply with the data protection obligations set out in the agreements or relevant laws and regulations. There remains a risk that franchisees may improperly access, use, disclose, store or transmit guests’ personal information due to factors such as human error, malicious acts or technical failures. Any such non-compliance or data breach by franchisees could result in claims from affected guests, damage to our brand reputation, and potential operational and financial losses, which may have an adverse impact on our business, financial condition and results of operations.

We take various measures to comply with all applicable data privacy and protection laws and regulations, but there is no guarantee that our current security measures and those of our third-party service providers may always be adequate for the protection of our customer, employee or company data; and like all companies, we have experienced data incidents from time to time. Any lapses in our or our service providers’ security measures may result in regulatory investigations, actions, penalties, or other cybersecurity-related risks. In addition, given the size of our customer base and the types and volume of personal data on our system, we may be a particularly attractive target for computer hackers, foreign governments or cyber terrorists. 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. Because the techniques used by computer programmers who may attempt to penetrate and sabotage our proprietary internal and customer data change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques. Unauthorized access to our proprietary internal and customer data may also be obtained through inadequate use of security controls. Any of such incidents may harm our reputation and adversely affect our business and results of operations. In addition, we may be subject to negative publicity about our security and privacy policies, systems, or measurements from time to time.

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 user 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.

***We are subject to various laws and regulations that may subject us to liability and require various approvals, licenses and permits to operate our business.***

Each of our hotels is required to obtain various approvals, licenses and permits, including the special industry license, the Certificate for the Fire Safety Inspection of Public Gathering Places before the Use or Commencement of the Business Operations, and the Food Business License, among others. In addition, for our operation of the franchised hotels, we are required to conduct commercial franchising filing.

We cannot assure you that we or our employees comply with or will comply with all present and future laws and regulations related to our business, including without limitation to hospitality industry, health, safety, construction and fire prevention laws and regulations. Such non-compliance may subject us to monetary damages, the imposition of fines or other administrative penalties or investigations against us, or the suspension of our operations or conversion activities, which in turn could materially and adversely affect our financial condition and results of operations. Furthermore, if there are new laws, regulations, policies or guidelines introduced to impose additional regulatory approvals, licenses, permits and requirements, our business may be disrupted and our results of operations may suffer. For example, new regulations could require us to retrofit or modify our hotels or incur other significant expenses.

Owners of our manachised hotels are subject to these same permit and safety requirements. We have limited control over the manachised hotel owners. Any failure to obtain and maintain the required permits or licenses may require us to delay opening of a manachised hotel or to forgo or terminate our manachised hotel arrangement, which could harm our brand, result in lost management revenues and subject us to potential indirect liability. Each of the foregoing could materially and adversely affect our financial condition and results of operations.

***Accidents, injuries or prohibited activities in our hotels may adversely affect our reputation and subject us to liability.***

There are inherent risks of accidents, injuries or prohibited activities (such as illegal drug use, gambling, violence or prostitution by guests) taking place in hotels. The occurrence of one or more accidents, injuries or prohibited activities at any of our hotels could adversely affect our safety reputation among guests, harm our brand, decrease our overall occupancy rates, and increase our costs by requiring us to implement additional safety measures. In addition, if accidents, injuries or prohibited activities occur at any of our hotels, we may be held liable for costs or damages and fines. Our current property and liability insurance policies may not provide adequate or any coverage for such losses, and we may be unable to renew our insurance policies or obtain new insurance policies without increases in premiums and deductibles or decreases in coverage levels, or at all.

***We face risks related to instances of food-borne illnesses and other food safety accidents.***

We may from time to time offer food and drinks, which is susceptible to food-borne illnesses and other food safety accidents. We cannot assure you that our internal controls and training will be effective in preventing all food-borne illnesses.

Furthermore, our reliance on third-party food suppliers and distributors increases the risk that food-borne illness incidents could be caused by third-party food suppliers and distributors outside of our control and the risk of multiple locations being affected rather than a single restaurant. New illnesses resistant to any precautions may develop in the future, or diseases with long incubation periods could arise that could give rise to claims or allegations on a retroactive basis. Reports in the media of instances of food-borne illnesses could result in fines and other penalties and, if highly publicized, negatively impact restaurant sales, forcing the closure of some restaurants and affect our customers' confidence in our hotel business. Furthermore, other illnesses, such as hand, foot and mouth disease or avian influenza, could adversely affect the supply of some of the restaurants' food products and significantly increase such restaurants' costs, which may also adversely affect the results of operations of the relevant hotels.

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

Losses caused by epidemics, adverse weather conditions, natural disasters and other catastrophes, earthquakes or typhoons, are either uninsurable or too expensive to justify insuring against. 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 revenue from the hotel. In that event, we might nevertheless remain obligated for any financial obligations related to the hotel. Similarly, war (including the potential for war), terrorist activity (including threats of terrorist activity) and travel-related accidents (such as bed bug infestation), as well as geopolitical uncertainty and international conflict, may affect travel and may in turn have a material adverse effect on our business and results of operations. In recent years, rising geopolitical tensions and national security concerns have led to stricter international trade policies, trade protection measures, economic or trade sanctions and export control measures. While our business operations do not represent any apparent or material sanctions risks, such changes may trigger widespread concerns among travelers and cause significant disruptions to the tourism industry as a whole, which could in turn materially and adversely affect our business, financial condition 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 affected and our reputation may be harmed.

***We have limited insurance coverage.***

Our property insurance covers the assets that we own at our leased hotels and the buildings in which our leased hotels operate. We also require our managed hotel owners to purchase customary insurance policies but they may fail to satisfy these requirements. 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 business, results of operations and financial condition may be materially and adversely affected. Even if the amounts and claims are within the limits and scope of our insurance coverage, the insurance provider may not be able to make the compensation payment to us in a timely manner. Any business disruptions or natural disasters may result in us incurring substantial costs and diversion of our corporate and business resources.

***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.***

Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requires that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, we must perform system and process evaluations, document our controls and perform testing of our key controls over financial reporting to allow for management and our independent registered public accounting firm to report on the effectiveness of the company's internal control over financial reporting.

Our management and independent registered public accounting firm have concluded that our internal control over financial reporting as of December 31, 2025 was effective. However, we cannot assure you that in the future our management or our independent registered public accounting firm will not identify material weaknesses in evaluating the effectiveness of the company's internal control over financial reporting. In addition, because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our Class A ordinary shares and/or the ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. Furthermore, we have incurred and expect to continue to incur considerable costs and to use significant management time and the other resources in an effort to comply with Section 404 and other requirements of the Sarbanes-Oxley Act.

***Our net profit could be adversely affected by share-based compensation.***

In 2017, our PRC subsidiary Atour Shanghai adopted the 2017 Share Incentive Plan, or the 2017 PRC Plan. In 2021, we adopted the Public Company Share Incentive Plan, or the Public Company Plan, at the Cayman Islands' level in preparation for our initial public offering in November 2022, to replace the 2017 PRC Plan. The purpose of the Public Company Plan is to recognize and reward participants for their contribution to our company, to attract suitable personnel and to provide incentives to them to remain with and further contribute to us. See "Item 6. Directors, Senior Management and Employees-6. B. Compensation-Share Incentive Plans-Public Company Plan."

Under the Public Company Plan, the maximum aggregate number of Class A ordinary shares we are authorized to issue pursuant to equity awards granted thereunder, subject to certain adjustments pursuant to the terms thereof, is 51,029,546 Class A ordinary shares, which have been reserved for issuance pursuant to the Public Company Plan accordingly. As of March 31, 2026, a total of 29,793,048 share options corresponding to underlying 29,793,048 Class A ordinary shares had been granted to the participants under the Public Company Plan. For the years ended December 31, 2023, 2024 and 2025, we recognized RMB164.0 million, RMB32.8 million and RMB131.5 million of share-based compensation expenses, respectively.

We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we expect to grant additional share-based awards to our employees in the future. As a result, our expenses associated with share-based awards may increase, which may have an adverse effect on our results of operations.

***We are exposed to risks in connection with the fair value change of our short-term investments and related valuation uncertainty.***

Fluctuation of the fair value of our short-term investments may affect our results of operation. Our short-term investments include wealth management products with original maturities less than one year when purchased, which are with variable return. These investments are placed with financial institutions and measured at fair value. As of December 31, 2023, 2024 and 2025, our short-term investments amounted to RMB751.8 million, RMB1,266.1 million and RMB2,562.7 million (US\$366.5 million), respectively.

We are exposed to credit risk in relation to our short-term investments, which may adversely affect the net changes in their fair value. Factors beyond our control can significantly influence and cause adverse changes to the estimates and thereby affect the fair value. These factors include, but are not limited to, general economic conditions, market conditions and regulatory environment. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. The valuations of our investments require the use of certain judgments and estimates and any change in the estimates and assumptions may lead to a change in the fair value of our investments, which in turn could negatively affect our financial condition and results of operations.

***Failure to comply with PRC laws and regulations related to labor and employee benefits may subject us to penalties or additional cost.***

Companies operating in China are required to comply with various laws and regulations related to labor and employment benefits. For example, companies are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing provident funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. Apart from that, if a company intends to adopt flexible working hour arrangement and comprehensive working hour scheme, it shall fulfill the requirements in relevant regulations, and make filings with labor authorities, or the company will be subject to penalties and may be required to pay extra fees to its employees.

We cannot assure you that we have complied or will be able to comply with all labor-related law and regulations, including those relating to obligations to make social insurance payments, contribute to the housing provident funds, as well as make all filing for comprehensive working hour scheme. In 2023, 2024 and 2025, we had not made full contributions for certain employees, primarily because (i) some of our employees were not willing to bear the costs associated with social insurance and housing provident funds and (ii) for some employees there was a timing gap between their onboarding date and the completion of requisite administrative procedures before we could make the contributions. Besides, to efficiently administrate the contribution of employment benefit plans of our employees in some cities, we engaged third-party agents to make the contribution for our employees in 2023, 2024 and 2025, which was primarily attributable to the preference of these employees to participate in local social insurance and housing provident fund schemes in their place of residency. In addition, we had not fully complied with the requirements to make filings with labor authorities for adopting flexible working hour arrangement and comprehensive working hour scheme in 2023, 2024 and 2025.

Our failure to make contributions to various employee benefit plans and in complying with applicable PRC labor-related laws may subject us to fines, penalties, government investigations or labor disputes and we could be required to make up the contributions for these plans as well as to pay late fees and fines, which may adversely affect our financial condition and results of operations.

***We have entered into, and may in the future enter into, strategic transactions to complement our organic growth which may not be successful.***

We have entered into, and may in the future enter into, strategic transactions to complement our organic growth, including pursuing selective acquisitions, asset dispositions, joint venture and other types of alliances with business partners. If we decide to pursue strategic transactions, we may not be successful in identifying suitable opportunities or completing such transactions or investments, and our competitors may be more effective in executing and closing strategic arrangements in competitive bid situations than us. Our ability to enter into and complete strategic transactions may be restricted by, or subject to, various approvals under PRC law or may not otherwise be possible, may result in a possible dilutive issuance of our securities, or may require us to seek additional financing. We also may experience difficulties integrating acquired operations, services, corporate cultures and personnel into our existing business and operations. Strategic transactions may also expose us to potential risks, including risks associated with unforeseen or hidden liabilities, the diversion of resources from our existing business, and the potential loss of, or harm to, relationships with our employees or guests as a result of our integration of new businesses. In addition, following completion of strategic transactions, our management and resources may be diverted from their core business activities due to the integration process, which may harm the effective management of our business. Furthermore, we may not achieve the expected level of any synergy benefits on integration and/or the actual cost of delivering such benefits may exceed the anticipated cost. Any of these factors may have an adverse effect on our competitive position, results of operations and financial condition.

***We require significant capital to fund our operations, growth and technological investments. If we cannot obtain sufficient capital on acceptable terms, our business, financial condition and prospects may suffer.***

We require significant capital and resources for our operations and continued growth. We expect to make significant investments in the expansion and operations of our hotel network and lifestyle brand portfolio, and the development of our technological capabilities, which may increase our net cash used in operating activities. Our selling and marketing expenses may also increase to retain existing customers and attract new customers.

Our ability to obtain additional capital in the future is subject to a number of uncertainties, including our future business development, financial condition and results of operations, general market conditions for financing activities by companies in our industry, and macro-economic and other conditions in China and globally. If we cannot obtain sufficient capital on acceptable terms to meet our capital needs, we may not execute our growth strategies, and our business, financial condition and prospects may be materially and adversely affected.

***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 attractiveness, ongoing renovations and other leasehold improvements, including periodic replacement of furniture, fixtures and equipment, are required. In particular, we manage properties leased or owned by franchisees under the terms of franchise and management 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 and management 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 RevPAR may decline.

***Increasing focus on environmental, social and governance matters may impose additional costs on us or expose us to additional risks. Failure to comply with the laws and regulations on environmental, social and governance matters may subject us to penalties and adversely affect our business, financial condition and results of operation.***

The PRC government and public advocacy groups have been increasingly focused on environment, social and governance (“ESG”) issues in recent years, making our business more sensitive to ESG issues and changes in governmental policies and laws and regulations associated with environment protection and other ESG-related matters. Investor advocacy groups, certain institutional investors, investment funds, and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, increased focus from investors and the PRC government on ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company’s ESG practices. Any ESG concern or issue could increase our regulatory compliance costs. If we do not adapt to or comply with the evolving expectations and standards on ESG matters from investors and the PRC government or are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and the business, financial condition, and the price of our shares and the ADSs could be materially and adversely effected.

***We may be involved in legal and administrative proceedings in the ordinary course of our business. Any adverse outcome of these legal and administrative proceedings could have a material adverse effect on our business, results of operations and financial condition.***

We, our shareholders, directors, officers, employees or affiliates are or may be involved in various legal and administrative proceedings in the ordinary course of business from time to time, involving governmental authorities, competitors, business partners, customers and employees, among others. Claims arising out of actual or alleged violations of law could be asserted under a variety of laws, including but not limited to intellectual property laws, contract laws, tort laws, unfair competition laws, labor and employment laws, privacy laws, tax laws, foreign exchange laws, and property laws. No assurances can be given as to the outcome of any pending legal and administrative proceedings, which could have a material adverse effect on our business, results of operations and financial condition. For example, Chinese tax authorities may disagree with our tax calculations, tax filings and other tax obligations, which may subject us to additional tax payments, fines and other penalties in respect of tax evasions or other tax non-compliances. Even if we and our related parties are successful in our attempt to defend ourselves in legal and administrative actions or to assert our rights under various laws, enforcing our rights against the various parties involved may be expensive, time-consuming and ultimately futile. These actions could expose us to negative publicity and to substantial monetary damages and legal defense costs, injunctive reliefs, and criminal and civil liabilities and/or penalties.

***We are subject to risks associated with the online payment through third-party payment platforms and other payment methods.***

We accept payments through major third-party online payment channels in China, as well as bank transfers and credit cards. We may also be susceptible to fraud, user data leakage and other illegal activities in connection with the various payment methods we offer. In addition, our business depends on the billing, payment and escrow systems of the third-party payment service providers to maintain accurate records of payments by customers and collect such payments. If the quality, utility, convenience or attractiveness of these payment processing and escrow services declines, or if we have to change the pattern of using these payment services for any reason, the attractiveness of our company could be materially and adversely affected. We are also subject to various rules, regulations and requirements, regulatory or otherwise, governing electronic funds transfers which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and become unable to accept the current online payments solutions from our customers, and our business, financial condition and results of operations could be materially and adversely affected. Business involving online payment services is subject to a number of risks that could materially and adversely affect third-party online payment service providers’ ability to provide payment processing and escrow services to us, including:

- dissatisfaction with these online payment services or decreased use of their services;
- increasing competition, including from other established Chinese internet companies, payment service providers and companies engaged in other financial technology services;
- changes to rules or practices applicable to payment systems that link to third-party online payment service providers;

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- breach of customers' personal information and concerns over the use and security of information collected from our customers;
- service outages, system failures or failures to effectively scale the system to handle large and growing transaction volumes;
- increasing costs to third-party online payment service providers, including fees charged by banks to process transactions through online payment channels, which would also increase our costs of revenues; and
- failure to manage funds accurately or loss of funds, whether due to employee fraud, security breaches, technical errors or otherwise.

Moreover, in November 2017, the People's Bank of China (the "PBOC") published a notice (the "PBOC Notice") on the investigation and administration of illegal offering of settlement services by financial institutions and third-party payment service providers to unlicensed entities. The PBOC Notice intended to prevent unlicensed entities from using licensed payment service providers as a conduit for conducting the unlicensed payment settlement services, so as to safeguard the fund security and information security. We have entered into a third-party payment service agreement with a commercial bank, which is a licensed entity. As the laws and regulations in this area are still evolving and subject to interpretation, we cannot assure you that the settlement mechanisms we adopted will always be in compliance with the PBOC Notice, nor can we assure you that the PBOC or other governmental authorities will not scrutinize our online payment practices with our franchisees and other parties, which may be deemed to involve unlicensed payment settlement services. However, if our settlement mechanisms were found by the regulatory authorities to be non-compliant, we may incur additional expenses to find alternative payment service providers or adjust our business practices to comply with the requirements. Furthermore, we may be subject to regulatory action, investigations, fines and penalties, which could materially and adversely affect our business, results of operations and reputation.

### ***We are subject to various risks relating to third-party payment arrangements.***

In 2023, 2024 and 2025, some of our customers settled their payments with our group through accounts of third-party payors designated by such customers, primarily their employees, spouses and other family members, friends, and business partners, at their requests. It is not uncommon for such customers to use third-party payors to settle corporate transactions with their suppliers due to convenience and flexibility. In 2023, 2024 and 2025, the aggregate amount of payments from third-party payors designated by such customers accounts for less than 2% of our total revenues. As of December 31, 2025, our group had ceased all the third-party payment arrangements.

We face various risks associated with the third-party payment arrangements in 2023, 2024 and 2025, including (i) possible claims from third-party payors seeking the return of funds as they were not contractually indebted to us, (ii) potential claims from liquidators of such third-party payors, and (iii) potential money laundering risks due to our limited knowledge about the source and purpose of funds used by third-party payors. In case of claims or legal proceedings, whether civil or criminal, demanding payment return or alleging violation of laws, we would need to allocate significant financial and managerial resources for defense. Compliance with court rulings may result in returning payment for products and services sold to such customers, which may materially and adversely affect our business, results of operations and financial condition.

### ***Seasonality of our business and national or regional special events may cause fluctuations in our results of operations and financial condition, and adversely affect our profitability.***

The hospitality and retail industries are subject to fluctuations in revenues due to seasonality. The periods during which our properties experience higher revenues vary from property to property, depending principally upon their location, type of property and competitive mix within the specific location. Generally, the first quarter, in which both the New Year and Spring Festival holidays fall, accounts for a lower percentage of our annual hotel revenues than the other quarters of the year. In addition, certain special events, such as large-scale exhibition, concerts or sports events, may increase the demand for our hotels significantly as such special events may attract travelers into and within the regions in China where we operate hotels. Based on historical results, we generally expect our net revenues generated from our hotel offerings to be higher in the remaining three quarters of each year than in the first quarter due to general travel and consumption patterns in China. Our historical retail revenues also exhibit seasonality, with higher sales typically recorded during the second and fourth quarters due to major e-commerce promotional events and holiday-related spending.

***Our advertising, promotional and branding content may subject us to penalties and other administrative actions.***

Under PRC advertising laws and regulations, we are obligated to monitor our advertising, promotional and branding content to ensure that such content is true and accurate and in full compliance with applicable laws and regulations. Violation of these laws and regulations may subject us to penalties, including fines, confiscation of our advertising income, orders to cease dissemination of the advertisements and orders to publish an announcement correcting the misleading information. In circumstances involving serious violations by us, PRC government authorities may force us to terminate our advertising operations or revoke our licenses.

We cannot assure you that all the content contained in our advertisements or other branding content or materials is true and accurate as required by, and complies in all aspects with, the advertising laws and regulations, especially given the uncertainty in the interpretation of these PRC laws and regulations. We conduct certain advertising, promotional and branding activities through social media and other online channels, and relevant content may also be subject to these PRC advertising laws and regulations. If we are found to be in violation of applicable PRC advertising laws and regulations, we may be subject to penalties and our reputation may be harmed, which may negatively affect our business, financial condition, results of operations and prospects.

**Risks Related to Doing Business in China**

***Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business, financial condition and results of operations.***

We conduct all of our operations in China and all of our revenue is derived from our operations in China. Accordingly, our results of operations and prospects are, to a significant degree, subject to economic, political and legal developments in China. The economy of China differs from the economies of most developed countries in many respects, including the extent of government involvement, its level of development, its growth rate and its control over foreign exchange. In recent years, the PRC government has implemented measures emphasizing market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, a significant portion of productive assets in China is still owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development. It also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policies, restricting the inflow and outflow of foreign capital and providing preferential treatment to particular industries or companies. The PRC government also has significant authority to exert influence on the ability of a China-based company, such as our company, to conduct its business.

The global macroeconomic environment faces significant challenges in the near-term future. For example, there is considerable uncertainty about the short and long-term economic impact of the monetary and fiscal policies adopted by the central banks and government authorities of some of the world's leading economies, including but not limited to the United States and China. There are also material concerns about the current and future relationship between the United States and China. While the tensions between the United States and China have not directly impacted our business, prolonged trade disputes may disrupt global economic conditions, potentially impacting our business and growth prospects. In addition, on October 28, 2024, the U.S. Department of the Treasury issued a final rule on outbound investment, effective January 2, 2025, which restricts or requires notification of certain investments by U.S. persons in Chinese entities involved in semiconductors, quantum technologies, and artificial intelligence. We are not currently subject to these restrictions, but future developments in our business or changes in law may result in such designation, which may materially and adversely affect our ability to raise capital. It is possible that relations between these two countries may deteriorate further. 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. Moreover, 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 the ADSs representing our Class A ordinary shares and consequently cause the trading price of the ADSs to decline. The various economic and policy measures enacted by the PRC government to forestall economic downturns or bolster China's economic growth could materially affect our business. Any adverse change in the economic conditions in China, policies of the PRC government or laws and regulations in China could have a material adverse effect on the overall economic growth of China and, in turn, our business.

***Uncertainties with respect to the PRC legal system, including uncertainties regarding the enforcement of laws, and sudden or unexpected changes in laws and regulations in China could adversely affect us and limit the legal protections available to you and us.***

Our operating subsidiaries are incorporated under and governed by the laws of the PRC. The PRC legal system is a civil law system based on written statutes. Prior court decisions under the civil law system may be cited for reference but have limited precedential value. In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general, such as foreign investment, corporate organization and governance, commerce, taxation and trade. As a significant part of our business is conducted in China, our operations are principally governed by PRC laws and regulations. However, since the PRC legal system continues to evolve rapidly, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit legal protections available to us. Uncertainties due to evolving laws and regulations could also impede the ability of a China-based company, such as our company, to obtain or maintain permits or licenses required to conduct business in China. In the absence of required permits or licenses, governmental authorities could impose material sanctions or penalties on us. In addition, some regulatory requirements issued by certain PRC government authorities may not be consistently applied by other PRC government authorities (including local government authorities), thus making strict compliance with all regulatory requirements impractical, or in some circumstances impossible. For example, we may have to resort to administrative and court proceedings to enforce the legal protection that we enjoy either by law or contract. However, since PRC administrative and court authorities have discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to predict the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, could materially and adversely affect our business and impede our ability to continue our operations.

Furthermore, if China adopts more stringent standards with respect to environmental protection or corporate social responsibilities, we may incur increased compliance costs or become subject to additional restrictions in our operations. Intellectual property rights and confidentiality protections in China may also not be as effective as in the United States or other countries. In addition, we cannot predict the effects of future developments in the PRC legal system on our business operations, including the promulgation of new laws, or changes to existing laws or the interpretation or enforcement thereof. These uncertainties could limit the legal protections available to us and our investors, including you. Moreover, any litigation in China may be protracted and result in substantial costs and diversion of our resources and management attention.

The PRC government has significant oversight over our business and may influence our operations as the government deems appropriate to further regulatory, political and societal goals. The PRC government has recently published new policies that significantly affected certain industries such as the education and internet industries, and we cannot rule out the possibility that it will in the future release regulations or policies regarding our industry that could adversely affect our business, financial condition and results of operations. Furthermore, the PRC government has recently indicated an intent to exert more oversight and control over securities offerings and other capital markets activities that are conducted overseas and foreign investment in China-based companies like us. Any such influence on our business operations or action to exert more oversight and control over securities offerings and other capital markets activities, once taken by the PRC government, could adversely affect our business, financial condition and results of operations and the value of our Class A ordinary shares or the ADSs, or significantly limit or completely hinder our ability to continue to offer securities to investors and cause the value of such securities to significantly decline or in extreme cases, become worthless.

***Uncertainties exist with respect to the enactment timetable, interpretation and implementation of the laws and regulations with respect to our online platform business operation.***

Our online platform business is subject to various internet-related laws and regulations, such as the Anti-monopoly Commission of the State Council promulgated Guidelines to Anti-Monopoly in the Field of Platform Economy, the Personal Information Protection Law, the E-commerce Law, among others. These internet-related laws and regulations are relatively new and evolving, and their enactment timetable, interpretation and implementation involve certain uncertainties.

As there are uncertainties regarding the enactment timetable, interpretation and implementation of the existing and future internet-related laws and regulations, we cannot assure you that our business operations will comply with such regulations in all respects and we may be ordered to terminate certain of our business operations that are deemed illegal by the regulatory authorities and become subject to fines and/or other sanctions.

***Trading in our securities may be prohibited under the HFCAA if the PCAOB determines that it is unable to inspect or investigate completely our auditors located in China, and as a result, U.S. national securities exchanges, such as Nasdaq, may determine to delist the ADSs.***

Our independent registered public accounting firm that issues the audit report included in this annual report, as an auditor of U.S.-traded companies and a PCAOB-registered firm, is subject to PCAOB inspections. However, as our auditor is based in China, where the PCAOB has historically faced restrictions, past inspections were not fully conducted. In response to regulatory concerns, the U.S. enacted the Holding Foreign Companies Accountable Act (the “HFCAA”) in 2020, as amended in 2023. Under the HFCAA, trading in our securities on U.S. markets may be prohibited if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in Chinese Mainland and Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC. In 2021, the PCAOB determined it was unable to inspect audit firms in China and Hong Kong, including ours, but vacated this decision in 2022 after conducting full inspections.

However, whether the PCAOB will continue to conduct inspections and investigations completely to its satisfaction of PCAOB-registered public accounting firms headquartered in Chinese Mainland and Hong Kong remains uncertain and depends on a number of factors out of our, and our auditor’s, control, including positions taken by authorities of the PRC. The PCAOB is expected to continue requiring complete access to inspections and investigations of accounting firms headquartered in Chinese Mainland and Hong Kong in the future.

The PCAOB is required under the HFCAA to make its determination on an annual basis with regards to its ability to inspect and investigate completely accounting firms based in Chinese Mainland and Hong Kong, among other jurisdictions. The possibility of being a “Commission-Identified Issuer” and consequential risk of necessitating delisting of our securities in the United States could continue to adversely affect the trading price of the ADSs.

***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.***

We are an exempted company with limited liability incorporated under the laws of the Cayman Islands. We conduct all of our operations in China. In addition, all our senior executive officers reside within China for a significant portion of the time and all 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 inside China.

The recognition and enforcement of foreign judgments are basically provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law and other applicable laws and regulations based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the Cayman Islands or 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. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment if it is decided as having violated the basic principles of PRC laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or the Cayman Islands.

The SEC, U.S. Department of Justice and other U.S. authorities often have substantial difficulties in bringing and enforcing actions against non-U.S. companies and non-U.S. persons, including company directors and officers, in certain emerging markets, including China. Legal and other obstacles to obtaining information needed for investigations or litigation or to obtaining access to funds outside the United States, lack of support from local authorities, and other various factors make it difficult for the U.S. authorities to pursue actions against non-U.S. companies and individuals, who may have engaged in fraud or other wrongdoings. Additionally, public shareholders investing in the ADSs have limited rights and few practical remedies in emerging markets where we operate, as shareholder claims that are common in the United States, including class actions under securities law and fraud claims, generally are difficult or impossible to pursue as a matter of law or practicality in many emerging markets, including China. As a result of all of the above, you may have more difficulties in protecting your interests in your emerging market investments.

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

We are a Cayman Islands holding company and we rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and services of any debt we may incur. Our PRC subsidiaries' ability to distribute dividends is based upon its distributable earnings. Current PRC regulations permit our PRC subsidiaries to pay dividends to their respective shareholders only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. These reserves are not distributable as cash dividends. If our PRC subsidiaries 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.

To address the persistent capital outflow and the RMB's depreciation against the U.S. dollar, the People's Bank of China and the State Administration of Foreign Exchange, or SAFE, have implemented a series of capital control measures since 2016, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. For instance, the Circular on Further Promoting the Reform of Foreign Exchange Management and Improving Authenticity and Compliance Review, or the SAFE Circular 3, issued on January 26, 2017, provides that the banks shall, when dealing with dividend remittance transactions from domestic enterprise to its offshore shareholders of more than US\$50,000, review the relevant board resolutions (or resolutions of partners), original tax filing form and audited financial statements of such domestic enterprise based on the principle of genuine transaction. The PRC government may strengthen its capital controls from time to time and our PRC subsidiaries' dividends and other distributions may be subject to tightened scrutiny in the future. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

In addition, the Enterprise Income Tax Law and its implementation rules provide that a withholding tax at a rate of 10% will be applicable to dividends payable by Chinese companies to non-PRC resident enterprises unless reduced under treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are tax resident.

***The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.***

Under PRC law, legal documents for corporate transactions, including agreements and contracts, 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 SAMR. A company chop or seal may serve as the legal representation of the company towards third parties even when unaccompanied by a signature.

In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit the application, which will then be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees.

The procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible 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 and divert management from our operations.

***PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental regulation of currency conversion may restrict or delay us from using the proceeds of our initial public offering to make loans or additional capital contributions to our PRC subsidiaries, which could adversely affect our liquidity and our ability to fund and expand our business.***

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises, or FIEs, in China, capital contributions to our PRC subsidiaries are subject to registration with SAMR or its local counterpart and registration with a local bank authorized by SAFE. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE or its local branches and (ii) any of our PRC subsidiaries may not procure loans which exceed the difference between its total investment amount and registered capital or, as an alternative, they may only procure loans subject to the calculation approach and limitation as provided by the People's Bank of China.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19, which took effect as of June 1, 2015 and was amended on December 30, 2019. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of FIEs and allows FIEs to settle their foreign exchange capital at their discretion, but continues to prohibit FIEs from using the renminbi fund converted from their foreign exchange capital for expenditure beyond their business scopes, providing entrusted loans or repaying loans between non-financial enterprises. The SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, effective on June 9, 2016. Pursuant to SAFE Circular 16, enterprises registered in China may also convert their foreign debts from foreign currency to renminbi on a self-discretionary basis. SAFE Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including, but not limited, to foreign currency capital and foreign debts) on a self-discretionary basis which applies to all enterprises registered in China. SAFE Circular 16 reiterates the principle that renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, while such converted renminbi shall not be provided as loans to its non-affiliated entities. On October 23, 2019, SAFE further issued the Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-Border Trade and Investment, or the Circular 28, which took effect on the same day. Circular 28 allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in China as long as such investments do not violate then-effective negative list for foreign investments and the target investment projects are genuine and in compliance with laws. In addition, Circular 28 stipulates that qualified enterprises in certain pilot areas may use their capital income from registered capital, foreign debt and overseas listing, for the purpose of domestic payments without providing authenticity certifications to the relevant banks in advance for those domestic payments. As this circular is relatively new, there remains uncertainty as to its interpretation and application and any other future foreign exchange-related rules. Violations of these circulars could result in severe monetary or other penalties.

***Fluctuations in exchange rates could have an adverse effect on our results of operations and the value of your investment.***

The value of the renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and by China's foreign exchange policies. Since June 2010, the renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably.

All of our revenues and most of our expenses are denominated in RMB. Our exposure to foreign exchange risk primarily relates to cash and cash equivalent denominated in U.S. dollars. Any significant revaluation of RMB may adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, the ADSs in U.S. dollars. To the extent that we need to convert U.S. dollars into renminbi for capital expenditures and working capital and other business purposes, appreciation of renminbi against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of renminbi against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of the ADSs, and if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our Class A ordinary shares or ADSs, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not used any derivative financial instruments to hedge our exposure to foreign currency exchange risk. While we may enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert renminbi into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

***Governmental regulations of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.***

The PRC government imposes regulations on the convertibility of the renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive all of our revenues in renminbi. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries to pay off their respective debt in a currency other than renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than renminbi. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of the ADSs.

***Certain PRC regulations may make it more difficult for us to pursue growth through acquisitions.***

Among other things, the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “**M&A Rules**”), adopted by six PRC regulatory agencies in 2006 and amended in 2009, establish additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that the PRC Ministry of Commerce, or the MOFCOM, under certain circumstances, be notified in advance of any change-of-control transaction in which a foreign investor takes control of an affiliated PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the SAMR should be notified in advance of any concentration of undertaking if certain thresholds are triggered. Transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the SAMR before they can be completed. In addition, the PRC national security reviews rules which became effective in September 2011 requiring mergers and acquisitions by foreign investors of PRC companies engaged in military-related or certain other industries that are crucial to national security be subject to security review before consummation of any such acquisition. We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from the MOFCOM and the SAMR, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

***PRC regulations relating to offshore investment activities by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.***

The SAFE issued Circular on Several Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investments via Overseas Special Purpose Companies, or Circular 75, on October 21, 2005, which became effective on November 1, 2005. Under Circular 75, prior registration with the local SAFE branch is required for PRC residents to establish or to control an offshore company for the purposes of financing that offshore company with assets or equity interests in an onshore enterprise located in the PRC. In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37, which replaced the Circular 75. SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities) to register with SAFE or its local branches in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future. See "Item 4. Information on The Company—4.B. Business Overview—Regulation—Regulations on Offshore Financing."

We are committed to complying with and to ensuring that our shareholders and beneficial owners who are subject to these regulations will comply with the relevant SAFE rules and regulations. However, due to inherent uncertainty in the implementation of the regulatory requirements by the PRC authorities, such registration might not be always practically available in all circumstances as provided in those regulations.

We have requested shareholders or beneficial owners who directly or indirectly hold shares in our Cayman Islands holding company and are known to us as being PRC residents to complete their registration with or to obtain approval by the local SAFE, the National Development and Reform Commission, or the NDRC, or MOFCOM branches. However, we may not be informed of the identities of all the PRC individuals or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with the SAFE registration requirements. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents have complied with, and will in the future make, obtain or update any applicable registrations or approvals required by SAFE, NDRC and MOFCOM regulations. Any failure or inability by such shareholders, beneficial owners or our subsidiaries to comply with SAFE, NDRC and MOFCOM regulations may subject us to fines or legal sanctions, such as restrictions on our cross-border investment activities or our PRC subsidiary's ability to distribute dividends to, or obtain foreign exchange-denominated loans from, our company or prevent us from making distributions or paying dividends. As a result, our business operations and our ability to make distributions to you could be materially and adversely affected.

***Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.***

Pursuant to SAFE Circular 37 and SAFE Circular 7, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted options are subject to these regulations. Failure to complete the SAFE registrations may subject them to fines and legal sanctions, and there may be additional restrictions on the ability of them to exercise their stock options or remit proceeds gained from sale of their stock into the PRC. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See "Item 4. Information on The Company — 4.B. Business Overview — Regulation — Regulations on Employee Share Option Plans."

In addition, the State Administration of Taxation, or SAT, has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in the PRC who exercise share options, or whose restricted shares or restricted share units vest, will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees related to their share options, restricted shares or restricted share units. In addition, the sales of the ADSs or shares held by such PRC individual employees after their exercise of the options, or the vesting of the restricted shares or restricted share units, are also subject to PRC individual income tax. If the employees fail to pay, or the PRC subsidiaries fail to withhold, their income taxes according to relevant laws, rules and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities. See “Item 4. Information on The Company—4.B. Business Overview—Regulation—Regulations on Employee Share Option Plans.”

***If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders.***

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with its “de facto management body” within the PRC is considered a “resident enterprise” and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the SAT, issued a circular, known as SAT Circular 82, and was amended on 2017, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. This circular applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, but the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the senior management and core management departments in charge of its daily operations function have their presence mainly in the PRC; (ii) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) its major assets, accounting books, company seals, and minutes and files of its board and shareholders’ meetings are located or kept in the PRC; and (iv) not less than half of the enterprise’s directors or senior management with voting rights habitually reside in the PRC.

We believe our company is not a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that our company is a PRC resident enterprise for enterprise income tax purposes, we will be subject to PRC enterprise income tax on our worldwide income at the rate of 25%. Furthermore, we will be required to withhold a 10% withholding tax from dividends we pay to our shareholders (including holders of the ADS) that are nonresident enterprises. In addition, nonresident enterprise shareholders (including holders of the ADS) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or Class A ordinary shares, if such gain is treated as derived from a PRC source. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including holders of the ADS) and any gain realized on the sale or other disposition of ADSs or Class A ordinary shares by such shareholders (including holders of the ADS) may be subject to PRC tax at a rate of 20% (which in the case of dividends may be withheld at source). These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders (including holders of the ADS) of our company would, in practice, be able to obtain the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or Class A ordinary shares.

***We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.***

On February 3, 2015, the SAT issued the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises, or SAT Bulletin 7. SAT Bulletin 7 extends its tax jurisdiction to transactions involving the transfer of taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Bulletin 7 has introduced safe harbors for internal group restructurings and the purchase and sale of equity securities through a public securities market. SAT Bulletin 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets.

On October 17, 2017, the SAT issued the Public Notice on Issues Relating to Withholding at Source of Income Tax of Nonresident Enterprises, or SAT Bulletin 37, which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of nonresident enterprise income tax.

Where a nonresident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an Indirect Transfer, the nonresident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the relevant tax authority. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions, under SAT Bulletin 7 and/or SAT Bulletin 37. For transfer of shares in our company by investors who are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under SAT Bulletin 7 and/or SAT Bulletin 37. As a result, we may be required to expend valuable resources to comply with SAT Bulletin 7 and/or SAT Bulletin 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these bulletins, or to establish that our company should not be taxed under these bulletins, which may have a material adverse effect on our financial condition and results of operations.

***Regulation and censorship of information disseminated over the internet in China may adversely affect our business and reputation and subject us to liability for information displayed on our website.***

The PRC government has adopted regulations governing internet access and the distribution of news and other information over the internet. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these requirements may result in the revocation of licenses to provide internet content and other licenses, and the closure of the concerned websites. The website operator may also be held liable for such censored information displayed on or linked to the websites. If our self-owned online store or content is found to be in violation of any such requirements, we may be penalized by relevant authorities, and our operations or reputation could be adversely affected.

#### **Risks Related to The ADSs**

***We will incur additional costs as a result of being a public company.***

We are a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. These additional costs could negatively affect our financial results. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, including regulations implemented by the Nasdaq, may increase legal and financial compliance costs and make some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management’s time and attention from revenue-generating activities to compliance activities. If, notwithstanding our efforts to comply with new laws, regulations and standards, we fail to comply, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

***You must rely on the judgment of our management as to the use of the net proceeds from our initial public offering, and such use may not produce income or increase the price of the ADSs representing our Class A ordinary shares.***

Our management will have considerable discretion in the application of the net proceeds received by us.

You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. The net proceeds may be used for corporate purposes that do not improve our efforts to achieve or maintain profitability or increase the price of the ADSs representing our Class A ordinary shares. The net proceeds from our initial public offering in November 2022 may be placed in investments that do not produce income or that lose value.

***The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.***

The trading price of the ADSs is likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for the ADSs may be highly volatile for factors specific to our own operations, including the following:

- variations in our net revenues, earnings and cash flows;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new offerings, solutions and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our services or our industry;
- announcements of new regulations, rules or policies relevant to our business;
- additions or departures of key personnel;
- our controlling shareholder's business performance and reputation; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which the ADSs will trade.

In the past, shareholders of public companies have often brought securities class-action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class-action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

***If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.***

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade the ADSs, the market price for the ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for the ADSs to decline.

***Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and the ADSs may view as beneficial.***

Our authorized and issued ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares will be entitled to one vote per share, while the holder of Class B ordinary shares will be entitled to ten votes per share. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holders thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

As of March 31, 2026, Mr. Haijun Wang beneficially owns 73,680,917 Class B ordinary shares and controls the voting power of 1,691,412 Class A ordinary shares. Accordingly, Mr. Haijun Wang beneficially owns approximately 19.4% of our total issued and outstanding share capital and 69.1% of the aggregate voting power of our total issued and outstanding share capital as of the same date due to the disparate voting powers associated with our dual-class share structure as well as voting proxy granted to him by other minority shareholders.

As a result of the dual-class share structure and the concentration of ownership, the holder of Class B ordinary shares will have considerable influence over matters such as decisions regarding mergers and consolidations, election of directors, and other significant corporate actions. Such holders may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay, or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover, or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

***The dual-class structure of our ordinary shares may adversely affect the trading market for the ADSs.***

Certain shareholder advisory firms have announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our ordinary shares may prevent the inclusion of the ADSs representing Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for the ADSs. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of the ADSs.

***Forum selection provisions in our memorandum and articles of association could limit the ability of holders of our Class A ordinary shares, ADSs, or other securities to obtain a favorable judicial forum for disputes with us, our directors and officers, the depositary bank, and potentially others.***

Our memorandum and articles of association provide that the federal district courts of the United States are the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, regardless of whether such legal suit, action, or proceeding also involves parties other than us. Any person or entity purchasing or otherwise acquiring any share or other securities in our company shall be deemed to have notice of and consented to the provisions of our articles of association. However, the enforceability of similar federal court choice of forum provisions has been challenged in legal proceedings in the United States, and it is possible that a court could find this type of provision to be inapplicable, unenforceable, or inconsistent with other documents that are relevant to the filing of such lawsuits. If a court were to find the federal choice of forum provision contained in our memorandum and articles of association to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. If upheld, the forum selection clause in our memorandum and articles of association may limit a security-holder's ability to bring a claim against us, our directors and officers, and potentially others in his or her preferred judicial forum, and this limitation may discourage such lawsuits. In addition, the Securities Act provides that both federal and state courts have jurisdiction over suits brought to enforce any duty or liability under the Securities Act or the rules and regulations thereunder. Accepting or consent to this forum selection provision does not constitute a waiver by you of compliance with federal securities laws and the rules and regulations thereunder. You may not waive compliance with federal securities laws and the rules and regulations thereunder. The exclusive forum provision in our memorandum and articles of association will not operate so as to deprive the courts of the Cayman Islands from having jurisdiction over matters relating to our internal affairs.

***We are a “controlled company” as defined under the Nasdaq Stock Market corporate governance rules. As a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements that would otherwise provide protection to shareholders of other companies.***

We are a “controlled company” as defined under the Nasdaq corporate governance rules because Mr. Haijun Wang will own more than 50% of our total voting power. For so long as we remain a controlled company, we may rely on certain exemptions from the corporate governance rules, including the rule that we have to establish a nominating and corporate governance committee composed entirely of independent directors. As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements. Even if we cease to be a controlled company, we may still rely on exemptions available to foreign private issuers, including being able to adopt home country practices in relation to corporate governance matters. See “— We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies” and “— As an exempted company with limited liability 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 listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.”

***The sale or availability for sale of substantial amounts of ADSs could adversely affect their market price.***

Sales of substantial amounts of ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of the ADSs and could materially impair our ability to raise capital through equity offerings in the future. The ADSs sold in our initial public offering in November 2022 and in the secondary offerings by our shareholders in June and December 2023 and June 2024 are freely tradable without restriction or further registration under the Securities Act, and shares held by our shareholders may also be sold in the public market in the future, subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements (if any). We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of the ADSs.

***Techniques employed by short sellers may drive down the market price of the ADSs.***

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 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.

Public companies that have substantially all of their operations in China have been the subject of short selling. Much of the scrutiny and negative publicity have centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

It is not clear what effect such negative publicity could have on us. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming, and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations, and any investment in the ADSs could be greatly reduced or even rendered worthless.

***You may need to rely on a price appreciation of the ADSs for a return on your investment.***

Our board of directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may pay a dividend out of either profit or a share premium account, provided always that in no circumstances may a dividend be paid if this would result in us being unable to pay our debts as they fall due in the ordinary course of business.

In August 2024, we announced a three-year annual dividend policy, under which we plan to declare and distribute dividends with an aggregate amount of no less than 50% of our net income for the preceding financial year in each of the three financial years commencing 2024. If our board of directors decides to continue to declare and pay dividends after such annual dividend policy, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ADSs will likely need to rely on future price appreciation of the ADSs. There is no guarantee that the ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in the ADSs and you may even lose your entire investment in the ADSs.

***The approval or filing of the China Securities Regulatory Commission or other PRC regulatory agencies may be required to maintain our listing status or conduct future offshore securities offerings.***

The M&A Rules purport to require offshore special purpose vehicles that are controlled by PRC companies or individuals and that have been formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies or subscription of new shares issued by PRC domestic company using the equity of offshore special purpose vehicles or using its new shares as consideration, to obtain approval from the CSRC prior to publicly listing their securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear. If CSRC approval is required, it is uncertain whether we can or how long it will take us to obtain the approval and, even if we obtain such CSRC approval, the approval could be rescinded. Any failure to obtain or delay in obtaining CSRC approval for any of our offshore offerings, or a rescission of such approval we have obtained, would subject us to sanctions imposed by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in China, restrictions or limitations on our ability to pay dividends outside of China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

Furthermore, numerous regulations, guidelines and other measures have been or are expected to be adopted under the umbrella of or in addition to the Cybersecurity Law, Data Security Law and Personal Information Protection Law, including (i) the amended Cybersecurity Review Measures published on December 28, 2021, which came into effect on February 15, 2022, provide that a “network platform operator” that possesses personal information of more than one million users and seeks a listing in a foreign country must apply for a cybersecurity review, (ii) the Measures for the Security Assessment of Outbound Data Transfer, which came into effect on September 1, 2022, provide that certain types of data processors transferring important data or personal information collected and generated during operations within the territory of the PRC to an overseas recipient must apply for security assessment of outbound data transfer, and (iii) the Provisions on Promoting and Regulating Cross-Border Data Flows, which came into effect on March 22, 2024, provides certain clarification and relaxation to the compliance mechanisms for cross-border transfer of personal information, and provide several exemptions from undergoing security assessment, obtaining personal information protection certification, or entering into a prescribed agreement for cross-border transfer of personal information for businesses. As a network platform operator who possesses personal information of more than one million users for purposes of the Cybersecurity Review Measures, we had applied for and completed a cybersecurity review with respect to the listing of the ADSs on Nasdaq in November 2022 pursuant to the Cybersecurity Review Measures.

On February 17, 2023, the CSRC, as approved by the State Council, released the CSRC Filing Rules, which came into effect on March 31, 2023. Under the CSRC Filing Rules, a filing-based regulatory system shall be applied to “indirect overseas offerings and listings” of PRC domestic companies. Pursuant to the CSRC Filing Rules, if the issuer meets either of the following conditions, its securities offerings and listing will be deemed as an “indirect overseas offering and listing by a PRC domestic company” and is therefore subject to the filing requirements: (i) any of the revenues, profits, total assets or net assets of the issuer’s Chinese operating entities in the most recent financial year accounts for more than 50% of the corresponding data in the issuer’s audited consolidated financial statements for the same period; and (ii) the key link of its business operations are conducted in Chinese Mainland or its principal place of business is located in Chinese Mainland, or the majority of senior management in charge of business operations are Chinese citizens or have domicile in the PRC. The CSRC Filing Rules state that, any post-listing follow-on offering by an issuer in the same overseas market, including issuance of shares, convertible notes and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering. Therefore, any of our future offerings and listings of our securities in an overseas market will be subject to the filing requirements under the CSRC Filing Rules. If we fail to complete the filing procedures with the CSRC for any future overseas securities offering, we may face sanctions by the CSRC, which may include fines and penalties, 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 future overseas securities offerings, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of the ADSs.

In addition, we cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirement on us. If there are any other approvals, filings and/or other administration procedures to be obtained from or completed with any other PRC regulatory agencies as required by any new laws and regulations for any of our future proposed offering of securities overseas or the listing of the ADSs, we cannot assure you that we can obtain the required approval or complete the required filings or other regulatory procedures in a timely manner, or at all. Any failure to obtain the relevant approvals or complete the filings and other relevant regulatory procedures may subject us to regulatory actions or other sanctions from such PRC regulatory agencies, which may have a material adverse effect on our business, financial condition or results of operations.

***You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.***

We are an exempted company with limited liability incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, as amended from time to time, the Companies Act (As Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties 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 the common law of England and Wales, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law may be narrower in scope or less developed than they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may lack standing to initiate shareholder derivative actions in U.S. federal courts. In addition, while under Delaware law, controlling shareholders owe fiduciary duties to the companies they control and their minority shareholders, under Cayman Islands law, our controlling shareholders do not owe any such fiduciary duties to our company or to our minority shareholders. Accordingly, our controlling shareholders may exercise their powers as shareholders, including the exercise of voting rights in respect of their shares, in such manner as they think fit, subject only to very limited equitable constraints. One of the examples of such constraint is that the exercise of voting rights to amend the memorandum or articles of association of a Cayman Islands company must be exercised in good faith for the benefit of the Company as a whole.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect or obtain register of members or corporate records (other than the memorandum and articles of association, special resolutions which have been passed by shareholders and register of mortgages and charges). Under Cayman Islands law, the names of current directors can be obtained from a search conducted at the Registrar of Companies in the Cayman Islands. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. If we choose to follow home country practice, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

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

Shareholder claims that are common in the United States, including securities law class actions and fraud claims, 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 obtaining information needed for shareholder investigations or litigation outside China or otherwise with respect to foreign entities. Local authorities in China may establish a regulatory cooperation mechanism with securities regulatory authorities of other countries or regions to implement cross-border supervision and administration, but such regulatory cooperation with securities regulatory authorities in the United States has not been efficient due to the absence of a mutual and practical cooperation mechanism. According to Article 177 of the PRC Securities Law 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. While detailed interpretation of or implementation of 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 further increase difficulties faced by you in protecting your interests.

***Certain judgments obtained against us by our shareholders may not be enforceable.***

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands and substantially all of our assets are located outside of the United States. All of our current operations are conducted in China. In addition, most of our current directors and officers are nationals and residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. However, the deposit agreement gives you the right to submit claims against us to binding arbitration, and arbitration awards may be enforceable against us and our assets in China even when court judgments are not.

***ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.***

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial for any claim they may have against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depository were to oppose a jury trial based on this waiver, the court would have to determine whether the waiver was enforceable based on the facts and circumstances of the case in accordance with applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, or by a federal or state court in the State of New York, which has nonexclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this would be the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other owners or holders of ADSs bring a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other owners or holders may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depository. If a lawsuit is brought against us or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including outcomes that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or the ADSs serves as a waiver by any owner or holder of ADSs or by us or the depository of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

***The voting rights of holders of the ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of the Class A ordinary shares represented by your ADSs.***

As an exempted company with limited liability incorporated in the Cayman Islands, we are not obliged by the Companies Act (As Revised) to call shareholders' annual general meetings. Our Ninth Amended and Restated Memorandum and Articles of Association provide that we may (but are not obliged to) each year hold a general meeting as our annual general meeting. As a holder of ADSs, you will not have any direct right to attend general meetings of our company or to cast any votes at such meetings. You will only be able to exercise the voting rights which attach to the Class A ordinary shares represented by your ADSs indirectly by giving voting instructions to the depository in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depository, as holder of the Class A ordinary shares represented by your ADSs. Upon receipt of your voting instructions, the depository may try to vote the Class A ordinary shares represented by your ADSs in accordance with your instructions. If we ask for your instructions, then upon receipt of your voting instructions, the depository will try to vote the underlying Class A ordinary shares in accordance with those instructions. If we do not instruct the depository to ask for your instructions, the depository may still vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise any right to vote with respect to the underlying Class A ordinary shares unless you cancel the ADSs and withdraw the Class A ordinary shares and become the registered holder of such shares prior to the record date for the general meeting. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to enable you to withdraw the shares represented by your ADSs and become the registered holder of such shares prior to the record date for the general meeting to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our amended and restated articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the Class A ordinary shares represented by your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, the depository will notify you of the upcoming vote and deliver our voting materials to you, if we ask it to. We cannot assure you that you will receive the voting materials in time to ensure you can direct the depository to vote the Class A ordinary shares represented by your ADSs. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the shares represented by your ADSs are voted and you may have no legal remedy if the shares represented by your ADSs are not voted as you requested.

***You may be subject to limitations on the transfer of the ADSs.***

The ADSs are transferable on the books of the depository. However, the depository may close its books at any time or from time to time when it deems it expedient in connection with the performance of its duties and in emergencies, and on weekends and public holidays. The depository may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depository are closed, or at any time if we or the depository thinks it is 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 are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.***

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q, quarterly certifications by the principal executive and financial officers or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the Nasdaq. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. For example, U.S. domestic issuers are required to file annual reports within 60 to 90 days from the end of each fiscal year. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

***As an exempted company with limited liability 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 listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.***

As an exempted company with limited liability incorporated in the Cayman Islands and listed on the Nasdaq, we are subject to corporate governance listing standards of Nasdaq. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. We currently intend to follow Cayman Islands corporate governance practices in lieu of the corporate governance requirements of the Nasdaq that listed companies must have: (i) a majority of independent directors; (ii) a nominating/corporate governance committee composed entirely of independent directors; and (iii) a majority of independent directors and that the audit committee consist of at least three members. To the extent that we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would enjoy under Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

***There can be no assurance that we will not be a passive foreign investment company, or PFIC, for the current or any future taxable year, which could result in adverse U.S. federal income tax consequences to U.S. investors in the ADSs or our Class A ordinary shares.***

In general, a non-U.S. corporation is a PFIC for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average value of its assets (generally determined on an average quarterly basis) consists of assets that produce, or are held for the production of, passive income. For purposes of these calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties (other than certain royalties derived in an active business), and certain investment gains. Cash is generally a passive asset for these purposes. Goodwill and other intangible assets (the value of which may be determined by reference to the excess of the sum of the corporation's market capitalization and liabilities over the value of its assets) are generally characterized as active assets to the extent associated with business activities that produce active income.

Based on the manner in which we currently conduct our business, the composition of our income and assets and the estimated value of our assets (including goodwill and other intangible assets), we believe that we were not a PFIC for our 2025 taxable year. However, our PFIC status for any taxable year is an annual factual determination that can be made only after the end of that year and depends on the composition of our income and assets and the average value of our assets from time to time, including the value of our goodwill and other intangible assets (which may be determined, in part, by reference to our market capitalization, which could be volatile). Therefore, we may be or become a PFIC for any taxable year if our market capitalization declines while we hold a substantial amount of cash and financial investments. In addition, if in the future we change the type of services we provide with respect to our franchised hotels, our PFIC status for any taxable year may depend on whether and to what extent our income from franchised hotels will be treated as derived in the active conduct of a trade or business within the meaning of applicable Treasury regulations. Because of these uncertainties, there can be no assurance that we were not, or will not be, a PFIC for any of our past, current or future taxable years.

If we are a PFIC for any taxable year during which a U.S. taxpayer owns ADSs or Class A ordinary shares, the U.S. taxpayer generally will be subject to adverse U.S. federal income tax consequences, including increased tax liability on disposition gains and “excess distributions” (subject to alternative treatment if the U.S. taxpayer is able to, and makes, a valid mark-to-market election) and additional reporting requirements. See “Item 10. Additional Information-10.E. Taxation-Material U.S. Federal Income Tax Considerations-Passive Foreign Investment Company Rules.”

***We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.***

Because we qualify as a foreign private issuer under the Exchange Act, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter. We would lose our foreign private issuer status if, for example, more than 50% of our ordinary shares are directly or indirectly held by residents of the U.S. and we fail to meet additional requirements necessary to maintain our foreign private issuer status. In the future, if we lose our foreign private issuer status as of the last date of our second fiscal quarter, we would be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms beginning on the following January 1, which are more detailed and extensive than the forms available to a foreign private issuer. We would also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders would become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we would lose our ability to rely upon exemptions from certain corporate governance requirements under the Nasdaq listing rules. As a U.S. listed public company that is not a foreign private issuer, we would incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer, and accounting, reporting and other expenses in order to maintain a listing on a U.S. securities exchange.

## **ITEM 4. INFORMATION ON THE COMPANY**

### **4.A. History and Development of the Company**

Atour Shanghai was established in 2013. We currently conduct all of our businesses through our indirectly wholly-owned subsidiaries in China.

We established Atour Lifestyle Holdings Limited as our holding company in the Cayman Islands on April 10, 2012 in anticipation of future capital raising from international investors. Atour Hong Kong was incorporated on March 5, 2021 in Hong Kong. Atour Planet (HK) Holdings Limited was incorporated in Hong Kong on June 25, 2024. Atour Holding (SG) Private Limited was incorporated in Singapore on March 12, 2025.

In connection with the restructuring for our initial public offering, Atour Lifestyle Holdings Limited acquired 100% of the equity interest in Atour Hong Kong, and Atour Hong Kong owns 100% of the equity interest in Atour Shanghai.

In November 2022, we completed an initial public offering in which we offered and sold an aggregate of 16,387,500 Class A ordinary shares in the form of ADSs. On November 11, 2022, the ADSs representing our Class A ordinary shares commenced trading on Nasdaq under the symbol “ATAT.”

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Our principal executive offices are located at 1st floor, Wuzhong Building, 618 Wuzhong Road, Minhang District, Shanghai, People's Republic of China. Our telephone number at this address is +86-021-64059928. Our registered office in the Cayman Islands is located at P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. Our agent for service of process in the United States is located at 122 East 42nd Street, 18th Floor, New York, NY 10168.

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. 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 within four months after the end of each fiscal year. The SEC also maintains a website at [www.sec.gov](http://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. Such information can also be found on our investor relations website at <https://ir.yaduo.com>.

### **4.B. Business Overview**

We are a leading lifestyle group in China that operates both hospitality and retail businesses. As a leader in quality living, our purpose is to create an intimate ambiance where people can warmly connect. Guided by our people-serving philosophy, we continuously refine our products and services to curate exceptional experiences for every user.

We were the largest upper midscale hotel chain in China in terms of room number as of the end of 2025, according to Frost & Sullivan. Through our constantly expanding and iterating hotel network, loyalty program and data and technology capabilities, we have been tirelessly exploring new possible ways to set the new trends for China's hospitality industry and expand our offerings beyond hotels. We mainly use a "manachise model" to expand our hotel network in a less capital-intensive manner. As of December 31, 2025, we had 1,996 manachised hotels and 19 leased hotels, with a total of 224,423 hotel rooms.

Anchored in our experience-driven business model and people-serving philosophy, we have organically expanded from hospitality into retail with a focus on innovative sleep-related products, powered by our deep insights into customers' sleep needs, thoughtfully designed products, strong brand recognition, and extensive hotel network. We operated the largest retail business among all hotel chains in China in terms of GMV in 2025, according to Frost & Sullivan. The revenue generated from our retail business was RMB3,671.0 million in 2025.

### **Our Business Model**

Guided by our experience-driven business model and people-serving philosophy, we have become a leading lifestyle group in China that operates both hospitality and retail businesses. We were the largest upper midscale hotel chain in China in terms of room number as of the end of 2025 and operated the largest retail business among all hotel chains in China in terms of GMV in 2025, according to Frost & Sullivan. We not only offer a place to stay, but aim to redefine hospitality in China by making hotels a gateway to a rich selection of lifestyle offerings that allow guests and their loved ones to relax, enjoy, interact and share. In this regard, leveraging the insights into guests gained from our hotel business, we have developed a retail business strategically focused on customers' needs for quality sleep.

Our hotel and retail businesses benefit from strong synergies. We are the first hotel chain in China to establish a scenario-based retail business within hotels, according to Frost & Sullivan. Guests can directly experience sleep related products during their stays at our hotels. Since 2018, we have led an emerging trend in upper midscale hotel chains in China to immersively integrate a personalized, digitalized retail experience into traditional hotel offerings. Moreover, in-depth insights gained from hotel business can be applied in the design and development of retail products. The innovativeness and customer satisfaction of our retail products in turn enhance our brand recognition and attract more customers to our hotels. As a result, we created a virtuous cycle by expanding our retail business alongside our hotel business.

## Atour — A Lifestyle Group

We are a leading lifestyle group in China that operates both hospitality and retail businesses. We believe the core of a lifestyle group is to warmly connect with people and offer unique and personalized experience to customers. Guided by our experience-driven business model and people-serving philosophy, we are setting the new trends for China’s hospitality and lifestyle industry and building a curated community where lifestyle, culture and human connection converge. To realize this, we continuously enrich our brand portfolio while upgrading and iterating our existing brands and products to enhance guest experience and maintain our competitiveness. These initiatives allow us to continuously address evolving customer needs while maintaining a differentiated, experience-oriented approach. The following table sets forth a breakdown of our revenues by business line, both in absolute amount and as a percentage of total revenues, for the years indicated.

	Years ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
<b>Revenues</b>						
Manachised hotels	2,705,609	58.0	4,148,752	57.3	5,308,864	54.2
Leased hotels	840,044	18.0	701,963	9.7	590,372	6.0
Retail	971,931	20.8	2,198,198	30.3	3,670,969	37.5
Others <sup>(1)</sup>	148,383	3.2	199,019	2.7	219,954	2.3
<b>Total</b>	<b>4,665,967</b>	<b>100.0</b>	<b>7,247,932</b>	<b>100.0</b>	<b>9,790,159</b>	<b>100.0</b>

Note:

(1) Primarily including our membership business.

### Our Hotel Business

We are a pioneer of the experience-driven hotel business model, guided by our philosophy of serving people rather than simply operating hotel rooms. We strive to keep up with the changing preferences of guests and make innovations a part of the regular user experience to deliver effective personalized services. We also adopt a standardized approach to bring less complex, more cost-effective operations and complement the delivery of personalized services, substantially improving user experience. Benefiting from this differentiated model, we were the largest upper midscale hotel chain in China with 224,423 rooms in total across our hotel network as of December 31, 2025, according to Frost & Sullivan.

#### *An Experience-driven Approach*

We are a trailblazer in the upper midscale hotel chains in China underpinned by our experience-driven business model and people-serving philosophy. Rather than simply offering accommodations, we have been committed to delivering curated lifestyle experience that resonates with modern travelers since our inception, while incorporating elements of a distinctive “Chinese Experience” into our service design with inspiration from traditional Chinese culture and hospitality. We continuously refine guest experience by ensuring operational consistency across all service touchpoints, exploring deeper engagement and innovation in core experience areas, and enhancing partner collaboration to deliver a seamless, high-quality experience for every guest. We have embedded such experience-driven approach into a standardized service framework to offer consistent yet personalized experiences across all hotels under each Atour brand. This unique model has won satisfaction and loyalty from our customers and supported scalable hotel operations, enabling us to solidify our leadership in the experience-driven hospitality sector.

Through extensive industry knowledge and operating know-how, we have distilled as many as 21 touchpoints where guests are expected to have the most meaningful interactions with us — from the moment when they make their initial bookings through Atour’s mobile app, mini-programs or third-party platforms, to guests’ check-ins at our hotels, from their calls for room services to seeing them off at the end of their stays. For each of the 21 guest touchpoints, we have established a tracking and evaluation mechanism, ensuring that every interaction delivers a consistent and elevated experience. For example, our hotel staff always welcome the guests with a cup of warm tea while they are waiting to be checked in and offer them a bottle of water when they check out. In the early morning, the hotel staff also have a couple of on-the-go breakfast packed and kept at the front desk so that guests who need to catch an early flight still get to enjoy their breakfast on the way to the airport.

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Our 21 well-defined touchpoints underpin a standardized framework that ensures consistent guest experience. Guided by our Atour Service Methodology and based on our deep insights into the evolving preferences of the young generations of customers, we embed flexibility into our standardized service framework, allowing guests to personalize certain aspects of their hotel stay that were traditionally controlled exclusively by the hotel. In particular, we have introduced the APLUS customer service program, which offers tailored service options to meet individual guest preferences within a unified operational structure. See “— Our Loyalty Program — ACARD Loyalty Program” for further details.

To further support the delivery of personalized services in a timely and effective manner, we adopt and implement a simplified yet effective set of procedures for our hotels’ on-site staff to act on guest needs directly. Under such procedures, our front line staff are empowered with appropriate levels of freedom and discretion to identify and overcome challenges to understanding guest needs and deliver unique services based on these preferences. For example, each of our hotel staff is granted a budget each month that they may utilize in their discretion to help the guests with their unique requests, such as buying medicine for the guests or accompanying them to the hospital. Meanwhile, we take our guests’ reviews and feedback seriously, especially those helping us better understand our guests. Through our performance review process, we keep enhancing guest experience at our hotels and uphold our operational standards.

### *Our Hotel Network*

We adopt a “manachise” hotel operation model for substantially all of our hotels. Under the manachise model, we manage hotels through the on-site hotel managers and deputy managers we appoint to each hotel. As of December 31, 2025, we had 1,996 manachised hotels, accounting for approximately 99.1% of our total hotels. We also operate certain hotels under the lease model, under which we design, decorate, and operate hotels located on leased premises. As of December 31, 2025, we had 19 leased hotels, accounting for approximately 0.9% of our total hotels. The following table sets forth the number of hotels we operated as of the dates indicated.

	As of December 31,		
	2023	2024	2025
<b>Number of hotels</b>			
Manachised	1,178	1,593	1,996
Leased	32	26	19
<b>Total<sup>(1)</sup></b>	<b>1,210</b>	<b>1,619</b>	<b>2,015</b>

Note:

(1) Consists of hotels at ramp-up stage and mature operation stage. See “Item 5. Operating and Financial Review and Prospects — 5.A. Operating Results — Key Factors Affecting Our Results of Operations — Specific Factors Affecting Our Results of Operations” for the number of our hotels at ramp-up stage and mature operation stage.

We primarily focus on Tier 1, New Tier 1 and Tier 2 cities in China. We believe these markets fit our positioning as a leading lifestyle hotel chain. As of December 31, 2025, our hotel network covered 2,015 hotels spanning 230 cities in 31 provinces, autonomous regions and municipalities in China. As of December 31, 2025, we had an additional 779 hotels under development.

The following table sets forth the changes in the number of our hotels and hotel rooms for the years indicated.

	Years ended December 31,					
	2023		2024		2025	
	Properties	Rooms	Properties	Rooms	Properties	Rooms
<b>Manachised hotels at the beginning of the year</b>	899	102,945	1,178	133,291	1,593	179,469
Add	289	32,782	470	55,877	488	58,106
Less <sup>(1)</sup>	10	2,436	55	9,699	85	16,292
<b>At the end of the year</b>	<b>1,178</b>	<b>133,291</b>	<b>1,593</b>	<b>179,469</b>	<b>1,996</b>	<b>221,283</b>
<b>Leased hotels at the beginning of the year</b>	33	5,053	32	4,630	26	3,715
Add	—	89	1	380	—	589
Less	1	512	7	1,295	7	1,164
<b>At the end of the year<sup>(2)</sup></b>	<b>32</b>	<b>4,630</b>	<b>26</b>	<b>3,715</b>	<b>19</b>	<b>3,140</b>
<b>Total at the end of the year</b>	<b>1,210</b>	<b>137,921</b>	<b>1,619</b>	<b>183,184</b>	<b>2,015</b>	<b>224,423</b>

Note:

- (1) Closures of these manachised hotels were primarily due to the failure of the relevant franchisees to comply with our brand and operating standards, which in some cases resulted in quality deficiencies or suboptimal operational performance. In 2023, 2024 and 2025, revenue contributions from manachised hotels closed in such year represented a negligible portion of our total revenues.
- (2) The decrease in the number of leased hotels was primarily because our leased hotels primarily serve as demonstration properties to define the operational and quality standards of our hotels and to promote new brands, which is not a focus of our future expansion. We mainly rely on the manachised model to drive a scalable, asset-light expansion of our hotel network.

#### Manachised Hotels

We have adopted the “manachise” hotel operation model as part of our group-level expansion strategy since our inception in 2013, making us one of the first upper midscale hotel chains in China to adopt such hotel operation model according to Frost & Sullivan. Unlike the traditional franchise model, our manachise model that combines “franchise” and management to ensure product quality and consistency across our hotel network. As of December 31, 2025, we had 1,996 manachised hotels, representing 99.1% of our total hotels as of the same date.

#### Leased Hotels

As of December 31, 2025, we had 19 leased hotels, accounting for approximately 0.9% of our total hotels. We manage and operate each aspect of these hotels and bear the corresponding 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. We take charge of all the day-to-day operations of our leased hotels, including but not limited to, ensuring valid licenses and permits for each leased hotel, handling customer complaints, taking responsibilities for incidents that happened at leased hotels within the range of our duty of care, and purchasing and maintaining sufficient insurance policies for leased hotels.

#### Our Hotel Brand Portfolio

We purposefully design and operate individually conceived lifestyle hotel brands that cater to diversified audiences, with a common thread of brand hallmarks that deliver a locally inspired, neighborhood boutique yet consistently enjoyable experience. As of December 31, 2025, we had developed seven lifestyle hotel brands, covering the entire chain of midscale to luxury hotels with differentiated appeal to a wide range of guests, from discerning business travelers to the younger generations seeking unique and personalized hospitality experiences. The following table sets forth the key information about each of our hotel brands.

Hotel Brand	Positioning	Cities	As of December 31, 2025		Rooms
			Properties		
			Leased	Manachised	
A.T. House	Luxury	1	1	—	214
SAVHE	Upscale	3	1	2	487
Atour S	Upscale	32	2	87	12,261
Atour Origin <sup>(1)</sup>	Upper Midscale	30	1	48	5,737
Atour	Upper Midscale	224	12	1,479	168,129
Atour X	Upper Midscale	66	2	179	19,229
Atour Light	Midscale	59	—	201	18,366
<b>Total</b>		<b>230</b>	<b>19</b>	<b>1,996</b>	<b>224,423</b>

Note:

(1) Atour Origin, initially launched in November 2023 as Atour Series 4 under the Atour Hotel brand, has recently been upgraded to an independent upper midscale hotel brand within our portfolio.

We focus on upper midscale hotel brands, Atour, Atour Origin and Atour X, and expand into the midscale segment through our fast-growing Atour Light brand. We further supplement our offerings with upscale and luxury hotel brands, such as Atour S, SAVHE and A.T. House, to accommodate diversified customer needs. Each of our hotel brands has its own unique personality under the unified ethos of inclusivity and presence of humanness. Across all our brands, we are dedicated to offering every guest a unique, memorable experience.

### Upper Midscale Brands

#### Atour Hotel

At the heart of our hotel network is Atour Hotel, an upper midscale hotel brand designed for quality-conscious travelers who seek layers of user experience that mixes comfort with a stylish vibe. With the debut of the first Atour Hotel in Xi'an in 2013, today the brand spanned 224 cities across China as of December 31, 2025, mainly located in key commercial areas in top-tier cities in China, with an ADR of RMB424.4 in 2025.

Atour Hotel blends modern sophistication with a deep appreciation for local culture, creating a space that feels both contemporary and rich in humanistic warmth. Our spacious guest rooms typically have an area of approximately 25 square meters, with some as large as 35 square meters. The public areas in an Atour Hotel typically range from 450 to 560 square meters and include standard amenities for all hotels, including on-premise restaurants offering local breakfast, a laundry room, and a fitness center. In addition, we operate the “Bambook Library,” a 24/7 mobile library designed as a spiritual retreat for our guests, creating accessible spaces that can bring our guests a calm and focused reading experience.

Atour Series 3 is our core hotel product model under the Atour brand designed to deliver functional comfort, efficient services and consistent stay experience to continuously reinforce our position as a leading brand in mainstream business travel scenarios. By addressing the essential needs of business travelers, it strengthens our leading position in the upper midscale segment. We introduced Atour 3.6, the latest Atour Series 3 hotel product model, in the first quarter of 2025, to further elevate the guest experience. Guided by an “Timeless and Humane” product philosophy, Atour 3.6 embraces a calm and balanced aesthetic rooted in natural textures and minimalist spatial compositions. For existing hotels with renovation needs, we have introduced the Atour “3.5SE” renovation program to help them maintain market competitiveness.

As of December 31, 2025, we had 1,491 Atour Hotels in operation with a total of 168,129 guest rooms. As of the same date, we also had 555 Atour Hotels under development with a total of 61,803 guest rooms.

### Atour Origin Hotel

Atour Origin hotel, initially launched in November 2023 as Atour Series 4 under the Atour Hotel brand, has recently been upgraded to an independent upper midscale hotel brand within our portfolio. It is designed to shape the future of the upper midscale market by catering to the evolving needs of both business and leisure travelers seeking productivity and relaxation. Inspired by Yaduo (the Chinese name of Atour) village, this new brand embraces the concept of “natural tranquility,” offering customers immersive experiences with contentment and relaxation. Our Atour Origin hotels introduce extensive upgrades across multiple facets of the hotel, including multi-functional workspaces, premium sleep settings in guest rooms, and enhanced dining services. Atour Origin hotels place strong emphasis on fostering a deep emotional resonance with guests, creating a restorative and healing experience that promotes holistic well-being. Such experience-driven approaches aim to establish an advanced operating model defined by superior quality, increased pricing potential, and improved operational efficiency. As of December 31, 2025, Atour Origin hotels could be found in 30 cities across China mainly located in key commercial areas in top-tier cities in China, with an ADR of RMB536.5 in 2025.

As of December 31, 2025, we had 49 Atour Origin hotels in operation with a total of 5,737 guest rooms. As of the same date, we also had 60 Atour Origin hotels under development with a total of 6,903 guest rooms.

### Atour X Hotel

Atour X Hotel is our upper midscale hotel brand, created by converting existing boutique hotel properties on the market into “Atour” hotels adhering to the same standards of services and offerings, while maintaining its original design elements. As of December 31, 2025, it could be found in 66 cities across China, with an ADR of RMB427.0 in 2025.

We keep the flavorful and diversified design of the existing hotel properties, while applying our uniform service standards to ensure service quality and consistency. As of December 31, 2025, we had 181 Atour X Hotels with a total of 19,229 guest rooms. As of the same date, we also had seven Atour X Hotels under development with a total of 818 guest rooms.

### Midscale Brand

#### Atour Light Hotel

Atour Light is our midscale hotel brand with a cheerful spirit, primarily catering to young urban travelers seeking the best value and experience. We first introduced the Atour Light Hotel in 2016, and since then its footprint had been expanded to cover 59 cities across China as of December 31, 2025. Our Atour Light hotels currently are mainly located in key commercial areas in top-tier cities in China, with an ADR of RMB390.7 in 2025.

In February 2023, we launched Atour Light 3.0, the upgraded hotel product model, which is thoughtfully designed to meet the needs of young, urban business travelers, offering quality services and exceptional experiences tailored to their preferences. Since its launch, Atour Light 3.0 has consistently delivered brand-defining innovations and breakthroughs across operations management and user experience, and garnered positive reception from a growing base of franchisees.

To better serve the evolving needs of younger consumers in the midscale segment, we introduced Atour Light 3.3, an upgraded version of our Atour Light hotel product model, in the first quarter of 2025. Drawing inspiration from the “Blue Nights of Genoa,” Atour Light 3.3 features a youthful, minimalist design that emphasizes flexibility, efficiency and comfort. The refreshed design enhances space utilization through modular layouts and compact multi-purpose furnishings, while incorporating vibrant color palettes and social-friendly public areas to foster a light, energetic ambiance. Continuing the signature design style of our Atour Light Hotels, Atour Light 3.3 offers more flexible and functional public spaces as well as refreshed in-room fixtures and configurations to guests, and a more cost-efficient hotel product model with optimized capital investment and operating expenditures to franchisees.

As of December 31, 2025, we had 201 Atour Light Hotels in operation with a total of 18,366 guest rooms. As of the same date, we also had 104 Atour Light Hotels under development with a total of 9,632 guest rooms.

*Upscale and Luxury Brands*

SAVHE Hotel

SAVHE, launched in October 2024, is an upscale hotel brand that focuses on “natural healing.” Guided by the brand ethos of “Oriental Serenity,” SAVHE creates deeply immersive experience across sleep, healing and wellness, revolutionizing the approach to guest care. As of December 31, 2025, we had three SAVHE hotels in operation with 487 rooms available and an ADR of RMB1,042.6 in 2025. As of the same date, we also had two SAVHE hotels under development with a total of 233 guest rooms.

It is designed to deliver a refined and sensory experience that integrates emotional wellness with sophisticated living. Drawing inspiration from rituals of rest and restoration, the hotel offers signature features such as personalized fragrance selection upon check-in and all-day dining with seasonal menus, and a sleep-optimized environment supported by our proprietary deep sleep products. Through an integration of room design, personalized services and deep sleep products, SAVHE redefines modern urban hospitality for business and leisure travelers seeking comfort, calm, and intentional living. Since its launch, SAVHE has been widely recognized for its thoughtful services and immersive stay experience and has become one of the most differentiated and highly regarded brands within our brand portfolio.

Atour S Hotel

We position Atour S as an upscale hotel brand that primarily serves high-end business and leisure travelers. It offers the same inspiring experience of a standard Atour Hotel, only better. We first introduced the Atour S brand in 2016. Since then, its network had been expanded to cover 32 cities across China as of December 31, 2025, mainly located in premium commercial districts in the downtown areas in top-tier cities in China, with an ADR of RMB530.8 in 2025.

Loyal to the best elements of local designs and cultures, Atour S is committed to setting the standard for a fully upgraded user experience for any discerning travelers, with more spacious and well designed rooms and top-quality amenities. Guest rooms typically have an area of 27 to 35 square meters, and public areas typically range from 650 to 1,000 square meters, considerably more spacious than those in a traditional Atour Hotel.

As of December 31, 2025, we had 89 Atour S Hotels with a total of 12,261 guest rooms. As of the same date, we also had 51 Atour S Hotels under development with a total of 6,512 guest rooms.

A.T. House

A.T. House is our first full-service luxury hotel brand, which aims to become a luxury lifestyle destination that appeals to discerning travelers seeking uniqueness in every aspect of their hotel experience. As of December 31, 2025, we had one A.T. House in Shanghai, with 214 rooms available and an ADR of RMB780.2 in 2025.

Defying the conventional norm of luxury, A.T. House is focused on creating and promoting a pulsating and design-driven lifestyle culture — inducing an air of creativity and adhering to our guests’ affinity for fashion, art, and contemporary culture. Guest rooms are larger than those in a standard Atour Hotel and come with a living area, bringing a sense of home to our guests. The public area is also more spacious than that in our standard Atour Hotel, and comes with two banquet halls, all-day dining, as well as other well-being amenities.

*Hotel Development*

Our manachise hotel operation model enables us to expand our hotel network in a less capital-intensive and more efficient manner. We also develop and operate leased hotels to increase our brand influence and set successful examples for our franchisee partners. As of December 31, 2025, we had 1,996 manachised hotels and 19 leased hotels. As of the same date, we had an additional 779 manachised hotels under development.

### *Hotel Management*

Our hotel 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 nationwide 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.

### *Hotel Reservations*

Guests can make hotel reservations primarily through our self-developed Atour mobile app and mini-programs and our cooperating OTA platforms and travel agencies. We have established business relationships with leading OTA platforms in China. The OTA platforms can obtain real-time hotel information and make hotel bookings through our central reservation system. We enter into framework cooperation agreements with the OTA platforms, with a term of typically one year, pursuant to which our hotels would offer hotel rooms to the OTA platforms for sale on their systems. The OTA platforms typically charge us a service fee based on a certain percentage of the revenue generated from the sale of hotel rooms through their platforms. For our franchised hotels, such service fee is paid by the respective franchisees. Our cooperation with OTA platforms allows us to market to a wider potential customer group and further enhance the occupancy rates of our hotels on a day-to-day basis.

### ***Our Retail Business***

As a leading lifestyle group, we extend our experience-driven business model and people-serving philosophy beyond hotel stays. We have strategically focused our retail business on the sleep category and developed our flagship brand, Atour Planet, which offers a curated range of sleep-related products such as pillows, comforters, and mattresses. As the core of our offerings under Atour Planet, our Deep Sleep series products are designed to enhance every dimension of the sleep experience and have played a pivotal role in shaping the brand image of Atour Planet in the market. Leveraging the success of our Deep Sleep series and ongoing product innovation, Atour Planet has established strong market recognition and a loyal customer base.

### *Our Products*

We offer a series of products under our Atour Planet brand, which target real and nuanced sleep pain points identified through our deep insights accumulated from hotel operations. Unlike traditional retailers that rely on broad SKU expansion, we strategically focus on developing a limited number of products addressing a wide range of sleep needs of different users. This focused approach allows us to drive growth through a few category-defining bestsellers. In 2023, 2024 and 2025, pillows and comforters are the primary categories of our retail product portfolio.

### *Atour Planet — Pillows*

Our pillow products are well designed to meet specific user needs, from cervical support to climate comfort, and are deeply rooted in insights derived from our customers' real sleep behaviors. The retail price of our pillow products typically ranges from RMB164 to RMB439 per unit.

### *Deep Sleep Memory Foam Pillow Pro Series*

The Deep Sleep Memory Foam Pillow Pro series is our signature pillow product, including three generations, Pro 1.0, Pro 2.0 and Pro 3.0. We launched Deep Sleep Memory Foam Pillow Pro 1.0 in 2023. Our flagship pillow product in 2024, Deep Sleep Memory Foam Pillow Pro 2.0, features a carefully engineered three-layer foam structure with a self-developed spring foam placed between a soft comfort layer and a firm support base as well as an R-shaped neck support structure that adapts to the natural curve of the neck. Both features enable the pillows to gently fill the gap between the user's neck and the pillow surface with the user's every movement—delicately supporting the user's sleep throughout the night.

In August 2025, we officially launched the latest Deep Sleep Memory Foam Pillow Pro 3.0. This product delivers multiple breakthrough upgrades including an innovative curve-fitting design and a partitioned support structure that better cradles the head and naturally fits the curvature of the neck and shoulders. The accompanying pillowcase uses a new weaving technique, which enhances breathability and moisture-wicking while keeping the pillow surface at a stable temperature.

### Other Pillow Products

In addition to the Deep Sleep Memory Foam Pillow Pro series, we offer a select range of pillows tailored to specific user preferences and demographics, including slow-rebound memory foam pillows, goose down pillows, travel pillows and children’s pillows, each addressing the core sleep needs of different consumers.

### Atour Planet — Comforters

Following the success of our pillow products, we have extended our pillow development methodology to comforters. Based on real user feedback and our extensive insights into customers’ sleep-related needs, our comforter products aim to address the subtle yet important discomforts that commonly impact sleep quality, such as night sweats, temperature fluctuations and bulky bedding structure. The retail price of our comforter products typically ranges from RMB299 to RMB1,099 per unit.

### Deep Sleep Thermo-Regulating Comforter Pro Series

Our Deep Sleep Thermo-Regulating Comforter Pro series is developed to address common but often overlooked sleep disruptions caused by temperature imbalance, humidity and lack of adaptability. Rooted in our people-serving philosophy, the series combines advanced materials and thoughtful construction to deliver consistent and hotel-quality sleep comfort across all seasons.

Our Deep Sleep Thermo-Regulating Comforter Pro series is designed for all-season adaptability and optimal body-temperature control. Its skin-friendly fabrics and hypoallergenic fill deliver a soft, breathable and moisture-wicking feel for year-round comfort. The cover-free, dual-layer modular construction can be detached or swapped to suit seasonal needs, while the PCM fiber blend dynamically absorbs and releases heat to maintain thermal balance throughout the night. The comforters are fully machine-washable and dryer-friendly, ensuring low- maintenance care. In addition, their flexible design supports both folding and hanging storage, allowing efficient use of space without compromising comfort or performance.

Our Deep Sleep Thermo-Regulating Comforter Pro series has been widely recognized by customers. The success of the comforter products has not only brought a new driver to our retail business but also evidenced our ability to replicate our development model across categories and continuously launch “blockbuster” products.

### Other Comforter Products

In addition to the Deep Sleep comforter series, we offer other options of comforters to comprehensively address various user needs, including antibacterial soy fiber all-season comforter and bi-color silk comforter.

### Atour Planet — Others

We have strategically expanded the Atour Planet portfolio to include a broader range of sleep-related essentials, covering not only pillows and comforters but also mattresses, fitted sheets, loungewear and other accessories. These products are designed to complement our core pillow and comforter products and address factors that affect sleep quality, reinforcing our position in the growing sleep economy and elevating our experience-driven retail business. Our continuously expanding deep sleep product portfolio comprehensively covers the diverse needs of customer home sleep micro-environment and demonstrates our capabilities to provide systematic solutions in the sleep segment.

### Product Design and Development

We adopt an experience-driven approach to product design and development, grounded in our deep understanding of customer behavior and needs across both hotel and retail settings.

Rooted in our people-serving philosophy, we design around “small but real discomforts” that commonly disrupt sleep, such as overheating, frequent turning and insufficient neck support. We combine insights from customer reviews, surveys and sleep behavior research to identify sleep issues and transform them into compelling product features. Particularly, we leverage proprietary digital tools, including AI-powered analysis system for customer reviews, to systematically track user reviews across our hotel network, e-commerce platforms and social media channels.

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Our product pipeline prioritizes functionality, user experience and long-term usage value. Instead of pursuing breadth through SKU expansion, we focus on creating a highly curated portfolio of bestsellers that solve real-life pain points across the sleep experience. By continuously monitoring market trends and leveraging real-time customer feedback, we are able to upgrade existing products and launch new ones that strengthen our brand image and customer loyalty.

Our design and development process follows a structured framework known as IDEA, which stands for insight, design, engaging and amplifying.

- *Insight.* We collect and analyze feedback from millions of hotel stays, online reviews and targeted customer surveys to uncover unmet sleep needs.
- *Design.* Leveraging both in-house and certified partner teams, we translate insights into concept sketches and user-centric prototypes, ensuring both functionality and aesthetic alignment with our brand.
- *Engaging.* We actively engage customers to build brand awareness and foster their understanding of our sleep-related products. Our marketing content is tailored to deliver the message that our sleep-related products are derived from our insights into consumers' real sleep needs and launched after thousands of hours of product testing, which positions our products as the intuitive and trusted choice for quality sleep.
- *Amplifying.* During the first eight weeks after the launch of a product, we monitor and collect customer feedback on a daily basis to refine product details, communication strategies and content materials to align with evolving customer preferences and strengthen our market positioning.

This end-to-end model allows us to build category-defining products that seamlessly extend the hotel experience into consumers' daily lives.

### *Manufacturing and Supply Chain Management*

We have a dedicated retail team and a comprehensive management system supporting the full spectrum of our retail business, from product development to after-sales customer service. We have established a comprehensive and e-commerce-focused user experience monitoring system for our retail brand "Atour Planet." The system is designed to track customers' reviews and feedback on our retail products, logistics and delivery, and after-sale services throughout their shopping journeys. We actively track customers' feedback and are committed to timely reach-outs to dissatisfied customers and resolving any issues.

Although we do not operate our own production lines, our in-house retail team plays a key role in material selection, production process design and quality control across our OEM network to ensure consistent product quality and user experience at scale. We adopt a data-driven inventory and fulfillment model, leveraging SKU-level demand forecasting to support a flexible logistics framework. This approach enables us to maintain a lean inventory profile while ensuring rapid response across our omni-channel retail network. We have also implemented an intelligent tracking system that provides full traceability of core SKUs, enhancing return efficiency and reinforcing customer confidence in product reliability.

### *Sales and Distribution*

We operate an integrated omni-channel sales and distribution network with a strategic focus on online channels to support the growth of our retail business. As of December 31, 2025, our sales and distribution network consisted of (i) online channels, including Tmall, JD.com, Douyin and other leading e-commerce platforms in China as well as our proprietary mobile app and mini-programs and (ii) our offline hotel network.

### Online Channels

We primarily sell retail products through or to leading third-party e-commerce platforms in China, such as Tmall, JD.com and Douyin. We have also developed a comprehensive online sales platform that integrates e-commerce functions into our mobile app and mini-programs. In 2023, 2024 and 2025, approximately 80.3%, 90.7% and 93.1% of GMV of our retail business was generated online, respectively. Through online channels, we generally sell products directly to end customers, which allows us to directly engage with a wide customer base, ensure data transparency and maintain full control over user experience, pricing and inventory.

### *Offline Channels*

In addition to online distribution, we have established a differentiated scenario-based retail model fully integrated into our hotel network. Guest rooms at our hotel are a fully immersive product experience space, allowing guests to explore and try our retail products during their stay, which in turn strengthens brand loyalty. We equip certain types of hotel rooms with our Atour Planet deep sleep products and allow guests to choose these products for a sleep trial as part of the APLUS service. Guests can personally experience our retail products during their stays at our hotels. In addition, all of our hotel lobbies come with a display area, where guests can view and select the deep sleep products. By offering various thoughtfully designed sleep-related products at the customers' choice in a hotel setting, we create a hotel environment optimized for rest and recovery and delivers sleep-centered experiential services to its hotel customers. In 2023, 2024 and 2025, approximately 19.7%, 9.3% and 6.9% of GMV of our retail business was generated from our offline channels, respectively.

### *Pricing and Return Policy*

We determine the pricing of our retail products considering various factors like functionality, design quality, emotional value and user experience. We maintain consistent price for the same product across all sales channels to ensure transparency and consumer trust. We may strategically use promotional campaigns and member-exclusive discounts to stimulate purchase without undermining perceived product value.

We offer a standard 7-day unconditional return policy for most retail products sold through online channels, in compliance with relevant e-commerce regulations in China. For key products such as pillows and comforters, we provide detailed size information and usage guidance to reduce mismatch-related returns. Returned items undergo quality inspection, and customers are refunded or allowed to exchange based on product condition and return reason. Our return policy is designed to strike a balance between user flexibility and operational efficiency, while protecting product hygiene standards for deeply personal items.

### **Our Loyalty Program**

#### *ACARD Loyalty Program*

Our ACARD loyalty program is a tier-based, fully digitized loyalty program. The ACARD members may earn loyalty points with each stay at our hotels and each purchase of our retail products and use such loyalty points to redeem rewards including coupons and lifestyle products. The ACARD members are also entitled to different classes of member benefits, privileges and rewards, including discounts of room rates, free breakfast, travel support and many more, corresponding to their membership tiers. We provide a special benefit to ACARD members booking through our Atour mobile app and mini-programs, under which any eligible post-booking rate reduction before check-out is automatically refunded or credited as points. Our ACARD members increased by 41.2% from 63.4 million as of December 31, 2023 to 89.5 million as of December 31, 2024, and further increased by 25.2% to 112.0 million as of December 31, 2025.

#### *Member Acquisition and Operation*

Guided by our experience-driven approach, we acquire and engage ACARD members through multiple channels. Guests are invited to enroll in our ACARD loyalty program upon check-in or via in-room touchpoints during their stay at our hotels, while users can register as ACARD members, track member benefits and access personalized promotions on our mobile app and mini programs. Following the integration of hotel and retail memberships, consumers purchasing our retail products can also directly join our ACARD loyalty program on our collaborating e-commerce platforms. In addition, we have partnered with selected brands in other industries and sectors, such as travel, fitness and online streaming, to introduce collaboration membership programs, which allow us to tap into adjacent customer bases and drive quality traffic into our ACARD membership program. Meanwhile, we adopt data-driven, tier-based engagement strategies to nurture member loyalty. Through personalized communication, dynamic benefit upgrades and member-exclusive initiatives such as seasonal promotions or sleep-focused campaigns, we enhance member stickiness across both hotel and retail businesses.

### *Upgrade and Integration*

We continuously engage our customers to enhance customer loyalty through our ACARD loyalty program. We have initiated a comprehensive upgrade of our ACARD membership ecosystem, seamlessly integrating membership identities and benefits across our hotel and retail businesses. Such integration reinforces the synergy between accommodation and retail experiences, and thereby, drives customer acquisition and enhances customer loyalty. The upgrade allows us to provide membership benefits to both hotel and retail members across different platforms, enabling us to create a closed-loop service experience. The ACARD members can now enjoy exclusive discounts on accommodations while accessing special retail promotions, enhancing overall customer satisfaction and loyalty.

#### *APLUS Customer Service Program*

To further improve user experience and enhance customer loyalty, we have introduced the APLUS customer service program. Through the APLUS program, hotel guests can customize their stay by selecting from a curated suite of services that can be pre-arranged prior to their arrival. As of December 31, 2025, our APLUS program offers over 20 personalized services to further elevate user experience, including pillow trial, facial cleansing kit, disposable clothing and good-night milk, among others. Since its launch, our APLUS program has been widely recognized among our hotel guests.

### **Technology and Digitalization**

Driven by our commitment to user experience and as part of our strategy to enhance operational efficiency, we have built a fully cloud-based digital management system that covers all core business functions. According to Frost & Sullivan, we were one of the first hoteliers in the hospitality industry to adopt a fully cloud-based digital management system in China.

We have successfully developed and implemented a wide arrange of IT systems that cover all core business functions. On top of these IT systems, we have been dedicated to utilizing advanced technologies to support our business. In this regard, we have applied an AI-powered analysis system for customer reviews to further enhance our experience-driven model, and a data-driven site selection tool to optimize our manachise model.

#### *Atour Mobile App and Mini-programs*

Our self-developed Atour mobile app and mini-programs serve as a digital channel, enhancing CRS functionality, streamlining the check-in experience, and strengthening member engagement and retention. Through the app, guests can request in-room amenities, enjoying a contact-free and efficient experience, along with access to the APLUS personalized service. Our ACARD membership ecosystem is also embedded within the app, offering a tiered loyalty program where guests accumulate status through their stays, unlocking exclusive benefits such as complimentary breakfast, room upgrades, and late check-out privileges. The flexible point redemption system allows members to use accumulated points for both hotel stays and retail purchases. In addition, the app supports mobile check-out, eliminating traditional front desk procedures for a seamless experience. Users can also access real-time nationwide hotel availability, apply room filters, and view dynamic pricing.

We also operate an independent and dedicated mini-program, “Atour Planet”, for our retail business. Retail customers can access “Atour Planet” mini-program directly or be redirected seamlessly from our Atour mobile app or mini-program for hotel services, enabling integrated access to both hotel and retail offerings within our digital ecosystem. Through “Atour Planet” mini-program, customers can browse and purchase our retail products, access promotional campaigns and participate in interactive brand activities.

### ***Central Reservation System (CRS)***

We have adopted a self-developed, cloud-based, all-channel, real-time CRS available 24 hours a day, seven days a week. Our CRS is fully integrated with all of our booking channels, including mobile app, mini programs, third-party platforms and other reservation partners. This effectively allows us to manage room inventories, prices and reservations instantly across all major channels. The real-time inventory management module of the system improves the efficiency of reservations, enhances customer satisfaction and maximizes profitability. The price management module allows us to set up rates at different levels (including property, market segments, booking channels and hotel brands) and distributes price adjustments and promotional offers to all major channels simultaneously, which greatly increases efficiency in managing all booking channels and enhances our ability to optimize total profit. In addition, the CRS comes with an embedded business intelligence module, which allows hotel staff to monitor and analyze the core operational metrics and make well-informed business decisions in time. In 2023, 2024 and 2025, room nights reserved through our core CRS channels, including total room nights sold (i) through our own channels to our individual members and (ii) to corporate customers, accounted for 63.4%, 63.0% and 62.9% of our total room nights for the same periods, respectively. Such a high percentage of booking through CRS enables us to achieve higher operating efficiency compared to hotels that rely heavily on travel intermediaries such as OTA platforms.

### ***Customer Relationship Management System (CRM)***

Our self-developed CRM serves multiple critical functions. It enables seamless customer lifecycle management from initial acquisition to long-term retention, while also automating sales and marketing processes to improve operational efficiency. The system integrates customer service functions to enhance guest interactions and ensures that every touchpoint aligns with our service standards. Its business value lies in improving customer loyalty, increasing repeat bookings, optimizing operations, reducing operational costs, driving revenue growth, and ensuring regulatory compliance.

### ***Property Management System (PMS)***

Our self-developed PMS enables each hotel within the network to accurately and cost-effectively manage its room inventory and reservations on its own in real time. It also allows the submission of price adjustment requests through an Internet browser, which in turn optimizes each hotel's occupancy rate, ADR and RevPAR. The system is designed to enhance our profitability and competitiveness by integrating with the CRS and CRM. The main functions of the PMS cover the full lifecycle of accommodation orders management, including pre-stay, during-stay, and post-stay processes. Before check-in, it manages room status and reservation orders to ensure operational readiness, including room availability, pricing adjustments, and maintenance scheduling. During the stay, the system handles order processing, room assignments, task coordination, billing, and night audits. After check-out, it manages guest profile data, corporate account handling, and detailed financial reporting. The PMS enables us to more effectively assess the performance of our hotels in a timely manner, efficiently allocate resources, and identify and refine specific market and sales targets.

### ***Hotel Lifecycle Management System (HLM)***

Our self-developed HLM is an end-to-end digital management platform that covers the full lifecycle of hotel development, from site evaluation, approval, contract signing, pre-opening execution (including standard implementation, construction progress tracking and procurement coordination), to opening procedures (such as license and permit processing, staff training and opening countdown). With standardized workflows, visual dashboards and transparent data integration, HLM systematically addresses the pain points in hotel development such as prolonged cycles, fragmented information and uncontrolled costs, and significantly improves the efficiency of opening new hotels while ensuring the consistent quality standard in newly opened hotels, which maximizes the value of our assets.

### ***Intelligent Tools***

We have adopted and applied several intelligent tools in business operations to improve customer satisfaction while enhancing operational efficiency. For example, we adopted an AI-powered semantic analysis system to extract insights from customers' reviews, which helps identify customer behavioral trends, refine features of its services and products and enhance personalized experience. We have also adopted self-developed data driven technologies to assist franchisees with hotel site selection, and an automated decision reporting system to optimize the hotel development process.

## **Data Privacy and Protection**

We place a strong emphasis on data security. We have in place extensive policies, processes, network architecture, and software to protect customer data.

We collect personal information of our guests customarily required for their hotel booking, check-ins and check-outs, including their names, ID numbers and mobile phone numbers. In addition, we collect personal information of our loyalty members to provide membership services. For instance, we collect members' mobile phone numbers to facilitate their completion of membership registration; we collect members' ID information to bind their identity to their membership accounts, and based on this, provide membership benefits such as points accumulation. Members may also voluntarily provide us with personal information not required for registration, such as gender and date of birth, to enjoy membership services such as birthday privileges. We also collect consumers' personal information under our retail business operations — for example, we collect consumers' contact name, phone number, and delivery address to fulfill product delivery, complete order transactions, and provide customer service. We stored personal information in data centers deployed within the territory of the PRC, and we did not have any cross-border transfer of personal information during our daily business operations. To ensure the confidentiality and integrity of our guests' data, we maintain comprehensive and rigorous data security measures. We de-identify and encrypt confidential personal information and take other technological measures to ensure the secure processing, transmission and usage of data. We have also established stringent internal protocols under which we grant classified access to confidential personal data only to limited employees with strictly defined and layered access authorization. Our manachised hotels use our operation systems to collect the guests' data, and the data are then stored on the highly secured server that we rent from third-party cloud service providers. Only authorized staff of our manachised hotels can read and record the data, and our systems keep records of their access to the data. We have also implemented measures restricting data access and prohibiting data exporting for those hotels.

In the course of our daily business operations, our franchisees use PMS and other relevant systems uniformly operated and maintained by us to process guests' order data. We share guests' order data with franchisees through such systems in order to ensure that they can assist guests in completing service processes including hotel booking, check-in, check-out and other related processes. We have adopted strict data security and internal control measures to safeguard the security of personal information during such sharing. For instance, we require franchisees to comply with data security and personal information protection obligations through contractual clauses such as confidentiality agreements and data processing agreements signed with them. Furthermore, the front-end of our PMS system has implemented desensitization processing for personal information such as guests' names, phone numbers, and ID details, and is equipped with strict access control mechanisms, which ensures that only a limited number of authorized personnel of the franchisees can access guests' personal information when necessary for business operations.

We have complied with the applicable laws and regulations in PRC relating to data security, personal information and privacy protection in all material aspects. Up to the date of this annual report, (i) we have not experienced any material incident of data leakage, data loss or breach incidents, and (ii) we had not been subject to (a) any material administrative penalties, or other sanctions imposed by any relevant competent authorities in respect of cybersecurity, data security and personal information protection, and (b) any infringement of third-party rights, and there were no material disputes, conflicts, litigation, arbitration, or claims in connection therewith. See "Item 3. Key Information — 3.D. Risk Factors — Risks Related to Our Business and Industry — We may be liable for improper collection, use or appropriation of personal information provided by our customers."

## **Intellectual Property**

We rely on a combination of patent, copyright, trade secret and trademark laws as well as contractual restrictions such as confidentiality agreements and license agreements to protect our intellectual property. We have implemented an intellectual property management policy, which covers the registration, maintenance, enforcement and protection of our intellectual property rights. Our employees are subject to confidentiality and proprietary information obligations under our internal policies, while consultants and other third parties are required to comply with confidentiality and proprietary information requirements as set forth in their engagement or other relevant agreements with us. As of December 31, 2025, we had 42 issued patents, 31 pending patent applications, 79 registered copyrights, 1,612 registered trademarks (including but not limited to "Atour," "Atour Light," and "Atour Planet"), and 65 domain names under our name in China. As of the same date, we had 102 registered trademarks overseas. 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 — 3.D. Risk Factors — Risks Related to Our Business and Industry — Any failure to protect our trademarks, patents and other intellectual property rights could have a negative impact on our business."

## **Branding and Marketing**

Brand building lies at the heart of our marketing efforts. Our marketing strategy is designed to enhance our brand recognition and strengthen customer loyalty. Anchored in our experience-driven business model and people-serving philosophy, we strategically focus on our long-term positioning as a lifestyle brand, aiming to build and differentiate the brand image of each of our hotel and retail products.

We focus our marketing campaigns on both online platforms and offline channels, enabling broader and more targeted audience engagement. We have created a large volume of sleep-related content on leading social media platforms in China to build brand recognition in online communities and also worked with key opinion influencers to increase exposure and gain positive word-of-mouth referrals. For our hotel business, we target the distinct guest segments served by each of our hotel brands and implement branding strategies based on data insights, customer behavior and touchpoint design. We have strengthened our marketing strategies for retail business by developing and launching blockbuster products. These are supported by themed campaigns for specific contexts that reinforce the link between our products and consumers' emotional needs. In addition, we are actively exploring new marketing approaches. We held our first "Deep Sleep Conference" in Lijiang, Yunnan Province in October 2024. The "Deep Sleep Conference" was a well-orchestrated marketing campaign that blended immersive experiences, product storytelling, and brand strategy. In the future, we plan to make "Deep Sleep Conference" an ongoing brand-building initiative and develop it as a platform to communicate our product philosophy, showcase our latest research and development achievements, share our exploration into the science of deep sleep and introduce new sleep-related products.

## **Supply Chain Management**

To ensure operational consistency and mitigate supply chain risks, we have deployed a proprietary digital supply chain system that enables end-to-end online management across procurement, inventory and logistics. The system integrates several quality management tools, including on-site data entry modules, remote analytics, and real-time monitoring dashboards powered by business intelligence and big data technologies. These tools allow us to track supplier performance metrics, monitor defect rates by batch, and conduct variance analysis across different production lines and locations.

We have also implemented an intelligent tracking system that enables full traceability of core SKUs from production through to final delivery, which significantly improves return handling, strengthens quality assurance, and enhances supplier accountability.

## **Production**

We outsourced the production of hotel supplies, construction materials and our retail products to third party manufacturers. We procure hotel supplies and construction materials directly from qualified suppliers, and adopt an original equipment manufacturer ("OEM") model for our retail products, cooperating with experienced manufacturers in China with extensive expertise in the retail sector. We operate under an asset-light production model and do not have our own production lines.

### *Hotel Business*

For hotel-related goods, including linens, bedding, in-room amenities, operating supplies and equipment, and construction and renovation materials, we primarily adopt a traditional direct procurement model. We select suppliers for hotel business through tendering or price comparison procedures, and conduct supplier qualification reviews and on-site inspections before entering into agreements with selected suppliers. Pursuant to such agreements, we then place procurement orders through our centralized system. We assign purchase orders automatically or manually to approved suppliers only, and we require each hotel in our network to conduct final acceptance upon delivery. Through this process, we ensure compliance with our internal procurement guidelines, maintain consistent quality and timely delivery of hotel supplies, and reduce the risks of supply disruption or construction delays.

### *Retail Business*

For our retail products, we leverage our strong in-house design and product development capabilities to work closely with OEM partners throughout the production process. Our product design team is actively involved in material selection, ergonomic design, production process specification, tooling development and quality benchmarking to ensure that our products maintain a high degree of consistency in terms of design, performance and user experience across different manufacturers. To facilitate standardized and scalable production, we provide each OEM partner with detailed standard operating procedures (SOPs), technical specifications and reference samples, and conduct both in-process and post-production inspections, including regular on-site audits to verify compliance with our production requirements and quality standards.

### ***Quality Control***

We have stringent quality assurance and control procedures in place to ensure supplier compliance with our product safety and quality standards. All suppliers are required to undergo on-boarding procedures with a rigorous quality screening process before we begin working with them. In addition, our framework agreements with suppliers have clauses that ensure a baseline quality of the products produced by the suppliers, including those related to technical specification, quality specification, inspection standards and defective product handling.

Upon receipt of product shipments, we conduct inspections on appearance, quantity and specifications in accordance with our SOPs. For hotel-related goods, each hotel carries out inspections before acceptance. For retail products, our designated warehouse acceptance personnel perform the inspections. Our quality control teams also conduct regular site visits to suppliers' production facilities to assess compliance with our operational standards and verify the condition of equipment, production environments and finished goods.

### ***Retail Inventory Management***

For our retail business, we operate a centralized, data-driven system that integrates demand forecasting, procurement and warehousing to optimize inventory turnover and product traceability. We generate monthly rolling forecasts at the SKU level based on real-time omni-channel sales data. Based on these forecasts, we submit procurement applications and place purchase orders with, or issue customized processing contracts to, our OEM partners. Once the production of retail products we ordered is completed, we and our OEM partners conduct multi-step quality inspections before admitting the products into third-party warehouses. To efficiently manage the inventory level, we have deployed a warehouse management system that enables us to monitor inventory turnover, in-transit stock and sell-through performance, maintain safety stock for key SKUs, and dynamically adjust replenishment based on real-time demand. We have also implemented end-to-end SKU traceability, covering factory production, warehouse delivery and returns, thereby enhancing supplier accountability and return efficiency.

### ***Distribution and Delivery***

Our distribution and delivery system is designed to support timely and demand- responsive fulfillment across both our hotel and retail businesses. Suppliers are generally responsible for delivering products either to our warehouses or, for certain hotel-related goods, directly to hotel sites, depending on the order type and contractual arrangement.

For hotel business, procurement of construction materials and routine replenishment of operational supplies is generally made directly from suppliers to our hotels in accordance with established replenishment schedules and usage thresholds.

For our retail business, we operate a distribution and delivery network supported by four regional warehouses. Inbound shipments are allocated to designated warehouses based on sales forecasts, and orders are dispatched from the warehouse nearest to the end customers or points of sale to ensure timely fulfilment. This arrangement allows us to reduce logistics costs and efficiently support both online and offline sales channels. For online orders, retail products are shipped directly from our warehouses to end customers, while for offline channels, goods are delivered to our hotels or other points of sale in accordance with our arrangements with franchisees and channel partners.

To enhance logistics transparency and service quality, we have implemented digital tracking functions for selected retail SKUs. These tools enable greater visibility over the movement of goods, assist with exception handling, and support coordination between internal teams and logistics service providers.

## **Our Environmental, Social and Governance (ESG) Initiatives**

We place significant emphasis on sustainable development, incorporating the principles of environmental, social and governance (“ESG”) into our corporate mission of “creating an intimate ambiance where people can warmly connect.” We have implemented six ESG commitments, namely “responsible governance, customer first, growing with employees, sharing values, safeguarding nature and staying true to original aspirations.”

### ***ESG Governance***

To support our sustainable development, we have established a three-tier ESG governance structure, consisting of our board of directors, an executive committee, and an ESG working group. Our board of directors serves as the highest supervisory body for our ESG governance, overseeing all ESG-related matters, providing supervision and guidance, approving ESG-related policies, and evaluating ESG performance. The executive committee is directly accountable for our ESG initiatives and responsible for strategic planning, goal assessment, and risk management, including water and energy management strategies and performance. The ESG working group coordinates ESG-related works across departments and business units focusing on project planning, overall coordination, and implementation of ESG initiatives.

In order to minimize the environmental impact of our operations and actively fulfill our environmental protection responsibilities, we have also implemented an environmental policy as the guiding framework for our environmental initiatives.

### ***Environmental Protection***

We deeply integrate the concept of sustainable development into hotel operations and retail business, putting environmental protection responsibilities into practice through concrete actions. We require all business departments to stay abreast of updates and changes in relevant environmental regulations to ensure full compliance in all operational activities. In addition, we conduct regular performance assessments of environmental management practices across departments. For any identified issues, we promptly implement corrective measures and continuously improve our environmental compliance management.

#### *Eco-friendly Hotel Operation*

We integrate holistic environmental management into every aspect of our hotel operations. From the initial design and material procurement stages, we prioritize sustainable and durable building materials, and employ modular construction methods to minimize the environmental impacts on our projects. Prior to opening, each hotel undergoes stringent testing across key environmental indicators to ensure full compliance with national and local environmental regulations. Throughout our daily operations, we maintain rigorous environmental management across key areas to ensure systematic and effective implementation. In terms of energy consumption, we have installed high-efficiency equipment across our hotels and continuously monitor and analyze energy usage data. Based on such analysis, we implement targeted improvements, including equipment upgrades and operational optimization, to enhance energy efficiency. We are also actively introducing solar power generation systems to facilitate the transition toward renewable energy sources. With respect to water resources, we have equipped our hotels with water-saving fixtures and implemented routine maintenance and inspection programs for water-related equipment and pipelines to prevent leaks and minimize water loss. Water usage is accurately metered and monitored in real time to reduce waste. In addition, we use environmentally compliant cleaning agents and treat wastewater in strict accordance with applicable national regulations. For waste management, we have established a comprehensive waste sorting system across our hotels, including standardized temporary storage of different waste categories. We engage qualified third parties or local municipal sanitation authorities for the sorting and disposal of waste, ensuring compliance with all applicable regulatory requirements.

Guided by the principle of green development, we continue to explore environment-friendly development paths by integrating sustainability into every business practice, from product design, selection of building materials, to equipment procurement and the development of consumables.

We insist on promoting the use of modular design in our hotel business, increasing the proportion of modular design in every hotel product models. By integrating energy saving and low-carbon concepts from the outset, we outline our practical actions to promote and popularize green construction in the hotel industry. Our design approach follows the principle of “80% standardization + 20% personalization,” ensuring consistency in the overall design style while allowing for customization based on individual property conditions and local culture. Modular design and assembly play an important role in improving construction efficiency and effectively mitigating environmental impact within the hotel industry.

We also prioritize the environmental sustainability and durability of building materials and are committed to sourcing high quality, cost-effective options. Through our supply chain purchasing platform, Atour Market, we have successfully introduced and promoted a variety of environmentally friendly building materials, including bamboo fiber wallcovering materials and ENF-grade eco-friendly wall panels, across all our hotels. The bamboo fiber wallcovering materials adopted at our hotels have a formaldehyde emission level of less than 0.1 mg/L, significantly exceeding China’s highest environmental protection standard (0.5 mg/L). We will continue to explore and develop new sustainable materials.

With these eco-friendly offerings we are well-positioned to deliver a greener and more exceptional accommodation experience to customers.

#### *Green Retail Products*

We have implemented comprehensive green control for our retail business. In terms of raw materials, we prioritize the use of eco-friendly materials whenever possible and regularly audit the environmental performance of our raw material suppliers to ensure strict compliance with environmental standards throughout the production process. In terms of packaging, we actively adopt recyclable and biodegradable materials and work closely with suppliers to develop lightweight designs that significantly reduce packaging material usage.

Our retail business also exemplifies our commitment to sustainable development. We use sustainable materials in a number of Atour Planet products to optimize the package design and improve the “recyclability” of these products. While delivering comfort and warmth to customers, we remain mindful of minimizing environmental impact throughout the production and usage process. In material selection for Atour Planet products, we adhere to strict sustainability principles, prioritizing the use of environmentally friendly materials. For example, one of our blockbuster products, the Deep Sleep Thermo-Regulating Comforter Pro series, uses Naia™ Acetate Fiber (made from wood pulp in sustainably managed forests and plantations) and EcoCosy Cellulosic Fiber (derived from natural wood sources harvested from planted forests) in both the moisture-wicking layer and the skin adhesive fabric. Both materials are bio-based cellulose fibers, which are natural, safe and skin-friendly and have also been certified by several external authorities.

#### **Social Responsibility**

##### *Public Welfare and Social Contributions*

We are also committed to giving back to our society and communities. Yaduo village served as an inspiration for establishing our Atour Group. Our management team returned to Yaduo Village in 2017 and decided to uplift the village via the development of the tea industry. In 2018, we partnered with the local government to establish a dedicated tea farmers’ cooperative and pioneered a “Tea Farmer + Cooperative + Enterprise” business model to address tea sales challenges. Since then, all our hotels have been offering complimentary “Atour Tea” in certain room types to guests during their stay. Meanwhile, we have also made “Atour Tea” available through our online retail channels. In 2019, we established a standardized tea production base in Yaduo Village, following a standard factory model. This base enhanced production standards, created more job opportunities, and helped to lifting Yaduo village out of poverty. As of December 31, 2025, the tea plantation area covered approximately 2,800 acres. The cumulative purchase of finished tea leaves exceeded 318,000 kilograms, with a total value exceeding RMB76 million. Such initiatives not only help increase income of villagers in Yaduo Village and surrounding areas, but also extends warmth and the power of our original spirit to every customer.

While promoting the economic and cultural development of Yaduo village, we also aimed to contribute to the region’s ecological and environmental protection. Yaduo Village, nestled against the Gaoligong Mountains, is home to the Skywalker Hoolock Gibbon, a rare and endangered species unique to China. We launched the “Yuan Meng Project” in partnership with a nonprofit organization to help protect the critically endangered Skywalker Hoolock Gibbon. We are calling on the public to join us in safeguarding this endangered species through a series of campaigns, leveraging our brand influence to encourage greater participation in biodiversity conservation. We also launched charity merchandise sales on our mobile app and mini-programs, with all profits donated to gibbon conservation efforts.

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In 2025, the Atour Charity Foundation was officially established. Committed to supporting disadvantaged groups, advancing public welfare, and fulfilling our corporate social responsibility, the Foundation serves as a platform for spreading humanistic care and uniting positive forces for good. It currently oversees three projects: *Love Fitting Rooms*, which continues to provide seasonal clothing to residents of Yaduo Village and neighboring communities; *Reading Under the Moon Mountain*, offering educational support to outstanding students from financially disadvantaged families in Yaduo Village and Shiyueliang Town; and *Atour Community Care Station*, dedicated to delivering daily care and assistance to local elderly individuals living alone. Through the Foundation, Atour transforms goodwill into lasting support, turning one-time donations into sustained impact and ensuring that warmth and care truly reach those in need.

### *Employee Support*

We view our employees as partners who walk alongside us, moving forward together. We are committed to treating them with respect, care, and support. While ensuring the protection of their basic rights and interests, we place strong emphasis on employee career development and well-being. Through various initiatives, such as training, honor-based incentives, and welfare benefits, we strive to foster the mutual growth of both our employees and the organization, promoting our culture of care and warmth.

### **Competition**

China's hotel industry is highly fragmented, comprising a large number of independent hotels alongside a relatively small number of hotel chains. Our principal competitors for the hotel business include other branded and independent hotel operating companies, national and international hotel brands and ownership companies. Particularly, our properties and brands compete with other hotels, resorts, motels and inns in their respective geographic markets or customer segments, including facilities owned by local interests, individuals, national and international chains, institutions, and investment and pension funds.

We also compete in China's sleep-related home textile market, the largest sector of the sleep-related product retail industry. Our principal competitors for the retail business include other retailers of the sleep-related products that we are offering, such as home textile retailers.

We believe that (i) our position as a multi-branded manager and franchisor of hotels, combined with our growing presence in the retail industry, helps us succeed as one of the largest and most innovative hospitality companies in China, (ii) our retail business is positioned favorably in market competition as a result of our strong market research, product development, supply chain management, marketing and customer service capabilities, and (iii) our ability to integrate retail into our hotel experience — allowing guests to try and purchase products in an immersive setting — provides us with a unique advantage over traditional retail brands.

### **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 in accordance with our standards, including but not limited to property, employer's liability and public liability insurance, as well as construction-related insurance prior to hotel opening, which is in line with industry practice. Such insurance policies must remain valid throughout the operation period of any franchised hotel, and the franchisees are required to name us as an additional insured party and provide proof of coverage upon request to ensure continuous protection of both the franchisees' and our interests. For our leased hotels, we maintain comprehensive insurance coverage throughout the construction and operation stages, including but not limited to construction all-risk, property all-risk, employer's liability and public liability insurance, fidelity insurance, business interruption insurance and cash insurance. Moreover, 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. As a result, our Directors are of the view that our insurance coverage is adequate and sufficient to cover the major risks associated with our business operations. 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, our financial condition may be materially and adversely affected. See "Item 3. Key Information — 3.D. Risk Factors — Risks Related to Our Business and Industry — We have limited insurance coverage."

### **Regulation**

This section sets forth a summary of the principal PRC laws and regulations relevant to our business and operations in China.

The hospitality industry in China is subject to a number of laws and regulations, including laws and regulations relating specifically to hotel operation and management and commercial franchising, as well as those relating to environmental and consumer protection. The principal regulations governing foreign ownership of hotel businesses in the PRC are the Special Administrative Measures (Negative List) for the Access of Foreign Investment (Edition 2024) issued on September 6, 2024, which became effective on November 1, 2024 and the Industry Guidelines on Encouraged Foreign Investment (Edition 2025) issued on December 15, 2025, which became effective as of February 1, 2026, both of which were promulgated by the PRC Ministry of Commerce, or the MOFCOM, and the National Development and Reform Commission, or the NRDC. Pursuant to these regulations, there are no restrictions on foreign investment in limited-service 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 hospitality 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 PRC laws and regulations 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 Hospitality Industry in November 1987, which were amended in January 2011, November 2020 and March 2022, 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 Hospitality 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 Hospitality 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 and amended in October 2012 and June 2025, and various local regulations, hotels failing to obtain the special industry license may be subject to warnings, orders to suspend or cease continuing business operations, confiscations of illegal gains or fines. Operators of hotel businesses who have obtained the special industry license but violate applicable administrative regulations may also be subject to revocation of such licenses in serious circumstances.

The State Council promulgated the Administrative Regulations on Sanitation of Public Places in April 1987 and amended it in February 2016, April 2019 and 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 1991, the Ministry of Health promulgated the Implementation Rules of the Administrative Regulations on Sanitation of Public Places, which was most recently amended in December 2017, according to which hotel operators shall establish sanitation management system and keep records of sanitation management. The Standing Committee of the National People's Congress, or the SCNPC, enacted the Food Safety Law of the PRC in February 2009, which was most recently amended in April 2021 and September 2025, according to which any hotel that provides food must obtain a license. In June 2023, the State Administration for Market Regulation promulgated the Administrative Measures for Food Operation Licensing and Record-filing, which came into effect in December 2023 and replaced the Administrative Measures on Administration of Food Business Licensing which was enacted in August 2015 and amended in November 2017. According to the Administrative Measures for Food Operation Licensing and Record-Filing, any entity involving sales of food or food services must obtain a food business license. 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.

The Fire Prevention Law of the PRC, promulgated in April 1998 and amended in October 2008, April 2019 and April 2021, respectively, by the SCNPC, and the Provisions on Supervision and Inspection on Fire Prevention and Control, amended and promulgated on April 30, 2009 and effective as of May 1, 2009 and most recently amended on July 17, 2012 by the Ministry of Public Security, and the Interim Provisions on Administration of Review and Examination of Fire Prevention Design of Construction Projects promulgated on April 1, 2020, effective as of June 1, 2020 and amended on August 21, 2023 by the Ministry of Housing and Urban-rural Construction 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 development 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 development 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.

On November 27, 2023, the General Administration of Quality Supervision, Inspection and Quarantine and Standardization Administration approved and issued Classification and Accreditation for Star-rated Tourist Hotels (GB/T14308-2023), which became effective on March 1, 2024. Under Classification and Accreditation for Star-rated Tourist Hotels, 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 five years.

On September 21, 2012, the Ministry of Commerce 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 shall 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 SCNPC 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 Leasing***

Under the Law of the PRC on Administration of Urban Real Estate promulgated by the SCNPC, 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 may be subordinated to an interested third party acting in good faith.

On May 28, 2020, the Civil Code of the People's Republic of China (the "Civil Code") was promulgated by the National People's Congress, and the Civil Code came into effect on January 1, 2021 and replaced the Property Law, the Contract Law of the PRC and several other basic civil laws in the PRC. According to the Civil Code, 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. Where a lessor knows or should have known of the sublease made by a lessee but fails to raise any objection within six months, the lessor is deemed to have consented to the sublease. Pursuant to the Civil Code, where a mortgagor leases the mortgaged property before the mortgage contract is concluded, 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 Land or Property Use***

In June 1986, the SCNPC promulgated the Land Administration Law of the PRC, which was last amended on August 26, 2019 and became effective on January 1, 2020. In January 1991, the State Council published Rules for Implementation of the Land Administration Law of the PRC which was last amended on July 2, 2021 and came into effect on September 1, 2021. According to the regulations, enterprises and individuals shall use land strictly in accordance with the purpose stipulated in the land use master plan. Changes to the purpose of the use of land in accordance with laws must be supported by approval documents, and an application for the change of registration must be submitted to the land administration department of the people's government above county level in which the land is situated. The change registration shall be carried out by the original land registration administrative authority in accordance with law. If the enterprises or individuals do not use state-owned land in accordance with the approved land use purpose, the natural resources administrative department of the people's government at county level and above shall order the party concerned to hand over the land.

### ***Regulations on Consumer Protection***

In October 1993, the SCNPC 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 amended on October 25, 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 discussed above. These liabilities include ceasing infringement, 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.

### ***Regulations on Environmental Protection***

In February 2012, the SCNPC 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 SCNPC on December 26, 1989 and last amended on April 24, 2014, the Environmental Impact Assessment Law of the PRC promulgated by the SCNPC on October 28, 2002 and last amended on December 29, 2018, and the Administrative Regulations on Environmental Protection for Construction Projects promulgated by the State Council on November 29, 1998 and amended on July 16, 2017 and came into effect on October 1, 2017, hotels located in environmental sensitive areas shall submit a Report Form on Environmental Impact Assessment to competent environmental protection authorities for approvals before commencing the construction. Pursuant to the Environmental Impact Assessment Law of the PRC, any hotel failing to obtain the approval of the Report/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.

### ***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 amended and promulgated by the MOFCOM on December 12, 2011, became effective on February 1, 2012 and was most recently amended on December 29, 2023, and the newly amended Administrative Measures on Information Disclosure of Commercial Franchises, which was promulgated 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 within China. 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 non-compliance 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 non - compliance may be bulletined.

According to the Manual of Guidance on Administration for Foreign Investment Access (Edition 2008) promulgated by the MOFCOM in December 2008, if an existing foreign-invested company wishes to operate a franchise in China, it must apply to the MOFCOM or its local counterparts and must include “engaging in commercial activities by way of franchise” in its business scope.

### ***Regulations on Intellectual Property Rights***

The PRC Copyright Law, which took effect on June 1, 1991 and was subsequently amended on October 27, 2001, on February 26, 2010 and on November 11, 2020, respectively, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction. The Copyright Law extends copyright protection to Internet activities, products disseminated over the Internet and software products. In addition, the Copyright Law provides for a voluntary registration system administered by the China Copyright Protection Center. According to the Copyright Law, an infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of copyright owner. Infringers of copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

Pursuant to the Computer Software Protection Regulations promulgated by the State Council on June 4, 1991 and subsequently amended on December 20, 2001 and on January 30, 2013, Chinese citizens, legal persons and other organizations shall enjoy copyright on software they develop, regardless of whether the software is released publicly. Software copyright commences from the date on which the development of the software is completed. The protection period for software copyright of a legal person or other organizations shall be 50 years, concluding on December 31 of the 50th year after the software’s initial release. The software copyright owner may go through the registration formalities with a software registration authority recognized by the State Council’s copyright administrative department. The software copyright owner may authorize others to exercise that copyright and is entitled to receive remuneration.

Both the Trademark Law of the PRC adopted by the SCNPC on August 23, 1982 and last amended on April 23, 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 and trade names. The National Intellectual Property Administration (Trademark Office) 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 license agreements must be filed with the Trademark Office.

According to the Administrative Measures on Internet Domain Names promulgated by the Ministry of Industry and Information Technology of PRC on August 24, 2017 and took effect on November 1, 2017. The registration of domain names in PRC is on a “first-apply-first-registration” basis. A domain name applicant will become the domain name holder upon the completion of the application procedure.

Pursuant to the PRC Patent Law which was promulgated by the SCNPC on March 12, 1984 and amended on August 25, 2000, on December 27, 2008 and on October 17, 2020, and its implementation rules, once a patent for an invention or utility model has been granted, unless otherwise provided by the Patent Law, no entity or individual may use the patent, patented product or patented process for production or business purposes without the authorization of the patent owner. Once a patent has been granted for a design, no entity or individual may manufacture, sell or import any product containing the patented design without the permission of the patent owner. If a patent is found to have been infringed, the infringer must, in accordance with relevant regulations, cease such infringement, take remedial action and pay damages.

### ***Regulations on Taxation***

According to the Enterprise Income Tax Law of the PRC, or the EIT Law, which was promulgated on March 16, 2007, and came into effect on January 1, 2008 and was amended by the SCNPC on February 24, 2017 and December 29, 2018, and the Implementation Regulations on the Enterprise Income Tax Law, which was promulgated by the State Council on December 6, 2007 and came into effect on January 1, 2008, and was amended by the State Council on December 6, 2024 and came into effect on January 20, 2025, a uniform income tax rate of 25% will be applied to domestic enterprises, foreign-invested enterprises. These enterprises are classified as either resident enterprises or nonresident enterprises. Besides enterprises established within the PRC, enterprises established in accordance with the laws of other judicial districts whose “de facto management bodies” are within the PRC are considered “resident enterprises” and subject to the uniform 25% enterprise income tax rate for their global income. A nonresident enterprise refers to an entity established under foreign law whose “de facto management bodies” are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC. An income tax rate of 10% will normally be applicable to dividends declared to or any other gains realized on the transfer of shares by non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or that 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 are derived from sources within the PRC.

According to the Arrangement for the Avoidance of Double Taxation and Tax Evasion between Mainland of China and Hong Kong entered into between Chinese Mainland and the Hong Kong Special Administrative Region on August 21, 2006, if the non-PRC parent company of a PRC enterprise is a Hong Kong resident which directly owns 25% or more of the equity interest of the PRC foreign-invested enterprise which pays the dividends and interests, the 10% withholding tax rate applicable under the EIT Law may be lowered to 5% for dividends and 7% for interest payments if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws. However, according to the Notice on the Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, which was promulgated by the State Administration of Taxation or the SAT on February 20, 2009 and which came into effect on the same date, if the relevant PRC tax authorities determine, in their discretion, that a company benefits unjustifiably from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Announcement of the Certain Issues with Respect to the “Beneficial Owner” in Tax Treaties, issued by the SAT on February 3, 2018 and effective on April 1, 2018, if an applicant’s business activities do not constitute substantive business activities, it could result in the negative determination of the applicant’s status as a “beneficial owner,” and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

The Provisional Regulations on Value-added Tax, which was promulgated on December 13, 1993, came into effect on January 1, 1994, and last amended on November 19, 2017, and the Detailed Implementing Rules of the Provisional Regulations on Value-added Tax, which was promulgated on December 25, 1993 and came into effect on the same date, and was amended on December 15, 2008 and October 28, 2011, came into effect on November 1, 2011 set out that all taxpayers selling goods or providing processing, repairing or replacement services, sales of services, intangible assets and immovable assets and importing goods in China shall pay a value-added tax. On December 25, 2024, the Value-Added Tax Law of the PRC was promulgated by SCNPC and came into effect on January 1, 2026, superseding the Provisional Regulations on Value-added Tax. According to this law, entities and individuals (including individual businesses) that sell goods, services, intangible assets, or immovable property within the territory of the PRC, or import goods, are VAT taxpayers and shall pay value-added tax in accordance with regulations.

On November 19, 2017, the State Council promulgated the Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax, according to which, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property and the importation of goods within the territory of the PRC are the taxpayers of value-added tax. The value-added tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the value-added tax rate applicable to the small-scale taxpayers is 3%. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates issued on April 4, 2018 and became effective on May 1, 2018, the deduction rates of 17% and 11% applicable to the taxpayers who have value added tax, taxable sales activities, or imported goods are adjusted to 16% and 10%, respectively. According to the Announcement on Policies for Deepening the Value-added Tax Reform issued by the Ministry of Finance, the SAT and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the value added tax rate was reduced to 13% and 9%, respectively.

### ***Regulations on Offline Distribution of Publications***

On January 2, 1997, the State Council of the PRC promulgated the Administrative Regulations on Publishing which was last amended on December 6, 2024. On May 31, 2016, the State Administration of Press, Publication, Radio, Film and MOFCOM jointly issued the Administrative Provisions on the Publication Market, which was effective as of June 1, 2016. According to these regulations, the activities of publication distribution, including publication wholesale or retail activities, which shall be carried with the publication operation license. Without licensing, such entity or individual may be ordered to cease illegal acts by the competent administrative department of publication and SAIC, be subject to confiscation of publication, any illegal income and special tools and equipment for illegal activities, and be concurrently subject to a fine.

### ***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 goods, services, gains and transaction items, but not for capital account items, such as capital transfers, direct investments, investment in securities, derivatives and loans, 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 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 the 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, the Circular 19 and the Circular on Reforming and Regulating the Management Policies on the Settlement of Capital Projects 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.

On October 23, 2019, the SAFE promulgated the Circular on Further Promoting the Facilitation of Cross-border Trade and Investment, which was replaced by the Circular on Further Deepening the Reform to Promote the Facilitation Cross-border Trade and Investment as of December 4, 2023 (“Circular 28”). Pursuant to Circular 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.

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 December 25, 2006 and January 5, 2007, both of which became effective on February 1, 2007. The Implementation Rules was later amended on May 29, 2016 and on 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 stock option 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 National People's Congress 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 department for commerce through the Enterprise Registration System and the National 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 or the Partnership Law of the PRC (promulgated by the SCNPC in February 1997 and amended in August 2006) shall apply with respect to the organization of foreign-invested enterprises.

### ***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 special-purpose companies directly or indirectly controlled by such PRC residents to carry out equity financing overseas and through special-purpose companies to carry out direct investment activities in China, they are required to register with local SAFE branches with respect to their overseas investments in offshore companies and roundtrip investment. 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 and last amended on December 30, 2019. 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 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.

On January 5, 2023, the National Development and Reform Commission issued the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises, which came into effect on February 10, 2023 and replaced 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. According to the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises, enterprises shall, prior to the borrowing of foreign debts, obtain the certificate of examination and registration of foreign debts borrowed by enterprises and complete the formalities of examination and registration. Enterprises that have not completed examination and registration formalities are not allowed to borrow foreign debts.

### ***Regulations on Merger and Acquisition and Overseas Listing***

On August 8, 2006, six PRC regulatory agencies, including the China Securities Regulatory Commission, or the CSRC, adopted the M&A Rules, which became effective on September 8, 2006 and was amended on June 22, 2009. Foreign investors shall comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, through which to purchase the assets of a domestic company and operate the assets; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operate the assets. The M&A Rules purport, among other things, to require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals who also control such PRC domestic companies, to obtain the approval of CSRC prior to publicly listing their securities on an overseas stock exchange.

### ***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.

On December 19, 2020, the NDRC and MOFCOM promulgated the Measures for the Security Review of Foreign Investments which became effective on January 18, 2021. Under the Security Review of Foreign Investments, for foreign investments that affect or may affect national security, security review shall be conducted by the office led by NDRC and MOFCOM. For the purpose of these Measures, the term "foreign investment" refers to the investment activities carried out by foreign investors directly or indirectly within the territory of the PRC, including the following circumstances:

- where foreign investors invest, solely or jointly with other investors, in new projects or establishing enterprises in the PRC;
- where foreign investors acquire equity or assets of domestic enterprises by way of merger and acquisition; or
- where foreign investors make investments in the PRC in any other form.

### ***Regulation on Information Protection on Networks***

On December 28, 2012, the SCNPC 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 use 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 MIIT, issued the Provisions on the Protection of Personal Information of Telecommunication and Internet User, which was effective on September 1, 2013. The requirements under this order are stricter and wider compared to the above decision issued by the National People's Congress. 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.

The Cybersecurity Law of the PRC promulgated in November 2016 by SCNPC and last amended on October 28, 2025 and came into effect on January 1, 2026 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 to do so. 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 RMB500,000; 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 June 10, 2021, the SCNPC promulgated the PRC Data Security Law, which came into effect in September 2021. The PRC Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The PRC Data Security Law also provides for a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data and information.

In August 2021, the SCNPC officially promulgated the Personal Information Protection Law, which came into effect from November 1, 2021. The Personal Information Protection Law provides detailed rules on handling personal information and legal responsibilities, including but not limited to the scope of personal information and the ways of processing personal information, the establishment of rules for processing personal information, and the individual's rights and the processor's obligations in the processing of personal information. The Personal Information Protection Law also strengthens the punishment for those who illegally process personal information.

On December 28, 2021, the CAC and 12 other relevant PRC government authorities published the amended Cybersecurity Review Measures, which came into effect on February 15, 2022 and supersede and replace the Cybersecurity Review Measures previously promulgated on April 13, 2020. The final Cybersecurity Review Measures provide that the purchase of network products and services by a "critical information infrastructure operator" (the "CIIO") and the data processing activities of a "network platform operator" that affect or may affect national security shall be subject to the cybersecurity review.

Where the purchase of network products and services by a CIIO affects or may affect national security, the CIIO shall notify the Cybersecurity Review Office, which is under the CAC, and a cybersecurity review shall be conducted pursuant to the Cybersecurity Review Measures. Furthermore, if a “network platform operator” that possesses personal information of more than one million users and seeks a listing in a foreign country must apply for a cybersecurity review with the Cybersecurity Review Office. According to the final Cybersecurity Review Measures, the term “network products and services” mainly refers to core network equipment, important communication products, high performance computers and servers, large-capacity storage devices, large-capacity databases and application software, network security equipment, cloud computing services, and other network products and services that have a significant impact on critical information infrastructure security, cybersecurity and data security. Under the Cybersecurity Law, where CIIOs use network products or services that have not been reviewed for security or have failed the cybersecurity review, they shall be ordered by the relevant competent departments to stop using such products or services, and a fine of no less than one, but no more than ten times the purchase amount shall be imposed. As for the persons in charge directly or otherwise are directly responsible, a fine of no less than RMB10,000 but no more than RMB100,000 shall be imposed. As of the date of this annual report, we have not received any notice from the CAC which identifies us as a CIIO under the Cybersecurity Review Measures.

#### ***Regulations on Employee Share Option Plans***

Pursuant to the Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company, or SAFE Circular 7, issued by the SAFE in February 2012, employees, directors, supervisors, and other senior management participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which may be a PRC subsidiary of such overseas listed company, and complete certain other procedures. See “Item 4. Information on The Company — 4.B. Business Overview — Regulation — Regulations on Foreign Currency Exchange.”

In addition, the SAT has issued certain circulars concerning employee share options and restricted shares. Under these circulars, employees working in the PRC who exercise share options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company are obligated to file documents related to employee share options and restricted shares with relevant tax authorities and to withhold individual income taxes of employees who exercise their share option or purchase restricted shares. If the employees fail to pay or the PRC subsidiaries fail to withhold income tax in accordance with relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC governmental authorities.

#### ***Regulations on Employment and Social Insurance***

The PRC Labor Contract Law promulgated by SCNPC in 2007 and amended in December 2012, and its implementation rules issued by the State Council in 2008, require employers to provide written contracts to their employees, restrict the use of temporary workers and aim to give employees long-term job security. Violations of the PRC Labor Law and the PRC Labor Contract Law may result in fines and other administrative sanctions, and serious violations may result in criminal liabilities.

The PRC governmental authorities have passed a variety of laws and regulations regarding social insurance and housing funds from time to time, including, among others, the PRC Social Insurance Law, the Regulation of Insurance for Labor Injury, the Regulations of Insurance for Unemployment and the Provisional Insurance Measures for Maternal Employees. Pursuant to these laws and regulations, PRC companies must make contributions at specified levels for their employees to the relevant local social insurance and housing fund authorities. Failure to comply with such laws and regulations may result in various fines and legal sanctions and supplemental contributions to the local social insurance and housing fund regulatory authorities.

### ***Regulations on Advertising***

According to Advertising Law of the PRC, or Advertising Law, which was promulgated by SCNP on October 27, 1994 and amended on September 1, 2015, October 26, 2018 and April 29, 2021, advertisements shall not contain any false or misleading information, and shall not deceive or mislead consumers. Advertisers, advertising agents and advertisement publishers shall abide by the laws, regulations and the principles of justice, honesty and fair competition in carrying out advertising activities. Local administrative departments for industry and commerce at and above the county level shall take charge of the supervision and administration on advertising within their respective administrative jurisdictions. Other relevant departments of the local people's governments at and above the county level shall take charge of the advertising management-related work within their respective scope of duties. According to the Advertising Law, the use of internet to publish or distribute advertisements shall not affect the normal use of the internet by users. Advertisements published on internet pages such as pop-up advertisements shall be conspicuously marked with a closing sign to ensure one-click closure.

### ***Regulations on Internet Platform Business***

According to the Telecommunications Regulations of the PRC issued by the State Council on September 25, 2000 and was amended on July 29, 2014 and February 6, 2016, respectively, value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructures and are subject to licenses prior to commencement of operations, and according to the Catalogue of Telecommunications Business (2015 Edition) attached to the Telecommunications Regulations of the PRC, value-added telecommunications services are divided into two categories, class I value-added telecommunication services and class II value-added telecommunication services. On July 3, 2017, the MIIT issued the revised Administrative Measures for the Licensing of Telecommunications Business, or the Telecom License Measures, which became effective on September 1, 2017, to supplement the Telecom Regulations. The Telecom License Measures require that an operator of value-added telecommunications services obtain a VATs License from the MIIT or its provincial level counterparts. The term of a VATs License is five years and the license holder is subject to annual inspection.

An e-commerce operator shall obtain a license for value-added telecommunications services with the specification of online data processing and transaction processing business from appropriate telecommunications authorities, pursuant to the Telecommunications Regulations and the Catalog of Telecommunications Services.

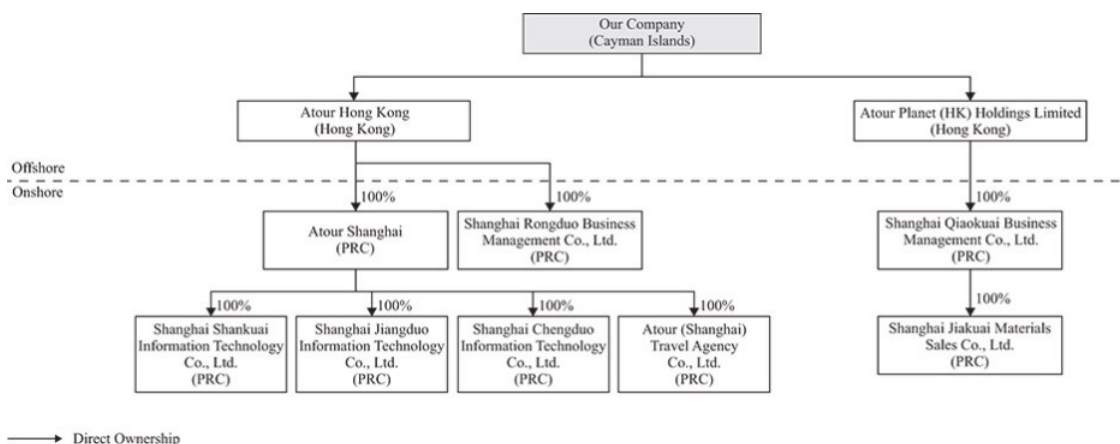
On February 7, 2021, the Anti-monopoly Commission of the State Council promulgated Guidelines to Anti-Monopoly in the Field of Platform Economy, or the Anti-Monopoly Guidelines for Platform Economy. The Anti-Monopoly Guidelines for Platform Economy provides operational standards and guidelines for identifying certain internet platforms' abuse of market dominant position which are prohibited to restrict unfair competition and safeguard users' interests, including without limitation, prohibiting personalized pricing using big data and analytics, selling products below cost without reasonable causes, actions or arrangements seen as exclusivity arrangements, using technology means to block competitors' interface, using bundle services to sell services or products. In addition, internet platforms' compulsory collection of user data may be viewed as abuse of dominant market position that may have the effect to eliminate or restrict competition.

On August 31, 2018, the SCNPC promulgated the E-commerce Law, which came into effect on January 1, 2019. The E-commerce Law imposes a series of requirements on e-commerce operators including e-commerce platform operators, merchants operating on the platform and the individuals and entities carrying out business online.

According to the Measures for the Investigation and Treatment of Internet Food Safety Violations promulgated by China Food and Drug Administration on July 14, 2016, which became effective on October 1, 2016 and was amended by SAMR on April 2, 2021 and March 18, 2025, SAMR is responsible for supervising and guiding the investigation and treatment of Internet food safety violations nationwide, and local market regulatory departments at or above the county level are responsible for their administrative areas Internal network food safety violations investigation. Food producers and distributors who engage in food trade on their own network platform should also file with the market regulatory departments at or above the county level to get the record number.

#### 4.C. Organizational Structure

The following chart illustrates our corporate structure, including our significant subsidiaries as that term is defined under Section 1-02 of Regulation S-X under the Securities Act and certain other subsidiaries, as of the date of this annual report.



#### Transfer of Funds and Other Assets through Our Organization

We are a holding company with no business operations of our own. We conduct all of our operations through our indirectly owned subsidiaries in China, and a substantial portion of our assets are located in China. As a result, our ability to pay dividends and to service any debt we may incur overseas largely depends upon dividends paid by our subsidiaries. If our 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 in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance of the PRC, or the PRC GAAP. Pursuant to the laws and regulations applicable to China’s foreign investment enterprises, our subsidiaries that are foreign investment enterprises in the PRC have to make appropriation from their after-tax profit, as determined under PRC GAAP, to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with the PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of our subsidiaries. Appropriations to the other two reserve funds are at the discretion of our subsidiaries. Our PRC subsidiaries did not make any contributions to the enterprise expansion fund or the staff and bonus welfare fund from 2023 to 2025. The PRC reserve fund of our PRC subsidiaries totaled RMB286.7 million and RMB 375.5 million (US\$53.7 million) as of December 31, 2024 and 2025, respectively. See “Item 4. Information on The Company — 4.B. Business Overview — Regulations — Regulations on Dividend Distribution” for a detailed discussion of the PRC legal restrictions on dividends and our ability to transfer cash within our group. In addition, ADS holders may potentially be subject to PRC taxes on dividends paid by us in the event Atour Lifestyle Holdings Limited is deemed as a PRC resident enterprise for PRC tax purposes. See “Item 5. Operating and Financial Review and Prospects — 5.A. Operating Results — Taxation — Chinese Mainland” for more details.

In August 2024, we announced a three-year annual dividend policy, under which we plan to declare and distribute dividends with an aggregate amount of no less than 50% of our net income for the preceding financial year in each of the three financial years commencing 2024. The exact dividend amount will be determined at the Board’s discretion, based on its assessment of the Company’s actual and projected results of operations, financial and cash position, capital requirements and other relevant factors. In August 2024, May 2025 and November 2025, we distributed cash dividends of approximately RMB436.0 million, RMB418.2 million (US\$59.8 million) and RMB353.8 million (US\$50.6 million), respectively.

In 2025, with cash generated from operating activities in the PRC by Atour Shanghai and its subsidiaries, Atour Shanghai distributed RMB800.0 million (US\$114.4 million) to Atour Hong Kong. Our subsidiaries in the PRC generate cash from operating activities, which may be reinvested in our business or used to fund share repurchases and dividend distributions. In the future, cash proceeds raised from overseas financing activities may be transferred by us through our Hong Kong subsidiaries to their respective PRC subsidiaries via capital contribution and shareholder loans, as the case may be. Subsequently, these PRC subsidiaries will transfer funds to their own subsidiaries to meet the capital needs of our business operations.

#### **4.D. Property, Plants and Equipment**

We are headquartered in Shanghai, China. As of December 31, 2025, we had leased a total of 37 properties for commercial uses, with 19 properties used for the operations of our leased hotels and 18 properties for other commercial uses, such as our headquarters and office premises. The gross floor area of our leased properties for commercial uses reaches up to 230,779.2 square meters. All our leased properties are located in the PRC, and we do not own any real property. We believe that our current facilities are adequate to meet our current needs.

#### **ITEM 4A. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

*You should read the following discussion together with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements about our business and operations. Our actual results may differ materially from those we currently anticipate as a result of many factors, including those we describe under “Item 3. Key Information—Item 3.D. Risk Factors” and elsewhere in this annual report.*

*The following includes discussion of certain of our key performance metrics for the periods indicated. See Introduction in this annual report for the definition of these metrics and a description of how they are calculated.*

#### **5.A. Operating Results**

##### **Key Factors Affecting Our Results of Operations**

##### ***General Factors Affecting Our Results of Operations***

Our results of operations are subject to general economic conditions and conditions affecting the industries we operate in general, which include, among others:

- *Changes in the national, regional or local economic conditions in China.* Our financial performance is closely tied to macroeconomic conditions and is significantly affected by fluctuations in discretionary spending by individuals and businesses. Moreover, events such as natural disasters, geopolitical tensions, or the recurrence of contagious diseases could suppress travel and in-person consumption, negatively impacting both customer demands for our business. For example, the COVID-19 pandemic had a substantial adverse impact on our operations, though we have seen a sustained recovery in both sectors since late 2022.

- *PRC government policies and regulations.* Our business is subject to various compliance and operational requirements under PRC laws. For details, see “Item 4. Information on The Company — 4.B. Business Overview — Regulation.” Any changes to the existing laws and regulations in the future may increase our compliance efforts at significant cost.

- *Industry competition.* The hospitality and retail industries in China are highly competitive. In the hospitality sector, we compete primarily with both domestic and international branded hotel chains and independent hotels. In the retail sector, we face competition from a wide range of home textile brands. Competition in the hospitality industry is generally focused on hotel room rates, quality of accommodations, brand recognitions, convenience of locations, geographic coverages, quality and range of services, other lifestyle offerings and guest amenities. Competition in the retail industry is generally driven by product quality, design, pricing, brand strength, sales channels, marketing capabilities and customer loyalty.

- Seasonality.** The hospitality industry and retail industries are subject to fluctuations in revenues due to seasonality. The periods during which our properties experience higher revenues vary from property to property, depending principally upon their locations, types of property and competitive mix within the specific locations. 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 the other quarters of the year. July and August typically represent peak season months, during which we benefit from higher room rates and increased revenue due to heightened travel activity. In addition, certain special events, such as large-scale exhibitions, concerts or sports events, may increase the demand for our hotels significantly as such special events may attract travelers into and within the regions in China where we operate hotels. Based on historical results, we generally expect our hotel revenues for each hotel to be higher in the remaining three quarters of each year than in each of the first quarter due to general travel and consumption patterns in China. Our historical retail revenues also exhibit seasonality, with higher sales typically recorded during the second and fourth quarters due to major e-commerce promotional events and holiday-related spending.

**Specific Factors Affecting Our Results of Operations**

While our business is affected by factors relating to general economic conditions and the hospitality and retail industries in China, 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 the expanded geographic coverage of our hotel network will enhance our brand recognition. We mainly adopt a “manachise” model to operate the vast majority of the hotels in our hotel network. As a result, whether we can successfully increase the number of hotels and hotel rooms in our hotel network is largely affected by our ability to franchise additional hotel properties at desirable locations on commercially favorable terms, as well as to maintain the quality of service, hotel facilities, and guest rooms across our hotels, and to preserve the value of our brand.

- The scale and operational efficiency of our retail business.** Our retail business, anchored by in-room experiences and digital commerce, has become an increasingly significant revenue contributor to us. Growth and profitability in this business depend on our ability to continuously curate relevant offerings, manage product development and supply chains efficiently, and capture demand both through hotel channels and direct-to-consumer platforms. As our product mix and channel reach evolve, retail performance will remain a key driver of our overall financial results.

- The fixed-cost nature of our business.** A significant portion of our operating costs and expenses associated with our hotel operations and franchise model, including rent and base salary, is relatively fixed. Similarly, our retail operations involve fixed costs related to procurement, warehousing, and logistics. As a result, an increase in our revenues, no matter from higher RevPAR or increased retail sales, generally will result in higher profitability. Vice versa, a decrease in our revenues could result in a disproportionately larger decrease in our profits because our operating costs and expenses are unlikely to decrease proportionately.

- The proportion of mature hotels in our hotel portfolio.** The operation of each hotel typically involves three stages: development, ramp-up and mature operations. We define mature hotels as those that have been in operation for more than six months. It typically takes six months for our newly opened hotels to ramp up before such hotels can generate normal and stable revenues. During the ramp-up stage, when the occupancy rate is relatively low, revenues generated from these new hotels may be insufficient to cover their operating costs. The table below illustrates the number of our hotels in development stage, ramp-up stage and mature operation stage as of the dates indicated.

	2023		As of December 31, 2024		2025	
	Number of hotels	Percentage of total hotels in the three stages	Number of hotels	Percentage of total hotels in the three stages	Number of hotels	Percentage of total hotels in the three stages
<b>Development stage</b>	617	33.8 %	741	31.4 %	779	27.9 %
<b>Ramp-up stage</b>	203	11.1 %	280	11.9 %	296	10.6 %
<b>Mature stage</b>	1,007	55.1 %	1,339	56.7 %	1,719	61.5 %

- *The growth of our ACARD members and their levels of engagement.* Our tier-based ACARD loyalty program is a fully digitized membership program that unites all our hotel and lifestyle brands. Our ACARD members contribute to a significant portion of our revenue. Our member base has been growing rapidly. As of December 31, 2025, our ACARD loyalty program had amassed 112.0 million registered individual members. If we are able to further grow the size of our member base and increase customer stickiness of our loyalty program, we will be able to further increase our revenue and reduce our customer acquisition expenses.

**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.

**Non-Financial Key Performance Indicators**

Our non-financial key performance indicators consist of the increase in total number of hotels and hotel rooms in our hotel chain and RevPAR achieved by our hotels.

*Increase in total hotels and hotel rooms.* As we continue to scale our presence by leveraging our strong brand reputation, the total number of our hotels increased from 1,210 as of December 31, 2023 to 1,619 as of December 31, 2024, and further to 2,015 as of December 31, 2025. Similarly, the total number of our hotel rooms increased from 137,921 as of December 31, 2023 to 183,184 as of December 31, 2024, and further to 224,423 as of December 31, 2025. As of the same date, we had a total of 779 manachised hotels with a total of 85,901 rooms under development.

	As of December 31,		
	2023	2024	2025
<b>Total hotels</b>			
Manachised hotels	1,178	1,593	1,996
Leased hotels	32	26	19
All hotels	1,210	1,619	2,015
<b>Hotel rooms</b>			
Manachised hotels	133,291	179,469	221,283
Leased hotels	4,630	3,715	3,140
All hotels	137,921	183,184	224,423

*RevPAR.* RevPAR is calculated as the total revenue during a period divided by the number of available rooms of such hotel during the same period. As a commonly used operating measure in the hospitality industry, RevPAR is largely affected by occupancy rate and ADR. Occupancy rates of our hotels mainly depend on the locations of our hotels, product and service offerings, 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. 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, seasonality, and our relative brand and product strengths. To drive our occupancy rates and room rates, we focus on continuing to improve our guests’ hotel and retail experiences and increasing the stickiness of our loyalty program members, through continuously improving our service quality, expanding our hotel brand portfolios, and integrating technologies into our customer service and hotel operations.

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The following table sets forth the key performance indicators of our hotels for the years indicated.

	Years ended December 31,		
	2023 <sup>(1)</sup>	2024 <sup>(1)</sup>	2025 <sup>(1)</sup>
<b>Occupancy rate<sup>(2)</sup> (in percentage)</b>			
Manachised hotels	77.6 %	77.2 %	75.8 %
Leased hotels	83.6 %	83.2 %	82.2 %
<b>All hotels</b>	<b>77.8 %</b>	<b>77.4 %</b>	<b>75.9 %</b>
<b>ADR<sup>(2)</sup> (in RMB)</b>			
Manachised hotels	457.8	433.0	429.0
Leased hotels	587.2	563.5	582.2
<b>All hotels</b>	<b>463.6</b>	<b>436.8</b>	<b>431.9</b>
<b>RevPAR<sup>(2)</sup> (in RMB)</b>			
Manachised hotels	370.8	347.3	336.6
Leased hotels	517.2	495.0	504.8
<b>All hotels</b>	<b>376.8</b>	<b>351.3</b>	<b>339.6</b>

Notes:

- (1) Excludes, for purposes of calculating these key operating metrics, (i) approximately 308 thousand room-nights related to hotel rooms that were requisitioned by the government for quarantine needs in response to the COVID-19 pandemic or otherwise became unavailable due to temporary hotel closures in 2023; and (ii) approximately 252 thousand and 316 thousand room-nights related to hotel rooms that became unavailable due to temporary hotel closures in 2024 and 2025, respectively. Since the third quarter of 2023, no hotels have been requisitioned for quarantine needs. The ADR and RevPAR are calculated based on the tax-inclusive room rates.
- (2) Excludes hotel rooms that became unavailable due to temporary hotel closures resulting from various reasons, such as room maintenance or temporary suspension of hotel operations due to power outages or other facility-related issues. The ADR and RevPAR are calculated based on tax-inclusive room rates.

Moreover, we measure the operational performance of our hotels by comparing same-hotel occupancy rate, ADR and RevPAR. These same-hotel metrics provide a period-to-period comparison of the operational performance of hotels that have operated for more than 18 calendar months as of the 15th day (inclusive) of any month within a given period. The following table sets forth the details of our same-hotel performance for the years indicated.

	Years ended December 31,		Years ended December 31,		Years ended December 31,	
	2022	2023	2023	2024	2024	2025
<b>Number of same hotels</b>						
Manachised hotels	763		968		1,299	
Leased hotels	33		30		23	
<b>All hotels</b>	<b>796</b>		<b>998</b>		<b>1,322</b>	
<b>Same-hotel occupancy rate<sup>(1)</sup> (in percentage)</b>						
Manachised hotels	63.2 %	78.7 %	78.2 %	78.9 %	78.1 %	76.4 %
Leased hotels	65.8 %	83.6 %	83.7 %	83.1 %	83.2 %	82.1 %
<b>All hotels</b>	<b>63.4 %</b>	<b>79.0 %</b>	<b>78.4 %</b>	<b>79.0 %</b>	<b>78.2 %</b>	<b>76.5 %</b>
<b>Same-hotel ADR<sup>(1)</sup> (in RMB)</b>						
Manachised hotels	385.9	460.2	459.1	439.9	435.4	426.8
Leased hotels	465.0	587.2	588.8	561.5	571.1	564.3
<b>All hotels</b>	<b>390.9</b>	<b>467.4</b>	<b>464.6</b>	<b>444.6</b>	<b>438.9</b>	<b>429.9</b>
<b>Same-hotel RevPAR<sup>(1)</sup> (in RMB)</b>						
Manachised hotels	257.6	378.6	374.9	360.5	353.1	337.8
Leased hotels	330.6	517.2	519.6	492.5	501.3	489.1
<b>All hotels</b>	<b>262.1</b>	<b>386.1</b>	<b>380.6</b>	<b>365.4</b>	<b>356.7</b>	<b>341.0</b>

Note:

- (1) Excludes hotel rooms that became unavailable due to temporary hotel closures resulting from various reasons, such as room maintenance or temporary suspension of hotel operations due to power outages or other facility-related issues. The ADR and RevPAR are calculated based on tax-inclusive room rates.

**Key Components of Results of Operations**

Our financial key performance indicators consist of our net revenues, operating costs and expenses, EBITDA (non-GAAP) and adjusted EBITDA (non-GAAP) which are discussed in more detail in the following paragraphs and in “Item 5. Operating and Financial Review and Prospects-5.A. Operating Results-Non-GAAP Financial Measures.”

*Net revenues*

We primarily derive our revenues from (i) franchise and management fees from our manachised hotels and sales of hotel supplies and other products to our manachised hotels, (ii) operations of our leased hotels, and (iii) sales of our retail products in connection with our retail business.

The following table sets forth the revenues generated from our manachised and leased hotels, and retail business and others, both in absolute amount and as a percentage of net revenues for the years indicated.

	Years ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	USD	
			(in thousands, except for percentages)				
<b>Revenues</b>							
Manachised hotels	2,705,609	58.0	4,148,752	57.3	5,308,864	759,157	54.2
Leased hotels	840,044	18.0	701,963	9.7	590,372	84,422	6.0
Retail	971,931	20.8	2,198,198	30.3	3,670,969	524,942	37.5
Others <sup>(1)</sup>	148,383	3.2	199,019	2.7	219,954	31,453	2.3
<b>Total</b>	<b>4,665,967</b>	<b>100.0</b>	<b>7,247,932</b>	<b>100.0</b>	<b>9,790,159</b>	<b>1,399,974</b>	<b>100.0</b>

Note:

(1) Primarily including our membership business.

Manachised hotels. In 2023, 2024 and 2025, we generated revenues of RMB2,705.6 million, RMB4,148.8 million and RMB5,308.9 million (US\$759.2 million) from our manachised hotels, respectively, which accounted for 58.0%, 57.3% and 54.2% of our net revenues for the relevant years.

We select manachised hotels based on a variety of factors, including the attractiveness of the location, the quality of the franchised property and the background, and business ideology and value of the franchisee. We manage our manachised hotels and impose the same high service quality and operational standards on all manachised hotels as our leased hotels to ensure the quality and consistency of our service and product offerings across our hotel network. We authorize a manachised hotel to use our relevant hotel brand names, logos 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 appoint and train hotel managers and deputy managers who are responsible for hiring hotel staff and managing daily operations of our manachised hotels. We also provide our franchisees with comprehensive management services, including central reservation, revenue management, sales and marketing support, technology support, quality assurance inspections and other operational support and information.

Our franchise and management agreements for our manachised hotels typically run for a fixed term of up to 20 years. We generally charge our franchisees an upfront franchise fee at a rate of approximately RMB4,000 to RMB8,000 per room, depending on the brand of the manachised hotel, discretionary promotion and discount arrangements, as well as fees related to pre-opening services, including information system installation service. After a manachised hotel opens, we generally charge the franchisee a monthly franchise and management fee of 5% to 8% of the gross revenues generated by each manachised hotel depending on the hotel brand and discretionary adjustments. Furthermore, we charge our franchisees a fixed monthly hotel managers fee, fees for purchase of hotel supplies and other products, and other ongoing service fees, such as system and accounting support fees. We do not expect any material franchise and management agreements to be terminated in the foreseeable future.

Leased hotels. In 2023, 2024 and 2025, we generated revenues of RMB840.0 million, RMB702.0 million and RMB590.4 million (US\$84.4 million) from our leased hotels, respectively, which accounted for 18.0%, 9.7% and 6.0% of our net revenues for the relevant years.

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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 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 is up to 15 years. We typically enjoy an initial rent-free period of up to six months. We do not expect any material lease agreements to be terminated in the foreseeable future.

The rent is generally paid upfront at the beginning of each payment period and we recognize the total rental expense on a straight-line basis over the initial lease term.

*Retail.* In 2023, 2024 and 2025, we generated revenues of RMB971.9 million, RMB2,198.2 million and RMB3,671.0 million (US\$524.9 million) from retail business, respectively, which accounted for 20.8%, 30.3% and 37.5% of our net revenues for the relevant years.

We are the first hotel chain in China to integrate retail products into the guest experience through both online and offline channels. We focus on the sleep category, offering private label products under the “Atour Planet” line. Our products are available through our mobile app, mini-programs, third-party e-commerce platforms, hotel lobbies and guestrooms. In franchised hotels, products are sold by franchisees under our pricing guidance.

We oversee the full cycle of product development, from market research and design to quality control and supply chain management. Our strong execution and customer insights have enabled us to scale our retail business while maintaining high product and service standards.

*Others.* Besides the revenues discussed above, we generate a minor portion of revenues from our other business as we continue to diversify our monetization methods and drive customer spending, primarily including our membership business. In 2023, 2024 and 2025, we generated revenues of RMB148.4 million, RMB199.0 million and RMB220.0 million (US\$31.5 million) from other business, respectively, which accounted for 3.2%, 2.7% and 2.3% of our net revenues for the relevant years.

*Operating Costs and Expenses*

Our operating costs and expenses consist of hotel operating costs, retail costs, other operating costs, selling and marketing expenses, general and administrative expenses and technology and development expenses. The following table sets forth the components of our operating costs and expenses, both in absolute amount and as a percentage of net revenues for the years indicated.

	Years ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US\$	
Net Revenues	4,665,967	100.0	7,247,932	100.0	9,790,159	1,399,974	100.0
Operating costs and expenses:							
Hotel operating costs	2,240,890	47.9	3,108,158	42.9	3,716,236	531,415	38.0
Retail costs	513,326	11.0	1,083,709	15.0	1,741,233	248,993	17.8
Other operating costs	72,543	1.6	44,524	0.6	25,832	3,693	0.2
Selling and marketing expenses	469,595	10.1	972,863	13.4	1,489,682	213,022	15.2
General and administrative expenses	451,470	9.7	352,590	4.9	516,671	73,883	5.3
Technology and development expenses	77,288	1.7	134,017	1.8	177,917	25,442	1.8
<b>Total operating costs and expenses</b>	<b>3,825,112</b>	<b>82.0</b>	<b>5,695,861</b>	<b>78.6</b>	<b>7,667,571</b>	<b>1,096,448</b>	<b>78.3</b>

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*Hotel operating costs.* Our hotel operating costs account for a substantial majority of our total operating costs and expenses, which consist of costs and expenses directly attributable to the operation of our leased and manachised hotels.

	Years ended December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US\$
<b>Hotel operating costs</b>				
Manachised hotels	1,533,326	2,502,081	3,202,206	457,910
Leased hotels	707,564	606,077	514,030	73,505
<b>Total hotel operating costs</b>	<b>2,240,890</b>	<b>3,108,158</b>	<b>3,716,236</b>	<b>531,415</b>

Manachised hotel operating costs primarily include costs of hotel supplies and other products sold to our manachised hotels as well as compensation and benefits for manachised hotel managers and deputy managers. Compensation and benefits are recouped by us in the form of monthly hotel managers fees. We aim to manage the growth rate of these costs while we increase the revenue of manachised hotels through fast expansion in the number of such hotels.

Leased hotel operating costs primarily include rental 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, equipment, fixture and furniture. These costs are relatively fixed. We aim to manage these costs while we increase the revenue of leased hotels.

We aim to continue to manage our hotel operating costs as a percentage of our net revenues as we continue to achieve economies of scale and manage our operating costs and expenses through application of technologies.

*Retail costs.* Our retail costs primarily include cost of our lifestyle products in relation to our retail business.

*Other operating costs.* Besides our hotel operating costs and retail costs, we also incur other operating costs.

*Selling and marketing expenses.* Our selling and marketing expenses consist primarily of advertising and promotion expenses, commissions to travel intermediaries and e-commerce platforms, and compensation and benefits for our sales and marketing personnel.

*General and administrative expenses.* Our general and administrative expenses consist primarily of compensation and benefits for our corporate and regional office and other relevant employees, travel and communication expenses of our general and administrative staff, costs of third-party professional services, allowance expenses for doubtful accounts and office expenses for corporate and regional offices including depreciation and amortization expense of office equipment.

*Technology and development expenses.* Our technology and development expenses consist of (i) staff costs incurred for the self-developed hotel operation, reservation systems and other systems related to sales of hotel supplies and retail business, (ii) servers and cloud infrastructure costs, (iii) retail products development costs, (iv) other expenses related to technology and development functions.

## **Taxation**

### ***Cayman Islands***

We were incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, we are not subject to income, corporate or capital gains tax in the Cayman Islands. In addition, our payment of dividends, if any, is not subject to withholding tax in the Cayman Islands.

### ***Singapore***

Our subsidiary in Singapore is considered a Singapore tax resident company under Singapore tax laws, and is subject to Singapore corporate income tax at a rate of 17%.

### ***Hong Kong, China***

Under the current Hong Kong S.A.R. Inland Revenue Ordinance, our Hong Kong subsidiaries are subject to Hong Kong S.A.R. profits tax at the rate of 16.5% on the taxable income generated from the operations in Hong Kong S.A.R. A two-tiered profits tax rates regime was introduced in 2018 where the first HK\$2 million of assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) whilst the remaining profits will continue to be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates.

### ***Chinese Mainland***

Our subsidiaries in China are companies incorporated under PRC law and, as such, are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Pursuant to the PRC Enterprise Income Tax Law, or EIT Law, which became effective on January 1, 2008 and was most recently amended on December 29, 2018, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards.

Our PRC subsidiaries, Shanghai Chengduo Information Technology Co., Ltd. and Shanghai Dongduo Digital Intelligence Technology Co., Ltd., have been accredited as software enterprises since 2022 and 2025, respectively. They qualify for a tax holiday, which provides an exemption from enterprise income tax ("EIT") for two years commencing from their first profit-making year, followed by a 50% reduction of EIT for the subsequent three years. The software enterprise qualification is subject to an annual assessment. In September 2025, Shanghai Chengduo Information Technology Co., Ltd. has obtained an updated software enterprise certificate, valid for one year, evidencing its continued qualification.

Additionally, our subsidiary, Shanghai Shengkuai Technology Co., Ltd., was certified as a High-and-New Technology Enterprise ("HNTE") for a period of three years from 2025 to 2027. Accordingly, it is entitled to a preferential tax rate of 15%, provided that all certification criteria for the HNTE status are satisfied in the relevant years.

We are subject to VAT at a rate of 3%, 6%, 9%, or 13% on the services and products we provide and related surcharges. We are also subject to surcharges on VAT payments in accordance with PRC law.

The ultimate shareholder of our company is a Cayman Islands holding company. The direct shareholders of our subsidiaries in China, which are Hong Kong enterprises, may receive dividends from their respective PRC subsidiaries. The PRC EIT Law and its implementing rules provide that dividends paid by a PRC entity to a nonresident enterprise for income tax purposes is subject to PRC withholding tax at a rate of 10%, subject to reduction by an applicable tax treaty with China. Pursuant to the Arrangement between Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or SAT Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to apply the reduced withholding tax rate: (i) it must be a company; (ii) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (iii) it must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. In October 2019, the State Administration of Taxation promulgated the Administrative Measures for Nonresident Taxpayers to Enjoy Treatment under Tax Treaties, or SAT Circular 35, which became effective on January 1, 2020. SAT Circular 35 provides that nonresident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax. Instead, nonresident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. Accordingly, Atour Hong Kong may be able to benefit from the 5% withholding tax rate for the dividends it receives from its PRC subsidiaries, if it satisfies the conditions prescribed under SAT Circular 81 and other relevant tax rules and regulations. However, according to SAT Circular 81 and SAT Circular 35, if the relevant tax authorities consider the transactions or our arrangements are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

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The Organisation for Economic Co-operation and Development (OECD) developed the Global Anti-Base Erosion Rules (“Pillar Two”) to ensure that large multinational enterprises with consolidated revenue exceeding EUR750 million pay a global minimum tax of 15%. While we expect to be within the scope of Pillar Two starting in 2026, based on our internal analysis, we do not expect this legislation to have a material impact on our consolidated financial statements. We will continue to closely monitor the global implementation process of Pillar Two and continue to assess its potential impact on us and our subsidiaries.

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a “resident enterprise” under the PRC EIT Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders.”

**Results of Operations**

The following table sets forth a summary of our consolidated results of operations, both in absolute amount and as a percentage of net revenues for the years indicated.

	Years ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	US\$	%	
(in thousands except percentage)							
<b>Revenues:</b>							
Manachised hotels	2,705,609	58.0	4,148,752	57.3	5,308,864	54.2	
Leased hotels	840,044	18.0	701,963	9.7	590,372	6.0	
Retail	971,931	20.8	2,198,198	30.3	3,670,969	37.5	
Others	148,383	3.2	199,019	2.7	219,954	2.3	
<b>Net revenues</b>	<b>4,665,967</b>	<b>100.0</b>	<b>7,247,932</b>	<b>100.0</b>	<b>9,790,159</b>	<b>1,399,974</b>	<b>100.0</b>
<b>Operating costs and expenses:</b>							
Hotel operating costs	(2,240,890)	(47.9)	(3,108,158)	(42.9)	(3,716,236)	(531,415)	(38.0)
Retail costs	(513,326)	(11.0)	(1,083,709)	(15.0)	(1,741,233)	(248,993)	(17.8)
Other operating costs	(72,543)	(1.6)	(44,524)	(0.6)	(25,832)	(3,693)	(0.2)
Selling and marketing expenses	(469,595)	(10.1)	(972,863)	(13.4)	(1,489,682)	(213,022)	(15.2)
General and administrative expenses	(451,470)	(9.7)	(352,590)	(4.9)	(516,671)	(73,883)	(5.3)
Technology and development expenses	(77,288)	(1.7)	(134,017)	(1.8)	(177,917)	(25,442)	(1.8)
<b>Total operating costs and expenses</b>	<b>(3,825,112)</b>	<b>(82.0)</b>	<b>(5,695,861)</b>	<b>(78.6)</b>	<b>(7,667,571)</b>	<b>(1,096,448)</b>	<b>(78.3)</b>
Other operating income, net	83,179	1.8	70,231	1.0	184,089	26,324	1.9
<b>Income from operation</b>	<b>924,034</b>	<b>19.8</b>	<b>1,622,302</b>	<b>22.4</b>	<b>2,306,677</b>	<b>329,850</b>	<b>23.6</b>
Interest income	29,569	0.6	48,415	0.6	72,167	10,320	0.7
Gain from short-term investments	34,519	0.7	48,943	0.7	44,867	6,416	0.4
Interest expense	(5,005)	(0.1)	(3,110)	(0.0)	(4,249)	(608)	(0.0)
Other (expenses) income, net	(1,024)	(0.0)	2,465	0.0	(56,554)	(8,087)	(0.6)
<b>Income before income tax</b>	<b>982,093</b>	<b>21.0</b>	<b>1,719,015</b>	<b>23.7</b>	<b>2,362,908</b>	<b>337,891</b>	<b>24.1</b>
Income tax expense	(243,036)	(5.2)	(446,031)	(6.1)	(741,646)	(106,054)	(7.5)
<b>Net income</b>	<b>739,057</b>	<b>15.8</b>	<b>1,272,984</b>	<b>17.6</b>	<b>1,621,262</b>	<b>231,837</b>	<b>16.6</b>
Less: net income (loss) attributable to non-controlling interests	1,920	0.0	(2,364)	0.0	270	39	0.0
<b>Net income attributable to the Company</b>	<b>737,137</b>	<b>15.8</b>	<b>1,275,348</b>	<b>17.6</b>	<b>1,620,992</b>	<b>231,798</b>	<b>16.6</b>

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

*Net revenues.* Our net revenues increased from RMB7,247.9 million in 2024 to RMB9,790.2 million (US\$1,400.0 million) in 2025, driven by the growth in manachised hotel and retail businesses.

- *Manachised hotels.* Revenues from our manachised hotels increased by 28.0% from RMB4,148.8 million in 2024 to RMB5,308.9 million (US\$759.2 million) in 2025. The increase was primarily driven by our ongoing hotel network expansion. The total number of our manachised hotels increased from 1,593 as of December 31, 2024 to 1,996 as of December 31, 2025.

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- *Leased hotels.* Revenues from our leased hotels decreased by 15.9% from RMB702.0 million in 2024 to RMB590.4 million (US\$84.4 million) in 2025. The decrease was primarily due to the decrease in the number of leased hotels, which was in line with our strategy to focus on expanding our asset-light franchised hotel operations. The total number of our leased hotels decreased from 26 as of December 31, 2024 to 19 as of December 31, 2025.
- *Retail.* Our retail revenues increased by 67.0% from RMB2,198.2 million in 2024 to RMB3,671.0 million (US\$524.9 million) in 2025. The increase was driven by the rising recognition of our retail brands and the success of our product innovation and development initiatives, as we continued to broaden our product portfolio with new models of pillows and comforters.
- *Others.* Our other revenues increased by 10.5% from RMB199.0 million in 2024 to RMB220.0 million (US\$31.5 million) in 2025. The increase was driven by our fast-growing membership business.

*Operating Costs and Expenses.* Our operating costs and expenses increased by 34.6% from RMB5,695.9 million in 2024 to RMB7,667.6 million (US\$1,096.4 million) in 2025.

- *Hotel operating costs.* Our hotel operating costs increased by 19.6% from RMB3,108.2 million in 2024 to RMB3,716.2 million (US\$531.4 million) in 2025. The increase was mainly due to the increase in variable costs, such as supply chain costs and hotel manager costs, associated with our ongoing hotel network expansion.
- *Retail costs.* Our retail costs increased by 60.7% from RMB1,083.7 million in 2024 to RMB1,741.2 million (US\$249.0 million) in 2025. The increase was associated with the rapid growth of our retail business. Retail costs represented 47.4% of retail revenues in 2025, down from 49.3% in 2024.
- *Other operating costs.* Our other operating costs decreased by 42.0% from RMB44.5 million in 2024 to RMB25.8 million (US\$3.7 million) in 2025.
- *Selling and marketing expenses.* Our selling and marketing expenses increased by 53.1% from RMB972.9 million in 2024 to RMB1,489.7 million (US\$213.0 million) in 2025. The increase was mainly due to our enhanced investment in brand recognition and the effective development of online channels, aligned with the growth of our retail business.
- *General and administrative expenses.* Our general and administrative expenses increased by 46.5% from RMB352.6 million in 2024 to RMB516.7 million (US\$73.9 million) in 2025. The increase was primarily due to an increase in labor costs and share-based compensation expenses.
- *Technology and development expenses.* Our technology and development expenses increased by 32.8% from RMB134.0 million in 2024 to RMB177.9 million (US\$25.4 million) in 2025. The increase was mainly attributable to our increased investments in technology systems and infrastructure to support our expanding hotel network, retail business and improve customer experience.

*Other operating income, net.* Our net other operating income primarily consists of income from government subsidies and value-added tax related benefits, offset by other operating expenses. Our net other operating income increased by 162.1% from RMB70.2 million in 2024 to RMB184.1 million (US\$26.3 million) in 2025. The increase was mainly due to increase of income from government subsidies.

*Income from operation.* As a result of the foregoing, we had income from operation of RMB1,622.3 million and RMB2,306.7 million (US\$329.9 million) in 2024 and 2025, respectively, representing an increase of 42.2%.

*Interest income.* Our interest income consists primarily of interest from our bank deposits. Our interest income increased by 49.1% from RMB48.4 million in 2024 to RMB72.2 million (US\$10.3 million) in 2025, due to increased cash at bank in line with our business expansion and revenue growth.

*Gain from short-term investments.* Our gain from short-term investments decreased by 8.3% from RMB48.9 million in 2024 to RMB44.9 million (US\$6.4 million) in 2025, due to a decrease in the yield of structured deposits we purchased.

*Interest expense.* Our interest expense consists primarily of interests related to our borrowings. Our interest expense increased by 36.6% from RMB3.1 million in 2024 to RMB4.2 million (US\$0.6 million) in 2025, due to an increase in our borrowings.

*Income tax expense.* Our income tax expense increased by 66.3% from RMB446.0 million in 2024 to RMB741.6 million (US\$106.0 million) in 2025. The increase in income tax expense was attributable to higher income before tax. The effective tax rate increased from 25.9% in 2024 to 31.4% in 2025, primarily due to non-deductible share-based compensation expenses and withholding tax on increased earnings distribution.

*Net income.* As a result of the foregoing, we had net income of RMB1,273.0 million and RMB1,621.3 million (US\$231.8 million) in 2024 and 2025, respectively, representing an increase of 27.4%.

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

For a detailed description of the comparison of our operating results for the year ended December 31, 2024 to the year ended December 31, 2023, see “Item 5.A. Operating Results — Results of Operations — Year Ended December 31, 2024 Compared to Year Ended December 31, 2023” of our annual report on Form 20-F for the fiscal year ended December 31, 2024 filed with the Securities and Exchange Commission on April 25, 2025.

#### **Non-GAAP Financial Measures**

To supplement our consolidated financial results presented in accordance with the U.S. GAAP extracted from our consolidated financial statements, we use the following non-GAAP measures: adjusted net income, which is defined as net income excluding share-based compensation expenses; EBITDA, which is defined as earnings before interest income, interest expense, income tax expense and depreciation and amortization; adjusted EBITDA, which is defined as EBITDA excluding share-based compensation expenses. Share-based compensation expenses are non-cash in nature. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the U.S. GAAP.

We believe that EBITDA is widely used by other companies in the hospitality and retail industries and may be used by investors as a measure of the financial performance. Given the significant investments that we have made in leasehold improvements and other fixed assets of leased hotels, depreciation and amortization comprises a significant portion of our cost structure. We believe that EBITDA will provide investors with a useful tool for comparability between periods because it eliminates depreciation and amortization attributable to capital expenditures. Adjusted net income and adjusted EBITDA provide meaningful supplemental information regarding our performance by excluding share-based compensation expenses, as the investors can better understand our performance and compare business trends among different reporting periods on a consistent basis excluding share-based compensation expenses which are not expected to result in cash payment. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning and forecasting future periods. These non-GAAP financial measures also facilitate our management’s internal comparisons to our historical performance. We believe these non-GAAP financial measures are also 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 use of these non-GAAP measures has certain limitations as the excluded items have been and will be incurred and are not reflected in the presentation of these non-GAAP measures. Each of these items should also be considered in the overall evaluation of the results. We compensate for these limitations by providing the relevant disclosure of the relevant items both in its reconciliations to the U.S. GAAP financial measures and in our consolidated financial statements, all of which should be considered when evaluating our performance.

In addition, these measures may not be comparable to similarly titled measures utilized by other companies since such other companies may not calculate these measures in the same manner as we do.

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A reconciliation of net income which is the most directly comparable the U.S. GAAP measure to adjusted net income (non-GAAP measure), EBITDA (non-GAAP measure) and adjusted EBITDA (non-GAAP measure), is provided below:

	Years ended December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US\$
	(in thousands)			
<b>Net income</b>	<b>739,057</b>	<b>1,272,984</b>	<b>1,621,262</b>	<b>231,837</b>
Share-based compensation expenses, net of tax effect of nil <sup>(1)</sup>	163,978	32,792	131,472	18,801
<b>Adjusted Net income (Non-GAAP measure)</b>	<b>903,035</b>	<b>1,305,776</b>	<b>1,752,734</b>	<b>250,638</b>
<b>Net income</b>	<b>739,057</b>	<b>1,272,984</b>	<b>1,621,262</b>	<b>231,837</b>
Interest income	(29,569)	(48,415)	(72,167)	(10,320)
Interest expense	5,005	3,110	4,249	608
Income tax expense	243,036	446,031	741,646	106,054
Depreciation and amortization	85,021	65,232	54,106	7,737
<b>EBITDA (Non-GAAP measure)</b>	<b>1,042,550</b>	<b>1,738,942</b>	<b>2,349,096</b>	<b>335,916</b>
Share-based compensation expenses	163,978	32,792	131,472	18,801
<b>Adjusted EBITDA (Non-GAAP measure)</b>	<b>1,206,528</b>	<b>1,771,734</b>	<b>2,480,568</b>	<b>354,717</b>

Note:

(1) The share-based compensation expenses were recorded at entities in PRC. Share-based compensation expenses were nondeductible expenses in PRC. Therefore, there is no tax impact for share-based compensation expenses adjustment for non-GAAP financial measures.

## 5.B. Liquidity and Capital Resources

### Cash Flows and Working Capital

Our principal sources of liquidity come from cash generated from operating activities, equity financing and bank loans. As of December 31, 2025, we had RMB3,303.9 million (US\$472.5 million) in cash and cash equivalents. Our cash and cash equivalents consist of cash on hand and liquid investments which have maturities of three months or less when acquired and are unrestricted as to withdrawal or use.

We expect to incur additional capital expenditures in connection with leasehold improvements of our leased hotels. We believe that our current cash and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least the next 12 months.

We intend to finance our future working capital requirements and capital expenditures with anticipated cash generated from operating activities and funds raised from financing activities. However, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to execute our growth strategies and scale our business could be significantly impaired, and our business, operating results and financial condition may be adversely affected. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—We require significant capital to fund our operations, growth and technological investments. If we cannot obtain sufficient capital on acceptable terms, our business, financial condition and prospects may suffer.”

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

	Years ended December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US\$
	(in thousands)			
Net cash generated from operating activities	1,988,674	1,725,948	1,992,822	284,969
Net cash used in investing activities	(600,521)	(520,554)	(1,332,071)	(190,483)
Net cash used in financing activities	(146,916)	(426,595)	(924,887)	(132,257)
<b>Net increase (decrease) in cash and cash equivalents and restricted cash</b>	<b>1,251,646</b>	<b>777,877</b>	<b>(299,458)</b>	<b>(42,822)</b>
Cash and cash equivalents and restricted cash at the beginning of the year	1,590,107	2,841,753	3,619,630	517,600
<b>Cash and cash equivalents and restricted cash at the end of the year</b>	<b>2,841,753</b>	<b>3,619,630</b>	<b>3,320,172</b>	<b>474,778</b>

### *Operating Activities*

Our net cash generated from operating activities decreased from RMB1,988.7 million in 2023 to RMB1,725.9 million in 2024, mainly due to the increase in net income, as adjusted by changes in working capital, including primarily the decrease in accrued expenses and other payables, deferred revenue and accounts payable.

In 2025, our net cash generated from operating activities was RMB1,992.8 million (US\$285.0 million), which was primarily attributable to net income, adjusted for non-cash items and changes in working capital, which primarily include: (i) reduction in the carrying amount of ROU assets, (ii) share-based compensation, and (iii) impairment of inventories. The amount was further adjusted by changes in operating assets and liabilities, primarily including (i) prepayments and other current assets, (ii) deferred revenue, (iii) operating lease liabilities, and (iv) accrued expenses and other payables.

### *Investing Activities*

Our cash used in investing activities is primarily related to our leasehold improvements and purchase of equipment and fixtures used in leased hotels, and investment in short-term financial products.

Our net cash used in investing activities decreased from RMB600.5 million in 2023 to RMB520.6 million in 2024, primarily due to the increase in proceeds from maturities of short-term investments.

In 2025, our net cash used in investing activities was RMB1,332.1 million (US\$190.5 million), which was primarily attributable to (i) payment for purchases of short-term investments and (ii) payment for purchases of property and equipment; partially offset by (i) proceeds from maturities of short-term investments and (ii) proceeds from disposal of property and equipment.

### *Financing Activities*

Our financing activities primarily consisted of net proceeds from initial public offering, bank borrowings, proceeds from employee stock option exercise, payment for dividends and payment for share repurchases.

Our net cash used in financing activities increased from RMB146.9 million in 2023 to RMB426.6 million in 2024, which was attributable to the increase in our cash dividend payment and decrease in proceeds from employee stock option exercise net off by the decrease in repayment of borrowings.

In 2025, our net cash used in financing activities was RMB924.9 million (US\$132.3 million), which was primarily attributable to (i) payment for dividends, (ii) payment for share repurchases, and (iii) repayment of borrowings, and partially offset by (i) proceeds from borrowings and (ii) proceeds from stock option exercises.

### **Material Cash Requirements**

Our material cash requirements as of December 31, 2025 and any subsequent interim period primarily include our working capital and operating expenditure needs, capital expenditures, contractual obligations and outstanding indebtedness.

Other than the capital expenditures and contractual obligations, as discussed below, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2025.

### **Capital Expenditures**

Our capital expenditures were incurred primarily in connection with leasehold improvements, investments in furniture, fixtures and equipment and technology, information and operational software. Our capital expenditures were RMB41.7 million, RMB58.2 million and RMB86.0 million (US\$12.3 million) in 2023, 2024 and 2025, respectively. We will continue to make capital expenditures to meet the expected growth of our operations and expect cash generated from our operating activities and financing activities will continue to meet our capital expenditure needs in the foreseeable future.

### **Contractual Obligations**

The following table sets forth our contractual obligations as of December 31, 2025:

	Payment Due by Period				
	Total	Less Than 1 Year	1 – 3 Years	3 – 5 Years	More Than 5 Years
Operating lease obligations	1,460,686	279,099	466,597	402,029	312,961

Our operating lease obligations are primarily related to our obligations under lease agreements with lessors of business offices and certain hotels.

### **Outstanding Indebtedness**

As of December 31, 2025, we had several credit facilities with third party banks under which we can borrow up to RMB780.0 million during the term of the facilities maturing from January 2026 to December 2026. The drawdown of the credit facilities is subject to the terms and conditions of each agreement. As of December 31, 2025, the unutilized credit facilities amounted to RMB530.0 million.

### **Off-Balance Sheet Commitments and Arrangements**

Other than operating lease obligations set forth in the table under the caption “Contractual Obligations” above, we have not entered into any material financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholders’ equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

### **Holding Company Structure**

We are a holding company with no business operations of our own. We conduct all of our operations through our indirectly owned subsidiaries in China, and a substantial portion of our assets are located in China. This holding company structure involves unique risks to investors. For example, our ability to pay dividends and to service any debt we may incur overseas largely depends upon dividends paid by our subsidiaries. If our 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 in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance of the PRC, or the PRC GAAP. Pursuant to the laws and regulations applicable to China's foreign investment enterprises, our subsidiaries that are foreign investment enterprises in the PRC have to make appropriation from their after-tax profit, as determined under PRC GAAP, to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with the PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of our subsidiaries. Appropriation to the other two reserve funds is at our subsidiaries' discretion. Our PRC subsidiaries did not make any contributions to the enterprise expansion fund or the staff and bonus welfare fund during each period presented. The PRC reserve fund of our PRC subsidiaries totaled RMB286.7 million and RMB 375.5 million (US\$53.7 million) as of December 31, 2024 and 2025, respectively. See "Item 4. Information on The Company-4.B. Business Overview-Regulation-Regulations on Dividend Distribution" for a detailed discussion of the PRC legal restrictions on dividends and our ability to transfer cash within our group. In addition, ADS holders may potentially be subject to PRC taxes on dividends paid by us in the event Atour Lifestyle Holdings Limited is deemed as a PRC resident enterprise for PRC tax purposes. See "Item 5. Operating and Financial Review and Prospects — 5.A. Operating Results — Taxation — Chinese Mainland" for more details.

In August 2024, we announced a three-year annual dividend policy, under which we plan to declare and distribute dividends with an aggregate amount of no less than 50% of our net income for the preceding financial year in each of the three financial years commencing 2024. The exact dividend amount will be determined at the Board's discretion, based on its assessment of the Company's actual and projected results of operations, financial and cash position, capital requirements and other relevant factors. In August 2024, May 2025 and November 2025, we distributed cash dividends of approximately RMB436.0 million, RMB418.2 million (US\$59.8 million) and RMB353.8 million (US\$50.6 million), respectively.

In 2025, Atour Shanghai distributed RMB800.0 million (US\$114.4 million) to Atour Hong Kong. Cash generated from operating activities by our PRC subsidiaries are primarily utilized for dividend distributions and share repurchases. Our subsidiaries in the PRC generate cash from operating activities, which may be reinvested in our business or used to fund share repurchases and dividend distributions. In the future, cash proceeds raised from overseas financing activities may be transferred by us through our Hong Kong subsidiaries to their respective PRC subsidiaries via capital contribution and shareholder loans, as the case may be. Subsequently, these PRC subsidiaries will transfer funds to their own subsidiaries to meet the capital needs of our business operations. For details about the applicable PRC rules that limit transfer of funds from overseas to our PRC subsidiaries, see "Item 14. Material Modifications to The Rights of Security Holders and Use of Proceeds," "Item 3. Key Information — 3.D. Risk Factors — Risks Related to Doing Business in China — PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental regulation of currency conversion may restrict or delay us from using the proceeds of our initial public offering to make loans or additional capital contributions to our PRC subsidiaries, which could adversely affect our liquidity and our ability to fund and expand our business" and "Item 4. Information on The Company — 4.B. Business Overview — Regulation — Regulations on Offshore Financing."

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

Research and development ("R&D") is a significant contributor to our growth and market value, and constitutes one of our major activities and expenses. Our R&D activities mainly focus on digitalizing our business to further cater to customer demands and enhance user experience. Our R&D team is spearheaded by seasoned industry veterans with profound visions and insights in IT, product development, among others.

We have also been exploring collaborations with renowned universities and research institutes, including a leading university in Hong Kong, to further promote product innovation, establish product standards and enhance product quality. Our collaboration with the leading university in Hong Kong focuses on the research and testing on fabric finishing and filling materials for our Deep Sleep series products, as well as research projects relating to thermal-regulating and sensory-comfort properties of such materials.

We believe that the collaboration has further strengthened our research and development capabilities in material science and supported the development of proprietary formulations for our Deep Sleep series products. It has also enhanced the technological differentiation and competitiveness of our retail products.

## 5.D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2025 that are reasonably likely to have a material and adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial condition.

## 5.E. Critical Accounting Estimates

We prepare our financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”), which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recent available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates.

### *Impairment of long-lived assets*

For the purposes of impairment testing of long-lived assets of leased hotel, we have concluded that an individual hotel is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. When there are circumstances that require the long-lived assets of a leased hotel be tested for possible impairment, we first compare undiscounted cash flows generated by the assets to their carrying amount. If the carrying amount of the long-lived assets is not recoverable based on an undiscounted cash flow, an impairment is recognized for the amount by which the asset’s carrying amount exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

Key assumptions in the undiscounted cash flows include the average daily rates and occupancy rates that are used to estimate the future cashflows of leased hotels. Estimates of future cash flows of leased hotels involve highly subjective judgments and can be significantly impacted by changes in the business or economic conditions.

The fair values of these assets primarily reflect the price a market participant would pay to sub-lease the operating lease right-of-use assets and acquire the remaining property and equipment, representing the highest and best use of these assets. Significant unobservable inputs used in the fair value measurement include future market rental prices, which were determined with the assistance of an independent valuation specialist.

We recognized impairment losses of RMB60.5 million, RMB54.7 million and RMB55.4 million related to leased hotels, which included RMB55.4 million, RMB48.5 million and RMB11.8 million for property and equipment and RMB5.1 million, RMB6.2 million and RMB43.6 million for operating lease right-of-use assets, recorded in hotel operating costs in our consolidated statements of comprehensive income for the years ended December 31, 2023, 2024 and 2025, respectively.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### 6.A. Directors and Senior Management

The following table provides information regarding our directors and executive officers as of March 31, 2026.

Directors and Executive Officers	Age	Position/Title
Haijun Wang	49	Founder, Chairman of Board of Directors, and Chief Executive Officer
Jianfeng Wu	39	Director, Co-Chief Financial Officer, and Executive Vice President
Shoudong Wang	48	Co-Chief Financial Officer
Lijun Gao	42	Director, Chief Compliance Officer
Shiwei Zhou	50	Director
Chao Zhang	49	Independent Director
Yingchun Song	42	Independent Director
Can Wang	46	Independent Director

*Mr. Haijun Wang* is our founder and has served as our chairman of the board and Chief Executive Officer since 2012. Prior to founding Atour, Mr. Wang served as the executive vice president of China Lodging Group, Limited, currently known as H World Group Limited, a company listed on Nasdaq (ticker symbol: HTHT) and the Hong Kong Stock Exchange (stock code: 1179) (“H World Group”). Prior to joining H World Group in 2005, Mr. Wang accumulated extensive experience in hotel development and management. From September 2001 to September 2003, he served as the development director at Shanghai Home Inn Hotel Management Co., Ltd. From June 2003 to October 2004, he was the development director at Shanghai Jinjiang Inn Investment and Management Co., Ltd. As the founder of our Group, which is the first upper midscale lifestyle hotel chain in China, Mr. Wang is a well-respected industry veteran with extensive hotel development and management experience. Mr. Wang has been recognized as a leader in various industry leadership lists, including the “List of the Most Innovative Business Figures in China in 2019” and the “List of 40 Leaders of China’s Hospitality Industry within the Past 40 Years.” Mr. Wang graduated with a bachelor’s degree in tourism management from Yanshan University in the PRC in July 1999 and received an executive master’s degree in business administration from the China Europe International Business School in the PRC in September 2009.

*Mr. Jianfeng Wu* has served as our co-chief financial officer since July 2023 and was appointed as executive vice president in June 2024, where he coordinates our Company’s hotel business management, directs strategic planning and implementation, oversees capital market affairs, and leads branding development and marketing initiatives. Mr. Wu was further appointed as a Director of the Group in July 2024. Prior to joining us, Mr. Wu worked at CMB International Capital Corporation Limited from July 2015 to July 2023, with his last position being managing director of the corporate finance department. Before that, he was a director of the global banking department at UBS Securities Co. Limited from July 2008 to August 2014. Mr. Wu obtained a bachelor’s degree in economics from Tsinghua University School of Economics and Management in the PRC in July 2008.

*Mr. Shoudong Wang* has served as our co-chief financial officer since December 2021, overseeing the financial reporting and related strategic, management, and operational matters of our company. Prior to joining us, Mr. Shoudong Wang served in various positions for TANSH Global Food Group Co., Ltd. (currently known as Shanghai XNG Holdings Limited) (“TANSH Global”), a company listed on the Hong Kong Stock Exchange (stock code: 3666). Mr. Shoudong Wang served as the chief financial officer of TANSH Global from March 2019 to April 2020. From June 2011 to September 2016, Mr. Shoudong Wang was in charge of the management of finance, legal affairs and internal audit at TANSH Global, and also served as the board secretary and joint company secretary of TANSH Global from July 2015 to February 2016. Mr. Shoudong Wang also served in the finance department of Best Buy Commercial (Shanghai) Co., Ltd. From July 1999 to January 2007, Mr. Shoudong Wang worked at the finance department of Dazhong Transportation (Group) Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600611). Mr. Shoudong Wang obtained a bachelor’s degree in accounting from Fudan University in the PRC in July 1999 and a master’s degree in business administration from Fudan University in January 2007.

*Ms. Lijun Gao* has served as our chief compliance officer since January 2023 and as a Director since March 2021. Ms. Gao joined us in April 2013, and has held various leadership roles within the Company. From April 2014 to January 2015, she served as corporate counsel, overseeing corporate legal affairs. Ms. Gao was our general counsel from January 2015 to October 2018, responsible for overseeing the Company’s legal matters. From January 2018 to December 2022, she served as vice president (legal), managing overall legal affairs for the Group and its subsidiaries. Ms. Gao contributes more than a decade of experience in the practice of law and is specialized in risk management, regulatory compliance, corporate governance, internal audit and control, and government relations. Before joining us, Ms. Gao accumulated significant legal experience in other organizations. From October 2010 to May 2012, she served as legal manager at H World Group, where she oversaw regional development projects and legal matters related to corporate investments and acquisitions. From April 2008 to July 2010, she worked as a lawyer at Shanghai Jinliang Law Firm, focusing on non-litigation legal services in foreign direct investment and real estate. Ms. Gao graduated with a bachelor’s degree in law from Shanghai Normal University in the PRC in July 2006.

*Mr. Shiwei Zhou* has served as our director since March 2021. In addition to his role within the Group, Mr. Zhou has held numerous senior leadership and directorship positions in various organizations. He has served as vice president of strategic investments at Ctrip Travel Information Technology (Shanghai) Co., Ltd. from November 2015 to November 2021, and at Trip.com Group Limited since November 2021, respectively. He has also been the general manager of Trip.com Investment (Shanghai) Co., Ltd. since December 2021, as well as an executive director and the general manager of Shanghai Kehui Venture Capital Co., Ltd. since November 2021. He has served as an executive director and financial officer at Shanghai Yecheng Information Technology Co., Ltd. since June 2024. Mr. Zhou received a bachelor’s degree in engineering from Tongji University in the PRC in July 1998, majoring in industrial and civil construction engineering within the department of construction engineering. He earned a master’s degree of science from Columbia University in the United States in May 1999 and a master’s degree of business administration from the University of Southern California in the United States in May 2005. Mr. Zhou is also a certified financial analyst; he was certified by the CFA Institute in September 2010.

*Ms. Chao Zhang* has served as our independent director since November 2022. Since 2006, Ms. Zhang has been with Beijing International Studies University, starting as a lecturer. She was promoted to a master's degree supervisor in 2009 and also became a professor, where she has been involved in discipline development, talent cultivation, scientific research, and international collaboration. Ms. Zhang obtained a bachelor's degree in tourism administration from Yanshan University in the PRC in July 1998. She earned a master's degree in tourism administration from Nankai University in the PRC in July 2003 and a doctorate in regional economics from Peking University in the PRC in July 2006.

*Mr. Yingchun Song* has served as our independent director since November 2025. Mr. Song has extensive experience in the retail chain industry. He founded Wuhan Today Dream Trading Co., Ltd., which operates the "Today Convenience Store" brand, in July 2008, and has served as its chairman ever since, overseeing supply chain management and brand operations. Mr. Song has served as a director of the Alibaba Foundation since 2021. He currently also holds senior positions in business associations and has been serving as an executive director of China Chain Store & Franchise Association since 2023 and as the president of Wuhan Young Entrepreneurs Association since May 2023.

*Mr. Can Wang* has served as our independent director since November 2022. Mr. Can Wang previously served as the chief financial officer of New Hope Group Co., Ltd., and the chairman of New Hope Financial Co., Ltd. Mr. Can Wang has been an independent non-executive director of Clarity Medical Group Holding Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1406) since September 2024. He was also an independent non-executive director of Health and Happiness (H&H) International Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1112) from March 2020 to December 2022. Mr. Can Wang worked in the group of companies comprising Fosun International Limited ("Fosun International"), a company listed on the Hong Kong Stock Exchange (stock code: 0656), and its subsidiaries from time to time ("Fosun Group") from November 2012 to January 2020. Mr. Can Wang once worked as the chief growth officer and the chief financial officer of Fosun Group. He was an executive director and senior vice president of Fosun International from March 2017 to January 2020, a non-executive director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 2196) and the Shanghai Stock Exchange (stock code: 600916) from June 2016 to January 2020, a non-executive director of Fosun Tourism Group, a company listed on the Hong Kong Stock Exchange (delisted; previous stock code: 1992) from August 2018 to January 2020 and a director of Shanghai Ganglian E-commerce Holdings Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300226) from May 2017 to October 2019. Prior to joining the Fosun Group, Mr. Can Wang worked in Kingdee Software (China) Co., Ltd., PricewaterhouseCoopers Zhong Tian LLP, Standard Chartered Bank (China) Limited and H World Group. Mr. Can Wang obtained an associate degree in English from Anhui University in the PRC in June 1997 and an executive master's degree of business administration from the China Europe International Business School in the PRC in August 2014. Mr. Can Wang has been a non-practising member of the Chinese Institute of Certified Public Accountants, a deputy president of the China Association of Chief Financial Officers since April 2021 and a fellow member of the Association of Chartered Certified Accountants since January 2024.

## **6.B. Compensation**

In 2025, we paid an aggregate of RMB19.9 million (US\$2.8 million) in cash to our executive officers and directors. Our PRC subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. For share incentive grants to our directors and executive officers, see "Item 6. Directors, Senior Management and Employees — 6. B. Compensation — Share Incentive Plans."

## **Employment Agreements and Indemnification Agreements**

We have entered into employment agreements with each of our executive officers. Each of our executive officers is employed for an indefinite term, unless terminated pursuant to the terms of the agreements or as mutually agreed by the parties thereto. We may terminate an executive officer's employment for cause at any time without advance notice in certain events. We may terminate an executive officer's employment by giving a prior written notice or by paying certain unpaid compensation. An executive officer may terminate his or her employment at any time by giving a prior written notice.

Each executive officer has agreed to hold, unless expressly consented to by us, at all times during and after the termination of his or her employment agreement, in strict confidence and not to use any of our confidential information or the confidential information of our customers and suppliers. In addition, each executive officer has agreed to be bound by certain non-competition and non-solicitation restrictions during the term of his or her employment and for a specific period of time following the last date of employment.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

## **Share Incentive Plans**

### ***2017 PRC Incentive Plan***

In 2017, our PRC subsidiary Atour Shanghai adopted the 2017 Share Incentive Plan, or the 2017 PRC Plan. In 2021, we adopted the Public Company Share Incentive Plan, or the Public Company Plan, at the Cayman Islands' level in preparation for our initial public offering, to replace the 2017 PRC Plan. Under the 2017 PRC Plan, Atour Shanghai had granted a total of 14,196,882 share-based awards, representing the corresponding amount of equity interests of Atour Shanghai to certain of its officers, employees and consultants. All of the outstanding and unvested awards under the 2017 PRC Plan were replaced by the share options granted under, and governed by the terms and conditions of, the Public Company Plan in April 2021.

### ***Public Company Plan***

We adopted the Public Company Share Incentive Plan, or the Public Company Plan, in 2021 in preparation for our initial public offering, to replace the 2017 PRC Plan. The purpose of the Public Company Plan is to recognize and reward participants for their contribution to our company, to attract suitable personnel and to provide incentives to them to remain with and further contribute to us.

Under the Public Company Plan, the maximum aggregate number of Shares we are authorized to issue pursuant to equity awards granted thereunder, subject to certain adjustments pursuant to the terms thereof, is 51,029,546 Class A ordinary shares, which have been reserved for issuance pursuant to the Public Company Plan accordingly. As of March 31, 2026, the number of underlying Class A ordinary shares pursuant to the outstanding share options granted under the Public Company Plan amounted to 7,029,645 shares. The relevant Class A ordinary shares are held by the depository, which exercises the voting rights attached to such Class A ordinary shares based on the voting instructions from the vested share options grantees as ADSs holders in accordance with the provisions of the deposit agreement.

The following paragraphs summarize the key terms of the Public Company Plan.

*Types of Awards.* The Public Company Plan permits the awards of options, restricted stock, restricted stock unit and other stock-based award.

*Plan Administration.* The Public Company Plan shall be solely administrated by the board or its compensation committee, or the administrator, in accordance with the terms and conditions of the Public Company Plan.

*Eligibility.* Equity awards authorized under the Public Company Plan may be granted to any key employee, and any prospective key employee, director or consultant who has accepted an offer of employment, directorship or consultancy from us or our subsidiaries, or any other individual as designated and approved by the administrator.

*Notice of Grant.* Each award under the Public Company Plan shall be evidenced by an award agreement to be entered into by the grantee and our company, in such form as the administrator may from time to time determine.

*Conditions of Award.* The administrator shall determine the provisions, terms, and conditions of each award including, but not limited to, eligible participant, vesting schedule, the lock-up arrangements upon vesting and other terms and conditions that the award is subject to.

*Transfer Restrictions.* Unless the administrator or our chief executive officer otherwise determines, no award and no right under any such award shall be assignable, alienable, saleable or transferable by a grantee otherwise than by will or by the laws of descent and distribution. No award and no right under any such award may be pledged, alienated, attached, or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company.

*Voting Power and Dividend Right of Shares Issued Pursuant to the Public Company Plan.* Until the issuance of the shares, no grantee shall have any right to vote or receive dividends or any other rights with respect to such shares.

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*Amendment of the Public Company Plan.* The Public Company Plan may be altered or amended in any respect by the board, except to the extent prohibited by applicable laws.

*Term of the Public Company Plan.* Unless otherwise determined by the administrator, the term of the Public Company Plan shall be indefinite.

*Termination of the Public Company Plan.* The Public Company Plan may be suspended, discontinued or terminated by the board, except to the extent prohibited by applicable laws.

The following table summarizes, as of March 31, 2026, the number of Class A ordinary shares under outstanding share options that we granted to our directors and executive officers:

	Class A Ordinary Shares Underlying Equity Awards Granted	Exercise Price (US\$/Share)	Date of Grant	Date of Expiration
<b>Executive Officers</b>				
Haijun Wang	5,063,409	0.01-3.01	March 30, 2023; and February 24, 2025	March 29, 2033; and February 23, 2035
Jianfeng Wu	585,629	0.01-5.01	July 20, 2023; and February 24, 2025	July 19, 2033; and February 23, 2035
Shoudong Wang	342,769	0.01-2.97	December 24, 2022; July 1, 2024; and February 24, 2025	December 23, 2032; June 30, 2034; and February 23, 2035
Lijun Gao	296,973	0.01-2.97	December 24, 2022; and February 24, 2025	December 23, 2032; and February 23, 2035
<b>Non-Employee Directors</b>				
Shiwei Zhou	—	—	—	—
Chao Zhang	—	—	—	—
Yingchun Song	—	—	—	—
Can Wang	—	—	—	—
<b>All directors and executive officers as a group</b>	<b>6,288,780</b>	<b>0.01-5.01</b>		

As of March 31, 2026, our employees and other qualified individuals other than members of our senior management as a group held outstanding share options to purchase a total of 740,865 Class A ordinary shares granted under the Public Company Plan.

For discussions of our accounting policies and estimates for awards granted pursuant to the Public Company Plan and the 2017 PRC Plan, see “Item 5. Operating and Financial Review and Prospects — 5.E. Critical Accounting Estimates — Share-based Compensation.”

## 6.C. Board Practices

### Board of Directors

Our board of directors consists of seven directors, including three independent directors within the meaning of Section 303A of the Corporate Governance Rules of the Nasdaq, namely Can Wang, Chao Zhang and Yingchun Song. A director is not required to hold any shares in our company to qualify to serve as a director. The Corporate Governance Rules of the Nasdaq generally require that a majority of an issuer’s board of directors must consist of independent directors. However, the Corporate Governance Rules of the Nasdaq permit foreign private issuers like us to follow “home country practice” in certain corporate governance matters. We rely on this “home country practice” exception and do not have a majority of independent directors serving on our board of directors.

A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with our company is required to declare the nature of his or her interest at a meeting of our directors. A general notice given to the directors by any director to the effect that he or she is a member, shareholder, director, partner, officer or employee of any specified company or firm and is to be regarded as interested in any contract or transaction with that company or firm shall be deemed a sufficient declaration of interest for the purposes of voting on a resolution in respect to a contract or transaction in which he/she has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction. A director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he/she may be interested therein and if he/she does so, his/her vote shall be counted and he/she may be counted in the quorum at any meeting of the directors at which any such contract or proposed contract or arrangement is considered. Our board of directors may exercise all of the powers of our company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service as a director.

### **Committees of the Board of Directors**

We have established an audit committee, a compensation committee and a nominating and corporate governance committee under our board of directors and have adopted a charter for each of the three committees. Each committee's members and functions are described below.

**Audit Committee.** Our audit committee consists of Can Wang, Yingchun Song and Chao Zhang, and is chaired by Can Wang. We have determined that each of Can Wang, Yingchun Song and Chao Zhang satisfies the requirements of Section 303A of the Corporate Governance Rules of Nasdaq and meet the independence standards under Rule 10A-3 under the Securities Exchange Act of 1934, as amended. We have determined that Can Wang qualifies as an "audit committee financial expert." 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:

- reviewing and recommending to our board for approval, the appointment, re-appointment or removal of the independent auditor, after considering its annual performance evaluation of the independent auditor;
- approving the remuneration and terms of engagement of the independent auditor and pre-approving all auditing and non-auditing services permitted to be performed by our independent auditors;
- obtaining a written report from our independent auditor describing matters relating to its independence and quality control procedures;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;
- discussing with our independent auditor, among other things, the audits of the financial statements, including whether any material information should be disclosed, issues regarding accounting and auditing principles and practices;
- reviewing and approving all proposed related party transactions, as defined in Item 7 of Form 20-F;
- reviewing and recommending the financial statements for inclusion within our quarterly earnings releases and to our board for inclusion in our annual reports;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any special steps taken to monitor and control major financial risk exposures;
- periodically reviewing and reassessing the adequacy of the committee charter;
- at least annually, approving annual audit plans, and undertaking an annual performance evaluation of the internal audit function;
- overseeing and evaluating the handling of complaints and whistleblowing;

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- meeting separately and periodically with management and the independent registered public accounting firm;
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance; and
- reporting regularly to the board.

**Compensation Committee.** Our compensation committee consists of Haijun Wang, Can Wang and Chao Zhang and is chaired by Haijun Wang. We have determined that each of Can Wang and Chao Zhang satisfies the “independence” requirements of Section 303A of the Corporate Governance Rules of Nasdaq. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which their compensation is deliberated upon. The compensation committee is responsible for, among other things:

- overseeing the development and implementation of compensation programs in consultation with our management;
- reviewing and approving, or recommending to the board for its approval, the compensation for our executive officers;
- reviewing periodically and submitting for board’s approval of any equity incentive plans, programs or other similar arrangements;
- overseeing our regulatory compliance with respect to compensation matters, including our policies on restrictions on compensation plans and loans to directors and executive officers;
- periodically, reviewing and reassessing the adequacy of the committee charter;
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person’s independence from management; and
- reporting regularly to the board.

**Nominating and Corporate Governance Committee.** Our nominating and corporate governance committee consists of Haijun Wang, Yingchun Song and Chao Zhang, and is chaired by Haijun Wang. We have determined that each of Yingchun Song and Chao Zhang satisfies the “independence” requirements of Section 303A of the Corporate Governance Rules of Nasdaq. The nominating and corporate governance committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board;
- reviewing periodically the current composition of the board with regards to characteristics such as issues of judgment, diversity, age, skills, background and experience;
- reviewing candidates’ qualifications for membership on the board or a committee of the board based on the criteria approved by the board;
- making recommendations to the board as to determinations of director independence;
- reviewing and reassessing the adequacy of the committee charter;
- reviewing and approving compensation (including equity-based compensation) for our directors; and
- evaluating the performance and effectiveness of the board as a whole.

## Duties and Functions of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to exercise the skill they actually possess and such care and diligence that a reasonable prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. Our company has the right to seek damages if a duty owed by our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached. In accordance with our ninth amended and restated memorandum and articles of association, the functions and powers of our board of directors include, among others, (i) convening shareholders' annual general meetings and reporting its work to shareholders at such meetings, (ii) declaring dividends, (iii) appointing officers and determining their terms of offices and responsibilities, and (iv) approving the transfer of shares of our company, including the registering of such shares in our share register. In addition, in the event of a tie vote, the chairman of our board of directors has, in addition to his personal vote, the right to cast a tie-breaking vote.

## Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board. A director shall hold office until the expiration of his or her term, if applicable, or his or her successor shall have been elected and qualified, or until his or her office is otherwise vacated. A director may be removed from office by ordinary resolution of shareholders or the affirmative vote of a simple majority of the other directors present and voting at a board meeting. A director will be removed from office automatically if, among other things, the director (i) resigns by notice in writing to our company; (ii) dies, becomes bankrupt or makes any arrangement or composition with his or her creditors generally; (iii) is prohibited by any applicable law or stock exchange rules from being a director; (iv) is found to be or becomes of unsound mind; or (v) is removed from office pursuant to any other provision of our ninth amended and restated memorandum and articles of association.

## 6.D. Employees

We had 4,248, 5,488 and 6,356 employees as of December 31, 2023, 2024 and 2025, respectively. All of our employees are based in Chinese Mainland and Hong Kong.

The following table sets forth the numbers of our employees categorized by function as of December 31, 2025.

Function	Number of Employees
Hotel Development	135
Hotel Management	5,423
Technology and Development	203
Retail and Supply Chain	221
Sales and Marketing	87
Others	287
<b>Total</b>	<b>6,356</b>

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. Our employees have not entered into any collective bargaining agreements.

## 6.E. Share Ownership

The following table sets forth information concerning the beneficial ownership of our ordinary shares as of March 31, 2026 by:

- each of our directors and executive officers; and

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each person known to us to beneficially own more than 5% of our ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

The calculations in the table below are based on 334,448,671 Class A ordinary shares (excluding the 6,275,502 Class A ordinary shares issued to our depository bank for bulk issuance of ADSs reserved for future share issuances upon the exercise or vesting of equity awards under our Public Company Share Incentive Plan) and 73,680,917 Class B ordinary shares outstanding as of March 31, 2026. Each holder of Class A ordinary shares is entitled to one vote per share and each holder of our Class B ordinary shares is entitled to ten votes per share on all matters submitted to them for a vote.

	Ordinary Shares Beneficially Owned			
	Class A Ordinary Shares	Class B Ordinary Shares	% of Beneficial Ownership*	% of Aggregate Voting Power**
<b>Directors and Executive Officers:†</b>				
Mr. Haijun Wang <sup>(1)</sup>	6,542,138	73,680,917	19.4 %	69.1 %
Mr. Jianfeng Wu	609,423	—	0.1 %	0.1 %
Mr. Shoudong Wang	264,419	—	0.1 %	0.0 %
Ms. Lijun Gao	581,568	—	0.1 %	0.1 %
Mr. Shiwei Zhou <sup>(2)</sup>	—	—	—	—
Ms. Chao Zhang <sup>(3)</sup>	—	—	—	—
Mr. Yingchun Song <sup>(4)</sup>	—	—	—	—
Mr. Can Wang <sup>(5)</sup>	—	—	—	—
<b>All Directors and Executive Officers as a Group</b>	<b>7,997,548</b>	<b>73,680,917</b>	<b>19.7 %</b>	<b>69.2 %</b>
<b>Principal Shareholders:</b>				
Sea Pearl Worldwide Holding Limited <sup>(1)</sup>	1,691,412	73,680,917	18.5 %	68.9 %
OLP Capital Management Limited <sup>(6)</sup>	25,969,482	—	6.4 %	2.4 %
Trip.com <sup>(7)</sup>	55,970,815	—	13.7 %	5.2 %
Express Ocean Universe Limited <sup>(1)</sup>	—	73,680,917	18.1 %	68.8 %
Norges Bank Investment Management <sup>(8)</sup>	22,234,836	—	5.4 %	2.1 %

Notes:

\* For each person and group included in this table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of (i) 334,448,671 Class A ordinary shares (excluding the 6,275,502 Class A ordinary shares issued to our depository bank for bulk issuance of ADSs reserved for future share issuances upon the exercise or vesting of equity awards under our Public Company Share Incentive Plan), and 73,680,917 Class B ordinary shares outstanding as of March 31, 2026, and (ii) the number of Class A ordinary shares underlying the share options held by such person that are exercisable within 60 days after March 31, 2026.

\*\* For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A and Class B ordinary shares as a single class. Each holder of Class B ordinary shares is entitled to ten votes per share and each holder of Class A ordinary shares is entitled to one vote per share on all matters submitted to them for a vote. Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. Our Class B ordinary shares are convertible at any time by the holder thereof into Class A ordinary shares on a one-for-one basis.

† Except as indicated otherwise below, the business address of our directors and executive officers is 20th floor, Wuzhong Building, 618 Wuzhong Road, Minhang District, Shanghai, People's Republic of China.

(1) Represents (i) 73,680,917 Class B ordinary shares held of record by Express Ocean Universe Limited, a company registered in British Virgin Islands, (ii) 1,691,412 Class A ordinary shares beneficially owned by Engine Holdings Limited and (iii) 4,850,726 share options granted to Haijun Wang under the Public Company Share Incentive Plan, which are exercisable within 60 days after March 31, 2026. Express Ocean Universe Limited is wholly owned by Dreamline Worldwide Ventures Limited, which is in turn wholly held by Trident Trust Company (HK) Limited as the trustee of Eternal River Trust, or the Trust. Haijun Wang is the sole director of Express Ocean Universe Limited and the settlor of the Trust, retaining the investment and dispositive powers with respect to the assets of the Trust. The beneficiaries of the Trust are Haijun Wang and Sea Pearl Worldwide Holding Limited, a company registered in the British Virgin Islands and wholly owned by Haijun Wang. Haijun Wang and Sea Pearl Worldwide Holding Limited exercise voting power over the 1,691,412 Class A ordinary shares beneficially owned by Engine Holdings Limited pursuant to certain irrevocable proxy and power of attorney with regard to those Class A ordinary shares. As such, each of Haijun Wang and Sea Pearl Worldwide Holding Limited may be deemed to share beneficial ownership of the foregoing Class A ordinary shares. Both of Haijun Wang and Sea Pearl Worldwide Holding Limited disclaim economic interests with respect to the foregoing Class A ordinary shares. The registered address of Sea Pearl Worldwide Holding Limited is P.O. Box 4301 Road Town, Tortola, British Virgin Islands.

(2) The business address of Shiwei Zhou is 968 Jinzhong Road, Changning District, Shanghai, People's Republic of China.

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- (3) The business address of Chao Zhang is 1 Dingfuzhuang Nanli, Beijing International Studies University, College of Tourism Science, Chaoyang District, Beijing, People's Republic of China.
- (4) The business address of Yingchun Song is Floor 46, One Corporate Avenue 1, 1505 Zhongshan Avenue, Jiang'an District, Wuhan, Hubei Province, People's Republic of China.
- (5) The business address of Can Wang is Floor 18, Block A, Tower 3, Wangjing SOHO, 1 East Futong Avenue, Chaoyang District, Beijing, People's Republic of China.
- (6) Represents 25,969,482 Class A ordinary shares represented by 8,656,494 ADSs beneficially owned by OLP Capital Management Limited, a company registered in Hong Kong. OLP Capital Management Limited, Richard Li and Di Fan Shen are the beneficial owner of the relevant Class A Ordinary Shares. The foregoing beneficial ownership information of OLP Capital Management Limited is based on the Schedule 13G jointly filed by OLP Capital Management Limited, Richard Li and Di Fan Shen with the SEC on November 13, 2025 and Form F13 filed by OLP Capital Management Limited with the SEC on February 13, 2026. The business address of OLP Capital Management Limited is Unit 2430, 24/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.
- (7) Represents 55,970,815 Class A ordinary shares held of record by Trip.com, a company registered in Singapore. The foregoing beneficial ownership information of Trip.com is based on Schedule 13G filed by Trip.com with the SEC on February 13, 2023. Trip.com is ultimately controlled by Trip.com Group Limited, a company registered in the Cayman Islands. The registered address of Trip.com is 30 Raffles Place, #29-01, Singapore (048622).
- (8) Represents 22,234,836 Class A Ordinary Shares held of record by Norges Bank Investment Management, a company registered in Norway. The foregoing beneficial ownership information of Norges Bank Investment Management is based on Schedule 13G filed by Norges Bank Investment Management with the SEC on January 27, 2026. The registered address of Norges Bank Investment Management is Bankplassen 2, PO Box 1179 Sentrum, Oslo, NO-0107, Oslo, Norway.

To the best of our knowledge, as of March 31, 2026, 278,919,552 of our outstanding Class A ordinary shares were held by one record holder in the United States, which is the depository of our ADS program, representing 68.0% of our total issued and outstanding ordinary shares on an as-converted basis (excluding the 6,275,502 Class A ordinary shares issued to our depository bank for bulk issuance of ADSs reserved for future share issuances upon the exercise or vesting of equity awards under our Public Company Share Incentive Plan) as of such date. None of our shareholders has informed us that it is affiliated with a member of the Financial Industry Regulatory Authority, or FINRA. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

## **ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**

### **7.A. Major Shareholders**

Please refer to “Item 6. Directors, Senior Management and Employees—6.E. Share Ownership.”

### **7.B. Related Party Transactions**

#### **Employment Agreements and Indemnification Agreements**

See “Item 6. Directors, Senior Management and Employees—6.B. Compensation—Employment Agreements and Indemnification Agreements.”

#### **Share Incentive Plans**

See “Item 6. Directors, Senior Management and Employees—6.B. Compensation—Share Incentive Plans.”

#### **Other Related Party Transactions**

In the ordinary course of business, from time to time, we carry out other transactions and enter into other arrangements with other related parties. None of these transactions or arrangements are considered to be material except for the following.

The table below sets forth the major related parties and their relationship with us as of and for the year ended December 31, 2025:

<b>Name of related parties</b>	<b>Relationship with the Company</b>
Trip.com Group Limited and its subsidiaries (collectively referred to as “ <b>Trip.com Group</b> ”)	Major shareholder of the Company

The table below sets forth our material related party transactions for the periods indicated:

	Years ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
<b>Hotel reservation payments collected on behalf of the Company</b>			
Trip.com Group	1,441,229	1,741,238	2,138,540
<b>Hotel reservation service fees</b>			
Trip.com Group	28,686	34,745	37,611
<b>Corporate travel management service</b>			
Trip.com Group	—	23,211	24,541

We conduct transactions with Trip.com Group, the entities affiliated with a major shareholder of the Company, in the ordinary course of our business. Trip.com Group has rendered online travel agency reservation services to us in exchange for certain hotel reservation service fees and corporate travel management services for certain corporate travel management fees. Atour Shanghai entered into certain collaboration agreement (the “**Collaboration Agreement**”) with certain subsidiaries of Trip.com Group Limited (the “**Trip.com Parties**”) on January 1, 2018. The parties to the Collaboration Agreement have agreed to cooperate in various areas, including membership collaboration, online travel agency reservations and promotional services. Subject to certain exceptions, Atour Shanghai has agreed to pay the Trip.com Parties a commission fee for reservations made through online platforms operated by the Trip.com Parties. The terms of the Collaboration Agreement, including pricing terms, are customary compared with similar agreements entered into by hotels and major online travel agencies in China. The Collaboration Agreement shall remain effective until the execution of a new collaboration agreement among the parties.

The table below sets forth the balances with our related parties as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
<b>Amounts due from related parties</b>			
Trip.com Group	115,900	146,120	192,289
<b>Amounts due to related parties</b>			
Trip.com Group	1,104	2,101	2,886

#### 7.C. Interests of Experts and Counsel

Not applicable.

### ITEM 8. FINANCIAL INFORMATION

#### 8.A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

#### Legal Proceedings

In the ordinary course of our business, we are subject to legal or administrative proceedings from time to time. We do not believe that any currently pending legal or administrative proceeding to which we are a party will have a material adverse effect on our business, financial condition or results of operations. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—We may be involved in legal and administrative proceedings in the ordinary course of our business. Any adverse outcome of these legal and administrative proceedings could have a material adverse effect on our business, results of operations and financial condition.”

## **Dividend Policy**

We are a holding company incorporated in the Cayman Islands. We rely principally on dividends from our PRC subsidiaries for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See “Item 4. Information on The Company — 4.B. Business Overview — Regulation — Regulations on Dividend Distribution.” and “Risk Factors — Risks Related to Doing Business in China — Governmental regulations of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.”

Any declaration and payment as well as the amount of dividends will be subject to our articles of association and the Companies Act (As Revised) of the Cayman Islands. Our board of directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. As advised by our Cayman Islands legal adviser, under Cayman Islands law, a position of accumulated loss does not necessarily restrict our Company from declaring and paying dividends to our shareholders out of either our profit or our share premium account. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying the ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the Class A ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, net of the fees and expenses payable thereunder. See “Item 10. Additional Information — 10.B. Memorandum and Articles of Association.”

On August 27, 2024, our board has approved a three-year annual dividend policy. Under the policy, we plan to declare and distribute dividends with an aggregate amount of no less than 50% of our net income for the preceding financial year in each of the three financial years commencing from 2024. The exact dividend amount will be determined at the board’s discretion, based on its assessment of the Company’s actual and projected results of operations, financial and cash position, capital requirements and other relevant factors. In August 2024, May 2025 and November 2025, we distributed cash dividends of approximately RMB436.0 million, RMB418.2 million (US\$59.8 million) and RMB353.8 million (US\$50.6 million), respectively.

### **8.B. Significant Changes**

We have not experienced any significant changes since the date of the annual financial statements included herein.

## **ITEM 9. THE OFFER AND LISTING**

### **9.A. Offering and Listing Details**

The ADSs representing our Class A ordinary shares have been listed on the Nasdaq Global Select Market under the symbol “ATAT” since November 11, 2022.

### **9.B. Plan of Distribution**

Not applicable.

### **9.C. Markets**

The ADSs representing our Class A ordinary shares have been listed on the Nasdaq Global Select Market under the symbol “ATAT” since November 11, 2022.

### **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 are a Cayman Islands exempted company and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and Companies Act (As Revised) of the Cayman Islands (the “Companies Act”), and the common law of the Cayman Islands.

We incorporate by reference into this annual report our ninth amended and restated memorandum and articles of association, the form of which was filed as [Exhibit 3.2](#) to our registration statement on Form F-1 (File No. 333-256881), as amended, filed initially with the Securities and Exchange Commission on June 8, 2021. Our board of directors adopted our ninth amended and restated memorandum and articles of association by a special resolution on September 2, 2021, which became effective immediately prior to completion of our initial public offering of ADSs representing Class A ordinary shares.

The following are summaries of material provisions of our ninth amended and restated memorandum and articles of association and the Companies Act insofar as they relate to the material terms of our ordinary shares.

**Registered Office and Objects**

Our registered office in the Cayman Islands is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

According to Clause 3 of our ninth amended and restated memorandum and articles of association, 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.

**Board of Directors**

See “Item 6. Directors, Senior Management and Employees.”

**Ordinary Shares**

**General.** Our authorized share capital is US\$300,000 divided into 2,900,000,000 Class A ordinary shares and 100,000,000 Class B ordinary shares, with a par value of US\$0.0001 each. Holders of ordinary shares will have the same rights except for voting and conversion rights. All of our issued and outstanding ordinary shares are non-assessable. Certificates representing the ordinary shares are issued in registered form. We may not issue share to bearer. Our shareholders who are nonresident of the Cayman Islands may freely hold and transfer their ordinary shares.

The holder of Class B ordinary shares continues to control the outcome of a shareholder vote (i) with respect to matters requiring an ordinary resolution which requires the affirmative vote of a simple majority of shareholder votes, to the extent that the Class B ordinary shares represent at least 9.1% of our total issued and outstanding share capital; and (ii) with respect to matters requiring a special resolution which requires the affirmative vote of no less than two-thirds of shareholder votes, to the extent that the Class B ordinary shares represent at least 16.7% of our total issued and outstanding share capital. The holder of Class B ordinary shares may take actions that are not in the best interest of us or our other shareholders or holders of the ADSs. It may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

Future issuances of our Class B or Class A ordinary shares, which can be approved by our board of directors, could result in dilution to existing holders of our Class A ordinary shares. Such issuances, or the perception that such issuances may occur, could depress the market price of the ADSs. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to the ADSs—Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and the ADSs may view as beneficial.”

**Conversion.** Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment, disposition, or a change of ultimate beneficial ownership of Class B ordinary shares by a holder thereof to any person who is not an Affiliate (as defined in our ninth amended and restated memorandum and articles of association) of the holders of such ordinary shares, such Class B ordinary shares shall be automatically and immediately converted into the same number of Class A ordinary shares.

**Dividends.** The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to our ninth amended and restated memorandum and articles of association and the Companies Act. Our ninth amended and restated memorandum and articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Act. No dividend may be declared and paid unless our directors determine that, immediately after the payment, we will be able to pay our debts as they become due in the ordinary course of business and we have funds lawfully available for such purpose.

**Voting Rights; Meeting of Shareholders.** In respect of all matters subject to a shareholders’ vote, each holder of Class A ordinary shares is entitled to one vote per share and each holder of Class B ordinary shares is entitled to ten votes per share on all matters subject to vote at our general meetings. Holders of Class A ordinary shares and Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by the members at any such general meeting. Voting at any meeting of shareholders is by a poll and not a show of hands.

A quorum required for a meeting of shareholders consists of shareholders holding a majority of the votes attaching to the issued and outstanding shares entitled to vote at general meetings present in person or by proxy or, if a corporate or other non-natural person, by its duly authorized representative. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders’ annual general meetings. Our ninth amended and restated memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we will specify the meeting as such in the notices calling it, and the annual general meeting will be held at such time and place as may be determined by our directors. We, however, will hold an annual shareholders’ meeting during each fiscal year, as required by the Listing Rules at the Nasdaq. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Shareholders’ annual general meetings and any other general meetings of our shareholders may be called by a majority of our board of directors or our chairman or upon a requisition of shareholders holding at the date of deposit of the requisition not less than one-third of the votes attaching to the issued and outstanding shares entitled to vote at general meetings, in which case the directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our ninth amended and restated memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders. Advance notice of at least seven (7) business days is required for the convening of our annual general meeting and other general meetings unless such notice is waived in accordance with our articles of association.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution also requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. A special resolution will be required for important matters such as a change of name or making changes to our ninth amended and restated memorandum and articles of association.

**Transfer of Ordinary Shares.** Subject to the restrictions in our ninth amended and restated memorandum and articles of association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of 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 shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four;
- the shares are free from any lien in favor of the Company; and
- a fee of such maximum sum as the Nasdaq 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 five business days of such refusal, notify the transferee and provide a detailed explanation of the reason therefor.

The registration of transfers may, after compliance with any notice required of the Nasdaq, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, *provided, however*, that the registration of transfers shall not be suspended nor the register closed for 30 more than days in any year as our board may determine.

**Liquidation.** On winding up, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them. Any distribution of assets or capital to a holder of ordinary share will be the same in any liquidation event.

**Calls on Ordinary Shares and Forfeiture of Ordinary Shares.** Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

**Redemption, Repurchase and Surrender of Ordinary Shares.** We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our board of directors, or are otherwise authorized by our ninth amended and restated memorandum and articles of association. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (i) unless it is fully paid up, (ii) if such redemption or repurchase would result in there being no shares outstanding, or (iii) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

**Variations of Rights of Shares.** If at any time our share capital is divided into different classes or series of shares, the rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series), whether or not our company is being wound up, may be varied with the consent in writing of the holders of not less than a majority of the issued shares of that class or series or with the sanction of a special resolution at a separate meeting of the holders of the shares of the class or series. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

**Inspection of Books and Records.** Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain our register of members or our corporate records (other than the memorandum and articles of association, special resolutions which have been passed by our shareholders and our register of mortgages and charges). Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies in the Cayman Islands. However, we will provide our shareholders with annual audited financial statements.

**Issuance of Additional Shares.** Our ninth amended and restated memorandum and articles of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our ninth amended and restated memorandum and articles of association also authorizes our board of directors to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

**Anti-Takeover Provisions.** Some provisions of our ninth amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders or limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our ninth amended and restated memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

**Exempted Company.** We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 30 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on that shareholder’s shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

**Exclusive Forum.** Without limiting the jurisdiction of the Cayman courts to hear, settle and/or determine disputes related to our company, the courts of the Cayman Islands shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of our company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee of our company to our company or the members, (iii) any action asserting a claim arising pursuant to any provision of the Companies Act or our articles of association including but not limited to any purchase or acquisition of shares, security, or guarantee provided in consideration thereof, or (iv) any action asserting a claim against our company which if brought in the United States of America would be a claim arising under the internal affairs doctrine (as such concept is recognized under the laws of the United States from time to time).

Unless we consent in writing to the selection of an alternative forum, federal courts of the United States of America shall have exclusive jurisdiction within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, including those arising from the Securities Act and the Exchange Act, regardless of whether such legal suit, action, or proceeding also involves parties other than our company. Any person or entity purchasing or otherwise acquiring any share or other securities in our company shall be deemed to have notice of and consented to the provisions of our articles of association.

### **Register of Members**

Under the Companies Act, we must keep a register of members and there should be entered therein:

- the names and addresses of our members, together with a statement of the shares held by each member, and such statement shall confirm (i) the amount paid or agreed to be considered as paid, on the shares of each member, (ii) the number and category of shares held by each member, and (iii) whether each relevant category of shares held by a member carries voting rights under the articles of association of our company, and if so, whether such voting rights are conditional;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under the Companies Act, the register of members of our company is prima facie evidence of the matters set out therein (that is, the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a member registered in the register of members is deemed as a matter of the Companies Act to have legal title to the shares as set against its name in the register of members. Upon completion of our offering, we have performed the procedure necessary to immediately update the register of members to record and given effect to the issuance of shares by us to the depository bank (or its nominee) as the depository. Once our register of members has been updated, the shareholders recorded in the register of members will be deemed to have legal title to the shares set against their name.

If the name of any person is incorrectly entered in or omitted from our register of members, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a member of our company, the person or member aggrieved (or any member of our company or our company itself) may apply to the Grand Court of the Cayman Islands for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

### **Differences in Corporate Law**

The Companies Act is derived, to a large extent, from the older Companies Acts of England, but does not follow many recent English law statutory enactments. 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 State of Delaware.

**Mergers and Similar Arrangements.** The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a declaration as to the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is carried out in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose, a company is a "parent" of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provided that the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, *provided* that the arrangement is approved by (a) 75% in value of the shareholders or class of shareholders, as the case may be, or (b) a majority in number representing 75% in value of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of a dissenting minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% in value of the shares for which the offer has been made, the offeror may, within a two-month period after the approval by the said holders, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands, but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, or if a tender offer is made and accepted, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

**Shareholders' Suits.** In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule 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) which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be duly carried out if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority.”

**Indemnification of Directors and Executive Officers and Limitation of Liability.** Cayman Islands law does not limit the extent to which a company’s memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Under our ninth amended and restated memorandum and articles of association, which became effective immediately prior to the completion of our 2022 offering, to the fullest extent permissible under Cayman Islands law every director and officer of our company shall be indemnified against all actions, proceedings, costs, charges, losses, damages and expenses incurred or sustained by him by reason of any act done or omitted in or about the execution of their duty in their respective offices or trusts. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our ninth amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**Directors’ Fiduciary Duties.** Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company: a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

**Shareholder Action by Written Consent.** Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. The Companies Act and our ninth amended and restated memorandum and articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

**Shareholder Proposals.** Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our ninth amended and restated memorandum and articles of association allow our shareholders holding in aggregate not less than one-third of all votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our ninth amended and restated memorandum and articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings not called by such shareholders. As an exempted company incorporated in the Cayman Islands, we are not obliged by law to call shareholders' annual general meetings.

**Cumulative Voting.** Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it.

Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands, but our ninth amended and restated memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

**Removal of Directors.** Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our ninth amended and restated memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders or the affirmative vote of a simple majority of the other directors present and voting at a board meeting. A director shall hold office until the expiration of his or her term or his or her successor shall have been elected and qualified, or until his or her office is otherwise vacated. In addition, a director's office shall be vacated if the director (i) dies, becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing to the company; (iv) is prohibited by law or stock exchange rules from being a director; or (v) is removed from office pursuant to any other provisions of our ninth amended and restated memorandum and articles of association.

**Transactions with Interested Shareholders.** The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, the directors of the Company are required to comply with fiduciary duties which they owe to the Company under Cayman Islands laws, including the duty to ensure that, in their opinion, any such transactions must be entered into bona fide in the best interests of the company, and are entered into for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

**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:

- (i) is or is likely to become unable to pay its debts; and
- (ii) 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) shall be proceeded with or commenced against the company, no resolution to wind up the company shall 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.

**Dissolution; Winding up.** Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Act and our ninth amended and restated memorandum and articles of association, our company may be dissolved, liquidated or wound up by a special resolution of our shareholders.

**Variation of Rights of Shares.** Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our ninth amended and restated memorandum and articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the written consent of the holders of a majority of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

**Amendment of Governing Documents.** Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act and our ninth amended and restated memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

**Rights of Nonresident or Foreign Shareholders.** There are no limitations imposed by our ninth amended and restated memorandum and articles of association on the rights of nonresident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our ninth amended and restated memorandum and articles of association that require our company to disclose shareholder ownership above any particular ownership threshold.

#### **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 this annual report.

#### **10.D. Exchange Controls**

The Cayman Islands currently has no exchange control regulations or currency restrictions.

#### **10.E. Taxation**

*The following discussion of Cayman Islands, PRC and United States federal income tax consequences of an investment in the 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 discussion does not deal with all possible tax consequences relating to an investment in the ADSs or ordinary shares, such as the tax consequences under U.S. state, or local laws or the tax laws of any jurisdiction other than the Cayman Islands, the PRC and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Maples and Calder (Hong Kong) LLP, our Cayman Islands legal counsel.*

##### **Cayman Islands Taxation**

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, 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 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 is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the ADSs or 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 the ADSs or ordinary shares, nor will gains derived from the disposal of the ADSs or ordinary shares be subject to Cayman Islands income or corporate tax.

##### **People's Republic of China Taxation**

Under the PRC EIT Law, which became effective on January 1, 2008 and was last amended on December 29, 2018, an enterprise established outside the PRC with “de facto management bodies” within the PRC is considered a “resident enterprise” for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation regulations to the PRC EIT Law, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and operations, personnel and human resources, finances and properties of an enterprise.

In addition, the SAT Circular 82 issued by the SAT in April 2009 specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises only if all of the following conditions are met: (a) the primary location of the day-to-day operational management is in the PRC; (b) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (c) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (d) at least 50% of voting board members or senior executives habitually reside in the PRC. Further to SAT Circular 82, the SAT issued the SAT Bulletin 45, which took effect in September 2011, to provide more guidance on the implementation of SAT Circular 82. SAT Bulletin 45 provides for procedures and administration details of determination on resident status and administration on post-determination matters. Our company is a company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. As such, we do not believe that our company meets all of the conditions above or is a PRC resident enterprise for PRC tax purposes. For similar reasons, we believe our other entities outside of China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." There can be no assurance that the PRC government will ultimately take a view that is consistent with us. If the PRC tax authorities determine that our Cayman Islands holding company is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. For example, a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders (including the ADS holders). In addition, nonresident enterprise shareholders (including the ADS holders) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including the ADS holders) and any gain realized on the sale or other disposition of ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us). These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders (including the ADS holders) of our company would be able to obtain the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders."

#### **Material U.S. Federal Income Tax Considerations**

The following are material U.S. federal income tax consequences to the U.S. Holders described below of the ownership and disposition of the ADSs or Class A ordinary shares, but this discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to acquire the ADSs or Class A ordinary shares.

This discussion applies only to a U.S. Holder that holds the ADSs or underlying Class A ordinary shares as capital assets for U.S. federal income tax purposes. 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 any minimum tax, the Medicare contribution tax on net investment income and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- regulated investment companies;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding ADSs or Class A ordinary shares as part of a straddle, integrated or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes and their partners;
- tax-exempt entities, "individual retirement accounts" or "Roth IRAs";

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- persons that own or are deemed to own ADSs or Class A ordinary shares representing 10% or more of our stock by vote or value;
- persons that acquired ADSs or Class A ordinary shares pursuant to the exercise of an employee stock option or otherwise as compensation; or
- persons holding ADSs or Class A ordinary shares in connection with a trade or business outside the United States.

If a partnership (or other entity that is classified as a partnership for U.S. federal income tax purposes) owns ADSs or Class A ordinary shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning ADSs or Class A ordinary shares and their partners should consult their tax advisers as to their particular U.S. federal income tax consequences of owning and disposing of ADSs or Class A ordinary shares.

This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between the United States and the PRC, or the Treaty, all as of the date hereof, any of which is subject to change, possibly with retroactive effect. This discussion does not address any state, local or non-U.S. tax considerations, or any federal taxes (such as estate or gift taxes) other than income taxes. This discussion assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms.

As used herein, a “U.S. Holder” is a person that is, for U.S. federal income tax purposes, a beneficial owner of the ADSs or Class A ordinary shares and:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

In general, a U.S. Holder that owns ADSs will be treated as the owner of the underlying Class A ordinary shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying Class A ordinary shares represented by those ADSs.

U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of ADSs or Class A ordinary shares in their particular circumstances.

Except as described below under “-*Passive Foreign Investment Company Rules*,” this discussion assumes that we are not, and will not be, a passive foreign investment company, or PFIC, for any taxable year.

### ***Taxation of Distributions***

Distributions paid on the ADSs or Class A ordinary shares, other than certain pro rata distributions of ADSs or Class A 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 reported to U.S. Holders as dividends. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders of ADSs may be taxable at a preferential rate. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of this preferential tax rate on dividends in their particular circumstances.

Dividends will be included in a U.S. Holder’s income on the date of receipt by the depository (in the case of ADSs) or the U.S. Holder (in the case of ordinary shares). The amount of any dividend income paid in foreign currency will be the U.S. dollar amount calculated by reference to the spot rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the amount received. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Dividends will be treated as foreign-source income for foreign tax credit purposes. As described in “-People’s Republic of China Taxation,” dividends paid by us may be subject to PRC withholding tax. For U.S. federal income tax purposes, the amount of the dividend income will include any amounts withheld in respect of PRC taxes. Subject to applicable limitations, which vary depending upon the U.S. Holder’s circumstances, PRC taxes withheld from dividend payments may be creditable against a U.S. Holder’s U.S. federal income tax liability. The rules governing foreign tax credits are complex. For example, Treasury regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for foreign income taxes to be creditable the relevant foreign income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the PRC income tax system meets these requirements. The U.S. Internal Revenue Service (the “IRS”) released notices that provide relief from certain of the provisions of the Treasury regulations described above for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). In lieu of claiming a credit, a U.S. Holder may elect to deduct such PRC taxes in computing its taxable income, subject to applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all otherwise creditable foreign taxes paid or accrued in the relevant taxable year. U.S. Holders should consult their tax advisers regarding the creditability or deductibility of foreign taxes in their particular circumstances.

#### ***Sale or Other Taxable Disposition of ADSs or Class A Ordinary Shares***

A U.S. Holder will generally recognize capital gain or loss on a sale or other taxable disposition of ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized and the U.S. Holder’s tax basis in the ADSs or Class A ordinary shares disposed of, in each case as determined in U.S. dollars. The gain or loss will be long-term capital gain or loss if, at the time of the sale or disposition, the U.S. Holder has owned the ADSs or Class A ordinary shares for more than one year. Long-term capital gains recognized by non-corporate U.S. Holders may be subject to tax rates that are lower than those applicable to ordinary income. The deductibility of capital losses is subject to limitations.

As described in “— People’s Republic of China Taxation,” gains on the sale of ADSs or Class A ordinary shares may be subject to PRC taxes. Under the Code, capital gains of U.S. persons are generally treated as U.S.-source income. However, a U.S. Holder that is eligible for Treaty benefits may be able to elect to treat gains on the disposition of ADSs or Class A ordinary shares as foreign-source income under the Treaty and claim a foreign tax credit in respect of any PRC taxes on such disposition gains. Under certain Treasury regulations, a U.S. Holder will generally be precluded from claiming a foreign tax credit with respect to PRC income taxes on gains from dispositions of ADSs or Class A ordinary shares, unless the U.S. Holder is eligible for Treaty benefits and elects to apply them. As discussed above under “—Taxation of Distributions,” the IRS released notices that provide relief from certain of their provisions (including the limitation described in the preceding sentence) for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). However, even if these Treasury regulations do not prohibit U.S. Holders from claiming a foreign tax credit with respect to PRC taxes on disposition gains, other limitations under the foreign tax credit rules may preclude them from claiming (or limit their ability to claim) a foreign tax credit. If a U.S. Holder is precluded from claiming a foreign tax credit, it is possible that any PRC taxes on disposition gains may either be deductible or reduce the amount realized on the disposition. The rules governing foreign tax credits and deductibility of non-U.S. taxes are complex. U.S. Holders should consult their tax advisers regarding their eligibility for benefits under the Treaty and the consequences of the imposition of any PRC tax on disposition gains, including the Treaty’s resourcing rule, any reporting requirements with respect to a Treaty-based return position and the creditability or deductibility of any PRC tax on disposition gains in their particular circumstances (including any applicable limitations).

#### ***Passive Foreign Investment Company Rules***

In general, a non-U.S. corporation is a PFIC for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average value of its assets (generally determined on an average quarterly basis) consists of assets that produce, or are held for the production of, passive income. For purposes of these calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties (other than certain royalties derived in an active business), and certain investment gains. Cash is generally a passive asset for these purposes. Goodwill and other intangible assets (the value of which may be determined by reference to the excess of the sum of the corporation’s market capitalization and liabilities over the value of its assets) are generally characterized as active assets to the extent associated with business activities that produce active income.

Based on the manner in which we currently conduct our business, the composition of our income and assets and the estimated value of our assets (including goodwill and other intangible assets), we believe that we were not a PFIC for our 2025 taxable year. However, our PFIC status for any taxable year is an annual factual determination that can be made only after the end of that year and depends on the composition of our income and assets and the average value of our assets from time to time, including the value of our goodwill and other intangible assets (which may be determined, in part, by reference to our market capitalization, which could be volatile). Therefore, we may be or become a PFIC for any taxable year if our market capitalization declines while we hold a substantial amount of cash and financial investments. In addition, if in the future we change the type of services we provide with respect to our franchised hotels, our PFIC status for any taxable year may depend on whether and to what extent our income from franchised hotels will be treated as derived in the active conduct of a trade or business within the meaning of applicable Treasury regulations. Because of these uncertainties, there can be no assurance that we were not, or will not be, a PFIC for any of our past, current or future taxable years.

If we are a PFIC for any taxable year and any entity in which we own equity interests is also a PFIC (any such entity, a “Lower-tier PFIC”), U.S. Holders 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 next paragraph on (i) certain distributions by a Lower-tier PFIC and (ii) dispositions of shares of Lower-tier PFICs, in each case as if the U.S. Holders held such shares directly, even though the U.S. Holder does not receive any proceeds of those distributions or dispositions.

In general, if we are a PFIC for any taxable year during which a U.S. Holder owns the ADSs or Class A ordinary shares, gain recognized by such U.S. Holder on a sale or other disposition (including certain pledges) of the ADSs or Class A ordinary shares will be allocated ratably over the U.S. Holder’s holding period. The amounts allocated to the taxable year of the sale or disposition and to any year before we became a PFIC will be taxed as ordinary income. The amount allocated to each other taxable year will be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge will be imposed on the resulting tax liability for each such year. Furthermore, to the extent that distributions received by a U.S. Holder in any taxable year on its ADSs or Class A ordinary shares exceed 125% of the average of the annual distributions on the ADSs or Class A ordinary shares received during the preceding three taxable years or the U.S. Holder’s holding period, whichever is shorter, the excess distributions will be subject to taxation in the same manner. If we are a PFIC for any taxable year during which a U.S. Holder owns ADSs or Class A ordinary shares, we will generally continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding taxable years during which the U.S. Holder owns the ADSs or Class A ordinary shares, even if we cease to meet the threshold requirements for PFIC status, unless the U.S. 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.

Alternatively, if we are a PFIC for any taxable year and if the ADSs are “regularly traded” on the Nasdaq, a U.S. Holder that owns ADSs could make a mark-to-market election that will result in tax treatment different from the general tax treatment for PFICs described in the preceding paragraph. The ADSs will be treated as regularly traded for any calendar year in which more than a *de minimis* quantity of the ADSs is traded on the Nasdaq on at least 15 days during each calendar quarter. If a U.S. Holder of ADSs makes the mark-to-market election, for each taxable year that we are a PFIC, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the ADSs at the end of such U.S. Holder’s taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ADSs over their fair market value at the end of such U.S. Holder’s taxable year, but only to the extent of the net amount of income previously included as a result of the mark-to-market election. If a U.S. Holder makes the election, the U.S. Holder’s tax basis in the ADSs will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of ADSs in a taxable year in which we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election, with any excess loss treated as a capital loss). If a U.S. Holder makes the mark-to-market election, distributions paid on ADSs will be treated as discussed under “-Taxation of Distributions” above (but subject to the discussion in the immediately subsequent paragraph). Once made, the election will remain in effect for all taxable years in which we are a PFIC, unless it is revoked with the IRS’s consent, or the ADSs cease to be regularly traded on a qualified exchange. U.S. Holders should consult their tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances in the case that we are a PFIC for any taxable year. In particular, U.S. Holders should consider carefully the impact of a mark-to-market election with respect to their ADSs given that we may have Lower-tier PFICs, and there is no provision in the Code or Treasury regulations that would enable a U.S. Holder to file a mark-to-market election with respect to any Lower-tier PFICs. In addition, because our ordinary shares are not publicly traded, a U.S. Holder that holds ordinary shares that are not represented by ADSs will generally not be eligible to make a mark-to-market election with respect to such shares.

If we are a PFIC (or are treated as a PFIC with respect to a U.S. Holder) for a taxable year in which we pay a dividend or for the prior taxable year, the preferential tax rate described above with respect to dividends paid to certain non-corporate U.S. Holders will not apply.

If we are a PFIC for any taxable year during which a U.S. Holder owns any ADSs or Class A ordinary shares, the U.S. Holder will generally be required to file annual reports with the IRS. U.S. Holders should consult their tax advisers regarding the determination of whether we are a PFIC for any taxable year and the potential application of the PFIC rules to their ownership of ADSs or Class A ordinary shares.

#### ***Information Reporting and Backup Withholding***

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other “exempt recipient” (and establishes that status if required to do so) or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against its U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Certain U.S. Holders who are individuals (and certain specified entities) may be required to report information relating to their ownership of ADSs or Class A ordinary shares, or non-U.S. accounts through which the ADSs or ordinary shares are held. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to ADSs and Class A ordinary shares.

#### **10.F. Dividends and Paying Agents**

Not applicable.

#### **10.G. Statement by Experts**

Not applicable.

#### **10.H. Documents on Display**

We previously filed with the SEC registration statement on Form F-1 (File No. 333-256881), as amended, to register our Class A ordinary shares in relation to our initial public offering. We also filed with the SEC a related registration statement on Form F-6 (File Number 333-257343) to register the ADSs representing our Class A ordinary shares.

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. 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 within four months after the end of each fiscal year. The SEC also maintains a web site at [www.sec.gov](http://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, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will furnish The Bank of New York Mellon, the depository of the ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders’ meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders’ meeting received by the depository from us.

#### **10.I. Subsidiary Information**

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 income generated by excess cash invested in liquid investments with original maturities of three months or less. We have not used any derivative financial instruments to manage our interest risk exposure. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed, nor do we anticipate being exposed, to material risks due to changes in interest rates. However, our future interest income may be lower than expected due to changes in market interest rates.

### **Foreign Exchange Risk**

As our principal activities are carried out in the PRC, our transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

Our management does not expect that there will be any significant currency risk for us.

As of December 31, 2025, we had Renminbi-denominated cash and cash equivalents of RMB2,621.3 million (US\$374.8 million) U.S. dollar-denominated cash and cash equivalents of RMB682.5 million (US\$97.6 million) and Hong Kong dollars-denominated cash and cash equivalents of RMB217 thousand (US\$31 thousand).

### **Inflation Risk**

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for 2023, 2024 and 2025 were increases of 0.2%, 0.2% and nil, respectively. Although we have not in the past been materially affected by inflation since our inception, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China.

### **Credit Risk**

Our credit risk primarily arises from cash and cash equivalents, short-term investments, accounts receivable, and amounts due from related parties. The carrying amounts of these financial instruments represent the maximum amount of loss due to credit risk.

We expect that there is no significant credit risk associated with the cash and cash equivalents, restricted cash and short-term investments which are held by reputable financial institutions. We believe that it is not exposed to unusual risks as these financial institutions have high credit quality.

Accounts receivable is unsecured and are primarily derived from revenue earned from manachised hotels and retail business. The risk with respect to accounts receivable is mitigated by credit evaluations performed on them.

Amounts due from related parties are unsecured and are derived from the hotel reservation payment collected by the related parties on our behalf. We believe that it is not exposed to unusual risks as the related parties are reputable travel agencies.

## **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**

<u>Persons depositing or withdrawing shares or ADS holders must pay:</u>	<u>For:</u>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates	
\$.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
\$.05 (or less) per ADS per calendar year	Depositary services
	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Registration or transfer fees	Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement)
Expenses of the depositary	
Converting foreign currency to U.S. dollars	
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates, or the custodian or we may convert currency and pay U.S. dollars to the depositary. Where the depositary converts currency itself or through any of its affiliates, the depositary acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained by it or its affiliate in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligation to act without negligence or bad faith. The methodology used to determine exchange rates used in currency conversions made by the depositary is available upon request.

## PART II

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See “Item 10. Additional Information” for a description of the rights of shareholders, which remain unchanged.

The following “Use of Proceeds” information relates to the registration statement on Form F-1 (File No. 333-256881) as amended (the “IPO Registration Statement”), which registered 14,250,000 Class A ordinary shares represented by 4,750,000 ADSs issued and sold by us, and the underwriters’ exercise of their option to purchase from us 712,500 additional ADSs representing 2,137,500 Class A ordinary shares, at a public offering price of US\$11.0 per ADS. The registration statement was declared effective by the SEC on November 10, 2022, for our initial public offering, which closed in November 2022. BofA Securities, Inc. and Citigroup Global Markets Inc. were the representatives of the underwriters.

We received net proceeds of US\$55.9 million from our initial public offering in November 2022 and the underwriters’ exercise of over-allotment option. Our expenses incurred and paid to others in connection with the issuance and distribution of the ADSs in our offering totaled US\$9.2 million, which included US\$4.2 million for underwriting discounts and commissions and US\$5.0 million for other expenses. None of the transaction expenses included payments to directors or officers of our company or their associates, persons owning more than 10% or more of our equity securities or our affiliates. None of the net proceeds we received from the initial public offering were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates.

For the period from the date that the registration statement on Form F-1 was declared effective by the SEC to December 31, 2025, we had not yet used the net proceeds received from the initial public offering.

We still intend to use the remainder of the net proceeds from our initial public offering for the purposes as disclosed in our registration statements on Form F-1.

### 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 (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this annual report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, as of December 31, 2025, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

#### 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 Securities Exchange Act of 1934, as amended.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America and 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 our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company’s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the Securities and Exchange Commission, our management including our Chief Executive Officer and Chief Financial Officer assessed the effectiveness of internal control over financial reporting as of December 31, 2025 using the criteria set forth in *Internal Control-Integrated Framework (2013)* by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2025.

#### **Attestation Report of the Independent Registered Public Accounting Firm**

Our independent registered public accounting firm, KPMG Huazhen LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2025, as stated in its report, which appears on page F-2 of this annual report on Form 20-F.

#### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the year covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **ITEM 16.A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our board of directors has determined that Can Wang, an independent director and a member of our audit committee, qualifies as an “audit committee financial expert” within the meaning of the SEC rules and possesses financial sophistication within the meaning of Listing Rules of the Nasdaq Stock Market. Can Wang satisfies the “independence” requirements of Section 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market and Rule 10A-3 under the Securities Exchange Act of 1934, as amended.

#### **ITEM 16.B. CODE OF ETHICS**

Our board of directors has adopted a code of business conduct and ethics that applies to all of our directors, officers, employees, including certain provisions that specifically apply to our principal executive officer, principal financial officer, principal accounting officer or controller and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-256881), as amended, initially filed with the SEC on June 08, 2021, and posted a copy of our code of business conduct and ethics on our website at <https://ir.yaduo.com>. We hereby undertake to provide to any person without charge, a copy of our code of business conduct and ethics within ten working days after we receive such person’s written request.

**ITEM 16.C. PRINCIPAL ACCOUNTANT FEES AND SERVICES****Auditor Fees**

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by KPMG Huazhen LLP, our independent registered public accounting firm, for the years indicated.

	Years ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
<b>Services</b>			
Audit Fees <sup>(1)</sup>	16,100	15,080	22,650
Tax Fees <sup>(2)</sup>	—	—	50
Other Fees <sup>(3)</sup>	—	—	1,480
<b>Total</b>	<b>16,100</b>	<b>15,080</b>	<b>24,180</b>

(1) *Audit Fees.* Audit fees mean the aggregate fees billed or to be billed in each of the fiscal years listed for professional services rendered by our auditor for the audit of our annual consolidated financial statements and audit of our internal control over financial reporting, review of the interim financial information and review of documents filed with the SEC, and statutory audits of our certain subsidiaries.

(2) *Tax Fees.* Tax fees mean the aggregate fees incurred from professional tax services rendered by our auditor.

(3) *Other Fees.* Other fees mean the aggregate fees incurred from professional services rendered by our auditor other than services included under Audit Fees, Audit-related Fees and Tax Fees.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by KPMG Huazhen LLP, including audit services, audit-related services, tax services and other services, as described above.

**ITEM 16.D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not applicable.

**ITEM 16.E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

Neither we nor any “affiliated purchaser,” as defined in Rule 10b-18(a)(3) of the Exchange Act, purchased any of our equity securities during the period covered by this annual report.

**ITEM 16.F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT**

Not applicable.

**ITEM 16.G. CORPORATE GOVERNANCE**

As an exempted company with limited liability incorporated in the Cayman Islands and listed on the Nasdaq, we are subject to corporate governance listing standards of Nasdaq. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. We currently intend to follow Cayman Islands corporate governance practices in lieu of the corporate governance requirements of the Nasdaq that listed companies must have: (i) a majority of independent directors; (ii) a nominating/corporate governance committee composed entirely of independent directors; and (iii) a majority of independent directors and that the audit committee consist of at least three members. To the extent that we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would enjoy under Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. See “Item 3. Key Information — 3.D. Risk Factors — Risks Related to The ADSs — As an exempted company with limited liability 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 listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.”

In addition, Nasdaq Rule 5620 requires each issuer to hold an annual meeting of shareholders no later than one year after the end of the issuer's fiscal year-end. However, Nasdaq Rule 5615(a)(3) permits foreign private issuers like us to follow "home country practice" in certain corporate governance matters. Maples and Calder (Hong Kong) LLP, our Cayman Islands legal counsel, has provided a letter to the Nasdaq Stock Market certifying that under Cayman Islands law, we are not required to hold annual shareholders meetings every year. We followed home country practice and did not hold an annual meeting of shareholders in 2025. We may, however, hold annual shareholders meetings in the future.

#### **ITEM 16.H. MINE SAFETY DISCLOSURE**

Not applicable.

#### **ITEM 16.I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

#### **ITEM 16.J. INSIDER TRADING POLICIES**

We maintain insider trading policies and procedures governing the purchase, sale, and/or other dispositions of our company's securities by directors, officers, and employees that we believe are reasonably designed to promote compliance with insider trading laws, rules, and regulations, as well as Nasdaq listing standards. A copy of our insider trading policy is filed as Exhibit 11.2 to this annual report on Form 20-F.

#### **ITEM 16.K. CYBERSECURITY**

##### **Cybersecurity Risk Management and Strategy**

Cybersecurity risk management is an integral part of our overall risk management program. Our cybersecurity risk management program provides a framework for handling cybersecurity threats and incidents, including threats and incidents associated with the use of services provided by third-party service providers, and facilitate coordination across different departments of the company. This framework includes steps for assessing the severity of a cybersecurity threat, identifying the source of a cybersecurity threat, implementing cybersecurity countermeasures and mitigation strategies and informing management and our board of directors of material cybersecurity threats and incidents. Our cybersecurity team is responsible for assessing our cybersecurity risk management program and we also engage third-party security experts for risk assessment and system enhancements. In addition, our cybersecurity team provides training to all employees periodically.

##### **Governance**

Our board of directors has overall oversight responsibility for our risk management, and delegates cybersecurity risk management oversight to a cybersecurity committee consisting of officers and directors. The cybersecurity committee is responsible for ensuring that management has processes in place designed to identify and evaluate cybersecurity risks to which the company is exposed and implement processes and programs to manage cybersecurity risks and mitigate cybersecurity incidents. The cybersecurity committee also reports material cybersecurity risks to our full board of directors. Our cybersecurity programs are under the direction of our information and data security committee, which is comprised of our management. The information and data security committee receives reports from our cybersecurity team and monitors the prevention, detection, mitigation, and remediation of cybersecurity incidents. Our dedicated personnel within our cybersecurity team are experienced information systems security professionals and information security managers with years of experience. Our information and data security committee and our cybersecurity team regularly update the cybersecurity committee on the company's cybersecurity programs, material cybersecurity risks and mitigation strategies and provide cybersecurity reports annually that cover, among other topics, developments in cybersecurity and updates to the company's cybersecurity programs and mitigation strategies.

In 2025, we did not identify any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. However, despite our efforts, we cannot eliminate all risks from cybersecurity threats, or provide assurances that we have not experienced an undetected cybersecurity incident. See "Item 3. Key Information – 3.D. Risk Factors-Risks Related to Our Business and Industry – We may be liable for improper collection, use or appropriation of personal information provided by our customers."

### PART III

#### ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

#### ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of Atour Lifestyle Holdings Ltd. are included at the end of this annual report.

#### ITEM 19. EXHIBITS

<b>Exhibit Number</b>	<b>Description of Document</b>
1.1	<a href="#">Ninth Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect (incorporated herein by reference to Exhibit 3.2 to the registration statement on Form F-1 (File No. 333-256881), as amended, initially filed with the SEC on September 20, 2021)</a>
2.1	<a href="#">Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3)</a>
2.2	<a href="#">Registrant's Specimen Certificate for Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-256881), as amended, initially filed with the SEC on June 8, 2021)</a>
2.3	<a href="#">Deposit Agreement among the Registrant, the depository, owners and holders of the American Depositary Shares (incorporated herein by reference to Exhibit 4.3 to the registration statement on Form F-1 (File No. 333-272434), as amended, initially filed with the SEC on June 5, 2023)</a>
2.4	<a href="#">Description of Registrant's Securities (incorporated herein by reference to Exhibit 2.4 to the annual report on Form 20-F (File No. 001-40540) filed with the SEC on April 28, 2023)</a>
4.1	<a href="#">Public Company Share Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-256881), as amended, initially filed with the SEC on June 8, 2021)</a>
4.2	<a href="#">Form of Indemnification Agreement with the Registrant's directors (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-256881), as amended, initially filed with the SEC on June 8, 2021)</a>
4.3	<a href="#">Form of Employment Agreement between the Registrant and an executive officer of the Registrant (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-256881), as amended, initially filed with the SEC on June 8, 2021)</a>
4.4	<a href="#">English translation of the Collaboration Agreement dated January 1, 2018 by and among Shanghai Atour Business Management (Group) Co., Ltd. and certain subsidiaries of Trip.com Group Ltd (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-256881), as amended, initially filed with the SEC on June 8, 2021)</a>
4.5	<a href="#">Shareholders Agreement dated March 3, 2021 by and among Atour Lifestyle Holdings Limited and certain other parties as listed therein (incorporated herein by reference to Exhibit 4.4 to the registration statement on Form F-1 (File No. 333-256881), as amended, initially filed with the SEC on June 8, 2021)</a>
8.1*	<a href="#">Principal Subsidiaries of the Registrant</a>
11.1	<a href="#">Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-256881), as amended, initially filed with the SEC on June 8, 2021)</a>
11.2	<a href="#">Statement of Policy Concerning Trading in Company Securities (incorporated herein by reference to Exhibit 11.2 to the annual report on Form 20-F (File No. 001-40540) filed with the SEC on April 25, 2025)</a>
12.1*	<a href="#">Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2*	<a href="#">Certification by Principal Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1**	<a href="#">Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
13.2**	<a href="#">Certification by Principal Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
15.1*	<a href="#">Consent of Maples and Calder (Hong Kong) LLP</a>
15.2*	<a href="#">Consent of KPMG Huazhen LLP, Independent Registered Public Accounting Firm</a>
97.1	<a href="#">Compensation Recoupment Policy (incorporated herein by reference to Exhibit 97.1 to the annual report on Form 20-F (File No. 001-40540) filed with the SEC on April 26, 2024)</a>
101.INS*	Inline XBRL Instance 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 herewith

\*\* Furnished herewith

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**Atour Lifestyle Holdings Limited**

By: /s/ Haijun Wang

Name: Haijun Wang

Title: Chief Executive Officer and Director

Date: April 17, 2026

**ATOUR LIFESTYLE HOLDINGS LIMITED**

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***Report of Independent Registered Public Accounting Firm***

To the Shareholders and Board of Directors  
Atour Lifestyle Holdings Limited:

*Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting*

We have audited the accompanying consolidated balance sheets of Atour Lifestyle Holdings Limited and subsidiaries (the Company) as of December 31, 2024 and 2025, the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2025, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

*Basis for Opinions*

The Company's management is responsible for these consolidated financial statements, 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 consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

*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 its inherent limitations, internal control over financial reporting 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 or procedures may deteriorate.

*Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated 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 consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated 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.

*Evaluation of impairment of long-lived assets of leased hotels*

As discussed in Notes 2(n), 4 and 5 to the consolidated financial statements, as of December 31, 2025, property and equipment, net and operating lease right-of-use assets were RMB225,603 thousand and RMB1,108,548 thousand, respectively, which primarily consists of the long-lived assets of the Company's leased hotels. When there are circumstances that require the long-lived assets of a leased hotel be tested for possible impairment, the Company first compares undiscounted cash flows generated by the assets to their carrying amount. If the carrying amount of the long-lived assets is not recoverable based on undiscounted cash flows, an impairment is recognized for the amount by which the carrying amount exceeds the asset's fair value. The fair values of these long-lived assets primarily reflect the price market participants would pay to sub-lease the operating lease right-of-use assets and acquire the remaining property and equipment assets, representing the highest and best use of these assets. The Company recognized RMB55,442 thousand of impairment losses related to leased hotels, which included RMB11,841 thousand for property and equipment and RMB43,601 thousand for operating lease right-of-use assets for the year ended December 31, 2025.

We identified the evaluation of impairment of long-lived assets of leased hotels as a critical audit matter. A high degree of subjective auditor judgment was required to evaluate the average daily rates and occupancy rates used to estimate the future cash flows of leased hotels. In addition, specialized skills and knowledge were required to evaluate the market rentals the Company used in the estimates of the fair values of the operating lease right-of-use assets.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's long-lived assets impairment assessment process, including controls over the estimates of average daily rates, occupancy rates and market rentals. We evaluated the average daily rates and occupancy rates by comparing them to historical results and the Company's operation plans for the respective hotels. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the market rentals the Company used in the estimates of the fair values of the operating lease right-of-use assets.

/s/ KPMG Huazhen LLP

We have served as the Company's auditor since 2021.

Shanghai, China

April 17, 2026

ATOUR LIFESTYLE HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEETS

(All amounts in thousands, except share data and per share data, or otherwise noted)

	Note	As of December 31, 2024 RMB	As of December 31, 2025 RMB	USD (Note 2(d))
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	2(e)	3,618,451	3,303,949	472,458
Short-term investments		1,266,061	2,562,745	366,468
Accounts receivable, net of allowance of RMB15,559 and RMB19,307 as of December 31, 2024 and 2025, respectively	12(b)	186,047	341,446	48,826
Prepayments and other current assets	3	331,632	675,974	96,663
Amounts due from related parties	17(b)	146,120	192,289	27,497
Inventories		167,436	278,802	39,868
<b>Total current assets</b>		<b>5,715,747</b>	<b>7,355,205</b>	<b>1,051,780</b>
<b>Non-current assets</b>				
Restricted cash	2(f)	1,179	16,223	2,320
Contract costs	2(i)	119,408	134,268	19,200
Property and equipment, net	4	213,676	225,603	32,261
Operating lease right-of-use assets	5	1,502,891	1,108,548	158,520
Intangible assets, net		6,373	4,712	674
Goodwill	7	17,446	17,446	2,495
Other assets	6	71,217	51,905	7,422
Deferred tax assets	8(b)	230,877	253,596	36,264
<b>Total non-current assets</b>		<b>2,163,067</b>	<b>1,812,301</b>	<b>259,156</b>
<b>Total assets</b>		<b>7,878,814</b>	<b>9,167,506</b>	<b>1,310,936</b>

The accompanying notes are an integral part of these consolidated financial statements.

**ATOUR LIFESTYLE HOLDINGS LIMITED**  
**CONSOLIDATED BALANCE SHEETS**

(All amounts in thousands, except share data and per share data, or otherwise noted)

	Note	As of December 31, 2024 RMB	As of December 31, 2025 RMB	USD (Note 2(d))
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Operating lease liabilities, current	5	291,002	230,201	32,918
Accounts payable		693,783	821,997	117,543
Deferred revenue, current	12(b)	453,986	701,147	100,263
Salary and welfare payable		225,687	316,562	45,268
Accrued expenses and other payables	9	882,009	1,090,394	155,924
Income taxes payable		221,649	312,302	44,659
Short-term borrowings	10	60,000	250,000	35,750
Amounts due to related parties	17(b)	2,101	2,886	413
<b>Total current liabilities</b>		<b><u>2,830,217</u></b>	<b><u>3,725,489</u></b>	<b><u>532,738</u></b>
<b>Non-current liabilities</b>				
Operating lease liabilities, non-current	5	1,379,811	1,042,719	149,107
Deferred revenue, non-current	12(b)	475,331	526,439	75,280
Long-term borrowings, non-current portion	10	2,000	2,000	286
Other non-current liabilities	11	245,568	290,058	41,478
<b>Total non-current liabilities</b>		<b><u>2,102,710</u></b>	<b><u>1,861,216</u></b>	<b><u>266,151</u></b>
<b>Total liabilities</b>		<b><u>4,932,927</u></b>	<b><u>5,586,705</u></b>	<b><u>798,889</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

**ATOUR LIFESTYLE HOLDINGS LIMITED**

**CONSOLIDATED BALANCE SHEETS**

(All amounts in thousands, except share data and per share data, or otherwise noted)

	Note	As of December 31, 2024 RMB	As of December 31, 2025 RMB	USD (Note 2(d))
<b>Shareholders' equity</b>				
Class A ordinary shares (USD0.0001 par value; 2,900,000,000 shares authorized; 345,669,034 and 347,904,787 shares issued as of December 31, 2024 and 2025, respectively; 340,876,937 and 338,699,969 shares outstanding as of December 31, 2024 and 2025, respectively)	15	245	246	35
Class B ordinary shares (USD0.0001 par value; 100,000,000 shares authorized; 73,680,917 shares issued and outstanding)	15	56	56	8
Treasury shares	15(c)	—	(326,400)	(46,675)
Additional paid in capital		1,608,017	1,758,365	251,443
Retained earnings		1,346,526	2,195,519	313,955
Accumulated other comprehensive income (loss)		1,386	(34,307)	(4,906)
<b>Total equity attributable to shareholders of the Company</b>		<b>2,956,230</b>	<b>3,593,479</b>	<b>513,860</b>
Non-controlling interests		(10,343)	(12,678)	(1,813)
<b>Total shareholders' equity</b>		<b>2,945,887</b>	<b>3,580,801</b>	<b>512,047</b>
Commitments and contingencies	18	—	—	—
<b>Total liabilities and shareholders' equity</b>		<b>7,878,814</b>	<b>9,167,506</b>	<b>1,310,936</b>

The accompanying notes are an integral part of these consolidated financial statements.

ATOUR LIFESTYLE HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(All amounts in thousands, except share data and per share data, or otherwise noted)

	Note	Years ended December 31,			
		2023	2024	2025	2025
		RMB	RMB	RMB	USD
					(Note 2(d))
<b>Revenues:</b>	12				
Manachised hotels		2,705,609	4,148,752	5,308,864	759,157
Leased hotels		840,044	701,963	590,372	84,422
Retail		971,931	2,198,198	3,670,969	524,942
Others		148,383	199,019	219,954	31,453
<b>Net revenues</b>		<b>4,665,967</b>	<b>7,247,932</b>	<b>9,790,159</b>	<b>1,399,974</b>
<b>Operating costs and expenses:</b>					
Hotel operating costs		(2,240,890)	(3,108,158)	(3,716,236)	(531,415)
Retail costs		(513,326)	(1,083,709)	(1,741,233)	(248,993)
Other operating costs		(72,543)	(44,524)	(25,832)	(3,693)
Selling and marketing expenses		(469,595)	(972,863)	(1,489,682)	(213,022)
General and administrative expenses		(451,470)	(352,590)	(516,671)	(73,883)
Technology and development expenses		(77,288)	(134,017)	(177,917)	(25,442)
<b>Total operating costs and expenses</b>		<b>(3,825,112)</b>	<b>(5,695,861)</b>	<b>(7,667,571)</b>	<b>(1,096,448)</b>
Other operating income, net		83,179	70,231	184,089	26,324
<b>Income from operations</b>		<b>924,034</b>	<b>1,622,302</b>	<b>2,306,677</b>	<b>329,850</b>
Interest income		29,569	48,415	72,167	10,320
Gain from short-term investments		34,519	48,943	44,867	6,416
Interest expense		(5,005)	(3,110)	(4,249)	(608)
Other (expenses) income, net		(1,024)	2,465	(56,554)	(8,087)
<b>Income before income tax</b>		<b>982,093</b>	<b>1,719,015</b>	<b>2,362,908</b>	<b>337,891</b>
Income tax expense	8	(243,036)	(446,031)	(741,646)	(106,054)
<b>Net income</b>		<b>739,057</b>	<b>1,272,984</b>	<b>1,621,262</b>	<b>231,837</b>
Less: net income (loss) attributable to non-controlling interests		1,920	(2,364)	270	39
<b>Net income attributable to the Company</b>		<b>737,137</b>	<b>1,275,348</b>	<b>1,620,992</b>	<b>231,798</b>
<b>Net income</b>		<b>739,057</b>	<b>1,272,984</b>	<b>1,621,262</b>	<b>231,837</b>
<b>Other comprehensive income (loss)</b>					
Foreign currency translation adjustments, net of nil income taxes		15,634	(3,383)	(35,693)	(5,104)
<b>Other comprehensive income (loss), net of income taxes</b>		<b>15,634</b>	<b>(3,383)</b>	<b>(35,693)</b>	<b>(5,104)</b>
<b>Total comprehensive income</b>		<b>754,691</b>	<b>1,269,601</b>	<b>1,585,569</b>	<b>226,733</b>
Comprehensive income (loss) attributable to non-controlling interests		1,920	(2,364)	270	39
<b>Comprehensive income attributable to the Company</b>		<b>752,771</b>	<b>1,271,965</b>	<b>1,585,299</b>	<b>226,694</b>
Net income per ordinary share	13				
—Basic		1.82	3.08	3.90	0.56
—Diluted		1.78	3.06	3.87	0.55
Weighted average ordinary shares used in calculating net income per ordinary share	13				
—Basic		405,628,647	413,681,482	415,609,839	415,609,839
—Diluted		414,823,302	417,229,238	419,297,298	419,297,298

The accompanying notes are an integral part of these consolidated financial statements.

**ATOOR LIFESTYLE HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(All amounts in thousands, except share data and per share data, or otherwise noted)

	Note	Class A Ordinary shares		Class B Ordinary shares		Treasury shares		Additional paid-in capital	(Accumulated deficit) Retained earnings	Accumulated other comprehensive (loss) income	Total equity attributable to shareholders of the Company	Non-controlling interests	Total shareholders' equity
		Number of Shares	RMB	Number of Shares	RMB	Number of Shares	RMB						
Balance at December 31, 2022		319,677,037	229	73,680,917	56	—	—	1,286,189	(78,304)	(10,865)	1,197,305	(9,899)	1,187,406
Cumulative effect of the adoption of ASU 2016-13		—	—	—	—	—	—	—	(1,028)	—	(1,028)	—	(1,028)
Balance at January 1, 2023		319,677,037	229	73,680,917	56	—	—	1,286,189	(79,332)	(10,865)	1,196,277	(9,899)	1,186,378
Profit for the year		—	—	—	—	—	—	—	737,137	—	737,137	1,920	739,057
Other comprehensive income		—	—	—	—	—	—	—	—	15,634	15,634	—	15,634
Total comprehensive income		—	—	—	—	—	—	—	737,137	15,634	752,771	1,920	754,691
Exercise of stock options		19,427,760	15	—	—	—	—	105,606	—	—	105,621	—	105,621
Retirement of shares		(5)	—*	—	—	—	—	—	—	—	—	—	—
Share based compensation expenses	14	—	—	—	—	—	—	163,978	—	—	163,978	—	163,978
Dividend distribution to shareholders	15(b)	—	—	—	—	—	—	—	(150,579)	—	(150,579)	—	(150,579)
Balance at December 31, 2023		<u>339,104,792</u>	<u>244</u>	<u>73,680,917</u>	<u>56</u>	<u>—</u>	<u>—</u>	<u>1,555,773</u>	<u>507,226</u>	<u>4,769</u>	<u>2,068,068</u>	<u>(7,979)</u>	<u>2,060,089</u>
Profit (loss) for the year		—	—	—	—	—	—	—	1,275,348	—	1,275,348	(2,364)	1,272,984
Other comprehensive loss		—	—	—	—	—	—	—	—	(3,383)	(3,383)	—	(3,383)
Total comprehensive income (loss)		—	—	—	—	—	—	—	1,275,348	(3,383)	1,271,965	(2,364)	1,269,601
Exercise of stock options		1,772,148	1	—	—	—	—	19,452	—	—	19,453	—	19,453
Retirement of shares		(3)	—*	—	—	—	—	—	—	—	—	—	—
Share based compensation expenses	14	—	—	—	—	—	—	32,792	—	—	32,792	—	32,792
Dividend distribution to shareholders	15(b)	—	—	—	—	—	—	—	(436,048)	—	(436,048)	—	(436,048)
Balance at December 31, 2024		<u>340,876,937</u>	<u>245</u>	<u>73,680,917</u>	<u>56</u>	<u>—</u>	<u>—</u>	<u>1,608,017</u>	<u>1,346,526</u>	<u>1,386</u>	<u>2,956,230</u>	<u>(10,343)</u>	<u>2,945,887</u>
Profit for the year		—	—	—	—	—	—	—	1,620,992	—	1,620,992	270	1,621,262
Other comprehensive loss		—	—	—	—	—	—	—	—	(35,693)	(35,693)	—	(35,693)
Total comprehensive income (loss)		—	—	—	—	—	—	—	1,620,992	(35,693)	1,585,299	270	1,585,569
Exercise of stock options		1,359,084	1	—	—	—	—	18,876	—	—	18,877	—	18,877
Share based compensation expenses	14	—	—	—	—	—	—	131,472	—	—	131,472	—	131,472
Dividend distribution to shareholders	15(b)	—	—	—	—	—	—	—	(771,999)	—	(771,999)	—	(771,999)
Share repurchases	15(c)	(3,536,052)	—	—	—	3,536,052	(326,400)	—	—	—	(326,400)	—	(326,400)
Distribution to non-controlling interests		—	—	—	—	—	—	—	—	—	—	(1,714)	(1,714)
Disposal of a subsidiary		—	—	—	—	—	—	—	—	—	—	(891)	(891)
Balance at December 31, 2025		<u>338,699,969</u>	<u>246</u>	<u>73,680,917</u>	<u>56</u>	<u>3,536,052</u>	<u>(326,400)</u>	<u>1,758,365</u>	<u>2,195,519</u>	<u>(34,307)</u>	<u>3,593,479</u>	<u>(12,678)</u>	<u>3,580,801</u>

\* The amount was less than RMB1.

The accompanying notes are an integral part of these consolidated financial statements.

**ATOUR LIFESTYLE HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(All amounts in thousands, except share data and per share data, or otherwise noted)

	Years ended December 31,			
	2023 RMB	2024 RMB	2025 RMB	2025 USD (Note 2(d))
<b>Cash flows from operating activities:</b>				
Net income	739,057	1,272,984	1,621,262	231,837
<b>Adjustments to reconcile net income to net cash generated from operating activities:</b>				
Depreciation and amortization	85,021	65,232	54,106	7,737
Impairment loss of long-lived assets	60,517	54,662	55,442	7,928
Inventory write-down	23,857	50,750	74,185	10,608
Reduction in the carrying amount of ROU assets	214,306	203,523	220,033	31,464
Gain from short-term investments	(34,519)	(48,943)	(44,867)	(6,416)
Net loss on disposal of property and equipment	578	—	3,598	515
Allowance for doubtful accounts	40,754	30,809	7,059	1,009
Deferred income tax benefit	(32,071)	(85,930)	(22,719)	(3,249)
Share-based compensation	163,978	32,792	131,472	18,801
<b>Changes in operating assets and liabilities:</b>				
Accounts receivable	(42,708)	(29,702)	(159,262)	(22,774)
Prepayments and other current assets	(117,272)	(85,157)	(314,727)	(45,005)
Amounts due from related parties	(62,270)	(30,220)	(46,169)	(6,602)
Inventories	(85,475)	(99,108)	(185,551)	(26,533)
Contract costs	(30,950)	(21,188)	(14,860)	(2,125)
Other assets	12,043	4,933	22,908	3,276
Accounts payable	409,644	99,238	128,214	18,333
Salary and welfare payable	86,284	35,864	90,875	12,995
Accrued expenses and other payables	353,663	192,138	202,507	28,958
Income taxes payable	104,865	85,448	90,653	12,963
Amounts due to related parties	(1,900)	997	785	112
Deferred revenue	294,684	153,796	298,269	42,652
Operating lease liabilities	(246,101)	(208,086)	(264,881)	(37,877)
Other non-current liabilities	52,689	51,116	44,490	6,362
<b>Net cash generated from operating activities</b>	<b>1,988,674</b>	<b>1,725,948</b>	<b>1,992,822</b>	<b>284,969</b>

The accompanying notes are an integral part of these consolidated financial statements.

**ATOUR LIFESTYLE HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(All amounts in thousands, except share data and per share data, or otherwise noted)

	Years ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	USD (Note 2(d))
<b>Cash flows from investing activities:</b>				
Payment for purchases of property and equipment	(41,724)	(56,238)	(85,775)	(12,266)
Proceeds from disposal of property and equipment	670	2,949	4,995	714
Payment for purchases of intangible assets	—	(1,941)	(254)	(36)
Payment for purchases of short-term investments	(9,427,210)	(20,015,100)	(15,929,970)	(2,277,955)
Proceeds from maturities of short-term investments	8,867,743	19,549,776	14,678,153	2,098,948
Proceeds from disposal of a subsidiary	—	—	780	112
<b>Net cash used in investing activities</b>	<b>(600,521)</b>	<b>(520,554)</b>	<b>(1,332,071)</b>	<b>(190,483)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from borrowings	40,000	60,000	255,000	36,465
Repayment of borrowings	(141,958)	(70,000)	(65,000)	(9,295)
Proceeds from stock option exercises	105,621	19,453	18,877	2,699
Payment for dividends	(150,579)	(436,048)	(771,999)	(110,394)
Payment for share repurchases	—	—	(329,896)	(47,175)
Distribution to non-controlling interests	—	—	(1,714)	(245)
Others	—	—	(30,155)	(4,312)
<b>Net cash used in financing activities</b>	<b>(146,916)</b>	<b>(426,595)</b>	<b>(924,887)</b>	<b>(132,257)</b>
Effect of exchange rate changes on cash and cash equivalents and restricted cash	10,409	(922)	(35,322)	(5,051)
<b>Net increase (decrease) in cash and cash equivalents and restricted cash</b>	<b>1,251,646</b>	<b>777,877</b>	<b>(299,458)</b>	<b>(42,822)</b>
Cash and cash equivalents and restricted cash at the beginning of the year	1,590,107	2,841,753	3,619,630	517,600
Cash and cash equivalents and restricted cash at the end of the year	2,841,753	3,619,630	3,320,172	474,778
<b>Supplemental disclosure of cash flow information:</b>				
Income tax paid	170,242	446,513	673,712	96,340
<b>Supplemental disclosure of non-cash investing and financing activities:</b>				
Payable for purchase of property and equipment	16,079	22,049	27,199	3,889
<b>Supplemental disclosure of cash and cash equivalents and restricted cash:</b>				
Cash and cash equivalents	2,840,807	3,618,451	3,303,949	472,458
Restricted cash	946	1,179	16,223	2,320
Total cash and cash equivalents, and restricted cash	2,841,753	3,619,630	3,320,172	474,778

The accompanying notes are an integral part of these consolidated financial statements.

**ATOUR LIFESTYLE HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(All amounts in thousands, except share data and per share data, or otherwise noted)**

**1. Description of the business and organization**

**(a) Description of the business**

Atour Lifestyle Holdings Limited (“Atour” and, together with its subsidiaries, the “Company”), is a holding company incorporated in the Cayman Islands. The principal business activities of the Company are to develop lifestyle brands and operate both hospitality and retail businesses in the People’s Republic of China (the “PRC”). In November 2022, the Company completed its initial public offering on NASDAQ in the United States under the stock code “ATAT” (the “IPO”).

**2. Significant accounting policies**

**(a) Basis of preparation**

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”).

The consolidated financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousands except share data and per share data, or otherwise noted.

**Recently Adopted Accounting Pronouncements**

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) — Improvements to Income Tax Disclosures (“ASU 2023-09”), requiring public business entities to provide additional information in the rate reconciliation and additional disclosures about income taxes paid. The Company adopted this standard on January 1, 2025, and applied the disclosure requirements retrospectively to all periods presented. See note 8 for further information.

**(b) Principles of consolidation**

The Company’s consolidated financial statements include the financial statements of the Company and its subsidiaries.

All intercompany transactions and balances among the Company and its subsidiaries have been eliminated upon consolidation.

**(c) Use of estimates**

The preparation of the Company’s consolidated 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 balance sheet date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Items subject to such estimates and assumptions include, but are not limited to, estimate of breakage for loyalty points, the fair value of share-based compensation awards, allowance for doubtful accounts, inventory write-down and the recoverability of long-lived assets. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

**(d) Functional currency and foreign currency translation**

The Company’s reporting currency is RMB. RMB is the currency of the primary economic environment in which the Company primarily generates and expends cash. The functional currency of the subsidiaries in Cayman Islands, Hong Kong and Singapore is USD. The functional currency of the subsidiaries in Chinese Mainland is RMB.

Transactions denominated in currencies other than the functional currency are remeasured into the functional currency at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are remeasured into the functional currency using the applicable exchange rate at the balance sheet date. The resulted exchange differences are recorded in the other (expenses) income, net in the consolidated statements of comprehensive income.

The financial statements of entities using functional currency other than RMB are translated into RMB at the exchange rates as of the balance sheet date for assets and liabilities, the average daily exchange rate for each month for income and expense items and the historical exchange rates for equity accounts. Translation gains and losses are recorded in other comprehensive (loss) income and accumulated in the translation adjustment component of equity until the sale or liquidation of the foreign entity.

Convenience translation

Translations of balances in the consolidated financial statements from RMB into United States dollars (“USD”) as of and for the year ended December 31, 2025 are solely for the convenience of the readers and were calculated at the rate of USD1.00=RMB6.9931 representing the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2025. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into USD at that rate on December 31, 2025, or at any other rate. The USD convenience translation is not required under U.S. GAAP and all USD convenience translation amounts in the accompanying consolidated financial statements are unaudited.

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, and highly liquid investments. The Company considers highly liquid investments that are readily convertible into known amounts of cash and with a maturity of three months or less when purchased to be cash equivalents. The Company’s cash and cash equivalents are deposited in financial institutions at the following locations:

	As of December 31,	
	2024	2025
	RMB	RMB
Financial institutions in the Chinese Mainland		
—Denominated in RMB	2,496,135	2,586,715
—Denominated in USD	3,717	17,550
Total balances held at Chinese Mainland financial institutions	<u>2,499,852</u>	<u>2,604,265</u>
Hong Kong		
—Denominated in RMB	9,919	940
—Denominated in HKD	—	217
—Denominated in USD	367,467	1,442
Total balances held at the Hong Kong financial institutions	<u>377,386</u>	<u>2,599</u>
Cayman Islands		
—Denominated in RMB	600,273	33,625
—Denominated in USD	140,940	663,460
Total balances held at the Cayman Islands financial institutions	<u>741,213</u>	<u>697,085</u>
Total cash and cash equivalents balances held at financial institutions	<u>3,618,451</u>	<u>3,303,949</u>

**(f) Restricted cash**

Restricted cash mainly consists of security deposits as requested by local government agencies, landlords and e-commerce platforms. Restricted cash is classified as either current or non-current based on when the funds will be released in accordance with the terms of the respective agreement for the establishment.

**(g) Short-term investments**

Short-term investments include wealth management products with original maturities less than one year when purchased, which are with variable return. These investments are placed with financial institutions and measured at fair value. The fair value change of the short-term investments was recorded in gain from short-term investments in the consolidated statements of comprehensive income.

**(h) Accounts receivable, net**

Accounts receivable primarily consists of receivables from franchisees, corporate customers, travel agents and hotel guests, which are recognized and carried at the original invoice amount less an allowance for doubtful accounts. The Company establishes an allowance for doubtful accounts based upon the current expected credit losses (“CECL”) model. The CECL model requires an estimate of the credit losses expected over the life of accounts receivable since initial recognition, and accounts receivable with similar risk characteristics are grouped together when estimating CECL. In assessing the CECL, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical credit loss experience, adjusted for relevant factors impacting collectability and forward-looking information indicative of external market conditions. Accounts receivable balances are charged off against the allowance after all means of collection have been exhausted. As of December 31, 2024 and 2025, the Company does not have any off-balance-sheet credit exposure relate to its franchisees and other customers.

**(i) Contract costs**

Contract costs are the incremental costs of obtaining a contract with a customer. Incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (e.g. an incremental sales commission). Incremental costs of obtaining a contract are capitalized when incurred if the costs relate to revenue which will be recognized in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred. Capitalized contract costs are amortized on straight-line basis over the fixed franchise and management agreement term considering the expected beneficial period from the contract cost asset. Capitalized contract costs are stated at cost less accumulated amortization and impairment losses.

Contract costs capitalized as of December 31, 2024 and 2025 relate to the incremental sales commissions paid to the Company’s sales personnel whose selling activities resulted in customers entering into franchise and management agreements with the Company. Contract costs are recognized as part of selling and marketing expenses in the consolidated statements of comprehensive income in the period in which revenue from the franchise fees is recognized. The amount of capitalized costs recognized in the consolidated statements of comprehensive income for the years ended December 31, 2023, 2024 and 2025 were RMB12,318, RMB18,365 and RMB22,155, respectively.

**(j) Inventories**

Inventories mainly consist of lifestyle products, small appliances and daily consumables, which are stated at the lower of cost and net realizable value. Cost of inventories is determined using the weighted average cost method. Valuation of inventories is based on currently available information about net realizable value. The estimate is dependent upon factors such as historical trends of similar merchandise, inventory aging, historical and forecasted consumer demand and promotional environment. When evidence exists that the net realizable value of inventory is lower than its cost, a write-down is recognized in hotel operating costs and retail costs in the consolidated statements of comprehensive income in the period when it occurs.

**(k) Property and equipment, net**

Property and equipment are stated at cost less accumulated depreciation and any impairment.

The estimated useful lives are presented below.

Leasehold improvements	Shorter of the lease term and the estimated useful lives of the assets
Equipment, fixtures and furniture, and other fixed assets	5 - 10 years

Depreciation commences when the asset is ready for its intended use. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets.

Expenditures for repairs and maintenance are expensed as incurred. Gains or losses arising from the disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of disposal.

**(l) Intangible assets, net**

Intangible assets consist primarily of software.

Amortization of finite-lived intangible assets is computed using the straight-line method over the estimated useful lives. The amortization period is as follows:

Purchased software	3 - 10 years
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**(m) Leases**

Contracts that have been determined to convey the right to use an identified asset are evaluated for classification as an operating or finance lease.

The lease term for all of the Company's leases include the non-cancellable period of the lease plus any additional periods covered by either an option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

For operating leases, right-of-use assets and lease liabilities are recognized upon lease commencement for operating leases. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. The lease liability is subsequently measured at amortized cost using the effective-interest method. As the rate implicit in the lease cannot be readily determined, the Company uses the incremental borrowing rate at the lease commencement date in determining the imputed interest and present value of lease payments. The incremental borrowing rate is determined using a portfolio approach based on the rate of interest that the Company would have to borrow an amount equal to the lease payments on a collateralized basis over a similar term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received. The right-of-use asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received.

For operating leases, lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable lease payments that do not depend on a rate or index are expensed as incurred.

Right-of-use assets for operating leases are occasionally reduced by impairment losses. See Note 2(n).

The Company monitors for events or changes in circumstances that require a reassessment of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding right-of-use asset unless doing so would reduce the carrying amount of the right-of-use asset to an amount less than zero. In that case, the right-of-use asset is reduced to zero and the remainder of the adjustment is recorded in profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term.

The Company's leases generally include non-lease maintenance services (i.e. common area maintenance). The Company has elected the practical expedient to account for the lease and non-lease maintenance components as a single lease component. Therefore, the lease payments used to measure the lease liability include all the fixed consideration in the contract.

As of December 31, 2024 and 2025, the Company does not have any material finance leases.

**(n) Impairment of long-lived assets**

Long-lived assets, such as property and equipment and operating lease right of use assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of impairment testing of long-lived assets of leased hotel, the Company has concluded that an individual hotel is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. When there were circumstances that require the long-lived assets of a leased hotel be tested for possible impairment, the Company first compares undiscounted cash flows generated by the assets to their carrying amount. If the carrying amount of the long-lived assets is not recoverable based on undiscounted cash flows, an impairment is recognized for the amount by which the carrying amount exceeds the asset's fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

The Company recognized RMB60,517, RMB54,662 and RMB55,442 of impairment losses related to leased hotels, which included RMB55,403, RMB48,497 and RMB11,841 for property and equipment and RMB5,114, RMB6,165 and RMB43,601 for operating lease right of use assets, recorded in hotel operating costs in the consolidated statements of comprehensive income for the years ended December 31, 2023, 2024 and 2025, respectively. The impairment losses recognized were due to the carrying amounts of these long-lived assets were not recoverable based on the undiscounted cash flows. The fair values of these long-lived assets primarily reflect the price market participant would pay to sub-lease the operating lease right of use assets and acquire remaining property and equipment assets, representing the highest and best use of these assets. Significant unobservable inputs used in the fair value measurement include future market rental prices, which were determined with the assistance of an independent valuation specialist.

**(o) Business combination**

Business combination is recorded using the acquisition method of accounting. The assets acquired, the liabilities assumed, and any non-controlling interests of the acquiree at the acquisition date, if any, are measured at their fair values as of the acquisition date. Goodwill is recognized and measured as the excess of the total consideration transferred plus the fair value of any non-controlling interest of the acquiree and fair value of previously held equity interest in the acquiree, if any, at the acquisition date over the fair values of the identifiable net assets acquired. Consideration transferred in a business acquisition is measured at the fair value as of the date of acquisition.

**(p) Goodwill**

Goodwill represents the excess purchase price over the estimated fair value of net assets acquired in a business combination.

Goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is tested for impairment at the reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. The Company performs its annual impairment review of goodwill at December 31 of each year.

The Company has determined that it has one reporting unit, which is also its only reportable segment.

The Company has the option to perform a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value prior to performing the goodwill impairment test. If it is more-likely-than-not that the fair value of a reporting unit is greater than its carrying amount, the goodwill impairment test is not required. If the goodwill impairment test is required, the fair value of the reporting unit is compared with its carrying amount (including goodwill). If the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess.

No impairment losses were recorded for goodwill for the years ended December 31, 2023, 2024 and 2025.

**(q) Value-added-tax (“VAT”)**

Entities that are VAT general taxpayers are permitted to offset qualified input VAT paid to suppliers against their output VAT upon receipt of appropriate supplier VAT invoices on an entity-by-entity basis. When the output VAT exceeds the input VAT, the difference is remitted to tax authorities, usually on a monthly basis; whereas when the input VAT exceeds the output VAT, the difference is treated as VAT recoverable which can be carried forward indefinitely to offset future net VAT payables. VAT related to purchases and sales which have not been settled at the balance sheet date is disclosed separately as an asset and liability, respectively, in the consolidated balance sheet.

**(r) Asset retirement costs**

The Company’s asset retirement obligations are primarily related to its leased hotels, of which the majority are leased under long-term arrangements, and, in certain cases, are required to be returned to the landlords in their original condition. The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred. The corresponding asset retirement costs are capitalized as part of the cost of leasehold improvements and are depreciated over the shorter of the asset’s useful life or the term of the lease subsequent to the initial measurement. The Company accretes the liability in relation to the asset retirement obligations over time and the accretion expense is recorded in hotel operating costs in the consolidated statements of comprehensive income.

Asset retirement obligations are recorded in other non-current liabilities.

**(s) Revenue recognition**

Revenue is primarily derived from contracts of manachised hotels with third party franchisees, products and services in leased hotels, as well as sales of lifestyle products via the e-commerce platforms and hotel shops.

*Manachised hotel revenues*

Manachised hotels refer to franchised-and-managed hotels. Typically, the Company enters into certain franchise and management arrangements with franchisees for which the Company is responsible for providing branding, appointing and training of the hotel managers, and various other management services. The franchisee is responsible for hotel construction, renovation and maintenance. The term of the franchise and management agreements are up to 20 years.

The franchise and management agreements primarily contain the following promised goods or services:

- Intellectual Property (“IP”) license grants the right to access the Company’s hotel system IP, including brand names.
- Pre-opening services (e.g. central reservation system installation service, and services related to the assistance on employees training and other hotel opening preparation activities).
- Hotel management services include providing day-to-day management services of the hotels for the franchisees and central reservation system maintenance services.
- Sales of hotel supplies and other products.

The promises to provide pre-opening services (e.g. information system installation service, and services related to the assistance on employees training and other hotel opening preparation activities) are not considered distinct performance obligation because they are highly interrelated with the IP license. Therefore, the promises to provide these pre-opening services have been combined with the related IP license as a single performance obligation.

Manachised hotel revenues are derived from franchise and management agreements where the franchisees are primarily required to pay (i) upfront franchise fees, (ii) continuing franchise fees, which primarily consist of on-going franchise and management fees, hotel managers fees and central reservation system usage and maintenance fees; and iii) fees for purchase of hotel supplies and other products.

The transaction prices are allocated to the performance obligations based on the standalone selling prices of each component.

Upfront franchise fees are typically fixed and collected upfront and recognized as revenue on a straight-line basis over the term of the franchise contract. The Company does not consider that the upfront franchise fees give rise to a significant financing component, since the primary purpose of the upfront franchise fee is to protect the Company from failure by franchisees to comply with the terms in the contract.

On-going franchise and management fees are generally calculated as a certain percentage of the revenues of the franchised hotel, which are due and payable on a monthly basis and revenue is recognized over time as services are rendered. Hotel managers fees are also billed and collected monthly and revenue is recognized over time as services are rendered. Central reservation system usage and maintenance fees are recognized as a certain percentage of the revenues generated from central reservation system channel.

Revenue from sales of hotel supplies and other products is recognized at a point of time when the control of the goods is transferred to the customers, generally when the goods are delivered to the customer and the customer has obtained the physical possession and legal title of the goods.

#### *Leased hotel revenues*

Leased hotels refer to the hotels that the Company operates and manages and where the properties are leased from third party lessors. The Company is responsible for hotel development and customization to conform to the Company's standards, as well as for repairs and maintenance and operating costs and expenses of properties over the term of the lease. The Company is also responsible for all aspects of hotel operations and management, including hiring, training and supervising the hotel managers and employees required to operate hotels and purchasing supplies.

Leased hotel revenues are primarily derived from the rental of rooms, food and beverage sales and other ancillary services. Each of these products and services represents a distinct performance obligation and, in exchange for these products and services, the Company receives fixed amounts based on published or negotiated prices. 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 services revenue are recognized when they have been delivered or rendered to the guests as the respective performance obligations are satisfied.

#### *Retail revenues*

Revenues from sales of lifestyle products through e-commerce platforms and hotel shops are recognized when the control of the goods is transferred to the customers.

In the arrangements with most of the e-commerce platforms, the platforms provide services to facilitate the transactions between the Company and end consumers. In those cases, the Company's customers are the end consumers and not the platforms. The Company recognizes the revenues from sales of lifestyle products when the products are delivered to the end consumers and the end consumers have obtained the physical possession and the legal title of the products.

The Company also sells the lifestyle products to certain other e-commerce platforms. In those limited arrangements, such e-commerce platforms are the Company's customers. The Company recognizes the revenues from sales of lifestyle products to such e-commerce platforms when the platforms become obliged to pay for the products and the Company has transferred the significant risks and rewards of the ownership of the products, which is when the platforms sell the products to the end consumers.

#### *Customer loyalty program*

The Company invites its customers to participate in a membership program with different tiers of membership. Members could pay a membership fee for a higher membership tier.

Under the membership program, members earn loyalty points, which generally expire two years after being earned and 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 Company is responsible for providing or arranging for the provision of those free or discounted goods or services in exchange. The Company is acting as a principal if the members redeem the points for the room nights in leased hotels or other lifestyle products. The Company is acting as an agent if the members redeem the points for room nights in manachised hotels.

For points earned in leased hotels, a portion of the leased hotel revenues is deferred until the members redeem points. For points earned in manachised hotels, the Company collected a loyalty program management fee from manachised hotels at a fixed rate per point. Such loyalty program management fee is recognized on a net basis by netting off refunds to manachised hotels when members redeem the points for room nights in manachised hotels, and is included in manachised hotels revenues in the consolidated statements of comprehensive income.

The Company estimates breakage for loyalty points that members will never redeem based on the Company's historical experience and expectations of future member behavior and re-assess the estimate at the end of each reporting period. The estimated breakage for points earned in manachised hotels are also recognized as manachised hotels revenues in the consolidated statements of comprehensive income.

Membership fee from the Company's customer loyalty program is recognized on a straight-line basis over the membership period, which is included in other revenues in the consolidated statements of comprehensive income.

***(t) Contract assets and deferred revenue***

Contract assets primarily represent revenue earned that is not yet billable based on the terms of the contracts. The amount of impairment losses of contract assets recognized in the consolidated statements of comprehensive income for the years ended December 31, 2023, 2024 and 2025 were RMB28,819, RMB23,974 and RMB474, respectively.

Cash proceeds received from customers are recorded as deferred revenue before the Company satisfies the performance obligation under the contracts.

Contract assets and deferred revenue are reported in a net position on an individual contract basis at the end of each reporting period. Contract assets are classified as current in the consolidated balance sheet when the Company expects to realize within one year from the balance sheet date. Deferred revenue is classified as current in the consolidated balance sheet when the Company expects to satisfy the performance obligation within one year from the balance sheet date.

***(u) Government grant***

Government subsidies are received from provincial and local governments for operating a business in their jurisdictions and compliance with specific policies promoted by the local governments. During the years ended December 31, 2023, 2024 and 2025, the Company received financial subsidies of RMB70,529, RMB79,209 and RMB186,683 respectively from various local PRC government authorities, respectively, which primarily consist of government subsidies for headquarter office and business development support. There are no defined rules and regulations to govern the criteria necessary for companies to receive such benefits, and the amount of financial subsidy is determined at the discretion of the relevant government authorities. Such amounts are recorded as other operating income, net in the consolidated statements of comprehensive income, when received as the amount of the subsidies and the timing of payment are determined solely at the discretion of the relevant government authorities and there is no assurance that the Company will continue to receive any or similar subsidies in the future.

There were no significant commitment or contingencies for the government subsidies received for the years ended December 31, 2023, 2024 and 2025.

**(v) Advertising and promotion expenses**

Advertising and promotion related expenses primarily consist of advertising costs including production costs of marketing materials and the promotion related service fees of hotel and retail businesses, which are charged to the consolidated statements of comprehensive income as incurred and amounted to RMB302,459, RMB650,952 and RMB1,053,213 for the years ended December 31, 2023, 2024 and 2025, respectively.

**(w) Technology and development expenses**

Technology and development expenses are expensed as incurred, mainly consist of (i) staff costs incurred for the self-developed hotel operation, reservation systems and other systems related to sales of hotel supplies and retail business, (ii) servers and cloud infrastructure costs, (iii) retail products development costs, (iv) other expenses related to technology and development functions.

**(x) Employee benefits**

Full time employees of the Company in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the Company's PRC subsidiaries make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Company has no legal obligation for the benefits beyond the contributions made.

Total amounts of such employee benefit expenses, which were expensed as incurred, were approximately RMB160,825, RMB229,162 and RMB313,600 for the years ended December 31, 2023, 2024 and 2025, respectively.

**(y) Income taxes**

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as operating loss and tax credit carryforwards, if any. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates or tax laws are recognized in the consolidated statements of comprehensive income in the period the change in tax rates or tax laws is enacted.

The Company reduces the carrying amounts of deferred tax assets by a valuation allowance, if based on the available evidence, it is "more-likely-than-not" that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed at each reporting period based on a "more-likely-than-not" realization threshold. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carryforward periods, and the Company's experience with operating loss and tax credit carryforwards, if any, not expiring.

The Company recognizes in its financial statements the impact of a tax position if that position is "more likely-than-not" to prevail based on the facts and technical merits of the position. Tax positions that meet the "more-likely-than-not" recognition threshold is measured at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement. Changes in recognition or measurement is reflected in the period in which the change in judgment occurs. Interest and penalties recognized related to unrecognized tax benefits are classified as income tax expense in the consolidated statements of comprehensive income.

**(z) Share based compensation**

The Company accounts for the compensation cost from share-based payment transactions with employees based on the grant-date fair value of the equity instrument issued.

For graded-vesting awards with service conditions only, the grant-date fair value of the award is recognized as compensation expense on a straight-line basis, over the period during which an employee is required to provide service in exchange for the award, which is generally the vesting period. The cumulative amount of compensation cost recognized at any point in time is at least equal the portion of the grant-date fair value of the award that is vested at that date. For graded vesting awards with service conditions and performance conditions, the compensation expense is recognized on a tranche-by-tranche basis when the performance goal becomes probable to achieve.

When no future services are required to be performed by the employee in exchange for an award of equity instruments, and if such award does not contain a performance or market condition, the cost of the award is expensed on the grant date.

***(aa) Treasury shares***

The Company accounts for treasury shares using the cost method. Under this method, the cost incurred to purchase the shares is recorded in the treasury shares account on the consolidated balance sheets. At retirement of the treasury shares, the ordinary shares account is charged only for the aggregate par value of the shares. The excess of the acquisition cost of treasury shares over the aggregate par value is recorded in retained earnings.

***(ab) Statutory reserve***

In accordance with the Company Laws of the PRC, the PRC Entities registered as PRC domestic companies must make appropriations from its after-tax profit as determined under the PRC GAAP to non-distributable reserve funds including a statutory surplus fund and a discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits as determined in accordance with the legal requirements in the PRC. Appropriation is not required if the surplus fund has reached 50% of the registered capital of the respective company. Appropriation to the discretionary surplus fund is made at the discretion of the respective company.

The use of the statutory reserves is restricted to the off-setting of losses or increasing capital of the respective entity. All these reserves are not allowed to be transferred to their investors in terms of cash dividends, loans or advances, nor can they be distributed except under liquidation.

As of December 31, 2024 and 2025, the PRC statutory reserve funds amounted to RMB286,721 and RMB375,495, respectively.

***(ac) Segment reporting***

The Company uses the management approach in determining its operating segments. The Company's chief operating decision maker has been identified as the Chief Executive Officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Company. For the purpose of internal reporting and management's operation review, the Company's Chief Executive Officer does not segregate the Company's business by product or service lines. Management has determined that the Company has one operating segment, which is the Atour Group. For additional segment information, see Note 16, "Segment Information."

***(ad) Contingencies***

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters, including but not limited to non-compliance respect to licenses and permits, franchise and management agreements and lease contracts, which are handled and defended in the ordinary course of business. An accrual for a loss contingency is recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed.

***(ae) Fair value measurements***

The Company applies ASC 820, Fair Value measurements and Disclosures, for fair value measurements financial assets and financial liabilities and for fair value measurements of non-financial items that are recognized or disclosed at fair value in the financial statements on a recurring and non-recurring basis.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability. ASC 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

ASC 820 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes three levels of inputs that may be used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. In situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects management's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by management based on the best information available in the circumstances.

The Company classifies its short-term investments within Level 2 in the fair value hierarchy because it uses alternative pricing sources and models utilizing market observable inputs to determine their fair values.

The Company's other financial instruments primarily include cash and cash equivalents, restricted cash, accounts receivable, prepayments and other current assets, amounts due from related parties, accounts payable, amounts due to related parties, accrued expenses and other payables, and short-term borrowings. The carrying amounts of these short-term financial instruments approximate their fair value due to their short-term nature.

***(af) Net income per ordinary share***

Basic income per ordinary share is computed by dividing net income available to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year using the two-class method. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on participating rights in undistributed earnings. Shares issuable for little to no consideration upon the satisfaction of certain conditions are considered as outstanding shares and included in the computation of basic earnings per share as of the date that all necessary conditions have been satisfied.

Diluted income per ordinary share is calculated by dividing net income available to the Company's ordinary shareholders as adjusted for the effect of dilutive ordinary share equivalents, if any, by the weighted average number of ordinary and dilutive ordinary share equivalents outstanding during the year. Potential dilutive securities are not included in the calculation of diluted income per ordinary share if the impact is anti-dilutive.

***(ag) Recently issued accounting pronouncements***

In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses, which requires companies to disclose in the notes to the financial statements the disaggregation of certain expense categories included within the income statement expense captions. The standard is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027 on a prospective basis with optional retrospective application. Early adoption is permitted. The Company expects the adoption of this standard will result in expanded disclosures related to expenses but will not impact the Company's financial position or results of operations.

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 provides the option to elect a practical expedient to assume that the current conditions as of the balance sheet date will remain unchanged for the remaining life of the asset when developing a reasonable and supportable forecast as part of estimating expected credit losses on these assets. The standard is effective for the Company from January 1, 2026, with early adoption permitted. The Company does not expect the adoption of this standard to have a significant impact on its consolidated financial statements.

In September 2025, the FASB issued Accounting Standards Update 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which better aligns the accounting guidance to how software is developed by eliminating project stages from capitalization criteria, and further clarifies the threshold entities apply to begin capitalizing costs. The amendment also enhances the disclosure requirements for internal-use software. The standard is effective for the Company from January 1, 2028, with early adoption permitted. The Company does not expect the adoption of this standard to have a significant impact on its consolidated financial statements.

In December 2025, the FASB issued ASU 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities to establish guidance on the recognition, measurement, and presentation of government grants received by business entities. The new standard leverages the principles in the accounting framework for government assistance in International Accounting Standard 20. The standard is effective for the Company for annual period from January 1, 2029, with early adoption permitted. The Company does not expect the adoption of this standard to have a significant impact on its consolidated financial statements.

***(ah) Risks and concentration***

*Foreign exchange risk*

As the Company's principal activities are carried out in the PRC, the Company's transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

The management does not expect that there will be any significant currency risk for the Company during the reporting periods.

*Credit risk*

The Company's credit risk primarily arises from cash and cash equivalents, short-term investments, accounts receivable, and amounts due from related parties. The carrying amounts of these financial instruments represent the maximum amount of loss due to credit risk.

The Company expects that there is no significant credit risk associated with the cash and cash equivalents, restricted cash and short-term investments which are held by reputable financial institutions. The Company believes that it is not exposed to unusual risks as these financial institutions have high credit quality.

Accounts receivable is unsecured and are primarily derived from revenue earned from managed hotels and retail business. The risk with respect to accounts receivable is mitigated by credit evaluations performed on them.

Amounts due from related parties are unsecured and are derived from the hotel reservation payment collected by the related parties on behalf of the Company. The Company believes that it is not exposed to unusual risks as the related parties are reputable travel agencies.

*Concentration*

The Company's hotel operating costs and retail costs include the costs of hotel supplies and retail products purchased from third party vendors. The following table summarizes vendors with greater than 10% of Company's purchase of products.

	<u>Years ended December 31,</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
Vendor A	14 %	15 %	11 %

**3. Prepayments and other current assets**

Prepayments and other current assets consist of the following:

	<u>Note</u>	<u>As of December 31,</u>	
		<u>2024</u>	<u>2025</u>
		<u>RMB</u>	<u>RMB</u>
Receivables on behalf of franchised hotels <sup>(i)</sup>		216,476	236,430
Receivables from financial institution <sup>(ii)</sup>		—	260,109
Prepayment for purchase of services		53,365	87,580
VAT recoverable		33,315	60,975
Deposits		9,652	14,267
Prepaid property management fees		3,281	2,997
Contract assets	12(b)	2,929	—
Prepayment for purchase of goods		2,926	2,277
Others		10,767	15,125
<b>Subtotal</b>		<b>332,711</b>	<b>679,760</b>
Less: allowance for doubtful accounts		(1,079)	(3,786)
<b>Total</b>		<b>331,632</b>	<b>675,974</b>

(i) The amount represents fees to be collected from corporate customers and travel agencies on behalf of franchisees.

(ii) The Company establishes escrow accounts at a bank to hold the cash received from hotel guests through the central reservation system.

Changes in the allowance for doubtful accounts are as follows:

	<u>As of December 31,</u>	
	<u>2024</u>	<u>2025</u>
	<u>RMB</u>	<u>RMB</u>
<b>At the beginning of the year</b>	<b>3,124</b>	<b>1,079</b>
Allowance made during the year	1,079	2,722
Allowance write-off during the year	(3,124)	(15)
<b>At the end of the year</b>	<b>1,079</b>	<b>3,786</b>

**4. Property and equipment, net**

Property and equipment, net consists of the following:

	As of December 31,	
	2024	2025
	RMB	RMB
Cost <sup>(i)</sup> :		
Leasehold improvements	365,328	322,485
Equipment, fixture and furniture, and other fixed assets	352,184	339,001
<b>Total cost</b>	<b>717,512</b>	<b>661,486</b>
Less: accumulated depreciation	(503,836)	(435,883)
<b>Property and equipment, net</b>	<b>213,676</b>	<b>225,603</b>

(i) During the years ended December 31, 2023, 2024 and 2025, the Company recognized impairment loss of RMB55,403, RMB48,497 and RMB11,841 respectively.

Depreciation expense recognized for the years ended December 31, 2023, 2024 and 2025 was RMB83,731, RMB64,021 and RMB52,192 respectively.

**5. Lease**

As of December 31, 2025, the Company operated 19 leased hotels, leasing the underlying buildings. The Company generally enters into lease agreements with initial terms of 5 to 15 years. Some of the lease agreements contain renewal options. Such options are accounted for only when it is reasonably certain that the Company will exercise the options. The rent under current hotel lease agreements is generally payable in fixed rent. In addition to hotels leases, the Company also leases office spaces and logistics centers. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Right-of-use assets and lease liabilities are recognized upon lease commencement for operating leases. Variable lease payments that do not depend on a rate or index are expensed as incurred. The Company has elected not to recognize right-of-use assets or lease liabilities for leases with an initial term of 12 months or less and the Company recognizes lease expense for these leases on a straight-line basis over the lease term. In addition, the Company has elected not to separate non-lease components (e.g., common area maintenance fees) from the lease components.

In limited cases, the Company sublease certain hotels areas to third parties. Income from sublease agreements with third parties are included in other revenues, within the consolidated statements of comprehensive income.

**Supplemental Balance Sheet**

	As of December 31,	
	2024	2025
	RMB	RMB
<b>Assets</b>		
Operating lease right-of-use assets	1,502,891	1,108,548
<b>Liabilities</b>		
Current		
Operating lease liabilities	291,002	230,201
Non-current		
Operating lease liabilities	1,379,811	1,042,719
<b>Total lease liabilities</b>	<b>1,670,813</b>	<b>1,272,920</b>

**Summary of Lease Cost**

	Years ended December 31,			Account Classification
	2023	2024	2025	
	RMB	RMB	RMB	
Operating lease cost	362,462	331,445	270,697	Hotel operating costs, Other operating costs, Retail costs and General and administrative expenses
Variable lease cost <sup>(i)</sup>	6,332	2,939	4,310	Hotel operating costs, Retail costs
Sublease income	(13,742)	(14,864)	(16,103)	Net revenues-Others
<b>Total lease cost</b>	<b>355,052</b>	<b>319,520</b>	<b>258,904</b>	

(i) The Company was granted RMB6,722 in lease concessions from landlords related to the effects of the COVID-19 pandemic during the years ended December 31, 2023. The lease concessions were primarily in the form of rent reduction over the period during which the Company's hotel business was adversely impacted. The Company applied the interpretive guidance in a FASB staff Q&A document issued in April 2020 and elected: (1) not to evaluate whether a concession received in response to the COVID-19 pandemic is a lease modification and (2) to assume such concession was contemplated as part of the existing lease contract with no contract modification. Such concession was recognized as negative adjustment to variable lease cost in the period the concession was granted.

**Supplemental Cash Flow Information**

	Years ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	402,308	344,120	312,282
Noncash activities that result in increase (decrease) to ROU assets and lease liabilities	51,559	56,767	(133,012)

	As of December 31,	
	2024	2025
<b>Lease term and discount rate</b>		
Weighted-average remaining lease term (years)		
Operating leases	7.03	6.67
Weighted-average discount rate		
Operating leases	4.34 %	4.34 %

### Summary of Future Lease Payments and Lease Liabilities

Maturities of operating lease liabilities as of December 31, 2025 were as follows:

	<u>Total</u>
	<u>RMB</u>
For the year ending December 31, 2026	279,099
2027	236,613
2028	229,984
2029	224,297
2030	177,732
Thereafter	312,961
<b>Total undiscounted lease payment</b>	<b>1,460,686</b>
Less: imputed interest <sup>(i)</sup>	(187,766)
<b>Present value of lease liabilities</b>	<b>1,272,920</b>

(i) As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the imputed interest and present value of lease payments.

### 6. Other assets

Other assets consist of the following:

	<u>Note</u>	<u>As of December 31,</u>	
		<u>2024</u>	<u>2025</u>
		<u>RMB</u>	<u>RMB</u>
Long-term rental deposits		68,571	47,836
Contract assets	12(b)	33,926	31,754
Prepayments for purchase of property and equipment		—	4,069
<b>Subtotal</b>		<b>102,497</b>	<b>83,659</b>
Less: allowance for doubtful accounts	12(b)	(31,280)	(31,754)
<b>Total</b>		<b>71,217</b>	<b>51,905</b>

Changes in the allowance for doubtful accounts is as follows:

	<u>As of December 31,</u>	
	<u>2024</u>	<u>2025</u>
	<u>RMB</u>	<u>RMB</u>
<b>At the beginning of the year</b>	<b>28,819</b>	<b>31,280</b>
Allowance made during the year	23,974	474
Allowance write-off during the year	(21,513)	—
<b>At the end of the year</b>	<b>31,280</b>	<b>31,754</b>

### 7. Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired in the acquisition. Goodwill is not deductible for tax purposes and is assigned to the only reporting unit, which is the Atour Group.

The Company did not incur any impairment loss on goodwill for the years ended December 31, 2023, 2024 and 2025.

## 8. *Income tax*

### (a) *Income tax*

#### *Cayman Islands*

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

#### *Singapore*

The Company's subsidiary in Singapore is considered a Singapore tax resident company under Singapore tax laws, and is subject to Singapore corporate income tax at a rate of 17%.

#### *Hong Kong, China*

Under the current Hong Kong Inland Revenue Ordinance, the Company's Hong Kong subsidiaries are subject to Hong Kong profits tax at the rate of 16.5% on the taxable income generated from operations in Hong Kong. A two-tiered Profits Tax rates regime was introduced since year 2018 where the first HK\$2,000 of assessable profits earned by a company will be taxed at 8.25% and the remaining profits will be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates.

#### *Chinese Mainland*

Under the Law of the PRC on Enterprise Income Tax ("EIT Law"), which was effective from January 1, 2008, the Company's PRC subsidiaries 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.

The Company's PRC subsidiaries, Shanghai Chengduo Information Technology Co., Ltd. and Shanghai Dongduo Digital Intelligence Technology Co., Ltd., have been accredited as a software enterprise company since 2022 and 2025, respectively. They qualify for the tax holiday during which they are entitled to an exemption from EIT for two years commencing from their first profit-making year of operation and then 50% reduction of EIT for the following three years. The software enterprise qualification is subject to an annual assessment.

One of the Company's PRC subsidiaries, Shanghai Shengkuai Technology Co., Ltd., was certified as a High-and-New Technology Enterprise ("HNTE") for a period of three years from 2025 to 2027. Accordingly, it is entitled to a preferential tax rate of 15% if all the certification criteria for HNTE is satisfied in the relevant years.

Under the EIT Law and its implementation rules, an enterprise established outside China with a "place of effective management" within China is considered a China resident enterprise for Chinese enterprise income tax purposes. A China resident enterprise is generally subject to certain Chinese tax reporting obligations and a uniform 25% enterprise income tax rate on its worldwide income. The implementation rules to the EIT Law provide that non-resident legal entities are considered PRC residents if substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc., occurs within the PRC. Despite the present uncertainties resulting from the limited PRC tax guidance on the issue, the Company does not believe that the legal entities organized outside the PRC should be treated as residents for EIT Law purposes. If the PRC tax authorities subsequently determine that the Company and its subsidiaries registered outside the PRC are deemed resident enterprises, the Company and its subsidiaries registered outside the PRC will be subject to the PRC income tax at a rate of 25%.

Dividends paid to non-PRC-resident corporate investor from profits earned by the PRC subsidiaries are subject to a withholding tax. The EIT Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty or agreement, for dividends distributed by a PRC-resident enterprise to its non-PRC-resident corporate investor.

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. While the Company is expected to be in scope of Pillar Two starting from 2026, based on the Company's analysis, the legislation is not expected to have a material impact on the consolidated financial statements of the Company going forward. The Company will continue to closely monitor Pillar Two global implementation process and assess the impact on the Company and its subsidiaries.

Income before income tax consists of the following:

	Years ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
<b>Income before income tax</b>	<b>982,093</b>	<b>1,719,015</b>	<b>2,362,908</b>
Cayman Islands	2,750	12,994	(1,765)
Singapore	—	—	—
Hong Kong, China	7,844	13,632	11,537
Chinese Mainland	971,499	1,692,389	2,353,136

Income tax expense consists of the following:

	Years ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
<b>Current income tax expense</b>	<b>275,107</b>	<b>531,961</b>	<b>764,365</b>
Cayman Islands	—	—	—
Singapore	—	—	—
Hong Kong, China	—	—	—
Chinese Mainland	275,107	531,961	764,365
<b>Deferred income tax benefit</b>	<b>(32,071)</b>	<b>(85,930)</b>	<b>(22,719)</b>
Cayman Islands	—	—	—
Singapore	—	—	—
Hong Kong, China	—	—	—
Chinese Mainland	(32,071)	(85,930)	(22,719)
<b>Total</b>	<b>243,036</b>	<b>446,031</b>	<b>741,646</b>

The Company's business operation is substantially based in Chinese Mainland. The reconciliation of income taxes at the PRC statutory income tax rate of 25% to provision for income taxes is as follows:

	Years ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<b>Income taxes at the PRC statutory income tax rate of 25%</b>	245,523	25.0 %	429,754	25.0 %	590,727	25.0 %
<b>Foreign tax effects</b>	(2,649)	(0.3)%	(6,657)	(0.4)%	(2,443)	(0.1)%
<b>Chinese Mainland</b>						
Withholding tax on distributable earnings	—	—	54,000	3.1 %	195,967	8.3 %
Tax holiday	(44,557)	(4.5)%	(39,445)	(2.3)%	(64,321)	(2.7)%
Preferential tax rate	—	—	—	—	(2,344)	(0.1)%
Non-deductible expenses	8,080	0.8 %	7,189	0.4 %	11,859	0.5 %
Additional deduction for research and development expenses	(5,249)	(0.5)%	(9,472)	(0.6)%	(13,254)	(0.6)%
Share-based compensation	40,995	4.2 %	8,198	0.5 %	32,868	1.4 %
Tax loss expiration	30	0.0 %	3,885	0.2 %	3	0.0 %
Change in valuation allowance	(68)	(0.0)%	(2,522)	(0.1)%	(10,143)	(0.4)%
Others	931	0.0 %	1,101	0.1 %	2,727	0.1 %
<b>Total</b>	<b>243,036</b>	<b>24.7 %</b>	<b>446,031</b>	<b>25.9 %</b>	<b>741,646</b>	<b>31.4 %</b>

The effect of the tax holiday on the net income per ordinary share is as follows:

	Years ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
Effect of tax holiday	44,557	39,445	64,321
Net income per ordinary share – Basic	0.11	0.10	0.15
Net income per ordinary share – Diluted	0.11	0.09	0.15

The Company is subject to reviews, examinations and audits by PRC tax authorities with respect to income and non-income-based taxes. According to the PRC Tax Administration and Collection Law, the statute of limitation is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitation is extended to five years under special circumstances where the underpayment of taxes is more than RMB100. In the case of transfer pricing issues, the statute of limitation is 10 years. There is no statute of limitation in the case of tax evasion.

The income taxes paid were RMB170,242, RMB446,513 and RMB673,712, respectively for the years ended December 31, 2023, 2024 and 2025, all in Chinese Mainland.

**(b) Deferred taxes**

The tax effects of temporary differences that give rise to the deferred tax assets (liabilities) balances are as follows:

	As of December 31,	
	2024	2025
	RMB	RMB
Tax losses carried forward	51,391	29,046
Allowance for doubtful accounts	11,980	13,712
Accrued payroll and other expenses	9,178	14,071
Inventory write-down	4,561	5,014
Deferred revenue	157,361	174,098
Operating lease liabilities	391,748	303,059
Property and equipment	47,337	41,005
Excessive advertising and promotional expenses	35,185	37,762
Others	2,562	11,240
<b>Total gross deferred tax assets</b>	<b>711,303</b>	<b>629,007</b>
Valuation allowance on deferred tax assets	(74,850)	(64,707)
<b>Deferred tax assets, net of valuation allowance</b>	<b>636,453</b>	<b>564,300</b>
Contract costs	(29,853)	(33,567)
Operating lease right-of-use assets	(375,723)	(277,137)
<b>Deferred tax liabilities</b>	<b>(405,576)</b>	<b>(310,704)</b>
<b>Net deferred tax assets</b>	<b>230,877</b>	<b>253,596</b>

Reported in consolidated balance sheets as:

	As of December 31,	
	2024	2025
	RMB	RMB
Deferred tax assets	230,877	253,596
Deferred tax liabilities	—	—
Net deferred tax assets	230,877	253,596

Except for the planned but yet to be distributed earnings (if any), the Company does not recognize deferred tax liabilities on the undistributed earnings of the PRC subsidiaries, which the Company intends to indefinitely reinvest in the PRC. As of December 31, 2025, the total amount of undistributed earnings from the PRC subsidiaries for which no withholding tax has been accrued was RMB2.4 billion.

The movement of the valuation allowance is as follows:

	As of December 31,	
	2024	2025
	RMB	RMB
<b>Balance at the beginning of the year</b>	<b>77,372</b>	<b>74,850</b>
Addition (reversal)	1,363	(10,140)
Reduction as a result of expiry of net operating loss carried forward	(3,885)	(3)
<b>Balance at the end of the year</b>	<b>74,850</b>	<b>64,707</b>

The valuation allowance as of December 31, 2024 and 2025 was primarily provided for the deferred tax assets of certain PRC subsidiaries, which were in cumulative loss positions. In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or utilizable. Management considers projected future taxable income and tax planning strategies in making this assessment.

The net operating losses carry forward of the Company's PRC subsidiaries amounted to RMB119,191 as of December 31, 2025, of which RMB41,096, RMB29,533, RMB3,668, RMB30,504 and RMB14,390 will expire if unused by December 31, 2026, 2027, 2028, 2029 and 2030, respectively.

### 9. *Accrued expenses and other payables*

Accrued expenses and other payables consist of the following:

	As of December 31,	
	2024	2025
	RMB	RMB
Payments received on behalf of manachised hotels <sup>(i)</sup>	575,502	720,937
Deposits	91,622	110,333
Service fee	78,129	84,688
VAT and other taxes payable	58,559	86,061
Payable for purchase of property and equipment	22,049	27,199
Others	56,148	61,176
<b>Total</b>	<b>882,009</b>	<b>1,090,394</b>

- (i) The amount represents the payments collected or to be collected from customers or travel agencies on behalf of the franchisees for the reservation of manachised hotels.

### 10. *Borrowings*

Borrowings consist of the following:

	As of December 31,	
	2024	2025
	RMB	RMB
Short-term borrowings:		
Bank loans <sup>(i)</sup>	60,000	250,000
<b>Total</b>	<b>60,000</b>	<b>250,000</b>
Long-term borrowings, non-current portion:		
Loan from a third party	2,000	2,000
<b>Total</b>	<b>2,000</b>	<b>2,000</b>

- (i) As of December 31, 2025, the Company had several credit facilities with third party banks under which the Company can borrow up to RMB780,000 during the term of the facilities maturing from January 2026 to December 2026. The drawdown of the credit facilities is subject to the terms and conditions of each agreement. As of December 31, 2025, the unutilized credit facilities amounted to RMB530,000.

The weighted average interest rates of borrowings as of December 31, 2024 and 2025 were 2.8% and 2.7% per annum, respectively.

Certain bank borrowings are subject to debt covenant requirements, including but not limited to the net assets, debt-to-asset ratio and net income. The Company met all of the debt covenant requirements as of December 31, 2025.

### 11. Other non-current liabilities

Other non-current liabilities consist of the following:

	As of December 31,	
	2024	2025
	RMB	RMB
Deposits received from franchisees	235,080	279,430
Asset retirement obligations	4,132	4,272
Others	6,356	6,356
<b>Total</b>	<b>245,568</b>	<b>290,058</b>

### 12. Revenues

#### (a) Disaggregation of revenues

Disaggregation of revenues by product/service is as follows:

	Years ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
Upfront franchise fees	46,831	68,211	82,859
Continuing franchise fees	1,362,654	1,904,264	2,462,861
Sales of hotel supplies and other products	1,179,686	2,011,940	2,555,137
Other transactions with the franchisees	116,438	164,337	208,007
<b>Manachised hotels</b>	<b>2,705,609</b>	<b>4,148,752</b>	<b>5,308,864</b>
Room	782,646	652,854	550,459
Food and beverage	51,583	43,838	35,207
Others	5,815	5,271	4,706
<b>Leased hotels</b>	<b>840,044</b>	<b>701,963</b>	<b>590,372</b>
<b>Retail</b>	<b>971,931</b>	<b>2,198,198</b>	<b>3,670,969</b>
<b>Others</b>	<b>148,383</b>	<b>199,019</b>	<b>219,954</b>
<b>Total</b>	<b>4,665,967</b>	<b>7,247,932</b>	<b>9,790,159</b>

Disaggregation of revenues by timing of revenue recognition is as follows:

	Years ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
Over time	2,411,710	2,923,306	3,438,585
At a point in time	2,254,257	4,324,626	6,351,574
<b>Total</b>	<b>4,665,967</b>	<b>7,247,932</b>	<b>9,790,159</b>

No geographical information is presented as the operations, customers and long-lived assets of the Company are all located in the PRC.

**(b) Contract balances**

i) The following table provides information about accounts receivable from contracts with customers:

	As of December 31,	
	2024	2025
	RMB	RMB
Accounts receivable	201,606	360,753
Less: allowance for doubtful accounts	(15,559)	(19,307)
<b>Accounts receivable, net</b>	<b>186,047</b>	<b>341,446</b>

Changes in the allowance for doubtful accounts is as follows:

	As of December 31,	
	2024	2025
	RMB	RMB
<b>At the beginning of the year</b>	<b>32,298</b>	<b>15,559</b>
Allowance made during the year	5,756	3,863
Write off during the year	(22,495)	(115)
<b>At the end of the year</b>	<b>15,559</b>	<b>19,307</b>

ii) The following table provides information about contract assets:

	As of December 31,	
	2024	2025
	RMB	RMB
Current	2,929	—
Non-current	33,926	31,754
<b>Subtotal</b>	<b>36,855</b>	<b>31,754</b>
Less: allowance for doubtful accounts	(31,280)	(31,754)
<b>Total contract assets</b>	<b>5,575</b>	<b>—</b>

Changes in the allowance for doubtful accounts is as follows:

	As of December 31,	
	2024	2025
	RMB	RMB
<b>At the beginning of the year</b>	<b>28,819</b>	<b>31,280</b>
Allowance made during the year	23,974	474
Write off during the year	(21,513)	—
<b>At the end of the year</b>	<b>31,280</b>	<b>31,754</b>

The Company recognized RMB23,974 and RMB474 credit loss allowance during the years ended December 31, 2024 and 2025, respectively, which was primarily related to certain franchisees after reassessment of the franchisee's business forecast.

iii) The following table provides information about deferred revenue from contracts with customers:

	As of December 31,	
	2024	2025
	RMB	RMB
Current	453,986	701,147
Non-current	475,331	526,439
<b>Deferred revenue</b>	<b>929,317</b>	<b>1,227,586</b>

The deferred revenue balances above as of December 31, 2024 and 2025 were comprised of the following:

	As of December 31,	
	2024	2025
	RMB	RMB
Upfront franchise fees	539,518	603,222
Advances from sales of hotel supplies and other products	267,220	485,243
Loyalty program	58,547	70,499
Others	64,032	68,622
<b>Deferred revenue</b>	<b>929,317</b>	<b>1,227,586</b>

The Company recognized revenues of RMB170,085, RMB357,230 and RMB392,586 during the years ended December 31, 2023, 2024 and 2025, which were included in deferred revenue balance at the beginning of each year.

**(c) Revenue allocated to remaining performance obligation**

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods.

As of December 31, 2024 and 2025, the Company had RMB539,518 and RMB603,222 of deferred revenues related to upfront franchise fees which are expected to be recognized as revenues over the remaining contract periods over 1 to 20 years.

The Company has elected, as a practical expedient, not to disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations that are part of a contract that has an original expected duration of one year or less.

**13. Net income per ordinary share**

Basic and diluted net income per ordinary share for the years ended December 31, 2023, 2024 and 2025 are calculated as follow:

	Years ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
<b>Numerator:</b>			
Net income attributable to the Company	737,137	1,275,348	1,620,992
<b>Denominator:</b>			
Weighted average number of ordinary shares outstanding (for basic calculation)	405,628,647	413,681,482	415,609,839
Effect of dilutive share-based awards <sup>(i)</sup>	9,194,655	3,547,756	3,687,459
Weighted average number of ordinary shares and dilutive potential ordinary shares outstanding (for diluted calculation)	414,823,302	417,229,238	419,297,298
<b>Basic net income per ordinary share (in RMB)</b>	<b>1.82</b>	<b>3.08</b>	<b>3.90</b>
<b>Diluted net income per ordinary share (in RMB)</b>	<b>1.78</b>	<b>3.06</b>	<b>3.87</b>

(i) For the years ended December 31, 2023, 2024 and 2025, 401,405, nil and nil share options were excluded from the calculation of diluted per ordinary share as their effects would have been anti-dilutive.

#### 14. Share based compensation

In accordance with the share incentive plan adopted in 2017 (“2017 Share Incentive Plan”), 51,200,000 ordinary shares were reserved to for issuance to selected persons including its directors, employees and consultants.

Under the 2017 Share Incentive Plan, share options granted contain a performance condition such that the awards only vest upon the completion of a Qualified IPO. For employees who terminate the employment before the completion of a Qualified IPO, the share options granted are forfeited upon the termination of employment. Options granted under the 2017 Share Incentive Plan are valid and effective for 10 years from the grant date.

In March 2021, the Company’s board of directors approved a new share incentive plan (“Public Company Plan”), 51,029,546 ordinary shares were reserved for issuance to selected persons including its directors, employees and consultants. The unvested portion of share options, representing 14,196,882 share options granted under the 2017 Share Incentive Plan (“Original Awards”) were replaced by the options granted under Public Company Plan (“Modified Awards”) in April 2021, with the terms of the Modified Awards substantially the same as those of the Original Awards.

Under the Public Company Plan, share options granted prior to the IPO either 1) vest upon the completion of a Qualified IPO or 2) have a graded vesting schedules in one to four years and vest upon completion of a Qualified IPO. Share options granted post IPO either vest upon grant or vest by a graded vesting schedule in one to four years. Options granted are valid and effective for 10 years from the grant date.

A summary of activities of the share options is presented below:

	<u>Number of share options</u>	<u>Weighted average exercise price per share USD</u>	<u>Weighted remaining contractual years</u>	<u>Aggregate intrinsic value USD</u>
Outstanding at January 1, 2025	5,944,822	2.67	8.27	37,426
Grant	2,663,903	1.95		
Forfeiture	(12,004)	1.58		
Exercise	(1,359,084)	2.17		
Outstanding at December 31, 2025	<u>7,237,637</u>	<u>2.50</u>	<u>7.80</u>	<u>76,953</u>
Exercisable as of December 31, 2025	<u>5,668,864</u>	<u>2.79</u>	<u>7.54</u>	<u>58,659</u>

As of December 31, 2025, RMB46,097 of unrecognized compensation expense related to unvested share options is expected to be recognized over a remaining weighted-average vesting period of approximately 1.07 years.

The weight average grant date fair value of the share options granted during the years ended December 2023, 2024 and 2025 was RMB34.78, RMB34.58 and RMB60.38, respectively.

The total fair value at grant date of share options that vested during the years ended December 31, 2023, 2024 and 2025 was RMB159,957, RMB36,964 and RMB110,247, respectively.

The total intrinsic value of share options exercised during the years ended December 31, 2023, 2024 and 2025 was RMB324,977, RMB87,190 and RMB101,064, respectively.

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The fair value of the share options granted is estimated on the date of grant using the binomial option pricing model with the following assumptions used.

	2023	2024	2025
Risk-free rate of return <sup>(1)</sup>	3.4%-3.8 %	4.2%-4.5 %	4.0%-4.3 %
Volatility <sup>(2)</sup>	40.2%-46.5 %	46.1%-46.5 %	45.5%-46.4 %
Expected dividend yield <sup>(3)</sup>	0 %	2 %	1.9 %
Fair value of ordinary share (in USD) <sup>(4)</sup>	5.9-8.7	5.6-6.2	9.9-13.0
Exercise Multiple <sup>(5)</sup>	2.2-2.8	2.2-2.8	2.2-2.8
Expected term <sup>(6)</sup>	10	10	10

(1) Risk-free rate was estimated based on the yield of USD Treasury Strips for share options granted under the Public Company Plan as of the valuation date for a term consistent with the option life.

(2) Expected volatility was assumed based on the historical volatility of the Company's comparable companies in the period equal to the expected term of each grant.

(3) The dividend yield was estimated by the Company based on its expected dividend policy over the expected term of the share options.

(4) The fair value of the underlying ordinary share is the closing price of the Company's ordinary shares traded in the open market as of the grant date.

(5) The expected exercise multiple was estimated as the average ratio of the stock price to the exercise price of when employees would decide to voluntarily exercise their vested options. As the Company did not have sufficient information of past employee exercise history, it was estimated by referencing to a widely accepted academic research publication.

(6) The expected term is the contract life of the option from grant date.

A summary of share-based compensation expenses recognized is presented below:

	Years ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
Hotel operating costs	1,286	5,636	17,660
Selling and marketing expenses	391	2,724	6,546
General and administrative expenses	162,301	23,723	106,003
Technology and development expenses	—	709	1,263
<b>Total</b>	<b>163,978</b>	<b>32,792</b>	<b>131,472</b>

## 15. Equity

### (a) Ordinary shares

The Company's authorized ordinary shares include 2,900,000,000 Class A ordinary shares (entitled to one vote per share) and 100,000,000 Class B ordinary shares (entitled to ten votes per share), with par value USD0.0001 each.

### (b) Dividend distribution to shareholders

In August 2023, the Company declared a cash dividend of USD\$0.05 per ordinary share, or USD\$0.15 per American Depositary Share ("ADS"), with each ADS representing three Class A ordinary shares. The total amount of RMB150,579 was distributed on September 28, 2023.

In August 2024, the Company's board of directors declared a cash dividend of US\$0.15 per ordinary share, or US\$0.45 per ADS. The total amount of RMB436,048 was distributed on September 25, 2024.

In May and November 2025, the Company’s board of directors declared a cash dividend of US\$0.14 and US\$0.12 per ordinary share, or US\$0.42 and US\$0.36 per ADS, respectively. The total amount of RMB771,999 was distributed in 2025.

**(c) Share repurchase program**

The Company announced a three-year share repurchase program approved by the board of directors on May 22, 2025. Under the terms of the approved program, the Company may repurchase up to US\$400 million in value of its ordinary shares and/or ADSs, from time to time on the open market at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulations.

As of December 31, 2025, the Company repurchased 1,178,684 ADSs or 3,536,052 Class A ordinary shares for US\$46.0 million (before transaction costs and excise tax).

**16. Segment Information**

The Company’s operations consist of one operating and reportable segment reflecting the manner in which operations are managed and the criteria used by the CODM, the Company’s Chief Executive Officer, to evaluate performance, develop strategy, and allocate resources. The CODM makes operating performance assessments and resource allocation decisions on a group basis using net revenues and net income, which is also reported on the consolidated statements of comprehensive income as “net revenues and net income.” There is no expense or asset information that is supplemental to those disclosed in these consolidated financial statements that is regularly provided to the CODM.

**17. Related party transactions**

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Company entered into the following material related party transactions.

Name of party	Relationship
Trip.com Group Ltd. and its subsidiaries (collectively referred to as “Trip.com Group”)	Major shareholder of the company

**(a) Major transactions with related parties**

	Years ended December 31,		
	2023 RMB	2024 RMB	2025 RMB
<b>Hotel reservation payments collected on behalf of the Company<sup>(1)</sup></b>			
Trip.com Group	1,441,229	1,741,238	2,138,540
<b>Hotel reservation service fees<sup>(2)</sup></b>			
Trip.com Group	28,686	34,745	37,611
<b>Corporate travel management service<sup>(3)</sup></b>			
Trip.com Group	—	23,211	24,541

- (1) Hotel reservation payments collected on behalf of the Company are trade-in-nature and represent room charges net off travel agency reservation service fees of manachised hotels and room charges of leased hotels.
- (2) Hotel reservation service fees are trade-in-nature and represent travel agency reservation service fees of leased hotels.
- (3) Corporate travel management service is trade-in-nature and represents the amounts incurred for accommodation and transportation and the related service fees of the Company’s business travels reserved through the management platform.

**(b) Balances with related parties**

	As of December 31,	
	2024	2025
	RMB	RMB
<b>Amounts due from related parties</b>		
Trip.com Group	146,120	192,289
<b>Amounts due to related parties</b>		
Trip.com Group	2,101	2,886

(1) The balances with related parties are trade-in-nature, arising from trade-in-nature transactions with related parties.

**18. Contingencies****(a) Capital commitments**

As of December 31, 2025, the Company's commitments related to leasehold improvements and installation of equipment for hotel operations was RMB2,546, which is expected to be incurred within one year.

**(b) Litigation and contingencies**

The Company and its operations from time to time are, and in the future may be, parties to or targets of lawsuits, claims, investigations, and proceedings, including but not limited to non-compliance respect to licenses and permits, franchise and management agreements and lease contracts, which are handled and defended in the ordinary course of business. The Company believes that the ultimate liability, if any, in excess of amounts already provided for these matters in the consolidated financial statements, is not likely to have a material adverse effect on the results of operations, financial condition or cash flows.

**19. Parent company only condensed financial information**

As of December 31, 2025, restricted net assets of consolidated subsidiaries amounted to RMB1,156,707, which exceed 25 percent of consolidated net assets. Pursuant to Rules 12-04(a) and 4-08(e)(3) of Regulation S-X, condensed financial information as to the financial position, cash flows and results of operations of the parent company as of and for the same periods for which audited consolidated financial statements are required to be presented.

The following condensed financial statements have been prepared using the same accounting policies as set out in the Company's 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 US GAAP 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.

CONDENSED BALANCE SHEETS

	As of	As of	
	December 31, 2024	December 31, 2025	USD (Note 2(d))
	RMB	RMB	
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	741,213	697,085	99,682
Prepayments and other current assets	—	33,651	4,812
<b>Total current assets</b>	<b>741,213</b>	<b>730,736</b>	<b>104,494</b>
<b>Non-current assets</b>			
Investment in and amount due from subsidiaries	2,215,226	3,073,693	439,532
<b>Total non-current assets</b>	<b>2,215,226</b>	<b>3,073,693</b>	<b>439,532</b>
<b>Total assets</b>	<b>2,956,439</b>	<b>3,804,429</b>	<b>544,026</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term borrowings	—	210,120	30,047
Accrued expenses and other payables	209	830	119
<b>Total current liabilities</b>	<b>209</b>	<b>210,950</b>	<b>30,166</b>
<b>Total liabilities</b>	<b>209</b>	<b>210,950</b>	<b>30,166</b>
<b>Shareholders' equity</b>			
Class A ordinary shares (USD0.0001 par value; 2,900,000,000 shares authorized; 345,669,034 and 347,904,787 shares issued as of December 31, 2024 and 2025, respectively; 340,876,937 and 338,699,969 shares outstanding as of December 31, 2024 and 2025, respectively)	245	246	35
Class B ordinary shares (USD0.0001 par value; 100,000,000 shares authorized; 73,680,917 shares issued and outstanding)	56	56	8
Treasury shares	—	(326,400)	(46,675)
Additional paid in capital	1,608,017	1,758,365	251,443
Retained earnings	1,346,526	2,195,519	313,955
Accumulated other comprehensive income (loss)	1,386	(34,307)	(4,906)
<b>Total shareholders' equity</b>	<b>2,956,230</b>	<b>3,593,479</b>	<b>513,860</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,956,439</b>	<b>3,804,429</b>	<b>544,026</b>

**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

	Years ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	USD (Note 2(d))
<b>Operating costs and expenses:</b>				
General and administrative expenses	(36,572)	(23,511)	(25,369)	(3,628)
<b>Loss from operations</b>	<b>(36,572)</b>	<b>(23,511)</b>	<b>(25,369)</b>	<b>(3,628)</b>
Interest income	7,937	8,334	35,222	5,037
Interest expense	—	—	(2,000)	(286)
Gain from short-term investments	1,175	—	—	—
Other (expenses) income, net	(2,102)	11,563	(21,885)	(3,130)
Income in investment in subsidiaries	766,699	1,278,962	1,635,024	233,805
<b>Net income</b>	<b>737,137</b>	<b>1,275,348</b>	<b>1,620,992</b>	<b>231,798</b>
<b>Net income</b>	<b>737,137</b>	<b>1,275,348</b>	<b>1,620,992</b>	<b>231,798</b>
<b>Other comprehensive income (loss)</b>				
Foreign currency translation adjustments, net of nil income taxes	15,634	(3,383)	(35,693)	(5,104)
<b>Other comprehensive income (loss), net of income taxes</b>	<b>15,634</b>	<b>(3,383)</b>	<b>(35,693)</b>	<b>(5,104)</b>
<b>Total comprehensive income</b>	<b>752,771</b>	<b>1,271,965</b>	<b>1,585,299</b>	<b>226,694</b>

**CONDENSED STATEMENTS OF CASH FLOWS**

	Years ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	USD (Note 2(d))
Net cash (used in) generated from operating activities	(251)	11,082	25,561	3,655
Net cash (used in) generated from investing activities	(22,417)	204,704	—	—
Net cash (used in) generated from financing activities	(44,958)	311,202	(41,310)	(5,907)
Effect of exchange rate changes on cash and cash equivalents	7,263	(4,750)	(28,379)	(4,058)
<b>Net increase in cash and cash equivalents</b>	<b>(60,363)</b>	<b>522,238</b>	<b>(44,128)</b>	<b>(6,310)</b>
Cash and cash equivalents at the beginning of the year	279,338	218,975	741,213	105,992
<b>Cash and cash equivalents at the end of the year</b>	<b>218,975</b>	<b>741,213</b>	<b>697,085</b>	<b>99,682</b>

**List of Significant Subsidiaries of the Registrant**

<b>Significant Subsidiaries</b>	<b>Place of Incorporation</b>
Atour Hotel (HK) Holdings, Ltd.	HK
Shanghai Atour Business Management Group Co., Ltd.	PRC
Shanghai Shankuai Information Technology Co., Ltd.	PRC
Shanghai Jiangduo Information Technology Co., Ltd.	PRC
Shanghai Chengduo Information Technology Co., Ltd.	PRC
Shanghai Rongduo Business Management Co., Ltd.	PRC
Shanghai Jiakuai Materials Sales Co., Ltd.	PRC
Shanghai Qiaokuai Business Management Co., Ltd.	PRC

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**Certification by the Principal Executive Officer****Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Haijun Wang, certify that:

1. I have reviewed this annual report on Form 20-F of Atour Lifestyle Holdings Limited (the “Company”);
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 the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
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:

*CEO’s Section 302 Certification*

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(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 17, 2026

By: /s/ Haijun Wang

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Name: Haijun Wang

Title: Chief Executive Officer

*(principal executive officer)*

**Certification by the Principal Financial Officer****Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Shoudong Wang, certify that:

1. I have reviewed this annual report on Form 20-F of Atour Lifestyle Holdings Limited (the “Company”);
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 the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
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:

*CFO’s Section 302 Certification*

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(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 17, 2026

By: /s/ Shoudong Wang

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Name: Shoudong Wang

Title: Co-Chief Financial Officer

*(principal financial officer)*

**Certification by the Principal Executive Officer****Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Atour Lifestyle Holdings Limited (the “Company”) on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Haijun Wang, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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 17, 2026

By: /s/ Haijun Wang

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Name: Haijun Wang

Title: Chief Executive Officer

*(principal executive officer)*

*CEO's Section 906 Certification*

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**Certification by the Principal Financial Officer****Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Atour Lifestyle Holdings Limited (the “Company”) on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Shoudong Wang, Co-Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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 17, 2026

By: /s/ Shoudong Wang

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Name: Shoudong Wang

Title: Co-Chief Financial Officer

*(principal financial officer)*

*CFO's Section 906 Certification*

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**Our ref** SQG/675005-000001/85925765v1  
**Gen tel** +852 2522 9333  
**Email** sarena.gong@maples.com

**ATOUR LIFESTYLE HOLDINGS LIMITED**

1st Floor, Wuzhong Building,  
618 Wuzhong Road,  
Minhang District, Shanghai, 201103  
People's Republic of China

17 April 2026

Dear Sir and/or Madam

**ATOUR LIFESTYLE HOLDINGS LIMITED**

We have acted as legal advisers as to the laws of the Cayman Islands to ATOUR LIFESTYLE HOLDINGS LIMITED, an exempted company with limited liability incorporated in the Cayman Islands (the "**Company**"), in connection with the filing by the Company with the United States Securities and Exchange Commission (the "**SEC**") of an annual report on Form 20-F for the year ended 31 December 2025 (the "**Form 20-F**").

We hereby consent to the reference of our firm under the heading "Item 10. Additional Information – E. Taxation – Cayman Islands Taxation" in the Form 20-F, and we further consent to the incorporation by reference of the summary of our opinions under this heading into the Company's registration statement on Form S-8 (No. 333-269575) that was filed on 6 February 2023, pertaining to the Company's Public Company Share Incentive Plan.

We also consent to the filing with the SEC of this consent letter 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 U.S. Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP

Maples and Calder (Hong Kong) LLP

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**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statement (No. 333-269575) on Form S-8 and registration statement (No. 333-275880) on Form F-3 of our report dated April 17, 2026, with respect to the consolidated financial statements of Atour Lifestyle Holdings Limited and the effectiveness of internal control over financial reporting.

/s/ KPMG Huazhen LLP  
Shanghai, China  
April 17, 2026

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