
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(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, 2022

OR

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

For the transition period from _____ to _____

OR

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

Date of event requiring this shell company report _____

Commission file number: 001-33853

Trip.com Group 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)

968 Jin Zhong Road

Shanghai 200335

People's Republic of China

(Address of principal executive offices)

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People's Republic of China

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American depositary shares (each representing one ordinary share, par value US\$0.00125 per share)	TCOM	Nasdaq Stock Market LLC (Nasdaq Global Select Market)

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: 646,066,830 ordinary shares, par value US\$0.00125 per share, as of December 31, 2022.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer
Emerging growth company

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

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

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

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

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

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

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

TABLE OF CONTENTS

	Page
INTRODUCTION	1
FORWARD-LOOKING STATEMENT	3
PART I.	5
ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS	5
ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE	5
ITEM 3. KEY INFORMATION	5
ITEM 4. INFORMATION ON THE COMPANY	69
ITEM 4A. UNRESOLVED STAFF COMMENTS	96
ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS	96
ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	114
ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	125
ITEM 8. FINANCIAL INFORMATION	130
ITEM 9. THE OFFER AND LISTING	130
ITEM 10. ADDITIONAL INFORMATION	131
ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	139
ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	139
PART II.	144
ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	144
ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	144
ITEM 15. CONTROLS AND PROCEDURES	144
ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT	145
ITEM 16B. CODE OF ETHICS	145
ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES	145
ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES	146
ITEM 16E. PURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS	146
ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT	146
ITEM 16G. CORPORATE GOVERNANCE	146
ITEM 16H. MINE SAFETY DISCLOSURE	146
ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS	146
PART III.	148
ITEM 17. FINANCIAL STATEMENTS	148
ITEM 18. FINANCIAL STATEMENTS	148
ITEM 19. EXHIBITS	148
SIGNATURES	152

INTRODUCTION

In this annual report, unless otherwise indicated or unless the context otherwise requires:

- “ADSs” refers to American depositary shares, each of which represents one ordinary share;
- “CCASS” refers to the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited;
- “China” or “PRC” refers to the People’s Republic of China and, solely for the purpose of this annual report, excludes Taiwan, Hong Kong S.A.R., and Macao S.A.R.;
- “CSRC” refers to the China Securities Regulatory Commission;
- “GMV” refers to gross merchandise volume, the total value of merchandise sold through our platform during a given period;
- “HK\$” or “Hong Kong dollars” refers to Hong Kong dollars, the lawful currency of Hong Kong;
- “Hong Kong” or “Hong Kong S.A.R.” refers to the Hong Kong Special Administrative Region of the People’s Republic of China;
- “Hong Kong Listing Rules” refers to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
- “Hong Kong Share Registrar” refers to Computershare Hong Kong Investor Services Limited;
- “Hong Kong Stock Exchange” refers to The Stock Exchange of Hong Kong Limited;
- “Macao” or “Macao S.A.R.” refers to the Macao Special Administrative Region of the People’s Republic of China;
- “Main Board” refers to the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange;
- “Qunar” refers to Qunar Cayman Islands Limited, a Cayman Islands exempted company, and unless the context requires otherwise, includes its predecessor entities and consolidated subsidiaries and the variable interest entity of which Trip.com Group Limited is the primary beneficiary through Qunar Cayman Islands Limited;
- “Renminbi” or “RMB” refers to the legal currency of China; “U.S. dollars” or “US\$” refers to the legal currency of the United States; and “€” refers to the legal currency of Eurozone;
- “SFC” refers to the Securities and Futures Commission of Hong Kong;
- “SFO” refers to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
- “shares” or “ordinary shares” refers to our ordinary shares, par value of US\$0.00125 per share;

Table of Contents

- “variable interest entities” or “VIEs” refers to variable interest entities, which are companies incorporated in China that have entered into a series of contractual arrangements with their respective shareholders and our PRC subsidiaries. Under these contractual arrangements, Trip.com Group Limited has a “controlling financing interest” in the VIEs as defined in FASB ASC 810 so that it is considered the primary beneficiary of the VIEs for accounting purposes only and thus consolidates each of these entities under U.S. GAAP. The significant VIEs that Trip.com Group Limited consolidates under U.S. GAAP include (i) Shanghai Ctrip Commerce Co., Ltd., or Ctrip Commerce (VIE), which holds a value-added telecommunications business license and mainly provides online advertising services, (ii) Shanghai Huacheng Southwest International Travel Agency Co., Ltd., or Shanghai Huacheng (VIE), which holds a travel agency operation license and mainly provides domestic, inbound, and outbound tour services, and air-ticketing services, (iii) Chengdu Ctrip Travel Agency Co., Ltd., or Chengdu Ctrip (VIE), which holds a domestic travel agency operation license and mainly provides air-ticketing services, and (iv) Beijing Qu Na Information Technology Co., Ltd., or Qunar Beijing (VIE), which holds the licenses, approvals, and key assets such as mobile application and website that are essential to the business operations of Qunar; and
- “we,” “our company,” or “Trip.com Group” refers to Trip.com Group Limited (formerly known as Ctrip.com International, Ltd.), its predecessor entities and subsidiaries, and, in the context of describing our operations and consolidated financial information, the VIEs, unless otherwise indicated herein. We started to consolidate the financial results of Qunar on December 31, 2015. In calculating the number of hotels with which we have room supply relationships, downloads of and transactions through our mobile channel, and other operational data, where applicable, as well as in describing our marketing, branding, and intellectual properties, we have not taken into account the comparable operating data or other information of Qunar. For the avoidance of confusion, “our holding company” or “Trip.com Group Limited” only refers to Trip.com Group Limited, a Cayman Islands exempted company, and unless the context requires otherwise, include its predecessor entities; “our subsidiaries” refers to the entities in which Trip.com Group Limited holds direct or indirect equity ownership, and thus consolidates their financial results; for “variable interest entities” or “VIEs,” see stand-alone definition sets forth above. Trip.com Group Limited does not conduct operations of its own and does not have any equity ownership in the VIEs.

Any discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

This annual report on Form 20-F includes our audited consolidated financial statements for the years ended December 31, 2020, 2021, and 2022.

On March 18, 2021, we effected a change to our authorized share capital by one (1)-to-eight (8) subdivision of shares, or the Share Subdivision. Concurrently, we effected a proportionate change in ADS to ordinary share ratio from eight (8) ADSs representing one (1) ordinary share to one (1) ADS representing one (1) ordinary share. Such changes have been reflected retrospectively throughout this document.

Our reporting currency is Renminbi. This annual report contains translations from Renminbi to U.S. dollars solely for the convenience of the reader. Unless otherwise stated, all translations from Renminbi to U.S. dollars were made at a rate of RMB6.8972 to US\$1.00, which was the exchange rate in effect as of December 30, 2022 as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. The exchange rate in effect as of March 17, 2023 was RMB6.8870 to US\$1.00. We make no representation that any Renminbi amounts referred to in this annual report could have been, or could be, converted to U.S. dollars at any particular rate, or at all.

FORWARD-LOOKING STATEMENT

This annual report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as “may,” “will,” “expect,” “anticipate,” “future,” “intend,” “plan,” “believe,” “estimate,” “is/are likely to” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things:

- our anticipated growth strategies;
- our future business development, results of operations and financial condition;
- our ability to continue to control costs and maintain profitability; and
- the expected growth in the overall economy and demand for travel services in China.

The forward-looking statements included in this annual report on Form 20-F are subject to risks, uncertainties and assumptions about our company. Our actual results of operations may differ materially from the forward-looking statements as a result of the risk factors described under “Item 3. Key Information — D. Risk Factors,” included elsewhere in this annual report on Form 20-F, including the following risks:

- slow-down of economic growth in China and the global economic downturn may have a material and adverse effect on our business, and may materially and adversely affect our growth and profitability;
- public health crisis, such as COVID-19 outbreak, may have a material and adverse effect on our business and results of operations;
- general declines or disruptions in the travel industry may materially and adversely affect our business and results of operations;
- the trading price of our listed securities has been volatile historically and may continue to be volatile regardless of our operating performance;
- if we are unable to maintain existing relationships with travel suppliers and strategic alliances, or establish new arrangements with travel suppliers and strategic alliances similar to those we currently have, our business may suffer;
- if we fail to further increase our brand recognition, we may face difficulty in retaining existing and acquiring new business partners and customers, and our business may be harmed;
- if we do not compete successfully against new and existing competitors, we may lose our market share, and our business and results of operations may be materially and adversely affected;
- our business could suffer if we do not successfully manage current growth and potential future growth;
- our strategy to invest in complementary businesses and assets involves significant risks and uncertainty that may prevent us from achieving our objectives and harm our financial condition and results of operations;
- our quarterly results are likely to fluctuate because of seasonality in the travel industry in Greater China;
- our business may be harmed if our infrastructure and technology are damaged or otherwise fail or become obsolete;

[Table of Contents](#)

- our business depends substantially on the continuing efforts of our key executives, and our business may be severely disrupted if we lose their services;
- inflation in China may disrupt our business and have an adverse effect on our financial condition and results of operations; and
- if the VIE structure and the contractual arrangements among us, the VIEs and their shareholders are found to be in violation of any PRC laws or regulations, we and/or the VIEs may be subject to fines and other penalties, which may adversely affect our business and results of operations.

These risks are not exhaustive. Other sections of this annual report include additional factors that could adversely impact our business and financial performance. You should read these statements in conjunction with the risk factors disclosed in “Item 3. Key Information — D. Risk Factors” of this annual report and other risks outlined in our other filings with the Securities and Exchange Commission, or the SEC. Moreover, we operate in an emerging and evolving environment. New risk factors may emerge from time to time, and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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

PART I.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

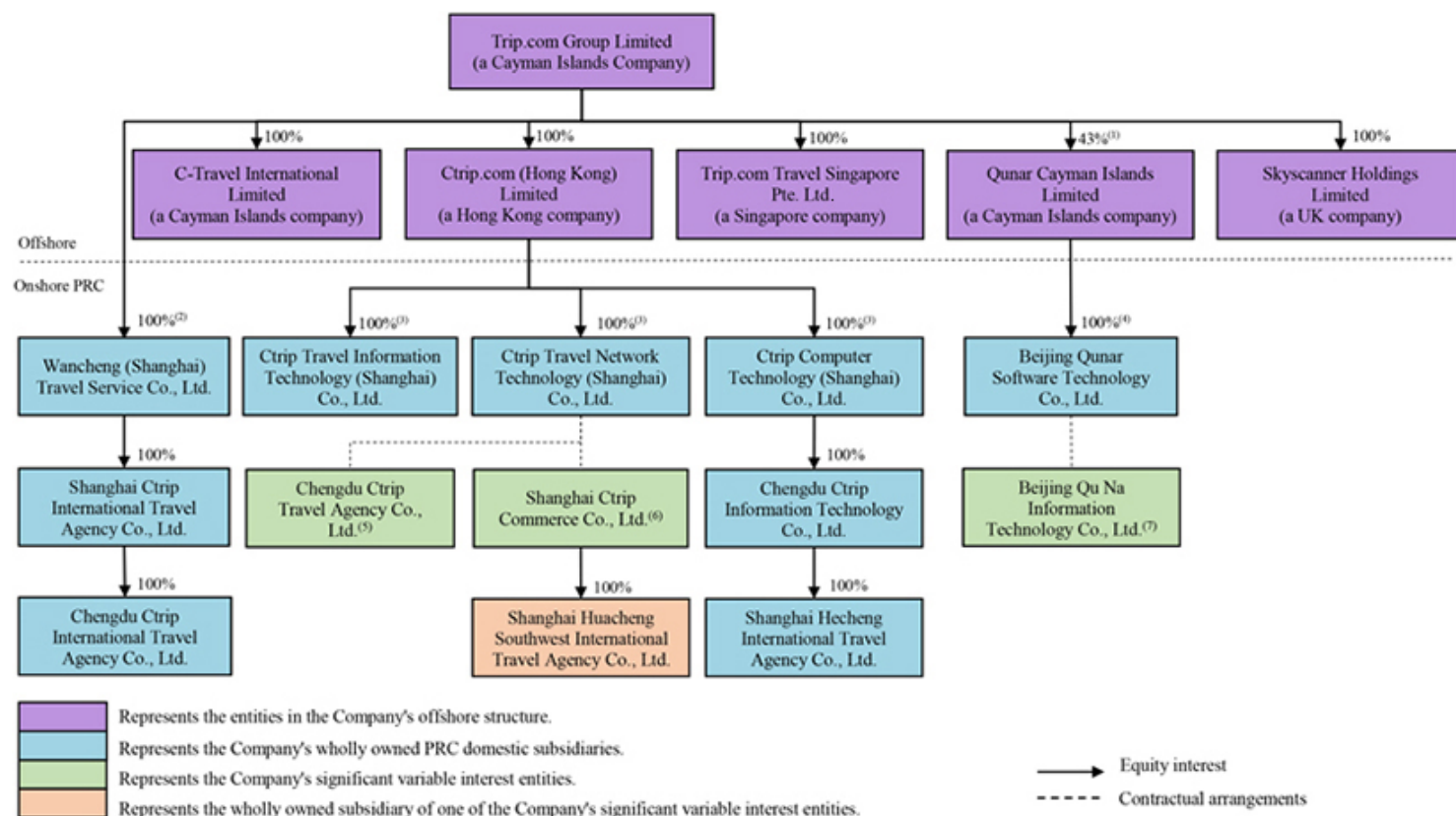
ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

Our Holding Company Structure and Contractual Arrangements with the VIEs

The following diagram illustrates our corporate structure, including our significant subsidiaries and the VIEs as of December 31, 2022.



Notes:

- The 57% owners of Qunar Cayman Islands Limited are several non-U.S. investment entities, namely M Strat Holdings, L.P., Momentum Strategic Holdings, L.P., Ocean Management Limited, and Earthly Paradise Investment Fund L.P., which are consolidated by us under U.S. GAAP. For further details about the indirect ownership of Qunar Cayman Islands Limited, see "Item 4. Information on the Company — A. History and Development of the Company."
- Indirectly owned through Ctrip Travel Holding (Hong Kong) Limited and Ctrip.com (Hong Kong) Limited, both of which are Hong Kong companies.
- Indirectly owned through Ctrip Investment (Shanghai) Co., Ltd., a PRC company.
- Indirectly owned through Queen's Road Travel Information Limited, a Hong Kong company.
- Min Fan and Qi Shi hold 99.5% and 0.5% of the equity interest in Chengdu Ctrip Travel Agency Co., Ltd., respectively.
- Bo Sun and Maohua Sun hold 89.8% and 10.2% of the equity interest in Shanghai Ctrip Commerce Co., Ltd., respectively.
- Hui Cao and Hui Wang hold 60% and 40% of the equity interest in Beijing Qu Na Information Technology Co., Ltd., respectively.

[Table of Contents](#)

Trip.com Group Limited is not a Chinese operating company but a Cayman Islands holding company with no equity ownership in the VIEs. We conduct our operations in China through (i) our PRC subsidiaries and (ii) the VIEs with which we have maintained contractual arrangements and their PRC subsidiaries. PRC laws and regulations prohibit foreign investment in internet and other related businesses. Accordingly, we operate these businesses in China through the VIEs, and rely on contractual arrangements among our PRC subsidiaries, the VIEs, and their shareholders to direct the business operations of the VIEs. Such structure enables investors to share economic interests in China-based companies in sectors where foreign direct investment is prohibited or restricted under PRC laws and regulations. Net revenues contributed by the VIEs accounted for 36%, 30%, and 22% of our total net revenues for the year ended December 31, 2020, 2021, and 2022, respectively. As used in this annual report, “we,” “our company,” or “Trip.com Group” refers to Trip.com Group Limited, its subsidiaries, and, in the context of describing our operations and consolidated financial information, the VIEs in China, primarily including Shanghai Ctrip Commerce Co., Ltd., Shanghai Huacheng Southwest International Travel Agency Co., Ltd., Chengdu Ctrip Travel Agency Co., Ltd., and Beijing Qu Na Information Technology Co., Ltd. Investors in the ADSs are not purchasing any equity interest in the VIEs in China but instead are purchasing the equity interest in a holding company incorporated in the Cayman Islands, and may never directly hold equity interests in the VIEs in China.

A series of contractual agreements, including powers of attorney, technical consulting and services agreement, equity pledge agreements, exclusive option agreements, and loan agreements, have been entered into by and among our PRC subsidiaries, the VIEs, and their respective shareholders. Terms contained in each set of contractual arrangements with the VIEs and their respective shareholders are substantially similar. As advised by Commerce & Finance Law Offices, our PRC legal counsel, subject to the disclosure in this annual report, the terms of the contractual arrangements are valid, binding, and enforceable under currently effective PRC laws and regulations. As a result of the contractual arrangements, we are considered the primary beneficiary of the VIEs for accounting purposes and thus have consolidated the results of operations, financial position, and cash flows of the VIEs in our consolidated financial statements under U.S. GAAP. The contractual arrangements with the VIEs provide us with a “controlling financial interest” in the VIEs as defined in FASB ASC 810 by entitling us to (i) the power to direct activities of the VIEs that most significantly affect their economic performance, and (ii) the right to receive the economic benefits from the VIEs that could be significant to them. Neither Trip.com Group Limited nor its investors has an equity ownership (including foreign direct investment) in, or control through such equity ownership of, the VIEs, and the contractual arrangements are not equivalent to an equity ownership in the business of the VIEs. For more details of these contractual arrangements, see “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Arrangements with the VIEs and Their Shareholders.”

However, the contractual arrangements may not be as effective as direct ownership in providing us with control over the VIEs and we may incur substantial costs to enforce the terms of the arrangements. As such, the VIE structure involves unique risks to investors of our Cayman Islands holding company. In addition, the legality and enforceability of the contractual agreements by and among our PRC subsidiaries, the VIEs, and their respective shareholders, as a whole, have not been tested in a court of law in China. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—If the VIEs violate our contractual arrangements with them, our business could be disrupted, our reputation may be harmed and we may have to resort to litigation to enforce our rights, which may be time-consuming and expensive” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—The principal shareholders of the VIEs have potential conflict of interest with us, which may adversely affect our business.”

Our corporate structure is subject to risks associated with our contractual arrangements with the VIEs and our investors may never directly hold equity interests in the VIEs. If the PRC government deems that our contractual arrangements with the VIEs do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change or are interpreted differently in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company, our subsidiaries, and the VIEs, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect the financial performance of the VIEs and our company as a whole. The PRC regulatory authorities could disallow the VIE structure, which would likely result in a material change in our operations and cause the value of our securities, including those that we may register for sale, to significantly decline or become worthless. For a detailed description of the risks associated with our corporate structure, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure.”

[Table of Contents](#)

There are also substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules regarding the status of the rights of our Cayman Islands holding company with respect to its contractual arrangements with the VIEs and their shareholders. It is uncertain whether any new PRC laws or regulations relating to VIE structures will be adopted or if adopted, what they would provide. If we or any of the VIEs is found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—PRC laws and regulations restrict foreign investment in the travel agency and value-added telecommunications businesses, and substantial uncertainties exist with respect to the application and implementation of PRC laws and regulations” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—Our business may be significantly affected by the PRC Foreign Investment Law.”

We face various legal and operational risks and uncertainties relating to doing business in China. Our business operations are primarily conducted in China, and we are subject to complex and evolving PRC laws and regulations. For example, the PRC government has recently issued statements and regulatory actions relating to areas such as the use of contractual arrangements in certain industries, regulatory approvals on overseas offerings and listings by, and foreign investment in, China-based issuers, the use of the VIEs, anti-monopoly regulatory actions, and oversight on cybersecurity and data privacy. As the regulatory developments relating to these areas are relatively new and rapidly evolving, substantial uncertainties remain in relation to their interpretation and implementation. It also remains uncertain whether we will comply with the relevant regulatory requirements, including but not limited to filings or approvals, from the CSRC, the Cyberspace Administration of China, or the CAC, or any other PRC government authorities in all material respects. In addition, if future regulatory developments mandate clearance of cybersecurity review or other specific actions to be completed by China-based companies listed on foreign stock exchanges, such as us, we face uncertainties as to whether such clearance can be timely obtained, or at all. As of the date of this annual report, regulatory actions relating to data security or anti-monopoly concerns in Hong Kong or Macao do not have a material impact on our ability to conduct business, accept foreign investment in the future, continue to list on a United States stock exchange or maintain our listing status on the Hong Kong Stock Exchange. However, new regulatory actions relating to data security or anti-monopoly concerns in Hong Kong or Macao may be taken in the future, and there can be no assurance as to whether such regulatory actions may have a material impact on our ability to conduct business, accept foreign investment, continue to list on a United States stock exchange or maintain our listing status on the Hong Kong Stock Exchange. We face risks and uncertainties associated with not only these statements and regulatory actions, but also the prospective uncertainties as to the inability of the Public Company Accounting Oversight Board, or the PCAOB, to completely inspect registered public accounting firms headquartered in mainland China (including our independent auditor). These risks may impact our ability to conduct certain businesses, accept foreign investments, or list on a United States or other exchange outside China, and could result in a material adverse change in our operations and the value of our ADSs, significantly limit or completely hinder our ability to continue to offer securities to investors, or cause the value of such securities to significantly decline or become worthless. For a detailed description of risks relating to doing business in China, please refer to the risks disclosed under “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China.”

The PRC government’s significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations in this nature, such as data security or anti-monopoly related regulations, may cause the value of such securities to significantly decline. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—The PRC government’s significant oversight and discretion over our business operation could result in a material adverse change in our operations and the value of our ADSs and ordinary shares.”

Risks and uncertainties arising from the legal system in China, including risks and uncertainties regarding the enforcement of laws and quickly evolving rules and regulations in China, could result in a material adverse change in our operations and the value of our ADSs. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.”

The Holding Foreign Companies Accountable Act

Pursuant to the Holding Foreign Companies Accountable Act, or the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor. In May 2022, the SEC conclusively listed Trip.com Group Limited as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China 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, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.”

Permissions and Approvals Required from the PRC Authorities for Our Operations

We conduct our business primarily through our PRC subsidiaries and the VIEs in China. Our operations in China are governed by PRC laws and regulations. As of the date of this annual report, as advised by Commerce & Finance Law Offices, our PRC legal counsel, our PRC subsidiaries and the VIEs have obtained all of the requisite permissions and approvals from the PRC government authorities for our accommodation reservation, transportation ticketing, packaged-tour, and corporate travel businesses, including, among others, value added telecommunications operating licenses, travel agency operation licenses, and an insurance agency license, except for certain permission and approval requirements in mainland China relating to our business of providing ancillary mobility services for transportation ticketing in mainland China, which represents a nominal portion of our transportation ticketing revenues, and subject to the uncertainties with respect to the interpretation and application of PRC laws, regulations, and policies. For details, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—We have attempted to comply with the PRC regulations regarding licensing requirements. If the PRC laws and regulations change, our business in China may be adversely affected. Any lack of requisite approvals, licenses, or permits applicable to our business or any failure to comply with applicable laws or regulations may materially and adversely affect our business, financial condition, and results of operations.” In addition, our subsidiaries in Hong Kong and Macao also have obtained travel agency operation licenses and insurance agency licenses that are necessary for their respective businesses from the Hong Kong and Macao authorities. As of the date of this annual report, we, our PRC subsidiaries, or the VIEs have not received any denial notification from the relevant authorities in connection with the applications for the necessary permissions or approvals to conduct our business. Given the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practice by relevant government authorities, we may be required to obtain additional approvals and permissions for our business operations in the future. If we, our subsidiaries or the VIEs do not receive or maintain any necessary permissions or approvals, inadvertently conclude that such permissions or approvals are not required, or if applicable laws, regulations, or interpretations change and we are required to obtain such permissions or approvals in the future, we cannot assure you that we will be able to obtain the necessary permissions or approvals in a timely manner, or at all, and such approvals may be rescinded even if obtained. Any such circumstance could subject us to penalties, including fines, suspension of business, and revocation of required licenses, 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 become worthless. For more detailed information, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—We have attempted to comply with the PRC regulations regarding licensing requirements. If the PRC laws and regulations change, our business in China may be adversely affected. Any lack of requisite approvals, licenses, or permits applicable to our business or any failure to comply with applicable laws or regulations may materially and adversely affect our business, financial condition, and results of operations.”

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Offering and Listing Measures, which will come into effect on March 31, 2023. On the same day, the CSRC also published a series of guidance rules and Q&As in connection with the implementation of the Overseas Offering and Listing Measures. The Overseas Offering and Listing Measures establishes a new filing-based regime to regulate overseas offerings and listings by PRC domestic companies. According to the Overseas Offering and Listing Measures, an overseas offering of securities (including shares, depository receipts, corporate bonds convertible into shares and other securities in nature of equity) and listing by a PRC domestic company, either in direct or indirect manner, has to be filed with the CSRC. Failure to comply with the filing requirements may result in fines to the relevant PRC domestic companies, the controlling shareholder, and other responsible persons. The relevant responsible persons may be prohibited from entering the securities market by the CSRC in cases of serious violations and may be held criminally liable. As advised by Commerce & Finance Law Offices, our PRC legal counsel, due to the fact that our ADSs have been listed on the Nasdaq Global Select Market and our ordinary shares have been listed on the Hong Kong Stock Exchange, we will be deemed as an “Existing Issuer” pursuant to the Overseas Offering and Listing Measures and the implementation guidance and are not required to complete the filing procedures with the CSRC for our historical securities offering. Nevertheless, in the event that we conduct any securities offerings that will be captured by the Overseas Offering and Listing Measures after they come into effect, we will have to complete the filing procedures with the CSRC within three business days following the closing of the securities issuance or offering.

Therefore, in connection with our business operations and issuance or offering of securities to foreign investors, as advised by Commerce & Finance Law Offices, our PRC legal counsel, under currently effective PRC laws, regulations, and rules and taking the Overseas Offering and Listing Measures into account, as of the date of this annual report, we, our PRC subsidiaries, and the VIEs, (i) are not required to obtain permissions from or complete filing procedures with the CSRC for our historical issuances or offerings of securities to foreign investors that have been completed before the date of implementation of the Overseas Offering and Listing Measures, but are required to go through filing procedures with the CSRC for our future issuance or offering of securities (including shares, depository receipts, corporate bonds convertible into shares, and other securities in nature of equity) to foreign investors if we meet certain conditions set forth in the Overseas Offering and Listing Measures to be considered an indirect overseas offering and listing by a PRC domestic company, (ii) are not required to go through cybersecurity review by the CAC for our issuance or offering of securities to foreign investors, (iii) are required to go through the examination and registration procedures with the PRC National Development and Reform Commission, or the NDRC, for our issuance or offering of certain debt securities, as mandated by the relevant NDRC circular, to foreign investors, and (iv) are not required to obtain any prior permission or approval from any other PRC government authorities for our issuance or offering of securities to foreign investors. If we, our subsidiaries, or the VIEs are deemed to be a critical information infrastructure operator, or CIIO, or a network platform operator, whose network product or service purchasing or data processing activities affect or may affect national security, we would be required to go through a cybersecurity review by the CAC. As of the date of this annual report, none of our company, our subsidiaries, or the VIEs has been identified as a CIIO by any government authorities, nor have been involved in any investigations or become subject to a cybersecurity review initiated by the CAC based on the Cybersecurity Review Measures. As of the date of this annual report, we completed the foreign debt registrations with the NDRC for all debt offerings that were subject to such requirement and have not been required to apply for, nor have been denied for, any other permission or approval with respect to our issuance or offering of securities to foreign investors. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Our failure to comply with privacy and data protection laws and regulations in various jurisdictions could subject us to sanctions, damages, and litigation, and could harm our reputation and business.” However, Commerce & Finance Law Offices, our PRC legal counsel, has further advised us that there remain some uncertainties as to how relevant rules published by the PRC government authorities will be interpreted or implemented, and its opinions summarized above are subject to any new laws, rules, regulations, or detailed implementations and interpretations in any form. We cannot assure you that relevant PRC government authorities, including the CSRC and the CAC, would reach the same conclusion as that of our PRC legal counsel, and hence, we may face regulatory actions or other sanctions from them. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—The PRC government’s significant oversight and discretion over our business operation could result in a material adverse change in our operations and the value of our ADSs and ordinary shares” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—The approval of and the filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings in the future under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.”

Cash and Asset Flows Through Our Organization

Trip.com Group Limited is a holding company with no material operations of its own. We conduct our operations in China primarily through our PRC subsidiaries, the VIEs, and their PRC subsidiaries. As a result, Trip.com Group Limited's ability to pay dividends and to service any debt that it may incur depends upon dividends paid by our PRC subsidiaries and service fees paid by the VIEs. If our existing PRC subsidiaries, the VIEs or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other payments to Trip.com Group Limited. In addition, our PRC subsidiaries are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our PRC subsidiaries and the VIEs in China is required to make appropriations to certain statutory reserve funds or may make appropriations to certain discretionary funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies. For more details, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Holding Company Structure" and "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—Our PRC subsidiaries are subject to restrictions on paying dividends or making other payments to us while the VIEs can only make payments to us in accordance with the contractual arrangements, which may restrict our ability to satisfy our liquidity requirements."

The ability to transfer cash and other assets within our organization may be subject to conditions and restrictions pursuant to the applicable laws and regulations. For example, under the PRC laws and regulations, Trip.com Group Limited may provide funding to our PRC subsidiaries only through capital contributions or loans, and to the VIEs only through loans, subject to satisfaction of applicable government registration and approval requirements. Trip.com Group Limited's ability to pay dividends to the shareholders and the ADS holders and to service any debt it may incur may depend upon dividends paid by our PRC subsidiaries and license and service fees paid by the VIEs. Additionally, under the PRC laws and regulations, our PRC subsidiaries and the VIEs are subject to certain restrictions with respect to payment of dividends or otherwise transfers of any of their net assets to us. Remittance of dividends by a wholly foreign-owned enterprise out of China is also subject to examination by the banks designated by the PRC State Administration of Foreign Exchange, or the SAFE. These restrictions are benchmarked against the paid-up capital and the statutory reserve funds of our PRC subsidiaries and the net assets of the VIEs in which we have no legal ownership. As of December 31, 2020, 2021, and 2022, the total amount of such restriction to which our PRC subsidiaries and the VIEs are subject was RMB7.8 billion, RMB6.5 billion, and RMB6.2 billion (US\$0.9 billion), respectively. Furthermore, cash transfers from our PRC subsidiaries and the VIEs to entities outside of China are subject to PRC government control on currency conversion. As a result, the funds in our PRC subsidiaries or the VIEs in China may not be available to fund operations or for other use outside of China due to interventions in, or the imposition of restrictions and limitations on, the ability of our holding company, our subsidiaries, or the VIEs by the PRC government on such currency conversion. For details, see "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—Our PRC subsidiaries are subject to restrictions on paying dividends or making other payments to us while the VIEs can only make payments to us in accordance with the contractual arrangements, which may restrict our ability to satisfy our liquidity requirements" and "Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—Restrictions on currency exchange may limit our ability to receive and use our revenues effectively."

[Table of Contents](#)

Our company has established a centralized cash management policy to direct how funds are transferred between Trip.com Group Limited, our subsidiaries, and the VIEs to improve the efficiency and ensure the security of cash management, and cash is centrally managed by the treasury. Funds are transferred among Trip.com Group Limited, our subsidiaries, and the VIEs through our cash pooling structure, intercompany loans, and deposits or entrusted loans, depending on the circumstances and taking the regulatory and taxation requirements into consideration.

Our board of directors has complete discretion as to whether we will distribute dividends in the future, subject to the approval of our shareholders. Even if our board of directors determines to distribute dividends, the form, frequency, and amount of our dividends will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, potential tax implications, and other factors as the board of directors may deem relevant. Any dividend we declare will be paid to the holders of ADSs, subject to the terms of the deposit agreement, to the same extent as holders of our ordinary shares, less the fees and expenses payable under the deposit agreement. Any dividend we declare will be distributed by the depository bank to the holders of ADSs. Cash dividends on our ordinary shares, including those represented by the ADSs, if any, will be paid in U.S. dollars. For more details, see “Item 8. Financial Information— A. Consolidated Statements and Other Financial Information—Dividend Policy.”

For the years ended December 31, 2020, 2021, and 2022, Trip.com Group Limited provided capital contributions of RMB903 million, nil, and RMB580 million, respectively, to its subsidiaries.

For the years ended December 31, 2020, 2021, and 2022, Trip.com Group Limited’s cash flows of loan funding provided to its subsidiaries, net of repayments received, were net cash outflows of RMB358 million, net cash inflows of RMB1.1 billion, and net cash outflows of RMB758 million, respectively.

For the years ended December 31, 2020, 2021, and 2022, our subsidiaries did not extend any loan funding to Trip.com Group Limited.

For the years ended December 31, 2020, 2021, and 2022, the VIEs’ cash flows of loan funding provided to our subsidiaries, net of repayments received, were net cash inflows of RMB817 million, net cash outflows of RMB434 million, and net cash inflows of RMB4.0 billion, respectively.

For the years ended December 31, 2020, 2021, and 2022, the VIEs’ cash flows of loan funding received from our subsidiaries, net of repayments made, were net cash outflows of RMB2.2 billion, net cash outflows of RMB3.8 billion, and net cash outflows of RMB7.8 billion, respectively.

For the years ended December 31, 2020, 2021, and 2022, no assets other than cash were transferred between our Cayman Islands holding company and a subsidiary, a VIE, or its subsidiary, and no subsidiary paid dividends or made other distributions to our Cayman Islands holding company. For details of the financial position, cash flows, and results of operations of the VIEs, see “—Financial Information Relating to the VIEs” and pages F-15 and F-16 of this annual report on Form 20-F.

Trip.com Group Limited has not declared or paid any cash dividends for the years ended December 31, 2020, 2021, and 2022, nor does it have any present plan to pay any cash dividends on its ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy.” For the material Cayman Islands, PRC and U.S. federal income tax consequences of an investment in our ADSs or ordinary shares, see “Item 10. Additional Information—E. Taxation.”

Selected Consolidated Financial Data

The following table presents the selected consolidated financial information for our business. You should read the following information in conjunction with “Item 5. Operating and Financial Review and Prospects” below. The selected consolidated statements of income/(loss) data for the years ended December 31, 2020, 2021, and 2022 and the selected consolidated balance sheets data as of December 31, 2021 and 2022 have been derived from our audited consolidated financial statements and should be read in conjunction with those statements, which are included in this annual report beginning on page F-1. The selected consolidated statements of income/(loss) data for the years ended December 31, 2018 and 2019 and the selected consolidated balance sheets data as of December 31, 2018, 2019, and 2020 have been derived from our audited consolidated financial statements for these periods, which are not included in this annual report.

Table of Contents

Our historical results do not necessarily indicate results expected for any future periods.

	For the Year Ended December 31,					
	2018	2019	2020	2021	2022	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in millions, except for share and per share data)					
Selected Consolidated Statements of Income/(Loss) Data						
Net revenues	30,965	35,666	18,316	20,023	20,039	2,907
Cost of revenues	(6,324)	(7,372)	(4,031)	(4,598)	(4,513)	(654)
Gross profit	24,641	28,294	14,285	15,425	15,526	2,253
Operating expenses						
—Product development ⁽¹⁾	(9,620)	(10,670)	(7,667)	(8,992)	(8,341)	(1,209)
—Sales and marketing ⁽¹⁾	(9,596)	(9,295)	(4,405)	(4,922)	(4,250)	(616)
—General and administrative ⁽¹⁾	(2,820)	(3,289)	(3,636)	(2,922)	(2,847)	(413)
Total operating expenses	(22,036)	(23,254)	(15,708)	(16,836)	(15,438)	(2,238)
Income/ (loss) from operations	2,605	5,040	(1,423)	(1,411)	88	15
Net interest (expense)/income and other (expense)/income ⁽²⁾	(684)	4,047	198	940	2,547	370
Income /(loss) before income tax expense and equity in (loss)/income of affiliates	1,921	9,087	(1,225)	(471)	2,635	385
Income tax expense	(793)	(1,742)	(355)	(270)	(682)	(99)
Equity in (loss)/income of affiliates	(32)	(347)	(1,689)	96	(586)	(85)
Net income /(loss)	1,096	6,998	(3,269)	(645)	1,367	201
Net income/(loss) attributable to non-controlling interests	16	57	62	95	36	5
Accretion to redemption value of redeemable non-controlling interests ⁽⁶⁾	—	(44)	(40)	—	—	—
Net income /(loss) attributable to Trip.com Group Limited	1,112	7,011	(3,247)	(550)	1,403	206
Earnings/(losses) per ordinary share data:						
Earnings/(losses) per ordinary share ⁽³⁾⁽⁴⁾ , basic	2.03	12.35	(5.40)	(0.87)	2.17	0.31
Earnings/(losses) per ordinary share ⁽³⁾⁽⁴⁾ , diluted	1.96	11.50	(5.40)	(0.87)	2.14	0.31
Weighted average ordinary shares outstanding ⁽⁴⁾ , basic	547,227,408	567,871,968	600,888,208	634,109,233	648,380,590	648,380,590
Weighted average ordinary shares outstanding ⁽⁴⁾ , diluted	567,396,984	641,952,112	600,888,208	634,109,233	657,092,826	657,092,826

Table of Contents

	As of December 31,					
	2018	2019 ⁽⁵⁾	2020	2021	2022 ⁽⁷⁾	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in millions)					
Selected Consolidated Balance Sheets Data						
Cash and cash equivalents	21,530	19,923	18,096	19,818	17,000	2,465
Restricted cash	4,244	1,824	1,319	1,378	1,487	216
Short-term investments	36,753	23,058	24,820	29,566	25,545	3,703
Current assets	79,394	67,955	58,011	66,108	61,435	8,907
Investments ⁽²⁾	26,874	51,278	47,943	44,961	50,177	7,275
Total assets	185,830	200,169	187,249	191,859	191,691	27,793
Current liabilities	68,784	69,182	58,369	66,218	61,239	8,879
Long-term debt	24,146	19,537	22,718	11,093	13,177	1,911
Total liabilities	97,097	93,324	85,682	81,403	78,672	11,407
Redeemable non-controlling interests ⁽⁶⁾	—	1,142	—	—	—	—
Share capital	5	6	6	6	6	1
Total Trip.com Group Limited shareholders' equity	86,715	103,442	100,354	109,677	112,283	16,279
Non-controlling interests	2,018	2,261	1,213	779	736	107
Total shareholders' equity	88,733	105,703	101,567	110,456	113,019	16,386

Notes:

- (1) Share-based compensation was included in the related operating expense categories as follows:

	For the Year Ended December 31,					
	2018	2019	2020	2021	2022	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in millions)					
Product development	934	919	964	802	567	82
Sales and marketing	156	144	159	149	115	17
General and administrative	617	651	750	730	506	73

- (2) In 2018, we disposed certain long-term investments and recognized a gain of RMB1.2 billion. In January 2018, we adopted a new financial instruments accounting standard, ASU No. 2016-01, which requires equity investments to be measured at fair value with subsequent changes recognized in net income, except for those accounted for under the equity method or requiring consideration. Fair value changes for such equity investments and exchangeable notes were a fair value loss of RMB612 million, a fair value loss of RMB170 million, and a fair value gain of RMB1.3 billion for the year ended December 31, 2020, 2021, and 2022, respectively. The new standard also changes the accounting for investments without a readily determinable fair value and that do not qualify for the practical expedient to estimate fair value. A policy election can be made for these investments whereby investment will be carried at cost and adjusted in subsequent periods for any impairment or changes in observable prices of identical or similar investments.
- (3) Each ADS represents one ordinary share.
- (4) On March 18, 2021, we effected a change to our authorized share capital by one (1)-to-eight (8) subdivision of shares. Concurrently, we effected a proportionate change in ADS to ordinary share ratio from eight (8) ADSs representing one (1) ordinary share to one (1) ADS representing one (1) ordinary share. Such changes have been reflected retrospectively throughout this document.
- (5) Effective from January 1, 2019, we adopted ASC No. 2018-11, a new accounting standard on the recognition of right-of-use assets and lease liabilities issued by FASB in 2018, and have applied this accounting standard on a modified retrospective basis and have elected not to restate comparative periods. See Notes 2 and 11 to our audited consolidated financial statements included elsewhere in this annual report for further information.
- (6) One of our subsidiaries issued redeemable preferred shares to certain third-party investors in 2019. These preferred shares are redeemable at a holder's option when that subsidiary fails to complete a qualified IPO in a pre-agreed period of time since its issuance with a redemption price measured by 10% interest per annum. These preferred shares are therefore accounted for as redeemable non-controlling interests in mezzanine equity and are accreted to the redemption value over the period starting from the issuance date. In 2020, we lost the control in this subsidiary, and therefore financial position and results of operations of this subsidiary was deconsolidated.
- (7) In the course of preparing our audited consolidated financial statements for the year ended December 31, 2022, we reclassified the exchangeable senior notes in an amount of RMB4,204 million from "long-term debt" on our consolidated balance sheet as was previously reported in the earnings release reporting the unaudited fourth quarter and full year of 2022 financial results to "short-term debt and current portion of long-term debt." The reclassification did not affect the total assets, total liabilities or total shareholders' equity on our consolidated balance sheet as of December 31, 2022, nor did it have any impact to our consolidated statement of income/(loss) and comprehensive income/(loss) or consolidated statement of cash flows for the year ended December 31, 2022.

[Table of Contents](#)
Financial Information Relating to the VIEs

The following tables present the condensed consolidating schedules of financial information of Trip.com Group Limited, our subsidiaries that are the primary beneficiaries of the VIEs, our other subsidiaries, and the VIEs and their subsidiaries for the years and as of the dates indicated.

Condensed Consolidated Results of Operations Data

	For the Year Ended December 31, 2022					Consolidated Totals
	Trip.com Group Limited	Other Subsidiaries	Primary Beneficiaries of the VIEs	The VIEs and their Subsidiaries	Eliminating Adjustments	
	(RMB in millions)					
Third-party net revenues	—	14,355	1,997	3,687	—	20,039
Inter-company net revenues ⁽¹⁾	—	148	2,895	648	(3,691)	—
Third-party cost of revenues and operating expenses	(16)	(12,970)	(3,657)	(3,308)	—	(19,951)
Inter-company cost of revenues and operating expenses ⁽¹⁾	—	(1,834)	(3)	(1,854)	3,691	—
(Loss)/income from operations	(16)	(301)	1,232	(827)	—	88
Share of income from subsidiaries and the VIEs ⁽²⁾	1,550	1,071	111	—	(2,732)	—
Net interest (expense)/income and other (expense)/income	(30)	1,945	210	422	—	2,547
Income/(loss) before income tax expense and equity in (loss)/income of affiliates	1,504	2,715	1,553	(405)	(2,732)	2,635
Income tax expense	—	(709)	75	(48)	—	(682)
Equity in (loss)/income of affiliates	(101)	(500)	49	(34)	—	(586)
Net income/(loss)	1,403	1,506	1,677	(487)	(2,732)	1,367
Net income/(loss) attributable to non-controlling interests	—	44	—	(8)	—	36
Net income/(loss) attributable to Trip.com Group Limited	1,403	1,550	1,677	(495)	(2,732)	1,403

[Table of Contents](#)

	For the Year Ended December 31, 2021					
	Trip.com Group Limited	Other Subsidiaries	Primary Beneficiaries of the VIEs	The VIEs and their Subsidiaries	Eliminating Adjustments	Consolidated Totals
	(RMB in millions)					
Third-party net revenues	—	12,226	2,055	5,742	—	20,023
Inter-company net revenues ⁽¹⁾	—	122	2,578	293	(2,993)	—
Third-party cost of revenues and operating expenses	(13)	(12,095)	(4,115)	(5,211)	—	(21,434)
Inter-company cost of revenues and operating expenses ⁽¹⁾	—	(1,217)	—	(1,776)	2,993	—
(Loss)/income from operations	(13)	(964)	518	(952)	—	(1,411)
Share of income from subsidiaries and the VIEs ⁽²⁾	742	614	1,043	—	(2,399)	—
Net interest (expense)/income and other (expense)/income	(1,289)	1,181	216	832	—	940
(Loss)/income before income tax expense and equity in income/(loss) of affiliates	(560)	831	1,777	(120)	(2,399)	(471)
Income tax (expense)/benefit	—	(257)	(86)	73	—	(270)
Equity in income/(loss) of affiliates	10	66	85	(65)	—	96
Net (loss)/income	(550)	640	1,776	(112)	(2,399)	(645)
Net income/(loss) attributable to non-controlling interests	—	102	—	(7)	—	95
Net (loss)/income attributable to Trip.com Group Limited	(550)	742	1,776	(119)	(2,399)	(550)

[Table of Contents](#)

	For the Year Ended December 31, 2020					
	Trip.com Group Limited	Other Subsidiaries	Primary Beneficiaries of the VIEs (RMB in millions)	The VIEs and their Subsidiaries	Eliminating Adjustments	Consolidated Totals
Third-party net revenues	—	9,763	2,349	6,204	—	18,316
Inter-company net revenues ⁽¹⁾	—	—	2,207	309	(2,516)	—
Third-party cost of revenues and operating expenses	(201)	(9,918)	(4,105)	(5,515)	—	(19,739)
Inter-company cost of revenues and operating expenses ⁽¹⁾	—	(778)	—	(1,738)	2,516	—
(Loss)/income from operations	(201)	(933)	451	(740)	—	(1,423)
Share of income/(loss) from subsidiaries and the VIEs ⁽²⁾	68	126	(601)	—	407	—
Net interest (expense)/income and other (expense)/income	(1,922)	1,396	262	462	—	198
(Loss)/income before income tax expense and equity in loss of affiliates	(2,055)	589	112	(278)	407	(1,225)
Income tax (expense)/benefit	—	(144)	(284)	73	—	(355)
Equity in loss of affiliates	(1,192)	(407)	(49)	(41)	—	(1,689)
Net (loss)/income	(3,247)	38	(221)	(246)	407	(3,269)
Net income/(loss) attributable to non-controlling interests	—	70	—	(8)	—	62
Accretion to redemption value of redeemable non-controlling interests	—	(40)	—	—	—	(40)
Net (loss)/income attributable to Trip.com Group Limited	(3,247)	68	(221)	(254)	407	(3,247)

Notes:

- (1) It represents the elimination of the intercompany service charge at the consolidation level. For the years ended December 31, 2020, 2021, and 2022, the service fees of the VIEs and their subsidiaries charged by the primary beneficiaries of the VIEs were RMB1.7 billion, RMB1.7 billion, and RMB1.7 billion, respectively.
- (2) It represents the elimination of the investment among Trip.com Group Limited, other subsidiaries, primary beneficiaries of the VIEs, and the VIEs and their subsidiaries.

[Table of Contents](#)
Condensed Consolidated Balance Sheets Data

	As of December 31, 2022					
	Trip.com Group Limited	Other Subsidiaries	Primary Beneficiaries of the VIEs	The VIEs and their Subsidiaries	Eliminations	Consolidated Totals
	(RMB in millions)					
ASSETS						
Cash and cash equivalents	12	10,216	3,881	2,891	—	17,000
Restricted cash	—	893	145	449	—	1,487
Short-term investments	—	19,847	3,055	2,643	—	25,545
Accounts receivable	—	4,779	101	606	—	5,486
Due from related parties	—	1,432	79	237	—	1,748
Prepayments and other current assets	192	7,403	199	2,375	—	10,169
Amount due from Group companies ⁽¹⁾	19,009	7,829	4,619	4,852	(36,309)	—
Long-term prepayments and other assets	—	297	26	222	—	545
Long-term receivables due from related parties	—	—	—	25	—	25
Land use rights	—	38	45	—	—	83
Property, equipment and software	—	4,716	441	47	—	5,204
Investments	13,136	27,320	7,600	2,121	—	50,177
Investment in subsidiaries and the VIEs ⁽²⁾	103,623	10,256	13,630	—	(127,509)	—
Goodwill	—	58,950	48	339	—	59,337
Intangible assets	—	12,431	—	311	—	12,742
Right-of-use assets	—	761	37	21	—	819
Deferred tax assets	—	805	178	341	—	1,324
Total assets	135,972	167,973	34,084	17,480	(163,818)	191,691
LIABILITIES						
Short-term debt and current portion of long-term debt	10,945	11,050	5,464	5,215	—	32,674
Accounts payable	—	5,911	161	1,497	—	7,569
Due to related parties	—	108	40	8	—	156
Salary and welfare payable	—	2,117	1,608	193	—	3,918
Taxes payable	—	509	304	22	—	835
Advances from customers	—	7,008	58	1,212	—	8,278
Accrued liability for rewards program	—	313	7	76	—	396
Other payables and accruals	206	4,179	933	2,095	—	7,413
Amount due to Group companies ⁽¹⁾	577	26,790	3,791	5,150	(36,308)	—
Deferred tax liabilities	—	3,407	—	80	—	3,487
Long-term debt	13,154	23	—	—	—	13,177
Long-term lease liability	—	513	11	10	—	534
Other long-term liabilities	—	235	—	—	—	235
Total liabilities	24,882	62,163	12,377	15,558	(36,308)	78,672
Total shareholders' equity	111,090	105,810	21,707	1,922	(127,510)	113,019
Total liabilities and shareholders' equity	135,972	167,973	34,084	17,480	(163,818)	191,691

[Table of Contents](#)

	As of December 31, 2021					
	Trip.com Group Limited	Other Subsidiaries	Primary Beneficiaries of the VIEs	The VIEs and their Subsidiaries	Eliminations	Consolidated Totals
	(RMB in millions)					
ASSETS						
Cash and cash equivalents	11	11,580	1,143	7,084	—	19,818
Restricted cash	—	859	123	396	—	1,378
Short-term investments	—	20,677	7,277	1,612	—	29,566
Accounts receivable	—	2,002	167	2,480	—	4,649
Due from related parties	—	1,336	101	228	—	1,665
Prepayments and other current assets	45	6,597	182	2,208	—	9,032
Amount due from Group companies ⁽¹⁾	18,251	13,889	7,207	8,810	(48,157)	—
Long-term prepayments and other assets	—	152	33	186	—	371
Long-term receivables due from related parties	—	—	—	25	—	25
Land use rights	—	40	46	—	—	86
Property, equipment and software	—	4,944	532	58	—	5,534
Investments	11,574	22,426	6,981	3,980	—	44,961
Investment in subsidiaries and the VIEs ⁽²⁾	101,989	12,891	10,631	—	(125,511)	—
Goodwill	—	58,966	48	339	—	59,353
Intangible assets	—	12,627	—	333	—	12,960
Right-of-use assets	—	649	93	35	—	777
Deferred tax assets	—	1,149	187	348	—	1,684
Total assets	131,870	170,784	34,751	28,122	(173,668)	191,859
LIABILITIES						
Short-term debt and current portion of long-term debt	11,297	15,189	8,070	5,310	—	39,866
Accounts payable	—	3,853	222	1,944	—	6,019
Due to related parties	—	86	36	16	—	138
Salary and welfare payable	—	1,921	1,744	229	—	3,894
Taxes payable	—	542	470	53	—	1,065
Advances from customers	—	5,530	113	1,892	—	7,535
Accrued liability for rewards program	—	319	15	66	—	400
Other payables and accruals	46	3,642	1,140	2,473	—	7,301
Amount due to Group companies ⁽¹⁾	578	32,280	2,353	12,946	(48,157)	—
Deferred tax liabilities	—	3,432	—	95	—	3,527
Long-term debt	10,435	658	—	—	—	11,093
Long-term lease liability	—	340	39	21	—	400
Other long-term liabilities	—	165	—	—	—	165
Total liabilities	22,356	67,957	14,202	25,045	(48,157)	81,403
Total shareholders' equity	109,514	102,827	20,549	3,077	(125,511)	110,456
Total liabilities and shareholders' equity	131,870	170,784	34,751	28,122	(173,668)	191,859

Notes:

- (1) It represents the elimination of intercompany balances among Trip.com Group Limited, other subsidiaries, primary beneficiaries of the VIEs, and the VIEs and their subsidiaries for treasury cash management purpose.
- (2) It represents the elimination of the investment among Trip.com Group Limited, other subsidiaries, primary beneficiaries of the VIEs, and the VIEs and their subsidiaries.

[Table of Contents](#)
Condensed Consolidated Cash Flows

	For the Year Ended December 31, 2022					Consolidated Totals
	Trip.com Group Limited	Other Subsidiaries	Primary Beneficiaries of the VIEs	The VIEs and their Subsidiaries	Eliminating Adjustments	
	(RMB in millions)					
Net cash (used in)/provided by operating activities⁽¹⁾	(682)	3,508	1,492	(1,677)	—	2,641
Capital contribution to Group companies	(580)	—	(3,550)	—	4,130	—
Cash flows of loan funding provided to group companies, net of repayments received	(758)	6,060	2,589	3,958	(11,849)	—
Other investing activities	—	(2,777)	3,554	359	—	1,136
Net cash (used in)/provided by investing activities	(1,338)	3,283	2,593	4,317	(7,719)	1,136
Capital contribution from Group companies	—	4,130	—	—	(4,130)	—
Cash flows of loan funding received from group companies, net of repayments made	(1)	(5,490)	1,438	(7,796)	11,849	—
Other financing activities	2,093	(7,182)	(2,606)	839	139	(6,717)
Net cash provided by/(used in) financing activities	2,092	(8,542)	(1,168)	(6,957)	7,858	(6,717)
	For the Year Ended December 31, 2021					
	Trip.com Group Limited	Other Subsidiaries	Primary Beneficiaries of the VIEs	The VIEs and their Subsidiaries	Eliminating Adjustments	Consolidated Totals
	(RMB in millions)					
Net cash (used in)/provided by operating activities⁽¹⁾	(742)	(243)	2,189	1,271	—	2,475
Capital contribution to Group companies	—	—	(1,100)	—	1,100	—
Cash flows of loan funding provided to group companies, net of repayments received	1,069	3,297	—	(434)	(3,932)	—
Other investing activities	—	(1,713)	(3,487)	1,052	—	(4,148)
Net cash provided by/(used in) investing activities	1,069	1,584	(4,587)	618	(2,832)	(4,148)
Proceeds from issuance of ordinary shares net of issuance cost	7,984	—	—	—	—	7,984
Capital contribution from Group companies	—	1,100	—	—	(1,100)	—
Cash flows of loan funding received from group companies, net of repayments made	—	(635)	492	(3,789)	3,932	—
Other financing activities	(8,300)	(218)	2,230	2,223	—	(4,065)
Net cash (used in)/provided by financing activities	(316)	247	2,722	(1,566)	2,832	3,919

[Table of Contents](#)

	For the Year Ended December 31, 2020					
	Trip.com Group Limited	Other Subsidiaries	Primary Beneficiaries of the VIEs	The VIEs and their Subsidiaries	Eliminating Adjustments	Consolidated Totals
	(RMB in millions)					
Net cash used in operating activities⁽¹⁾	(1,037)	(2,159)	(30)	(597)	—	(3,823)
Capital contribution to Group companies	(903)	(710)	(47)	—	1,660	—
Cash flows of loan funding provided to group companies, net of repayments received	(358)	3,808	—	817	(4,267)	—
Other investing activities	—	(2,297)	(1,056)	(468)	—	(3,821)
Net cash (used in)/provided by investing activities⁽²⁾	(1,261)	801	(1,103)	349	(2,607)	(3,821)
Capital contribution from Group companies	—	950	710	—	(1,660)	—
Cash flows of loan funding received from group companies, net of repayments made	—	(459)	(1,613)	(2,195)	4,267	—
Other financing activities	2,284	1,251	40	2,450	—	6,025
Net cash provided by/(used in) financing activities⁽²⁾	2,284	1,742	(863)	255	2,607	6,025

Notes:

- (1) For the years ended December 31, 2020, 2021, and 2022, cash paid by the VIEs to the primary beneficiaries of the VIEs for service fees were RMB1.7 billion, RMB1.7 billion, and RMB1.7 billion, respectively.
- (2) The net cash provided by investing activities and financing activities of the VIEs and their subsidiaries for the year ended December 31, 2020 have been revised from the amounts previously disclosed in the notes to the financial statements.

Table of Contents

A. *[Reserved]*

B. *Capitalization and Indebtedness*

Not applicable.

C. *Reasons for the Offer and Use of Proceeds*

Not applicable.

D. *Risk Factors*

Summary of Risk Factors

An investment in our ADSs or ordinary shares involves significant risks. The operational and legal risks as well as the potential consequences associated with being based in and having operations in mainland China as discussed in relevant risk factors under “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry” also apply to operations in Hong Kong and Macao. Below is a summary of material risks we face, organized under relevant headings. These risks are discussed more fully in “Item 3. Key Information—D. Risk Factors.”

Risks Relating to Our Business and Industry

- Pandemics (such as COVID-19), epidemics, or fear of spread of contagious diseases could disrupt the travel industry and our operations, which could materially and adversely affect our business, financial condition, and results of operations. For more details, see “Risk Factors—Risks Relating to Our Business and Industry—Pandemics (such as COVID-19), epidemics, or fear of spread of contagious diseases could disrupt the travel industry and our operations, which could materially and adversely affect our business, financial condition, and results of operations.”
- Our business could suffer if we do not successfully manage our potential future growth, or if we are unable to execute our strategies effectively. For more details, see “Risk Factors—Risks Relating to Our Business and Industry—Our business could suffer if we do not successfully manage our potential future growth, or if we are unable to execute our strategies effectively.”
- We sustained losses in the past and may experience earnings declines or net losses in the future. For more details, see “Risk Factors—Risks Relating to Our Business and Industry—We sustained losses in the past and may experience earnings declines or net losses in the future.”
- Our business is sensitive to global economic conditions. A severe or prolonged downturn in the global or Chinese economy may have a material and adverse effect on our business, and may materially and adversely affect our growth and profitability. For more details, see “Risk Factors—Risks Relating to Our Business and Industry—Our business is sensitive to global economic conditions. A severe or prolonged downturn in the global or Chinese economy may have a material and adverse effect on our business, and may materially and adversely affect our growth and profitability.”

[Table of Contents](#)

- General declines or disruptions in the travel industry may materially and adversely affect our business and results of operations. For more details, see “Risk Factors—Risks Relating to Our Business and Industry—General declines or disruptions in the travel industry may materially and adversely affect our business and results of operations.”
- If we are unable to maintain existing relationships with ecosystem partners and strategic alliances, or unable to establish new arrangements with ecosystem partners and strategic alliances at or on favorable terms or at terms similar to those we currently have, or at all, our business, market share, and results of operations may be materially and adversely affected. For more details, see “Risk Factors—Risks Relating to Our Business and Industry—If we are unable to maintain existing relationships with ecosystem partners and strategic alliances, or unable to establish new arrangements with ecosystem partners and strategic alliances at or on favorable terms or at terms similar to those we currently have, or at all, our business, market share, and results of operations may be materially and adversely affected.”
- Strategic acquisition of complementary businesses and assets create significant challenges, such as dilutive effect on our equity securities and impact on our financial performance, that may materially and adversely affect our business, reputation, results of operations, and financial condition. For more details, see “Risk Factors—Risks Relating to Our Business and Industry—Strategic acquisition of complementary businesses and assets create significant challenges, such as dilutive effect on our equity securities and impact on our financial performance, that may materially and adversely affect our business, reputation, results of operations, and financial condition.”
- Our strategy to invest in complementary businesses and assets and establish strategic alliances involves significant risk and uncertainties that may have a material adverse effect on our business, reputation, financial condition, and results of operations. For more details, see “Risk Factors—Risks Relating to Our Business and Industry— Our strategy to invest in complementary businesses and assets and establish strategic alliances involves significant risk and uncertainties that may have a material adverse effect on our business, reputation, financial condition, and results of operations.”
- We incurred net current liabilities and net operating cash outflow in the past, and may not assure you that we will continue to achieve or maintain net current assets or net operating cash inflow in the future. For more details, see “Risk Factors—Risks Relating to Our Business and Industry—We incurred net current liabilities and net operating cash outflow in the past, and may not assure you that we will continue to achieve or maintain net current assets or net operating cash inflow in the future.”
- We recorded a significant amount of goodwill and indefinite lived intangible assets in connection with our strategic acquisitions and investments, and we may incur material impairment charges to our goodwill and indefinite lived intangible assets if the recoverability of these assets become substantially reduced. For more details, see “Risk Factors—Risks Relating to Our Business and Industry—We recorded a significant amount of goodwill and indefinite lived intangible assets in connection with our strategic acquisitions and investments, and we may incur material impairment charges to our goodwill and indefinite lived intangible assets if the recoverability of these assets become substantially reduced.”
- If we do not compete successfully against new and existing competitors, we may lose our market share, and our business may be materially and adversely affected. For more details, see “Risk Factors—Risks Relating to Our Business and Industry—If we do not compete successfully against new and existing competitors, we may lose our market share, and our business may be materially and adversely affected.”

Risks Relating to Our Corporate Structure

- PRC laws and regulations restrict foreign investment in the travel agency and value-added telecommunications businesses, and substantial uncertainties exist with respect to the application and implementation of PRC laws and regulations. For more details, see “Risk Factors—Risks Relating to Our Corporate Structure—PRC laws and regulations restrict foreign investment in the travel agency and value-added telecommunications businesses, and substantial uncertainties exist with respect to the application and implementation of PRC laws and regulations.”
- If the VIEs violate our contractual arrangements with them, our business could be disrupted, our reputation may be harmed and we may have to resort to litigation to enforce our rights, which may be time-consuming and expensive. For more details, see “Risk Factors—Risks Relating to Our Corporate Structure—If the VIEs violate our contractual arrangements with them, our business could be disrupted, our reputation may be harmed and we may have to resort to litigation to enforce our rights, which may be time-consuming and expensive.”
- The principal shareholders of the VIEs have potential conflict of interest with us, which may adversely affect our business. For more details, see “Risk Factors—Risks Relating to Our Corporate Structure— The principal shareholders of the VIEs have potential conflict of interest with us, which may adversely affect our business.”
- Our business may be significantly affected by the PRC Foreign Investment Law. For more details, see “Risk Factors—Risks Relating to Our Corporate Structure— Our business may be significantly affected by the PRC Foreign Investment Law.”

Risks Relating to Doing Business in China

- Adverse changes in economic and political policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could adversely affect our business. For more details, see “Risk Factors—Risks Relating to Doing Business in China—Adverse changes in economic and political policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could adversely affect our business.”
- We conduct our business primarily in China. Our operations in China are governed by PRC laws and regulations. PRC government has significant oversight and discretion over the conduct of our business, and may intervene or influence our operations as the government deems appropriate to advance regulatory and societal goals and policy positions. The PRC government’s significant oversight and discretion over our business operation could result in a material adverse change in our operations and the value of our ADSs and ordinary shares. For more details, see “Risk Factors—Risks Relating to Doing Business in China—The PRC government’s significant oversight and discretion over our business operation could result in a material adverse change in our operations and the value of our ADSs and ordinary shares.”
- The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections. For more details, see “Risk Factors—Risks Relating to Doing Business in China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections.”
- Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. For more details, see “Risk Factors—Risks Relating to Doing Business in China— Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.”

- The PRC government may exert more control over offerings conducted overseas and/or foreign investment in China-based issuers, which could result in a material change in our operations and/or the value of our securities. Any actions by the PRC government to exert more oversight and control over offshore offerings could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or become worthless. The approval of and the filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings in the future under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing. For more details, see “Risk Factors—Risks Relating to Doing Business in China—The approval of and the filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings in the future under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.”
- The funds in our PRC subsidiaries or the VIEs in China may not be available to fund operations or for other use outside of China due to interventions in or the imposition of restrictions and limitations on the ability of our holding company, our subsidiaries, or the VIEs by the PRC government on currency conversion. For more details, see “Risk Factors—Risks Relating to Our Corporate Structure—Our PRC subsidiaries are subject to restrictions on paying dividends or making other payments to us while the VIEs can only make payments to us in accordance with the contractual arrangements, which may restrict our ability to satisfy our liquidity requirements” and “Risk Factors—Risks Relating to Doing Business in China—Restrictions on currency exchange may limit our ability to receive and use our revenues effectively.”
- Uncertainties with respect to the PRC legal system could adversely affect us. Since the PRC legal system is still evolving, certain laws and regulations in China may evolve quickly with little advance notice, and the interpretations of many laws, regulations and rules and enforcement of these laws, regulations and rules may involve uncertainties. For more details, see “Risk Factors—Risks Relating to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.”

General Risks Relating to Our Ordinary Shares and ADSs

- The trading prices of our listed securities have been and are likely to continue to be volatile, which could result in substantial losses to our investors. For more details, see “Risk Factors—General Risks Relating to Our Ordinary Shares and ADSs—The trading prices of our listed securities have been and are likely to continue to be volatile, which could result in substantial losses to our investors.”
- We adopt different practices as to certain matters as compared with many other companies listed on the Hong Kong Stock Exchange. For more details, see “Risk Factors—General Risks Relating to Our Ordinary Shares and ADSs—We adopt different practices as to certain matters as compared with many other companies listed on the Hong Kong Stock Exchange.”
- Substantial future sales or perceived potential sales of our ordinary shares, ADSs or other equity securities in the public market could cause the prices of our listed securities to decline. For more details, see “Risk Factors—General Risks Relating to Our Ordinary Shares and ADSs—Substantial future sales or perceived potential sales of our ordinary shares, ADSs or other equity securities in the public market could cause the prices of our listed securities to decline.”

Risks Relating to Our Business and Industry

Pandemics (such as COVID-19), epidemics, or fear of spread of contagious diseases could disrupt the travel industry and our operations, which could materially and adversely affect our business, financial condition, and results of operations.

Global pandemics, epidemics in China or elsewhere in the world, or fear of spread of contagious diseases, such as Ebola virus disease (EVD), coronavirus disease 2019 (COVID-19), Middle East respiratory syndrome (MERS), severe acute respiratory syndrome (SARS), H1N1 flu, H7N9 flu, and avian flu could disrupt the travel industry and our business operations in China and elsewhere in the world, reduce or restrict demand for travel and travel-related products and services, or result in regional or global economic distress, which may materially and adversely affect our business, financial condition, and results of operations. Any one or more of these events or recurrence may adversely affect our sales results, or even for a prolonged period of time, which could materially and adversely affect our business, financial condition, and results of operations.

The COVID-19 pandemic had already adversely affected many aspects of our business. Since the outbreak of the COVID-19 pandemic, we had experienced a significant decline in travel demand resulting in significant user cancellations and refund requests and reduced new orders relating to international and domestic travel and lodging. The supply of domestic transportation tickets and international air tickets were also adversely and significantly affected in response to comprehensive containment measures in China and other international regions. We have actively assisted our users in their cancellation and refund requests and have been working with our ecosystem partners to prepare for difficult market conditions, for which we have incurred and may continue to incur significant cash outflows. Our ecosystem partners' abilities to timely deliver products and services and respond to rescheduling or cancellation requests have been adversely affected for similar reasons, especially those located in critical regions in China. In response to the COVID-19 pandemic, we swiftly adopted cost control measures to mitigate a significant slowdown in user demand.

Our revenues in the past few years were materially and adversely affected as a result of the outbreak and resurgence of the COVID-19 pandemic. We also incurred significant incremental costs and expenses in the past few years to facilitate our users' cancellations and refund requests, as compared to the period prior to the outbreak of COVID-19. In addition, we made provisions for the expected difficulty in collection of receivables, which resulted in additional allowance for expected credit losses from the receivables due from our customers. Moreover, we made significant downward adjustments and impairment to our long-term investments as a result of COVID-19 related impacts.

Starting in December 2022, most of the travel restrictions and quarantine requirements in China were lifted. Although there were significant surges of COVID-19 infections in various regions in China during that month, the situation has been significantly improved and normalized since January 2023. There remains uncertainty as to the future impact of the virus. The extent to which the pandemic affects our results of operations going forward will depend on future developments that are highly uncertain and unpredictable, including the frequency, duration and extent of outbreaks of COVID-19, the appearance of new variants with different characteristics, the effectiveness of efforts to contain or treat cases, and future actions that may be taken in response to these developments. China may experience lower domestic consumption, higher unemployment, severe disruptions to exporting of goods to other countries and greater economic uncertainty, which may materially and adversely affect our business. There can be no assurance as to whether the COVID-19 pandemic and the resulting disruption to our business will extend over a prolonged period, and if yes, it could materially and adversely affect our business, financial condition, and results of operations.

We have seen a slower recovery of the inbound and outbound travel and, in turn, a slower recovery of our inbound and outbound travel agency business. We have noted Chinese travelers shifting their preferences towards emerging demand for short-haul travel, local trips, and domestic boutique and premium accommodation experiences. We have introduced novel products in order to capture these emerging trends and have proactively leveraged our live streaming function to promote local attractions and activities. However, we cannot assure you that these initiatives will be effective as expected, or that we will be able to act promptly to cater to the travelers' emerging traveling preferences in the future. We will continue to monitor and evaluate the financial impacts on our financial condition, results of operations, and cash flows in future periods. In the event of prolonged impact of the COVID-19 pandemic on our financial condition and cash flows, we cannot assure you that additional financing will be available to us on reasonable terms, or at all, should we require it. The global spread of COVID-19 pandemic in a significant number of countries around the world, such as the United States, has resulted in, and may intensify, global economic distress, and the extent to which it may affect our financial condition, results of operations, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted. In addition, the recent financial turmoil leading to volatility in the financial and securities markets, especially since the COVID-19 pandemic, has generally made access to capital less certain and increased the cost of obtaining new capital. As we manage through the slowdown in our business due to the COVID-19 pandemic, we cannot assure you that additional financing will be available to us on reasonable terms, or at all.

Consequently, any COVID-19 resurgence may continue to materially and adversely affect our business, financial condition, and results of operations in the current and future years. In addition, any future outbreak of contagious diseases or similar adverse public health developments, extreme unexpected bad weather, or severe natural disasters would affect our business and operating results. Ongoing concerns regarding contagious disease or natural disasters, particularly its effect on travel, could adversely affect our users' desire to travel. If there is a recurrence of an outbreak of certain contagious diseases or natural disasters, travel to and from affected regions could be curtailed. Public policy regarding, or governmental restrictions on, travel to and from these and other regions on account of an outbreak of any contagious disease or occurrence of natural disasters could materially and adversely affect our business and operating results.

Our business could suffer if we do not successfully manage our potential future growth, or if we are unable to execute our strategies effectively.

Our business has grown significantly as a result of both organic growth of existing operations and acquisitions, and, despite the COVID-19 pandemic, we may experience such growth from time to time in the future. We have significantly expanded, and may further expand, our operations and workforce, as a result of the growth of our service offerings, user base, and geographic coverage. For example, we have invested in, and may continue to invest in, organic growth by rolling out new business initiatives focusing on a diverse range of areas including expanding our one-stop travel offerings and upgrading our content capabilities. For the year ended December 31, 2022, we invested RMB8.3 billion (US\$1.2 billion) in product development. If such new business initiatives fail to perform as expected, our financial condition and results of operations could be adversely affected. Our growth to date has placed, and our anticipated future operations will continue to place, significant strain on our management, systems, and resources. In addition to training and managing our workforce, we will need to continue to improve and develop our financial and managerial controls and our reporting systems and procedures. We cannot assure you that we will be able to efficiently or effectively manage the growth of our operations, and any failure to do so may limit our future growth and hamper our business strategy.

We are growing our global presence through a combination of owned brands, direct investments as well as strategic partnerships. As we continue to increase our product and service offerings, we will further upgrade our content capabilities and deliver more appealing content in new and diversified formats, including live streaming, to improve user engagement. In addition, we will continue to invest in AI and cloud technologies, and further enhance our technology and cloud infrastructure. All these efforts will require significant managerial, financial, and human resources. We cannot assure you that we will be able to effectively manage our growth or to execute all these strategies successfully or that our new business initiatives will be successful. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful and our business and prospects may be materially and adversely affected.

We sustained losses in the past and may experience earnings declines or net losses in the future.

We sustained net losses in the past. Due to the impact of the COVID-19 pandemic in recent years, we recorded net loss of RMB3.3 billion and RMB645 million in 2020 and 2021, respectively. Although we swiftly adopted cost control measures in response to the COVID-19 pandemic and managed to generate net income of RMB1.4 billion (US\$201 million) in 2022, we cannot assure you that we can sustain profitability or avoid net losses in the future. Our operating expenses may still increase in the future and the degree of increase in these expenses is largely based on anticipated growth, revenue trends, and competitive pressure. As a result, any decrease or delay in generating additional sales volume and revenues and increase in our operating expenses may result in substantial operating losses. Moreover, consolidation of Qunar's financial statements starting from December 31, 2015 had negatively impacted our financial statements previously, which may happen again in the future.

Our business is sensitive to global economic conditions. A severe or prolonged downturn in the global or Chinese economy may have a material and adverse effect on our business, and may materially and adversely affect our growth and profitability.

The COVID-19 pandemic may continue to have a severe and negative impact on the Chinese and the global economy. Even before the outbreak of the COVID-19, the global macroeconomic environment was facing numerous challenges. The growth rate of the Chinese economy had already been slowing since 2010. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. The conflict in Ukraine and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. Unrest, terrorist threats, and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and certain other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations, and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations, and financial condition.

Our business and operations are primarily based in China and most of our revenues are derived from our operations in China. Accordingly, our financial results have been, and are expected to continue to be, affected by the economy and travel industry in China. Since we derive the majority of our revenues from accommodation reservation, transportation ticketing, and packaged-tour and in-destination activity services in China, any severe or prolonged slowdown in the global or Chinese economy or the recurrence of any financial disruptions could reduce expenditures for travel, which in turn may adversely affect our results of operations and financial condition in a number of ways. For example, the weakness in the economy could erode consumer confidence which, in turn, could result in changes to consumer spending patterns relating to travel products and services. If consumer demand for travel products and services we offer decreases, our revenues may decline. Furthermore, continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

General declines or disruptions in the travel industry may materially and adversely affect our business and results of operations.

Our business is significantly affected by the trends that occur in the travel industry in China and globally, including the accommodation reservation, transportation ticketing, and packaged-tour and in-destination activity sectors. As the travel industry is highly sensitive to business and personal discretionary spending levels, it tends to decline during general economic downturns. The recent worldwide recession has led to a weakening in the demand for travel services. Other trends or events that tend to reduce travel and are likely to reduce our revenues include:

- actual or threatened war or terrorist activities;
- the COVID-19 pandemic;
- an outbreak of EVD, MERS, SARS, H1N1 flu, H7N9 flu, and avian flu, or any other serious contagious diseases;

[Table of Contents](#)

- increasing prices in the hotel, transportation ticketing, or other travel-related sectors;
- increasing occurrence of travel-related accidents;
- political unrest, civil strife, or other geopolitical uncertainty;
- natural disasters or poor weather conditions, such as hurricanes, earthquakes, or tsunamis, as well as the physical effects of climate change, which may include more frequent or severe storms, flooding, rising sea levels, water shortage, droughts, and wildfires; and
- any travel restrictions in China and elsewhere in the world, such as entry restrictions related to the COVID-19 pandemic and quarantine measures or other security procedures implemented in connection with any major events in China and elsewhere in the world.

We could be severely and adversely affected by declines or disruptions in the travel industry and, in many cases, have little or no control over the occurrence of such events. Such events could result in a decrease in demand for our travel and travel-related products and services. This decrease in demand, depending on the scope and duration, could significantly and adversely affect our business and financial performance over the short and long term. For a discussion of impact of the COVID-19 pandemic on our business, see “—Pandemics (such as COVID-19), epidemics, or fear of spread of contagious diseases could disrupt the travel industry and our operations, which could materially and adversely affect our business, financial condition, and results of operations” and “Item 5. Operating and Financial Review and Prospects — A. Operating Results—Impact of the COVID-19 Pandemic on Our Operations and Financial Performance.”

If we are unable to maintain existing relationships with ecosystem partners and strategic alliances, or unable to establish new arrangements with ecosystem partners and strategic alliances at or on favorable terms or at terms similar to those we currently have, or at all, our business, market share, and results of operations may be materially and adversely affected.

We rely on ecosystem partners, such as hotels and airlines, and other third party agents to make their services available to users through us, and our business prospects depend on our ability to maintain and expand relationships with ecosystem partners and other third party agents. If we are unable to maintain satisfactory relationships with our existing ecosystem partners, or if our ecosystem partners establish similar or more favorable relationships with our competitors, or if our ecosystem partners increase their competition with us through their direct sales, or if any one or more of our ecosystem partners significantly reduce participation in our services for a sustained period of time or completely withdraw participation in our services, our business, market share, and results of operations may be materially and adversely affected. To the extent any of those major or popular ecosystem partners cease to participate in our services in favor of one of our competitors’ systems or decide to require consumers to purchase services directly from them, our business, market share, and results of operations may suffer.

Our business depends significantly upon our ability to contract with hotels in advance for the guaranteed availability of certain hotel rooms. We rely on hotel partners to provide us with rooms at discounted prices. However, our contracts with our hotel partners are not exclusive and most of the contracts must be renewed from time to time. We cannot assure you that our hotel partners will renew our contracts in the future on favorable terms or terms similar to those we have agreed to. The hotel partners may reduce the commission rates on bookings made through us. Furthermore, in order to maintain and grow our business and to effectively compete with many of our competitors in all potential markets, we will need to establish new arrangements with hotels and accommodations of all ratings and categories in our existing markets and in new markets. We cannot assure you that we will be able to identify appropriate hotels or enter into arrangements with those hotels on favorable terms, if at all. Such failure could harm the growth of our business and adversely affect our operating results and financial condition, which consequently will impact the trading price of our ADSs and ordinary shares.

We derive revenues and other significant benefits from our arrangements with major domestic airlines in China and international airlines. Our airline ticket partners allow us to book and sell tickets on their behalf and collect commissions on tickets booked and sold through us. Although we currently have supply relationships with these airlines, they also compete with us for ticket bookings and have entered into similar arrangements with many of our competitors and may continue to do so in the future. Such arrangements may be on better terms than we have. On July 1, 2016, the four largest airlines in China announced that third-party ticketing agents are prohibited from selling tickets for domestic flights on third-party platforms, such as ours. Additionally, on July 1, 2016, most major domestic airlines also replaced their commissions and rebate incentives completely with a reduced, fixed “admin fee” per ticket. The loss of ecosystem partner relationships or further adverse changes in major business terms with our ecosystem partners would materially impair our operating results and financial condition as we would lose an increasingly significant source of our revenues.

[Table of Contents](#)

We generated part of our revenues through commissions from ecosystem partners that we form strategic alliances with, including our hotel partners, airline ticket partners and other ecosystem partners. We cannot assure you, however, that we will be able to successfully establish and maintain strategic alliances with third parties which are effective and beneficial for our business. Our inability to do so could have a material adverse effect on our market penetration, revenue growth and profitability.

Strategic acquisition of complementary businesses and assets create significant challenges, such as dilutive effect on our equity securities and impact on our financial performance, that may materially and adversely affect our business, reputation, results of operations, and financial condition.

We have made and intend to continue to make strategic acquisitions in the travel industry in Greater China and overseas. By way of example, see “Item 4. Information on the Company — B. Business Overview — Strategic Investments and Acquisitions” for material strategic investments and acquisitions that we pursued in recent years. If we are presented with appropriate opportunities, we may continue to acquire complementary businesses and assets in the future. However, strategic acquisitions and the subsequent integration of new businesses and assets into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could adversely affect our business operations. In addition, acquisitions could result in potential dilutive issuances of equity securities, use of substantial amounts of cash, and exposure to potential ongoing financial obligations and unforeseen or hidden liabilities of the acquired business. The cost and duration of, and difficulties in, integrating newly acquired businesses and managing a larger overall business could also materially exceed our expectations. Moreover, we may not be able to achieve our intended strategies and may result in substantial impairment charges to goodwill, if we fail to successfully integrate the newly acquired business or manage a larger business. Any such negative developments could materially and adversely affect our business, reputation, results of operations, and financial condition.

Our strategy to invest in complementary businesses and assets and establish strategic alliances involves significant risk and uncertainties that may have a material adverse effect on our business, reputation, financial condition, and results of operations.

As part of our plan to expand our product and service offerings, we have made and intend to make strategic investments in the travel service industries in Greater China and overseas. In addition to our transactions relating to Qunar and Skyscanner described elsewhere in this annual report, we also pursued various opportunities for investments and acquisitions. For a discussion of our material investments and acquisitions made in recent years, see “Item 4. Information on the Company — B. Business Overview — Strategic Investments and Acquisitions.”

[Table of Contents](#)

If the ADS or share prices of the public companies that we have invested in or may invest in the future which are classified as equity securities with readily determinable fair values investments decline and become lower than our share purchase prices, as have happened historically, we could record changes in fair value recorded in the income statement under U.S. GAAP, which in turn would adversely affect our financial results for the relevant periods. In addition, if any of our investees in which our investments are classified as equity method investments incur net losses in the future, we will share their net losses proportionate to our equity interest in them.

Our strategic investments could also subject us to other uncertainties and risks, and our failure to address any of these uncertainties and risks, among others, may have a material adverse effect on our financial condition and results of operations:

- diversion of our resources and management attention;
- high acquisition and financing costs;
- failure to achieve our intended objectives or benefits in making these investments or revenue-enhancing opportunities;
- exposure to liabilities, third-party claims, or legal proceedings involving our invested or acquired business;
- potential claims or litigation regarding our board's exercise of its duty of care and other duties required under applicable law in connection with any of our significant investments approved by the board; and
- failure to be in full compliance with applicable laws, rules, and regulations.

In particular, our strategy of investing in a competing business could be adversely affected by uncertainties in the implementation and enforcement of the PRC Anti-Monopoly Law. Under the PRC Anti-Monopoly Law, companies undertaking mergers, acquisitions, or other transactions that may be deemed as concentrations in China must notify the anti-monopoly law enforcement authority of the PRC State Council, which currently is the State Administration for Market Regulation, or the SAMR, in advance of any transaction where the parties' revenues in the China market and global market exceed certain thresholds and the buyer would obtain control of, or decisive influence over, the target. There are numerous factors the anti-monopoly law enforcement authority considers in determining "concentrations," depending on certain criteria, the anti-monopoly law enforcement authority will conduct anti-monopoly review of transactions in respect of which it was notified, including (1) merger of undertakings; (2) acquisition of control over other undertakings by an undertaking by acquiring equities or assets; or (3) acquisition of control over, or the possibility of exercising decisive influence on, other undertakings by an undertaking by contract or by any other means. In light of the uncertainties relating to the interpretation, implementation, and enforcement of the PRC Anti-Monopoly Law, we cannot assure you that the anti-monopoly law enforcement authority will not deem our past and future acquisitions or investments, including the ones referenced herein or elsewhere in this annual report, to have met the filing criteria under the PRC Anti-Monopoly Law and therefore demand a filing for merger review. Before the Anti-Monopoly Commission of the State Council issued the Anti-Monopoly Guidelines for the Internet Platform Economy Sector, or the Anti-Monopoly Guidelines, on February 7, 2021 that clarifies for the first time the filing procedures is applicable to the concentrations involving variable interest structure, there had been limited cases of the anti-monopoly law enforcement authority's anti-monopoly review of filings involving companies with a "variable interest entity" structure, or VIE structure, similar to ours. On June 24, 2022, the Standing Committee of the National People's Congress, or the SCNPC, adopted an amendment to the PRC Anti-Monopoly Law, which introduced a "safe harbor" for vertical monopoly agreements entered into by operators whose market share falls below a specific threshold to be set by the SAMR, granted the SAMR the power to suspend the review period in merger investigations under specified circumstances, allowed public prosecutors to bring a civil public interest lawsuit based on monopolistic behaviors, and significantly increased the penalties for violation of PRC Anti-Monopoly Law, among others. This amendment emphasized the enforcement of PRC Anti-Monopoly Law in the internet and other key industries. The strengthened enforcement of the PRC Anti-Monopoly Law could result in investigations on our acquisition transactions conducted in the past and make our acquisition transactions in the future more difficult due to the prior filing requirement. Our strategic investments, including our historical transactions such as our acquisition of shares of Qunar in 2015 and any transactions to be contemplated in the future, have been and may continue to be subject to relevant PRC regulatory authorities' scrutiny from anti-monopoly perspective from time to time. There can be no assurance as to whether the relevant PRC regulatory authorities will impose any penalties or other restrictive measures on us or any relevant parties for our strategic investments. If we are deemed to have carried out a concentration of undertakings in violation of the PRC Anti-Monopoly Law, we could be subject to restrictive measures including an order to cease the relevant activities, a fine of up to 10% of our sales revenue from the previous year where such concentration has or may have the effect of excluding or restricting competition, or a fine of up to RMB5,000,000 where such concentration does not have the effect of excluding or restricting competition, and the parts of the transaction causing the prohibited concentration could be ordered to be unwound. Such unwinding could affect our business and financial results, and harm our reputation. Further, substantial uncertainties remain as to whether our current business cooperation arrangements with Qunar would be deemed as violation to the PRC Anti-Monopoly Law in any material aspects, which will be subject to the discretion of the relevant governmental authority.

[Table of Contents](#)

In addition, we establish strategic alliances with various third parties to further our business purpose from time to time. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty, an increase in expenses incurred in establishing new strategic alliances, inefficiencies caused by failure to integrate strategic partners' businesses with our own, and unforeseen levels of diversion of our resources and management attention, any of which may materially and adversely affect our business.

As a result of any of the above factors, any actual or perceived failure to realize the benefits we expect from these investments may materially and adversely affect our business and financial results and cause the trading price of our ADSs and ordinary shares to decline.

We incurred net current liabilities and net operating cash outflow in the past, and may not assure you that we will continue to achieve or maintain net current assets or net operating cash inflow in the future.

Even though we had net current assets of RMB196 million (US\$28 million) as of December 31, 2022, we had net current liabilities of RMB110 million as of December 31, 2021 and net current liabilities of RMB358 million as of December 31, 2020. There can be no assurance that we will not experience liquidity problems in the future. We may not be able to fulfill our obligation in providing travel products or services to our users in respect of advances from customers, the failure of which may negatively affect our cash flow position. If we fail to generate sufficient revenue from our operations, or if we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations, and capital expenditure, and our business and financial position will be adversely affected.

We had net cash provided by operating activities of RMB2.6 billion (US\$380 million) in 2022. While we believe that we have sufficient working capital to fund our current operations, we cannot guarantee that we will not experience cash outflow from our operating activities in the future. If we are unable to maintain adequate working capital, we may default on our payment obligations and may not be able to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition, and results of operations.

[Table of Contents](#)

We recorded a significant amount of goodwill and indefinite lived intangible assets in connection with our strategic acquisitions and investments, and we may incur material impairment charges to our goodwill and indefinite lived intangible assets if the recoverability of these assets become substantially reduced.

In connection with our strategic acquisitions over the recent years, we recorded a significant amount of goodwill and indefinite lived intangible assets booked in our financial statements. As of December 31, 2022, our goodwill was RMB59.3 billion (US\$8.6 billion). ASC 350 “Intangibles—Goodwill and Other” provides that intangible assets that have indefinite useful lives and goodwill will not be amortized but rather will be tested at least annually for impairment. ASC 350 also requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from its undiscounted future cash flow. We operate our business with a single reporting unit. We performed qualitative assessment by reviewing relevant events and circumstances, including macroeconomics conditions, industry and market considerations, our overall financial performance and the share price, and concluded by weighing all these factors in their entirety to determine whether it is necessary to perform the quantitative impairment test. For 2020, 2021, and 2022, we did not recognize any impairment charges for goodwill or indefinite lived intangible assets, because there was no indicator of impairment identified in our qualitative assessment. If different judgments or estimates had been utilized, however, material differences could have resulted in the amount and timing of the impairment charge. We may potentially incur significant impairment charges if the recoverability of these assets become substantially reduced in the future. Any such impairment charges would adversely affect our financial condition and results of operations. In addition, in the case that the trading price of our ADSs or ordinary shares declines as a result of the potentially prolonged impacts from the COVID-19 pandemic or other factors, and the amount by which the share price exceeds the carrying value of the reporting unit becomes minimal, it may be considered an indicator for us to perform interim goodwill impairment test and we may need to recognize impairment on goodwill or other long-lived assets. See “Item 5. Operating and Financial Review and Prospects — A. Operating Results— Critical Accounting Policies and Estimates— Goodwill, Intangible Assets, and Long-Lived Assets.”

If we do not compete successfully against new and existing competitors, we may lose our market share, and our business may be materially and adversely affected.

We compete primarily with other travel agencies, including domestic and foreign consolidators of hotel accommodation and airline tickets as well as traditional travel agencies. In the future, we may also face increasing competition from new domestic travel agencies or international players that seek to expand in China, hotels and airlines, as well as content platforms and social networks entering into the travel industry.

We may face more competition from hotels and airlines as they enter the discount rate market directly or through alliances with other travel consolidators. In addition, international travelers have become an increasingly important user base. Competitors that have formed stronger strategic alliances with overseas travel consolidators may have more effective channels to address the needs of travelers in China to travel overseas. Furthermore, we do not have exclusive arrangements with our ecosystem partners. The combination of these factors means that potential entrants to our industry face relatively low entry barriers.

In the past, certain competitors launched aggressive advertising campaigns, special promotions and engaged in other marketing activities to promote their brands, acquire new users, or increase their market shares. In response to such competitive pressure, we started to take and may continue to take similar measures and as a result will incur significant expenses, which in turn could negatively affect our operating margins in the quarters or years when such promotional activities are carried out. For example, we launched a promotion program in recent years to offer certain selected transportation tickets, hotel rooms, packaged tours, and in-destination activities as well as grant of e-coupons to our users in response to promotion campaigns that our competitors have launched. Primarily as a result of the enhanced marketing efforts and additional investment in product developments in response to the intensified market competition, our operational margin was negatively affected. In addition, some of our existing and potential competitors may have competitive advantages, such as significantly larger active user base on mobile or other online platforms, greater financial, marketing and strategic relationships, alliances or other resources or name recognition and technology capabilities, and may be able to imitate and adopt our business model. In particular, other major internet platforms may benefit from the existing user base of their other services. These platforms can utilize the traffic they already obtain and direct the users from their other services offerings to their travel services and further achieve synergies effects. Furthermore, in order to attract and retain users and compete against our competitors, we have deployed significant resources in research and development to enhance our AI and cloud technologies. However, we cannot assure you that the effectiveness of our data analytics capabilities and technologies will be comparable or superior to our competitors continuously. If any of our competitors provides comparable or better content feed to the users on their platforms, or if we are unable to provide sufficient quality content to our users’ satisfaction leveraging our data analytics capabilities, we may suffer a decline in our user traffic. We cannot assure you that we will be able to successfully compete against new or existing competitors. In the event we are not able to compete successfully, our business, results of operations, and profit margins may be materially and adversely affected.

If we fail to further increase our brand recognition, we may face difficulty in maintaining existing and acquiring new users and business partners and our business may be harmed.

We believe that maintaining and enhancing our brands depends in part on our ability to grow our user base and obtain new business partners. Some of our potential competitors already have well-established brands in the travel industry. The successful promotion of our brands will depend largely on our ability to maintain a sizeable and active user base, maintain relationships with our business partners, provide high-quality user support, properly address user needs and handle user complaints, and organize effective marketing and advertising programs. We are also subject to reputational risks arising from user complaints. Users may raise complaints against us if they are dissatisfied with the travel products and services provided to them. If we do not resolve the complaints effectively in a timely manner, our users may reduce their use of our platform and services, and may demand refund or even further compensation from us by all practicable means, which could harm our reputation and brand image if these complaints are brought to public sight, and materially and adversely affect our business, financial condition, and results of operations. If our user base significantly declines or grows more slowly than our key competitors, the quality of our user support substantially deteriorates, or our business partners cease to do business with us, we may not be able to cost-effectively maintain and promote our brands, and our business may be harmed.

Negative publicity related to us or in general with respect to the travel industry could impair our reputation, which in turn could materially and adversely affect our business, results of operations, and price of our ADSs or ordinary shares.

The reputation of our brands is critical to our business and competitiveness. Negative publicity with respect to us or the travel industry in general, from time to time, whether or not we are at fault, including but not limited to those relating to our business, products and services, user experiences, employee relationships and welfare, compliance with law, financial conditions or prospects, whether with or without merit, could impair our reputation and adversely affect our business and operating results. Prospective users may be reluctant to engage in transactions with us if there is any negative publicity in connection with the use of our services or products, the operation of our business, and other aspects about us. In addition, the negative publicity of any of our brands may extend far beyond the brand involved, especially due to our comprehensive presences in the travel industry in general, to affect some or all of our other brands. Furthermore, negative publicity about other market players or isolated incidents, regardless of whether or not it is factually correct or whether we have engaged in any inappropriate activities, may result in negative perception of our industry as a whole and undermine the credibility we have established. Negative developments in the market may lead to tightened regulatory scrutiny and limit the scope of our permissible business activities. We could lose significant number of users due to negative publicity with respect to us or the travel industry in general.

We rely on performance and brand marketing channels to generate a significant amount of traffic to our platforms and grow our business. From time to time, we hire brand ambassadors to market our brands or our products and services that are important to our business. However, we cannot assure you that the endorsement from our brand ambassadors or related advertisements will remain effective, that the brand ambassadors will remain popular or their images will remain positive and compatible with the messages that our brand and products aim to convey. Furthermore, we cannot assure you that we can successfully find suitable celebrities to replace any of our existing brand ambassadors if any of their popularities decline or if the existing brand ambassadors are no longer able or suitable to continue the engagement, and termination of such engagements may have a significant impact on our brand images and the promotion or sales of our products.

If any of the foregoing were to occur, our business, financial condition, results of operations, and price of our ADSs or ordinary shares could be materially and adversely affected. We may incur additional costs to recover from the impact caused by the negative publicity, which may divert management's attention and other resources from our business and operations.

Our quarterly results are likely to fluctuate because of seasonality in the travel industry.

Our business experiences fluctuations, reflecting seasonal variations in demand for travel services. Consequently, our results of operations may fluctuate from quarter to quarter. For example, the third quarter of each year generally contributes the highest portion of our annual net revenues primarily due to the strong demand for both leisure and business travel activities during the summer.

Any failure to maintain satisfactory performance of our mobile platform, websites, and systems, particularly those leading to disruptions in our services, could materially and adversely affect our business and reputation, and our business may be harmed if our infrastructure or technology is damaged or otherwise fails or becomes obsolete.

The satisfactory performance, reliability, and availability of our infrastructure, including our mobile platform, websites, and systems, are critical to the success of our business. Any system interruptions that result in the unavailability or slowdown of our mobile platform, websites, or other systems and the disruption in our services could reduce the volume of our business and make us less attractive to users. Our customer service centers are equipped with extensive computer and communications systems. Our technology platform and computer and communication systems are vulnerable to damage or interruption from human error, computer viruses, fire, flood, power loss, telecommunications failure, physical or electronic break-ins, hacking or other attempts at system sabotage, vandalism, natural disasters, and other similar events. For example, we experienced a network shut-down for a few hours in May 2015 resulting in temporary disruption to our mobile platform and websites and user support, and a hotel booking system failure for a few hours in October 2019 temporarily affecting hotel booking services. No data leakage occurred in either incident. We have implemented extensive measures to ensure prompt responses to any network shutdown, system failure, or similar incidents in the future, and to continue to update our security protocol to protect our systems from any human error, third-party intrusions, viruses or hacker attacks, information or data theft, or other similar activities. Other than the incidents mentioned above, we did not experience any material cybersecurity incident up to the date of this annual report. However, we cannot assure you that unexpected interruptions to our systems will not occur again in the future. We do not carry business interruption insurance to compensate us for losses that may occur as a result of such disruptions. In addition, any such future occurrences could reduce user satisfaction levels, damage our reputation and materially and adversely affect our business.

We use an internally developed booking software system that supports nearly all aspects of our booking transactions. Our business may be harmed if we are unable to upgrade our systems and infrastructure quickly enough to accommodate future traffic levels, avoid obsolescence or successfully integrate any newly developed or purchased technology with our existing system. Capacity constraints could cause unanticipated system disruptions, slower response times, poor user support, impaired quality and speed of reservations and confirmations, and delays in reporting accurate financial and operating information. These factors could cause us to lose users and ecosystem partners, which would have a material adverse effect on our results of operations and financial condition.

In addition, our future success will depend on our ability to adapt our products and services to the changes in technologies and internet user behavior. For example, the number of people accessing the internet through mobile devices, including smart devices, mobile phones, tablets, and other hand-held devices, has increased in recent years, and we expect this trend to continue while 5G and more advanced mobile communications technologies are broadly implemented. As we make our services available across a variety of mobile operating 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, iOS, and Windows. We ensure the interoperability of our services by optimizing our mobile apps and websites for different devices and operating systems and implementing cloud technology to support unified backend operation of our platform. Any changes in such mobile operating systems or devices that degrade the functionality of our services or give preferential treatment to competitive services could adversely affect usage of our services. Further, if the number of platforms for which we develop our services increases, which is typically seen in a dynamic and fragmented mobile services market such as China, it will result in an increase in our costs and expenses. In order to deliver high-quality services, it is important that our services work well across a range of mobile operating systems, networks, mobile devices, and standards that we do not control. If we fail to develop products and technologies that are compatible with all mobile devices and operating systems, or if the products and services we develop are not widely accepted and used by users of various mobile devices and operating systems, we may not be able to penetrate the mobile internet market. In addition, the widespread adoption of new internet technologies or other technological changes could require significant expenditures to modify or integrate our products or services. If we fail to keep up with these changes to remain competitive, our future success may be adversely affected.

Our business depends substantially on the continuing efforts of our key executives, and our business may be severely disrupted if we lose their services.

Our future success depends heavily upon the continued services of our key executives. We rely on their expertise in business operations, finance, and travel services and on their relationships with our ecosystem partners and shareholders. If one or more of our key executives are unable or unwilling to continue in their present positions, we may not be able to easily replace them. In that case, our business may be severely disrupted, we may incur additional expenses to recruit and train personnel and our financial condition and results of operations may be materially and adversely affected.

In addition, if any of these key executives joins a competitor or forms a competing company, we may lose users and ecosystem partners. Each of our executive officers has entered into a service contract with us that contains confidentiality and non-competition provisions. If any disputes arise between our executive officers and us, we cannot assure you of the extent to which any of these agreements would be enforced in China, where most of these executive officers reside and hold most of their assets, in light of the uncertainties with China's legal system. See “—Risks Relating to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.”

If we are unable to attract, train and retain key individuals and highly skilled employees, our business may be adversely affected.

If our business continues to expand, we will need to hire additional employees, including ecosystem partner management personnel to maintain and expand our ecosystem partner network, information technology and engineering personnel to maintain and expand our mobile platform, websites, customer service centers and systems, and customer service representatives to serve an increasing number of users. If we are unable to identify, attract, hire, train and retain sufficient employees in these areas, users of our mobile platform, websites and customer service centers may not have satisfactory experiences and may turn to our competitors, which may adversely affect our business and results of operations.

Our business is subject to the risks of international operations, including but not limited to, operational risk, compliance risk, and reputational risk.

We had overseas expansion of our business over the years and operate our business in many foreign jurisdictions such as European and southeast Asian countries. As we plan to expand our global presence over the long-term through means of partnerships and investments, we are exposed to a variety of risks in our business operations, including but not limited to, operational risk, compliance risk, and reputational risk. Compliance with foreign laws and regulations that apply to our international operations increases our cost of doing business in foreign jurisdictions. These laws and regulations include data privacy requirements, labor relations laws, tax laws, foreign currency-related regulations, anti-competition regulations, prohibitions on payments to governmental officials, market access, import, export and general trade regulations, including but not limited to economic sanctions and embargos. Violations of these laws and regulations could result in fines and penalties, criminal sanctions against us, our officers or our employees, and prohibitions on the conduct of our business, including the loss of trade privileges. Any such violations could result in prohibitions on our ability to offer our products and services in one or more countries, could delay or prevent potential acquisitions, and could also materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business and our operating results. Compliance with these laws requires a significant amount of management attention and effort, which may divert management's attention from running our business operations and could harm our ability to grow our business, or may increase our expenses as we engage specialized or other additional resources to assist us with our compliance efforts. Our success depends, in part, on our ability to anticipate these risks and manage these difficulties. We monitor our operations and investigate allegations of improprieties relating to transactions and the way in which such transactions are recorded. Where circumstances warrant, we provide information and report our findings to government authorities, but no assurance can be given that action will not be taken by such authorities. In addition, as our business and operation expand in international markets, we could be exposed to increased foreign exchange risks for other currencies.

The current tensions in international trade and rising political tensions, particularly between the United States and China, may adversely impact our business, financial condition, and results of operations.

There have been heightened tensions in international economic relations in recent years, such as the one between the United States and China. The U.S. government has imposed, and may continue to impose additional, new, or higher tariffs on certain products imported from China to penalize China for what it characterizes as unfair trade practices. China has responded by imposing, and proposing to impose additional, new, or higher tariffs on certain products imported from the United States. Following mutual retaliatory actions for months, on January 15, 2020, the United States and China entered into the Economic and Trade Agreement Between the United States of America and the People's Republic of China as a phase one trade deal, effective on February 14, 2020.

In addition, political tensions between the United States and China have escalated due to, among other things, trade disputes and the COVID-19 pandemic. In addition to the historical events, the relationships between the United States and China continued to be subject to uncertainties. For example, in 2022, tensions flared over Nancy Pelosi's visit to Taiwan, which led China to suspend U.S.-China climate talks, cut off some high-level military communication channels, sanction Pelosi and other actions. Furthermore, the U.S. Air Force shot down a balloon off the southeastern U.S. coast, claiming that the balloon was spying on sensitive military sites. China responded that the balloon was a civilian weather-monitoring craft that accidentally veered into U.S. air space. Furthermore, the U.S. Department of Commerce also placed sweeping restrictions in October 2022 on exports of U.S.-made advanced computing chips and related equipment to China, claiming that China is using these items to produce advanced military system and commit human rights abuses. As we work with a wide range of business partners in China and elsewhere in the world, should any of our major business partners become subject to sanctions or restrictions by the U.S. government, our business may be adversely affected.

Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities between the two major economies, which would materially and adversely affect the global economic conditions and the stability of global financial markets. Such tensions between the United States and China, and any escalation thereof, potentially as a result of the conflict in Ukraine and sanctions on Russia, may have a negative impact on the general, economic, political, and social conditions in China and, in turn, adversely impacting our business, financial condition, and results of operations.

We may not be able to prevent others from using our intellectual property, which may harm our business and expose us to litigation.

We regard our domain names, trade names, trademarks, patents, proprietary know-how, and similar intellectual properties as critical to our success. We try to protect our intellectual property rights by relying on intellectual property protection laws, confidentiality laws, and confidentiality contracts. However, the provisions of such laws and contracts may not provide us with sufficient protection, and legal proceedings to protect our intellectual properties from infringement could be difficult, time-consuming, and expensive in China. In addition, as our business operations further evolve globally, we may not be able to enforce our intellectual property rights throughout the world, which may in turn adversely impact our international operations and business. We may encounter significant problems in protecting and enforcing intellectual property rights in certain foreign jurisdictions. The legal systems of certain countries do not favor the enforcement of intellectual property protection, which could make it difficult for us to stop the infringement or misappropriation of our intellectual property rights. Proceedings to enforce our proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business.

The steps we have taken may be inadequate to prevent the misappropriation of our proprietary technology. Any misappropriation could have a negative effect on our business and operating results. Furthermore, we may need to go to court to enforce our intellectual property rights. Litigation relating to our intellectual property might result in substantial costs and diversion of resources and management attention. See “—Risks Relating to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.”

[Table of Contents](#)

We rely on services from third parties to certain extent to carry out our business and to deliver our products to users, and if there is any interruption or deterioration in the quality of these services, our users may not continue using our services.

We partially rely on third-party computer systems to host our websites, as well as third-party licenses for some of the software underlying our technology platform. In addition, we rely on third-party transportation ticketing agencies to issue transportation tickets and travel insurance products, confirmations and deliveries in some cities in Greater China. We also rely on third-party local operators to deliver on-site services to our packaged-tour and in-destination activity users and other services, such as car services.

Any interruption in our ability to obtain the products or services of these or other third parties or deterioration in their performance, such as server errors or interruptions, or dishonest business conduct, could impair the timing and quality of our own service. If our service providers fail to provide high-quality services in a timely manner to our users, or provide services that are substantially different from its description or without licenses or permits as required by the relevant laws and regulations despite that we have so requested, violate any applicable rules and regulations, or involve in incidents of negative publicity, our services will not meet the expectations of our users, our users may claim against us for damages and stop using our online platforms, and our reputation and brand will be damaged. Furthermore, if our arrangement with any of these third parties is terminated, we may not find an alternative source of support on a timely basis or on favorable terms to us.

We may be the subject of detrimental conduct by third parties, including complaints to regulatory agencies, negative blog postings, and the public dissemination of malicious assessments of our business, which could have a negative impact on our reputation and cause us to lose market share, ecosystem partners, users and revenues, and adversely affect the price of our ADSs or ordinary shares.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct may include complaints, anonymous or otherwise, to regulatory agencies regarding our operations, accounting, revenues, business relationships, business prospects, and business ethics. Additionally, allegations, directly or indirectly against us, may be posted in internet chat-rooms or on blogs or any websites by anyone, whether or not related to us, on an anonymous basis. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and we cannot assure you that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Our reputation may also be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, ecosystem partners, users, and revenues and adversely affect the price of our ADSs or ordinary shares.

We are subject to payment processing risk.

We accept a variety of different online payment methods and rely on third parties to process such payment. Acceptance and processing of these payment methods are subject to certain rules and regulations and require payment of interchange and other fees. To the extent there are increases in payment processing fees, material changes in the payment ecosystem, such as delays in receiving payments from payment processors or changes to rules or regulations concerning payment processing, our revenues, operating expenses, and results of operation could be adversely impacted.

We also do not have control over the security measures of our third-party payment service providers, and security breaches of the online payment systems that we use could expose us to litigation and possible liability for failing to secure confidential user information and could, among other things, damage our reputation and the perceived security of all of the online payment systems that we use. If a well-publicized internet security breach were to occur, users concerned about the security of their online payments may become reluctant to purchase our products and services through payment service providers even if the publicized breach did not involve payment systems or methods used by us. We may also be subject to fraud and other illegal activities in connection with the various payment methods that we offer, including online payment options. We may also be subject to various rules, regulations, and requirements, regulatory or otherwise, governing electronic fund transfers and online payment, which could change or be reinterpreted to make it difficult or impossible for us to comply with. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees, and lose our ability to accept credit and debit card payments from our users, process electronic fund transfers, or facilitate other types of online payments. If any of the above were to occur and damage our reputation or the perceived security of the payment systems that we use, we may lose users as they may be discouraged from purchasing products or services on our platform, which may adversely affect our business and results of operations.

If our hotel partners or users provide us with untrue information regarding the users' stay or misrepresentations, we may not be able to recognize and collect revenues to which we are entitled.

We generate substantially all of our accommodation reservation revenue through commissions from hotel reservation partners through our platform. To confirm whether a user adheres to the booked itinerary, we routinely make inquiries with the hotel and, occasionally, with the user. We rely on the hotel partner and the user to provide us truthful information regarding the user's check-in and check-out dates, which forms the basis for calculating the commission we are entitled to receive from the hotel partner. If our hotel partners or users provide us with untrue information with respect to our users' length of stay at the hotels, we would not be able to collect revenues to which we are entitled. In addition, using such untrue information may lead to inaccurate business projections and plans, which may adversely affect our business planning and strategy.

We may suffer losses if we are unable to predict the amount of inventory we will need to purchase during the peak holiday seasons.

During the peak holiday seasons in China, we establish limited merchant business relationships with selected ecosystem partners, in order to secure adequate supplies for our users. In merchant business relationships, we buy hotel rooms and transportation tickets before selling them to our users and thereby incur inventory risk. If we are unable to correctly predict demand for hotel rooms and transportation tickets that we are committed to purchase, we would be responsible for covering the cost of the hotel rooms and transportation tickets we are unable to sell, and our financial condition and results of operations would be adversely affected.

If tax benefits available to our subsidiaries in China are reduced or repealed, our results of operations could suffer.

Under the PRC Enterprise Income Tax Law, as amended, or the EIT Law, and the relevant implementation rules, foreign-invested enterprises, or FIEs, and domestic enterprises are subject to EIT at a uniform rate of 25%. Certain enterprises will benefit from a preferential tax rate of 15% under the EIT Law if they qualify as "high and new technology enterprises," or HNTEs, or if they are located in applicable PRC regions, subject to certain general restrictions described in the EIT Law and the related regulations.

In December 2008 and 2009, some of our PRC subsidiaries, Ctrip Computer Technology (Shanghai) Co., Ltd., or Ctrip Computer Technology, Ctrip Travel Information Technology (Shanghai) Co., Ltd., or Ctrip Travel Information, Ctrip Travel Network Technology (Shanghai) Co., Ltd., or Ctrip Travel Network, Beijing Qunar Software Technology Co., Ltd., or Qunar Software, and one of the VIEs, Beijing Qu Na Information Technology Co., Ltd., or Qunar Beijing (VIE), were each recognized by relevant local authorities as a HNTE under the EIT Law with an effective period of three years. Therefore, these entities are entitled to enjoy a preferential tax rate of 15%, as long as they maintain their qualifications for HNTEs that are subject to verification by competent authorities and renewals every three years. The qualifications of Ctrip Computer Technology, Ctrip Travel Information, and Ctrip Travel Network as HNTEs expired by the end of 2022. These entities plan to apply for the renewal of their qualifications in 2023. The qualifications of Qunar Software and Qunar Beijing (VIE) as HNTEs have been renewed and will expire by the end of 2023. Beijing Hujinxinrong Technology Co., Ltd, or Beijing Hujinxinrong, is also a HNTE entitled to a preferential income tax rate of 15% from 2019 to 2021. Its qualification has been renewed in 2022, entitling it to enjoy a preferential tax rate from 2022 to 2024. In addition, Ctrip Business Travel Information Service (Shanghai) Co., Ltd., or Ctrip Business Travel, and Shanghai Xiely Information Technology Co., Ltd., or Shanghai Xiely Information, were designated by relevant local authorities in Shanghai as HNTEs for the first time in 2021 and are entitled to a preferential income tax rate of 15% until 2023. The HNTE qualification is subject to a periodic review every three years by the relevant PRC government authorities. Preferential tax treatment granted to our subsidiaries by the local governmental authorities is subject to this periodic review and may be adjusted or revoked at any time. We cannot assure you that our subsidiaries and the VIEs will continue to qualify as HNTEs when they are subject to reevaluation in the future. In 2001, the STA, the PRC Ministry of Finance, or the MOF, and the General Administration of Customs jointly issued the Circular on Issues Concerning Preferential Tax Policies for the Western Development, or the Circular 202, and started to implement preferential tax policy in China's western region. According to the Circular 202, from 2001 to 2010, the companies located in applicable jurisdictions covered by this circular are eligible to apply for a preferential income tax rate of 15% if their businesses fall within the "encouraged" category of the Catalog of Industries, Products and Technologies Currently Encouraged to Develop by the State or the Catalog for Guidance of Industries for Foreign Investment and the revenue derived from such "encouraged" businesses accounts for no less than 70% of the total revenue. In 2011, the STA, the MOF, and the General Administration of Customs jointly issued the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies, or the Circular 58, according to which the Catalog of Encouraged Industries in Western Regions, or the Western Regions Catalog, would be applied instead of the two catalogs stipulated in the Circular 202 from 2011 to 2020. According to the Western Regions Catalog issued by the PRC National Development and Reform Commission, or the NDRC, later in 2014, the "encouraged" industries include the industries provided in the Guiding Catalog of Industrial Structure Adjustment, the Catalog for Guidance of Industries for Foreign Investment, the Catalog of Advantageous Industries for Foreign Investment in the Central and Western Regions, and other encouraged catalogs specifically applied in western regions. On April 23, 2020, the MOF, the STA, and the NDRC jointly issued the Announcement on Renewing the Enterprise Income Tax Policy for Western Development, which reduced the revenue percentage requirement of the "encouraged" businesses to no less than 60% and would be applied from 2021 to 2030. Benefiting from this policy, Chengdu Ctrip (VIE), Chengdu Ctrip International, and Chengdu Ctrip Information Technology Co., Ltd., or Chengdu Information, obtained approval from local authorities in 2012 and 2013, which recognized that the main businesses of such three companies belong to the "encouraged" catalog of the Guiding Catalog of Industrial Structure Adjustment. Therefore, such entities were entitled to enjoy a preferential tax rate of 15% until 2030, as long as their "encouraged" businesses accounts for no less than required percentage pursuant to current policies. In the event that the preferential tax treatment for these entities is discontinued, these entities will become subject to the standard tax rate at 25%, which would materially increase our tax obligations.

We may be subject to legal or administrative proceedings regarding information provided on our online portals or other aspects of our business operations, which may be time-consuming to defend.

Our online portals contain information about hotels, transportation, popular vacation destinations, and other travel-related topics posted by us as well as third parties. It is possible that if any information accessible on our online portals contains errors or false or misleading information, third parties could take actions against us for losses incurred in connection with the use of such information. From time to time, we have become and may in the future become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to breach of contract claims, intellectual property infringement, anti-competition claims, claims relating to our online ride-hailing services, advertising services and pricing information we provided, and other matters. Although such proceedings are inherently uncertain and their results cannot be predicted with certainty, we believe that the resolution of our current pending matters will not have a material adverse effect on our business, consolidated financial position, results of operations, or cash flow. Regardless of the outcome and merit of such proceedings, any legal action can have an adverse impact on us because of defense costs, negative publicity, diversion of management's attention, and other factors. In addition, it is possible that an unfavorable resolution of one or more legal or administrative proceedings, whether in China or in another jurisdiction, could materially and adversely affect our financial position, results of operations, or cash flows in a particular period or damage our reputation.

We could be liable for breaches of internet security or fraudulent transactions by users of our online platforms and our websites.

Internet industry is facing significant challenges regarding information security and privacy, including the storage, transmission and sharing of confidential information. In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. In November 2016, the SCNPC promulgated the PRC Cyber Security Law, which came into effect on June 1, 2017. The PRC Cyber Security Law requires that a network operator, which includes, among others, internet information services providers, to take technical measures and other necessary measures in accordance with applicable laws and regulations and the compulsory requirements of the national and industrial standards to safeguard the safe and stable operation of its networks, imposing a relatively vague but broad obligation to provide technical support and assistance to the public and state security authorities in connection with criminal investigations or for reasons of national security. The law further requires internet information service providers to formulate contingency plans for network security incidents, report to the competent departments immediately upon the occurrence of any incident endangering cyber security, and take corresponding remedial measures. Any violation of the PRC Cyber Security Law may subject us to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, shutdown of websites, or criminal liabilities. See "Item 4. Information on the Company—B. Business Overview—PRC Government Regulations—Regulations Related to Internet Information Security and Privacy Protection."

We conduct a significant portion of our transactions through the internet, including our online platforms and websites. In such transactions, secured transmission of confidential information (such as users' itineraries, hotel and other reservation information, credit card information, personal information, and billing addresses) over public networks and ensuring the confidentiality, integrity, availability, and authenticity of the information of our users, hotel partners, and airline partners are essential to maintaining their confidence in our online products and services. Our current security measures may not be adequate and may contain deficiencies that we fail to identify, and advances in technology, increased levels of expertise of hackers, new discoveries in the field of cryptography or others could increase our vulnerability. For example, a third-party website that focuses on internet security information exchange released news in March 2014 that as a result of a temporary testing function performed by us, certain data files containing users' credit card information had been stored on local servers maintained by us, which may lead to potential exposure of these users' information to hackers. We removed the cause of the potential security concern within two hours of the release of the news report and then examined all other possible leaks and found that 93 users' credit card information might have been downloaded by the above-mentioned website for the purpose of confirming potential risks. Our business, results of operations, user experience, and reputation may be materially and adversely affected if similar incidents related to internet security recur in the future. In August 2011, the PRC Supreme People's Court and the PRC Supreme People's Procuratorate issued judicial interpretations regarding hacking and other internet crimes. However, its effect on curbing hacking and other illegal online activities still remains to be seen.

We strive to comply with applicable data protection laws and regulations, as well as our privacy policies pursuant to our terms of use and other obligations that we may have with respect to privacy and data protection. Significant capital, managerial, and human resources are required to enhance information security and to address any issues caused by security failures. If we are unable to protect our systems and the information stored in our systems from unauthorized access, use, disclosure, disruption, modification, or destruction, such problems or security breaches may cause loss, expose us to litigation and possible liability to the owners of confidential information, disrupt our operations and may harm our reputation, and ability to attract users.

The PRC government regulates the air-ticketing, travel agency, internet industries, and certain other industries we operate in. If we fail to obtain or maintain all pertinent permits and approvals or if the PRC government imposes more restrictions on these industries, our business may be adversely affected.

The PRC government regulates the air-ticketing, travel agency, internet industries, and certain other industries we operate in. We are required to obtain applicable permits or approvals from different regulatory authorities to conduct our business, including separate licenses for value-added telecommunications, travel agency, and internet-related activities. If we fail to obtain or maintain any of the required permits or approvals in the future, we may be subject to various penalties, such as fines or suspension of operations in these regulated businesses, which could severely disrupt our business operations. As a result, our financial condition and results of operations may be adversely affected.

In particular, the Civil Aviation Administration of China and the NDRC regulate pricing of air tickets. The Civil Aviation Administration also supervises commissions payable to air-ticketing agencies together with the China Air Transport Association. If restrictive policies are adopted by the Civil Aviation Administration, NDRC, or the China Air Transport Association, or any of their regional branches, our air-ticketing revenue may be adversely affected.

In addition, the PRC government may promulgate new laws and regulations, interpretation of existing laws and regulations, as well as regulatory guidance and policies. We may not be able to always keep abreast of these developments, and we could be subject to regulatory or administrative penalties and operational disruption if we are unable to comply with these laws, regulations, and policies in a timely fashion, or at all. For example, the SCNPC promulgated the PRC E-Commerce Law on August 31, 2018, which came into effect on January 1, 2019. Pursuant to the PRC E-Commerce Law, an e-commerce platform operator must take joint liabilities with the relevant merchants operating on its platform and may be subject to warnings and fines where it fails to take necessary measures when (i) it knows or should have known that the products or services provided by the merchants operating on its platform do not meet the personal or property safety requirements or such merchants' other acts may infringe on the lawful rights and interests of the consumers; or (ii) it has been informed that the merchants operating on its platform infringe any intellectual property rights of any other third party but has not taken measures in time. In addition, with respect to products or services affecting the consumers' life and health, if an e-commerce platform operator fails to examine and verify the merchants' qualification, or it fails to assure the consumers' security, which results in damages to consumers, it must take corresponding liabilities and may be subject to warnings and fines. Furthermore, pursuant to a Tentative Administrative Measure on Online Travel Operation promulgated on August 20, 2020 by the PRC Ministry of Culture and Tourism and came into effect on October 1, 2020, the operator of online travel business, like us, must provide real and accurate travel services information without false promotion and advertisement. The operator of online travel platform must verify the identification, license, quality standard, credit rating, and other information of all travel business operator registered on the platform. The online travel business operator must protect the personal data privacy of travelers and cannot set unfair trading conditions based on consumption record and preference by abusing data analyzing technology. The platform operator must also alert the travelers for safety warning, and must take the liability if it fails to perform relevant obligations requested by such administrative measures.

Furthermore, we provide online consumer finance services incidental to our core businesses. Due to the relatively short history of China's online consumer finance industry, the PRC government is still in the process of establishing a comprehensive regulatory framework governing this industry. The relevant rules and regulations governing this industry are general in nature and yet to be further interpreted or supplemented. As a result, we cannot assure you that we will be able to obtain all permissions and approvals necessary for providing our online consumer finance services. In addition, we may have to make significant changes to our operations from time to time in order to comply with changing laws, regulations, and policies governing the online and travel industries in general and many aspects of our business in particular, which may increase our cost of operation or limit our options of service offering, which in turn may adversely affect our results of operations.

Our failure to comply with privacy and data protection laws and regulations in various jurisdictions could subject us to sanctions, damages, and litigation, and could harm our reputation and business.

We collect and process certain personal data of our users, including email addresses, usage data, identification information, user passwords, and additional information. We also collect and process user billing information, such as credit card numbers, full names, billing addresses (when user uses an overseas bank card, based on the requirements of the payment institutions), and phone numbers of our users.

We are subject to the privacy and data protection laws and regulations in various jurisdictions, such as China and the European Union. Privacy laws provide restrictions and guidance in connection with our storage, use, processing, disclosure, transfer, and protection of personal information. We strive to comply with all applicable laws, regulations, and policies relating to privacy and data protection. We are also subject to privacy and data security-related obligations deriving from our privacy policy and terms of use with our users, and we may be liable to third parties in the event we are deemed to have wrongfully processed, used, stored, disclosed, or otherwise disposed of personal data.

Data security and protection has become one of the policy focuses of PRC regulators. The PRC regulatory and enforcement regime in this regard is relatively new and rapidly evolving. Therefore, substantial uncertainties remain with respect to the interpretation and enforcement of the relevant regulations and their impact to us, which makes it difficult to determine what actions or inactions may be deemed to be in violation of the applicable laws and regulations in certain circumstances.

The PRC Data Security Law came into effect in September 2021 and established a tiered system for data protection based on level of importance. Since September 2021, the CAC and other relevant government authorities promulgated and proposed a series of laws, regulations, and draft legislations relating to information protection and data security, including but not limited to, the Guidance on Strengthening the Comprehensive Governance of Internet Information Service Algorithms, the Administrative Provisions on Internet Information Service Algorithm-Based Recommendation, and the Administrative Measures on Network Data Security (Draft for Comment). Among these regulations, the Administrative Measures on Network Data Security (Draft for Comment) published by the CAC in November 2021 stipulates that data processing entities should apply for cybersecurity review in the event that, among others, its listing in Hong Kong has or could have influence on national security. As of the date of this annual report, the regulatory parameters for determining "have or could have influence on national security" as stipulated in the Administrative Measures on Network Data Security (Draft for Comment) remain unclear and are subject to further explanation and elaboration by the CAC. Substantial uncertainties remain with respect to the enactment timetable, final content, interpretation, and implementation, especially the detailed interpretation of the standard for determining whether a listing in Hong Kong "has or could have influence on national security." As of the date of this annual report, the Administrative Measures on Network Data Security (Draft for Comment) has not become effective yet, and no application channel or detailed procedures are in place for the implementation of the cybersecurity review as stipulated therein.

[Table of Contents](#)

In July 2022, the CAC promulgated the Security Assessment Measures for Data Outbound Transfer, which came into effect on September 1, 2022. These measures outline the requirements and procedures for security assessments on export of important data or personal information collected or generated within the territory of China. Furthermore, these measures provide that the security assessment must combine pre-assessment and continuous supervision, and risk self-assessment and security assessment to prevent data export security risks. Specifically, security assessment is required before any data can be transferred out of China if: (i) the data transferred out of China is important data; (ii) the data processor is a critical information infrastructure operator or data processor that processes personal information of more than one million individuals; (iii) data processor who transfer personal information out of China has made outbound transfer of aggregately more than 100,000 individuals' personal information or more than 10,000 individuals' sensitive personal information since January 1 of the previous year; or (iv) otherwise required by the CAC.

In September 2022, the CAC promulgated the Decision to Amend the Cybersecurity Law of the People's Republic of China (Draft for Comments), which mainly involves amendments in the following aspects: (i) improving the legal liability mechanism for violating the general provisions of network operation security, (ii) modifying the legal liability mechanism for security protection of critical information infrastructure, (iii) adjusting the legal liability mechanism for network information security, and (iv) revising the legal liability mechanism for personal information protection. In December 2022, the MIIT promulgated the Administrative Measures on Data Security in the Field of Industry and Information Technology (Trial), according to which the data processors in the field of industry and information technology have to sort out their data regularly, identify important data and core data in accordance with relevant standards and specifications, formulate their specific catalogs, and must file their important data and core data catalogs with the local industry supervision departments for records.

The Personal Information Protection Law came into effect in November 2021, which integrates a variety of rules with respect to personal information rights and privacy protection and applies to the processing of personal information within mainland China and certain personal information processing activities outside mainland China, including those for the provision of products and services to natural persons within China or for the analysis and assessment of acts of natural persons within China. Furthermore, in December 2021, the CAC and several other authorities jointly promulgated the amended Cybersecurity Review Measures, which came into effect in February 2022. Pursuant to the Cybersecurity Review Measures, where the relevant activity affects or may affect national security, a critical information infrastructure operator, or a CIIO, that purchases network products and services, or an internet platform operator that conducts data process activities, must be subject to the cybersecurity review. The Cybersecurity Review Measures also expands the cybersecurity review requirement to cover "internet platform operators" in possession of personal information of over one million users if such operators intend to pursue a foreign listing. Additionally, relevant PRC government authorities may initiate cybersecurity review if they determine an internet platform operator's network products or services or data processing activities affect or may affect national security. According to the Regulations on the Security Protection of Critical Information Infrastructure which came into effect in September 2021, the CIIO has to perform certain obligations to protect the critical information infrastructure's security, including but not limited to, conducting network security test and risk assessment at least once a year. The security protection departments are responsible for organizing the identification of critical information infrastructure in their respective industries and areas in accordance with the identification rules, and must inform the identification results to the operators in a timely manner and report such results to the public security department of the State Council.

Nevertheless, PRC government authorities have wide discretion in the interpretation and enforcement of these laws. As a major internet platform, we are exposed to risks of being deemed to be a CIIO or a network platform operator meeting the above criteria under the PRC cybersecurity laws. If we are identified as a CIIO, we would be required to fulfill various obligations as required under PRC cybersecurity laws and other applicable laws for CIIOs that are currently not applicable to us, including, among others, setting up a special security management organization, organizing regular cybersecurity education and training, formulating emergency plans for cyber security incidents, and conducting regular emergency drills. Moreover, although the internet products and services that we purchase are primarily bandwidth, servers, and marketing services, we may need to follow cybersecurity review procedure and apply with Cybersecurity Review Office before making certain purchases of network products and services. During cybersecurity review, we may be required to suspend the provision of any existing or new services to our users, and we may experience other disruptions to our operations, which could cause us to lose users and therefore leading to adverse impacts on our business. The cybersecurity review could also lead to negative publicity and a diversion of time and attention of our management and our other resources. It could be costly and time-consuming for us to prepare application materials and make the applications. Furthermore, we cannot assure you that we will obtain the clearance or approval for these applications from the Cybersecurity Review Office and the relevant government authorities in a timely manner, or at all. If we are found to be in violation of cybersecurity requirements in China, the relevant government authorities may, at their discretion, conduct investigations, levy fines, request app stores to take down our apps, and cease to provide viewing and downloading services related to our apps, prohibit the registration of new users on our platform, or require us to change our business practices in a manner materially adverse to our business. Any of these actions may disrupt our operations and materially and adversely affect our business, financial condition, and results of operations.

As we are operating website and mobile applications and providing certain internet services, we are also subject to other applicable PRC laws and regulations in relation to internet information security and privacy protection, see “Item 4. Information of the Company—B. Business Overview—PRC Government Regulations—Regulations Related to Internet Information Security and Privacy Protection” for details of these laws and regulations.

The European Union traditionally takes a broader view as to what is considered personal information and has imposed greater obligations under their privacy and data protection laws. In particular, the European Union adopted a new General Data Protection Regulation in April 2016, which came into effect in May 2018. The General Data Protection Regulation results in more stringent requirements for data processors and controllers, including more fulsome disclosures about the processing of personal information, data retention limits, and deletion requirements, mandatory notification in the case of a data breach, and elevated standards regarding valid consent in some specific cases of data processing. The General Data Protection Regulation also includes substantially higher penalties for failure to comply with the requirements. For example, in the event of violations, a fine up to €20 million or up to 4% of the annual worldwide turnover, whichever is greater, may be imposed. In addition to General Data Protection Regulation, when other future laws and regulations relating to data privacy in China or other jurisdictions come into effect, the more stringent requirements on privacy user notifications and data handling will require us to adapt our business and incur additional costs.

In addition, to the extent we have accessed data in Hong Kong and Macao, we have been in compliance with relevant laws and regulations in both jurisdictions regarding data security, such as the Personal Data (Privacy) Ordinance and the Unsolicited Electronic Messages Ordinance, which impose protocols and obligations regarding the handling of personal data in Hong Kong including, among other things, that (i) personal data must be collected for a lawful purpose, necessary, and not excessive, (ii) personal data must be collected by means that are lawful and fair in the circumstances of the case, and (iii) the person from whom personal data is collected is informed of the purpose of collecting the data. As of the date of this annual report, we believe that these laws and regulations in Hong Kong and Macao regarding data security do not, nor would any non-compliance therewith, if any, have any material adverse impact on our business. However, if certain laws and regulations in Hong Kong or Macao were to result in oversight over data security that materially impacts our business in the applicable jurisdiction, we may be required to incur additional cost to ensure our compliance with such laws and regulations, and any violation could result in a material adverse impact on our business, financial condition, and results of operations.

Privacy and data protection concerns are becoming more widely acknowledged and may cause our users to resist providing the personal data necessary to allow them to use our platform effectively. We have implemented multiple measures and security protocols to maintain and improve our privacy protection capability. However, since the relevant laws and regulations are relatively new, there are uncertainties as to the interpretation and application of these laws and regulations, and it is possible that our privacy and data protection practices are or will be non-compliant with the applicable regulatory requirements and/or our terms of use with our users. Any violation of the provisions and requirements under these laws, regulations, obligations or our terms of use with our users may subject us to warnings, fines, confiscation of illegal gains, revocation of licenses, suspension of business, shutting down of websites or even criminal liabilities. Complying with such requirements could cause us to incur substantial expenses or to alter or change our practice in a manner that could harm our business. Any systems failure or security breach or lapse that results in the unauthorized release of our user data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability.

We have incurred substantial indebtedness and may incur additional indebtedness in the future. We may not be able to generate sufficient cash to satisfy our outstanding and future debt obligations.

We have incurred substantial indebtedness to execute our business operations and strategies. To the extent that we were to settle or redeem our convertible notes or exchangeable senior notes in cash, our debt obligations would become more substantial.

Our substantial indebtedness could have important consequences to you. For example, it could:

- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes; and
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to conduct additional financing activities, or increase the cost of additional financing.

We may from time to time incur additional indebtedness and contingent liabilities. If we incur additional debt, the risks that we face as a result of our substantial indebtedness and leverage could intensify. For example, since 2018, we entered into asset backed securitization arrangements with third-party financial institution and set up a securitization vehicle, which issued revolving debt securities to third-party investors. In 2020, 2021, and 2022, we also obtained loan facilities from certain financial institutions. In July 2020, we issued US\$500 million in aggregate principal amount of 1.50% exchangeable senior notes due 2027.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. As a result, we may not generate or obtain sufficient cash flow to meet our anticipated operating expenses and to service our debt obligation as they become due.

We may face greater risk of doubtful accounts as our business increases in scale.

We provide credit terms to certain ecosystem partners, and also extend credit to our users by making payments on behalf of them when they book travel products on our platform. Our accounts receivable and other receivables have increased as our business grows. We cannot assure you that we will be able to collect payment fully and in a timely manner on our outstanding receivables from our ecosystem partners and users. As a result, we may face a greater risk of non-payment of our receivables and, as our business grows in scale, we may need to make higher allowance for credit losses. For the years ended December 31, 2020, 2021, and 2022, we provided provisions for credit losses of RMB700 million, RMB141 million, and RMB296 million, respectively. The higher provisions for credit losses recognized in 2020 was primarily due to the impact of the COVID-19 pandemic. Our operating results and financial condition may be materially and adversely affected if we are unable to successfully manage our receivables.

Our accounting treatment for share-based compensation could continue to significantly reduce our net income.

We have accounted for share-based compensation in accordance with ASC 718 “Compensation — Stock Compensation,” or ASC 718, which requires a public company to recognize, as an expense, the fair value of share options and other share-based compensation to employees based on the requisite service period of the share-based awards. We have granted share-based compensation awards, including share options and restricted share units, to employees, officers, and directors to incentivize performance and align their interests with ours. See “Item 6. Directors, Senior Management and Employees— B. Compensation—Employees’ Share Incentive Plans.” As a result of the grants and potential future grants under our share incentive plans, we had incurred in the past and expect to continue to incur in future periods significant share-based compensation expenses. The amount of these expenses is based on the fair value of the share-based awards.

Our board of directors has the discretion to change terms of any previously issued share options and any such change may significantly increase the amount of our share-based compensation expenses for the period that the change takes effect as well as those for any future periods. For example, in December 2019, we completed a one-time modification of share options, pursuant to which eligible employees were able to exchange every four share options previously granted under the 2007 Share Incentive Plan or the Amended and Restated Global Incentive Plan for one new option that entitles each eligible grantee to purchase one ordinary share, provided that the eligible options previously granted (and subject to exchange) each had an exercise price exceeding US\$40 per ordinary share. The exercise price of each new option is US\$0.00125 per ordinary share and the vesting schedules remaining unchanged. As a result of the modification, the prior options to purchase 6,686,792 ordinary shares were exchanged for new options to purchase 1,672,208 ordinary shares. In addition, with the historic changes and extensions to our share incentive awards, the application of ASC 718 will continue to have a significant impact on our net income. Further, future changes to various assumptions used to determine the fair value of awards issued or the amount and type of equity awards granted may also create uncertainty as to the amount of future share-based compensation expense.

The determination of the fair value changes of certain financial assets requires significant management judgment and estimation based on unobservable inputs, which may lead to valuation uncertainty and a change in the fair value of our long-term investments.

As of December 31, 2022, we had investments of RMB2.6 billion (US\$377 million) classified under Level 3 in the fair value hierarchy, or the Level 3 Investments. The fair values of the Level 3 Investments were determined by us based on an income approach utilizing various unobservable inputs which required significant judgment, determined by us, with respect to the assumptions and estimates for the revenue growth rate, weighted average cost of capital, lack of marketability discounts, expected volatility, and probability in equity allocation. Accordingly, such determination requires us to make estimates and assumptions, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control, such as general economic condition, changes in market interest rates, and stability of the capital markets, can significantly influence and cause adverse changes to the estimates we used and thereby affect the fair value of the level 3 Investments. Should any of the estimates and assumptions changed, there may be a change in the fair value of our financial assets, which would materially and adversely affect our results of operation and financial condition.

For further details, see “Item 5. Operating and Financial Review and Prospects — A. Operating Results—Critical Accounting Policies and Estimates—Fair value of Available-for-sale Debt Investments.”

Failure to maintain effective internal control over financial reporting could result in errors in our published financial statements, which in turn could have a material adverse effect on the trading price of our ADSs or ordinary shares.

We are subject to the reporting obligations under the U.S. securities laws. As required under Section 404 of the Sarbanes-Oxley Act of 2002, the SEC has adopted rules requiring public companies to include a report of management on the effectiveness of such companies’ internal control over financial reporting in its annual report. In addition, an independent registered public accounting firm for a public company must issue an attestation report on the effectiveness of the company’s internal control over financial reporting. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting and concluded that our internal control over financial reporting was effective as of December 31, 2022. In addition, our independent registered public accounting firm attested the effectiveness of our internal control and reported that our internal control over financial reporting was effective as of December 31, 2022. If we fail to maintain the effectiveness of our internal control over financial reporting, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with the Sarbanes-Oxley Act. Moreover, effective internal control over financial reporting is necessary for us to produce reliable financial reports. As a result, any failure to maintain effective internal control over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could negatively impact the trading price of our ADSs or ordinary shares. Furthermore, we may need to incur additional costs and use additional management and other resources in an effort to comply with Section 404 of the Sarbanes-Oxley Act and other requirements going forward.

We may need additional capital and we may not be able to obtain it.

We believe that our current cash and cash equivalents, short-term investments, cash flow from operations and proceeds from our financing activities will be sufficient to meet our anticipated cash needs for the foreseeable future. We may, however, require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

In addition, the terms of future debt financing could result in more restrictive covenants, which could further restrict our business operations. If we cannot raise additional funds when we need them, our ability to continue to support our business and to respond to business challenges would be significantly limited, and our business, results of operations, and financial condition would be materially and adversely affected.

Fluctuation of fair value change of short-term investments we made may affect our results of operations.

Historically, we made short-term investments, representing (i) held-to-maturity investments which are due in one year and stated at amortized cost; (ii) the investments issued by commercial banks or other financial institutions with a variable interest rate indexed to the performance of underlying assets within one year measured at fair value; and (iii) foreign currency forward contracts measured at fair value which are short-term. Changes in the fair value are reflected in our consolidated statements of income/(loss) and comprehensive income/(loss). The methodologies that we use to assess the fair value of the short-term investments involve a significant degree of management judgment and are inherently uncertain. In addition, we are exposed to credit risks in relation to our short-term investments, which may adversely affect the net changes in their fair value. We cannot assure you that market conditions will create fair value gains on our short-term investments or we will not incur any fair value losses on our short-term investments in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

We have limited business insurance coverage in Greater China.

Insurance companies in Greater China offer limited business insurance products and generally do not, to our knowledge, offer business liability insurance. Business disruption insurance is available to a limited extent in Greater China, but we have determined that the risks of disruption, the cost of such insurance, and the difficulties associated with acquiring such insurance make it impractical for us to have such insurance. We may not have sufficient insurance coverage for business liabilities or disruptions, and may need to bear the costs and expenses associated with any such events out of our own resources.

Risks Relating to Our Corporate Structure

PRC laws and regulations restrict foreign investment in the travel agency and value-added telecommunications businesses, and substantial uncertainties exist with respect to the application and implementation of PRC laws and regulations.

Trip.com Group Limited is a Cayman Islands incorporated company and a foreign person under PRC law. Due to foreign ownership restrictions in the travel agency and value-added telecommunications industries, we conduct part of our business through contractual arrangements with the VIEs. These VIEs hold the licenses and approvals that are essential for our business operations. However, as Trip.com Group is a Cayman Islands holding company with no equity ownership in the VIEs, investors in our ADSs or the ordinary shares thus are not purchasing equity interest in the VIEs in China but instead are purchasing equity interest in a Cayman Islands holding company. If the PRC government deems that our contractual arrangements with the VIEs do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change or are interpreted differently in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. We may not be able to repay the notes and other indebtedness, and our shares may decline in value or become worthless, if we are unable to assert our contractual control rights over the assets of the VIEs, which contribute to 7% of our total assets as of December 31, 2022. Our holding company in the Cayman Islands, the VIEs, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect the financial performance of the VIEs and our company as a group.

[Table of Contents](#)

In the opinion of our PRC legal counsel, Commerce & Finance Law Offices, our current ownership structure, the ownership structure of our subsidiaries and the VIE structure, and the contractual arrangements among us, our subsidiaries, the VIEs and their shareholders, as described in this annual report, are in compliance with existing PRC laws, rules and regulations. There are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. Accordingly, we cannot assure you that PRC government authorities will not ultimately take a view contrary to the opinion of our PRC legal counsel due to the lack of official interpretation and clear guidance.

If we and the VIEs are found to be in violation of any existing or future PRC laws or regulations, the relevant governmental authorities would have broad discretion in dealing with such violation, including, without limitation, levying fines, confiscating our income or the income of the VIEs, revoking our business licenses or the business licenses of the VIEs, requiring us and the VIEs to restructure our ownership structure or operations, and requiring us or the VIEs to discontinue any portion or all of our value-added telecommunications or travel agency businesses. In particular, if the PRC government authorities impose penalties that cause us to lose our rights to direct the activities of and receive economic benefits from the VIEs, we may lose the ability to consolidate and reflect in our financial statements the operation results of the VIEs in accordance with the U.S. GAAP, which would have a material adverse effect on our operations and result in the value of the securities diminishing substantially. Our shares may decline in value if we are unable to assert our contractual control rights over the assets of the VIEs that conduct a substantial part of our operations. Our holding company in the Cayman Islands, the VIEs and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect the financial performance of the VIEs and our company as a group. Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, financial condition, and results of operations.

According to the PRC Civil Code that came into effect on January 1, 2021 and replaced the PRC Property Rights Law effective as of October 1, 2007, the effectiveness of the pledges will be denied if the pledges are not registered. Under the equity pledge agreements between our subsidiaries and the shareholders of the VIEs, the shareholders of the VIEs pledged their respective equity interests in these entities to our subsidiaries. The effectiveness of the pledges upon registration will be recognized by PRC courts if disputes arise on certain pledged equity interests and that our subsidiaries' interests as pledgees will prevail over those of third parties. Our equity pledges have been duly registered with the relevant local branches of the SAMR.

Furthermore, although we are not aware of any actual or threatened investigation, inquiry or other action by SEC, Nasdaq, or any other regulatory authority with respect to consolidation of the VIEs, we cannot assure you that we will not be subject to any such investigation or inquiry in the future. In the event we are subject to any regulatory investigation or inquiry relating to the VIEs, including the consolidation of such entities into our financial statements, or any other matters, we may need to spend significant amount of time and expenses in connection with the investigation or inquiry, our reputation may be harmed regardless of the outcome, and the trading price of our ADS or ordinary share may materially decline or fluctuate.

If the VIEs violate our contractual arrangements with them, our business could be disrupted, our reputation may be harmed and we may have to resort to litigation to enforce our rights, which may be time-consuming and expensive.

As the PRC government restricts foreign ownership of value-added telecommunications and travel agency businesses in China, we depend on the VIEs, in which we have no ownership interest, to conduct part of our business activities through a series of contractual arrangements, which provide us with a “controlling financial interest” in the VIEs as defined in FASB ASC 810 by entitling us to (i) the power to direct activities of the VIEs that most significantly affect their economic performance, and (ii) the right to receive the economic benefits from the VIEs that could be significant to them. Although we have been advised by our PRC legal counsel, Commerce & Finance Law Offices, that the contractual arrangements as described in this annual report are valid, binding, and enforceable under current PRC laws, these arrangements are not as effective in providing control as direct ownership of these businesses. For example, the VIEs could violate our contractual arrangements with them by, among other things, failing to pay us for our consulting or other services. In any such event, we would have to rely on the PRC legal system for the enforcement of those agreements, which could have uncertain results. Any legal proceeding could result in the disruption of our business, damage to our reputation, diversion of our resources and incurrence of substantial costs. See “—Risks Relating to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.”

The principal shareholders of the VIEs have potential conflict of interest with us, which may adversely affect our business.

Some of our employees were also the principal shareholders of the VIEs as of the date of this annual report. Thus, conflict of interest between their duties to our company and their interests in the VIEs may arise. We cannot assure you that when conflict of interest arises, these persons will act entirely in our interests or that the conflict of interest will be resolved in our favor. In addition, these persons could violate their non-competition obligations under service contracts with us or their legal duties by diverting business opportunities from us to others, resulting in our loss of corporate opportunities. In any such event, we would have to rely on the PRC legal system for the enforcement of these agreements, which could have uncertain results. Any legal proceeding could result in the disruption of our business, diversion of our resources and incurrence of substantial costs. See “—Risks Relating to Doing Business in China— Uncertainties with respect to the PRC legal system could adversely affect us.”

Our business may be significantly affected by the PRC Foreign Investment Law.

The PRC Foreign Investment Law was approved by the PRC National People’s Congress on March 15, 2019 and came into effect on January 1, 2020. The PRC Foreign Investment Law has repealed the PRC Wholly Foreign-owned Enterprise Law, the PRC Sino-foreign Equity Joint Venture Law, and the PRC Sino-foreign Cooperative Joint Venture Law. Therefore, establishment and operation of companies in China, including FIEs, will generally follow the PRC Company Law unless specifically provided for in the new PRC Foreign Investment Law, in which case the provisions of the new PRC Foreign Investment Law will prevail. In December 2019, the Implementing Regulation of the Foreign Investment Law was promulgated by the State Council and came into effect on January 1, 2020.

The PRC Foreign Investment Law does not touch upon the relevant concepts and regulatory regimes that were historically suggested for the regulation of VIE structures, and thus this regulatory topic remains unclear thereunder. Therefore, substantial uncertainties with respect to its implementation and interpretation exist, and it is also possible that the VIE entities will be deemed as FIEs and be subject to restrictions in the future. Such restrictions may cause interruptions to our operations and may incur additional compliance cost, which may in turn materially and adversely affect our business, financial condition, and results of operations.

Our contractual arrangements with the VIEs may result in adverse tax consequences to us.

As a result of our corporate structure and the contractual arrangements between us and the VIEs, we are effectively subject to the 6% PRC value-added tax, or VAT, on both revenues generated by the VIEs’ operations in China and revenues derived from our contractual arrangements with the VIEs. We might be subject to adverse tax consequences if the PRC tax authorities were to determine that the contracts between us and the VIEs were not made on an arm’s length basis and therefore constitute favorable transfer pricing arrangements. If this occurs, the PRC tax authorities could request that the VIEs adjust their taxable income upward for PRC tax purposes. Such an adjustment could adversely affect us by increasing the VIEs’ tax expenses without reducing our tax expenses, which could subject the VIEs to late payment fees and other penalties for underpayment of taxes, and/or result in the loss of the tax benefits available to our subsidiaries in China. The EIT Law requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its affiliates to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm’s length principles. As a result, our contractual arrangements with the VIEs may result in adverse tax consequences to us.

Our PRC subsidiaries are subject to restrictions on paying dividends or making other payments to us while the VIEs can only make payments to us in accordance with the contractual arrangements, which may restrict our ability to satisfy our liquidity requirements.

We are a holding company incorporated in the Cayman Islands. We rely on dividends from our PRC subsidiaries and service fees paid to us by the VIEs. Under the PRC laws and regulations, our PRC subsidiaries cannot distribute any dividends until any losses from prior fiscal years have been offset. Also, our PRC subsidiaries cannot distribute their statutory reserve, which refers to the statutory reserve funds that PRC entities are required to set aside in accordance with PRC laws and regulations from their respective after-tax profit each year, if any, until such statutory reserve funds reach 50% of the registered capital of the respective PRC subsidiaries, as cash dividends. Meanwhile, the VIEs can only make payments to us in accordance with the contractual arrangements that we entered into with them. Moreover, as our PRC subsidiaries and the VIEs may incur debt on their own behalf, some of the instruments governing the debt may also restrict their ability to pay dividends or make other payments to us, which may in turn restrict our ability to satisfy our liquidity requirements. If, in the future, the accumulated earnings of the VIEs exceed the service fees paid to our PRC subsidiaries (or if the current and contemplated fee structure between the intercompany entities is determined to be non-substantive and disallowed by the PRC tax authorities), the VIEs could make a non-deductible transfer to our PRC subsidiaries for the amounts of the stranded cash in the VIEs. This would result in such transfer being non-deductible expenses for the VIEs but still taxable income for the PRC subsidiaries. Such a transfer and the related tax burdens would reduce our after-tax income to approximately 50.6% of the pre-tax income. Our management believes that there is only a remote possibility that this scenario would happen.

Pursuant to the EIT Law, its implementing rules and a circular of Taxation on Several Preferential Policies on Enterprise Income Tax issued by the MOF, and PRC State Taxation Administration, or the STA, in February 2008, the dividends declared out of the profits earned after January 1, 2008 by an FIE to its immediate offshore holding company are subject to a 10% withholding tax unless such offshore holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement, and certain supplementary requirements and procedures stipulated by STA for such tax treaty are met and observed. Some of our PRC subsidiaries are considered FIEs that are directly or indirectly held by our subsidiaries in Hong Kong. According to the currently effective tax treaty between mainland China and Hong Kong, dividends payable by an FIE in China to a company in Hong Kong that directly holds at least 25% of the equity interests in the FIE will be subject to a withholding tax of 5%.

Under the Notice of the State Taxation Administration on Issues regarding the Implementation of the Dividend Provision in Tax Treaties promulgated in February 2009, the taxpayer needs to satisfy certain conditions to enjoy the benefits under a tax treaty. These conditions include, but are not limited to: (i) the taxpayer must be the beneficial owner of the relevant dividends, and (ii) the corporate shareholder to receive dividends from the PRC subsidiaries must have met the direct ownership thresholds during the 12 consecutive months preceding the receipt of the dividends. Further, the STA promulgated the Announcement of the Certain Issues with Respect to the "Beneficial Owner" in Tax Treaties in February 2018, which sets forth certain detailed factors in determining "beneficial owner" status, and specifically, if an applicant's business activities do not constitute substantive business activities, the applicant will not qualify as a "beneficial owner."

Entitlement to a lower tax rate on dividends according to tax treaties or arrangements between the PRC central government and governments of other countries or regions is further subject to the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Tax Treaties promulgated by the STA on October 14, 2019 and came into effect on January 1, 2020, which provides that non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax. Instead, non-resident 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, collect and retain relevant materials for reference in accordance with these treaties, and accept supervision and management from the tax authorities afterwards. As a result, we cannot assure you that we will be entitled to any preferential withholding tax rate under tax treaties for dividends received from our PRC subsidiaries.

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 EIT Law and its implementation rules, an enterprise established outside of China with its “de facto management body” within China is considered a PRC resident enterprise and will be subject to enterprise income tax at the rate of 25% on its worldwide income. The “de facto management body” is defined as the organizational body that effectively exercises overall management and control over production and business operations, personnel, finance and accounting, and properties of the enterprise. It remains unclear how the PRC tax authorities will interpret such a broad definition. If the PRC tax authorities determine that we should be classified as a PRC resident enterprise for PRC tax purposes, our global income will be subject to income tax at a uniform rate of 25%, which may have a material adverse effect on our financial condition and results of operations. Notwithstanding the foregoing provision, the EIT Law also provides that, if a PRC resident enterprise directly invests in another PRC resident enterprise, the dividends received by the investing PRC resident enterprise from the invested PRC resident enterprise are exempted from income tax, subject to certain conditions. However, it remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company with indirect ownership interests in PRC resident enterprises through intermediary holding companies.

Moreover, under the EIT Law and its implementation rules, foreign shareholders and ADS holders that are non-PRC resident enterprises may be subject to a 10% withholding tax upon dividends payable by an entity that is considered as a PRC resident enterprise and gains realized on the sale or other disposition of ADSs or our ordinary shares, if such income is considered as income derived from within China. Any such tax would reduce the returns on your investment in our ordinary shares or ADSs. Furthermore, if we are deemed as a PRC resident enterprise, dividends paid to foreign ADS holders or shareholders that are non-PRC individuals may be subject to a 20% withholding tax, and gain realized on the sale or disposition of ADSs or ordinary shares of such foreign ADS holders or shareholders may be subject to 20% withholding tax, if such income is considered as derived from within China.

Any PRC tax liability may be reduced by an applicable tax treaty, but it is unclear whether non-PRC holders of our ordinary shares or ADSs would be able to obtain the benefits of any tax treaties between their country of tax residence and China in the event that we are treated as a PRC resident enterprise. Any such tax would reduce the returns on your investment in our ordinary shares or ADSs.

If we exercise the option to acquire equity ownership in the VIEs, such ownership transfer requires approval from or filings with PRC governmental authorities and subject to taxation, which may result in substantial costs to us.

Pursuant to the relevant contractual arrangements, the primary beneficiaries of the VIEs have their respective exclusive rights to purchase all or any part of the equity interests in the applicable VIEs from the respective shareholders of these VIEs for a price that is the higher of (i) the amount of capital contribution to such VIEs, or the consideration paid in exchange for the equity interests in such VIEs, or (ii) another minimum price as permitted by the then applicable PRC laws. Such equity transfers may be subject to approvals from, or filings with, relevant PRC authorities. In addition, the relevant equity transfer prices may be subject to review and adjustment for tax determination by the relevant tax authorities. Moreover, the shareholders of the VIEs, under the circumstances of such equity transfers, will be subject to PRC individual income tax on the difference between the equity transfer prices and the then current registered capital of the relevant VIEs. The shareholders of such VIEs will pay, after deducting such taxes, the remaining amount to the primary beneficiaries of the VIEs, as appropriate, under the applicable contractual arrangements. The amount to be received by the primary beneficiaries of the VIEs may also be subject to enterprise income tax.

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

We face uncertainties regarding the reporting on and consequences of previous private equity financing transactions involving the transfer and exchange of shares in our company by non-PRC resident investors. According to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises issued by STA on December 10, 2009, or STA Circular 698, where a non-PRC resident enterprise transfers the equity interests in a PRC resident enterprise indirectly through a disposition of equity interests in an offshore holding company (other than a purchase and sale of shares issued by a PRC resident enterprise in public securities market), or an Indirect Transfer, the non-PRC resident enterprise, as the seller, may be subject to PRC enterprise income tax of up to 10% of the gains derived from the Indirect Transfer in certain circumstances.

On February 3, 2015, STA issued Announcement on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfers by Non-PRC Resident Enterprises, or STA Notice No. 7, to supersede the tax rules in relation to the tax treatment of the Indirect Transfer, while the other provisions of STA Circular 698 irrelevant to the Indirect Transfer remain in force. STA Notice No. 7 introduces a new tax regime that is significantly different from that under a notice issued by STA Circular 698. It extends STA's tax jurisdiction to capture not only the Indirect Transfer as set forth under STA Circular 698 but also transactions involving indirect transfer of (i) real properties in China and (ii) assets of an "establishment or place" situated in China, by a non-PRC resident enterprise through a disposition of equity interests in an offshore company. STA Notice No. 7 also extends the interpretation with respect to the disposition of equity interests in an offshore company broadly. In addition, STA Notice No. 7 further clarifies how to assess reasonable commercial purposes and introduces safe harbors applicable to internal group restructurings. However, it also brings challenges to both offshore transferor and transferee as they are required to make self-assessment on whether an Indirect Transfer or similar transaction should be subject to PRC tax and whether they should file or withhold any tax payment accordingly. On October 17, 2017, the STA issued a Notice Concerning Withholding Income Tax of Non-Resident Enterprise, or STA Notice No. 37, which abolishes STA Circular 698 and certain provision of STA Notice 7. STA Notice No. 37 further reduces the burden of withholding obligator, such as revocation of contract filing requirements and tax liquidation procedures, strengthens the cooperation of tax authorities in different places, and clarifies the calculation of tax payable and mechanism of foreign exchange.

There is uncertainty as to the application of STA Notice No. 7 and STA Notice No. 37. In the event that non-PRC resident investors were involved in our private equity financing transactions and such transactions were determined by the competent tax authorities as lack of reasonable commercial purposes, we and our non-PRC resident investors may become at risk of being taxed under and STA Notice No. 7 and STA Notice No. 37 and may be required to expend costly resources to comply with and STA Notice No. 7 and STA Notice No. 37, or to establish a case to be tax exempt under STA Notice No. 7 and STA Notice No. 37, which may cause us to incur additional costs and may have a negative impact on the value of your investment in us.

The PRC tax authorities have discretion under STA Notice No. 7 and STA Notice No. 37 to adjust the taxable capital gains based on the difference between the fair value of the transferred equity interests and the investment cost. We may pursue acquisitions in the future that may involve complex corporate structures. If we are deemed as a non-PRC resident enterprise under the EIT Law and if the PRC tax authorities adjust the taxable income of the transactions under STA Notice No. 7 and STA Notice No. 37, our income tax expenses associated with such potential acquisitions will increase, which may have an adverse effect on our financial condition and results of operations.

Risks Relating to Doing Business in China

Adverse changes in economic and political policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could adversely affect our business.

Substantially all of our operations are located in China. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China are still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China. The growth rate of the Chinese economy has gradually slowed since 2010, and the impact of the COVID-19 pandemic on the Chinese economy since 2020 has been severe. Any prolonged slowdown in the Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

The PRC government’s significant oversight and discretion over our business operation could result in a material adverse change in our operations and the value of our ADSs and ordinary shares.

We conduct our business primarily in China. Our operations in China are governed by PRC laws and regulations. PRC government has significant oversight and discretion over the conduct of our business, and may intervene or influence our operations as the government deems appropriate to advance regulatory and societal goals and policy positions. The PRC government has recently published new policies that significantly affected certain industries and we cannot rule out the possibility that it will in the future release regulations or policies that directly or indirectly affect our industry or require us to seek additional permission to continue our operations, which could result in a material adverse change in our operation and/or the value of our ADSs and ordinary shares. Also, the PRC government has recently rolled out a new filing-based regime to regulate overseas offerings and listings by PRC domestic companies. For further details, see “—Risks Relating to Doing Business in China—The approval of and the filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings in the future under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing” and “Item 4. Information of the Company—B. Business Overview—PRC Government Regulations—Regulations Related to M&A and Overseas Listings.” Any such action could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our shares and the ADSs to significantly decline or become worthless. Therefore, investors of our company face potential uncertainty from actions taken by the PRC government affecting our business.

The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. The auditor is located in mainland China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. As a result, we and investors in the ADSs were deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of our independent registered public accounting firm’s audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we and investors in our ADSs would be deprived of the benefits of such PCAOB inspections again, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong and our auditor was subject to that determination. In May 2022, the SEC conclusively listed Trip.com Group Limited as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F for the fiscal year ended December 31, 2022.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. Although our ordinary shares have been listed on the Hong Kong Stock Exchange since April 19, 2021 and the ADSs and ordinary shares are fully fungible, we cannot assure you that an active trading market for our ordinary shares on the Hong Kong Stock Exchange will be sustained or that the ADSs can be converted and traded with sufficient market recognition and liquidity, if our shares and ADSs are prohibited from trading in the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

The approval of and the filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings in the future under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC government authorities in 2006 and amended in 2009, requires an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC persons or entities to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear, and our offshore offerings may ultimately require approval of the CSRC. If the 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 the CSRC approval for any of our offshore offerings, or a rescission of such approval if obtained by us, would subject us to sanctions imposed by the CSRC or other PRC government 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.

On July 6, 2021, the relevant PRC government authorities issued Opinions on Lawfully and Strictly Cracking Down Illegal Securities Activities. On December 27, 2021, the NDRC and the PRC Ministry of Commerce, or MOFCOM, jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version), or the 2021 Negative List, which came into effect on January 1, 2022. Pursuant to the 2021 Negative List, if a PRC domestic company engaging in the prohibited business stipulated in the 2021 Negative List seeks an overseas offering and listing, it must obtain the approval from the competent government authorities. Besides, foreign investors cannot be involved in our company's operation and management, and their shareholding percentages must be subject, mutatis mutandis, to the relevant regulations on the domestic security investments by foreign investors. At a press conference held on January 18, 2022, the NDRC clarified that the requirement as mentioned above would only apply to PRC domestic company's direct overseas offerings. On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Offering and Listing Measures, which will come into effect on March 31, 2023. On the same day, the CSRC also published a series of guidance rules and Q&As in connection with the implementation of the Overseas Offering and Listing Measures. The Overseas Offering and Listing Measures establishes a new filing-based regime to regulate overseas offerings and listings by PRC domestic companies. According to the Overseas Offering and Listing Measures, an overseas offering of securities (including shares, depository receipts, corporate bonds convertible into shares and other securities in nature of equity) and listing by a PRC domestic company, either in direct or indirect manner, has to be filed with the CSRC. As advised by Commerce & Finance Law Offices, our PRC legal counsel, due to the fact that our ADSs have been listed on the Nasdaq Global Select Market and our ordinary shares have been listed on the Hong Kong Stock Exchange, we will be deemed as an "Existing Issuer" pursuant to the Overseas Offering and Listing Measures and the implementation guidance and are not required to complete the filing procedures with the CSRC for our historical securities offering. Nevertheless, in the event that we conduct any securities offerings that will be captured by the Overseas Offering and Listing Measures after they come into effect, we will have to complete the filing procedures with the CSRC within three business days following the closing of the securities issuance or offering.

As the 2021 Negative List and the Overseas Offering and Listing Measures are relatively new, substantial uncertainties remain as to the interpretation and implementation of these new requirements. We cannot assure you that we will be able to strictly comply with the relevant regulatory requirements, including but not limited to completing the filing procedures with the CSRC for our future issuance or offering of securities, on a timely manner, or at all. If we fail to do so, our business operation, financial condition, results of operations, and business prospect may be materially and adversely affected. For details of those effective and draft regulations, see "Item 4. Information of the Company—B. Business Overview—PRC Government Regulations—Regulations Related to M&A and Overseas Listings."

In addition, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. Any failure to obtain or delay in obtaining requisite approval(s) or completing requisite filing procedures for our offshore offerings, or a rescission of any such approval or filing if obtained by us, would subject us to sanctions by the CSRC or other PRC government authorities for failure to seek CSRC approval or filing or other government authorization for our offshore offerings. These government authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from our offshore offerings into China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our listed securities. The CSRC or other PRC government authorities also may take actions requiring us, or making it advisable for us, to halt our offshore offerings before settlement and delivery of the shares offered. Consequently, if investors engage in market trading or other activities in anticipation of and prior to settlement and delivery, they do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other government authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for our prior offshore offerings, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval requirement could materially and adversely affect our business, prospects, financial condition, results of operations, reputation, and the trading price of our listed securities.

We face uncertainties with respect to the interpretation and implementation of the Anti-Monopoly Guidelines and other anti-monopoly and competition laws and how it may impact our business operations.

In February 2021, the Anti-Monopoly Guidelines was promulgated by the Anti-Monopoly Commission of the State Council. The Anti-Monopoly Guidelines is consistent with the Anti-Monopoly Law of PRC and prohibits monopoly agreements, abuse of dominant position and concentration of undertakings that may have the effect of eliminating or restricting competitions in the field of platform economy. More specifically, the Anti-Monopoly Guidelines for Internet Platforms outlines certain practices that may, if without justifiable reasons, constitute abuse of dominant position, including without limitation, tailored pricing using big data and analytics, actions or arrangements seen as exclusivity arrangements, using technology means to block competitors' interface, using bundled services to sell services or products, and compulsory collection of user data. Besides, Anti-Monopoly Guidelines for Internet Platforms expressly states that concentration involving variable interest entities will also be subject to antitrust filing requirements.

[Table of Contents](#)

In April 2021, the State Administration for Market Regulation, or the SAMR, together with certain other PRC government authorities convened an administrative guidance meeting, focusing on unfair competition acts in community group buying, self-inspection and rectification by major internet companies of possible violations of anti-monopoly, anti-unfair competition, tax and other related laws and regulations, and requesting such companies to comply with relevant laws and regulations strictly and be subject to public supervision. In addition, many internet companies, including over 30 companies which attended such administrative guidance meeting, are required to conduct a comprehensive self-inspection and make necessary rectification accordingly. The SAMR stated that it will organize and conduct inspections on the companies' rectification results. If a company is found to conduct illegal activities, more severe penalties are expected to be imposed in accordance with the laws.

On August 17, 2021, the SAMR issued the Provisions on Preventing Unfair Online Competition (Draft for Comments), which detailed the implementation of the PRC Unfair Competition Law, including specifying certain online unfair competition behaviors that should be prohibited. As of the date of this annual report, the provisions have not been formally adopted, and due to the lack of further clarification, there are still uncertainties regarding the interpretation and implementation of the provisions.

On June 24, 2022, the SCNPC adopted an amendment to the PRC Anti-Monopoly Law, which introduced a "safe harbor" for vertical monopoly agreements entered into by operators whose market share falls below a specific threshold to be set by the SAMR, granted the SAMR the power to suspend the review period in merger investigations under specified circumstances, allowed public prosecutors to bring a civil public interest lawsuit based on monopolistic behaviors, and significantly increased the penalties for violation of PRC Anti-Monopoly Law, among others. This amendment emphasized the enforcement of PRC Anti-Monopoly Law in the internet and other key industries. The strengthened enforcement of the PRC Anti-Monopoly Law could result in investigations on our acquisition transactions conducted in the past and make our acquisition transactions in the future more difficult due to the prior filing requirement.

Since the regulatory and enforcement regime in relation to anti-monopoly and competition the relatively new and rapidly evolving, substantial uncertainties remain in relation to its interpretation and implementation. Although we do not believe we engage in any of the foregoing situations, we cannot assure you that our business operations will comply with such regulation in all respects, and any failure or perceived failure by us to comply with such regulation may result in governmental investigations, fines and/or other sanctions on us.

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

The Chinese economy has experienced rapid expansion together with rising rates of inflation. Inflation may erode disposable incomes and consumer spending, which may have an adverse effect on the Chinese economy and lead to a reduction in business and leisure travel as the travel industry is highly sensitive to business and personal discretionary spending levels. This in turn could adversely impact our business, financial condition, and results of operations.

Future movements in exchange rates between U.S. dollars and Renminbi may adversely affect the value of our ordinary shares or ADSs.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is largely based on rates set by the People's Bank of China. Renminbi has fluctuated against U.S. dollars, at times significantly and unpredictably. The value of Renminbi against U.S. dollars and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against U.S. dollars in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate in the future.

[Table of Contents](#)

The majority of our revenues and cost are denominated in Renminbi, while a portion of our financial assets, financial liabilities, and our dividend payments are denominated in U.S. dollars. Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. We may use foreign exchange spot, forward, or other contracts to help hedge our exposure to foreign currency risk where we deem necessary, and may adopt additional measures in the future to manage such risk. Any significant revaluation of Renminbi or U.S. dollars may adversely affect our cash flows, earnings and financial position, and the value of, and any dividends payable on, our ADSs. For example, an appreciation of Renminbi against U.S. dollars would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars into Renminbi for such purposes. An appreciation of Renminbi against U.S. dollars would also result in foreign currency translation losses for financial reporting purposes when we translate our U.S. dollar-denominated financial assets into Renminbi, our reporting currency. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments relating to financial liabilities or making payments for dividends on our ordinary shares or the ADSs or for other business purposes, appreciation of U.S. dollars against Renminbi would have a negative effect on the U.S. dollar amount available to us.

Restrictions on currency exchange may limit our ability to receive and use our revenues effectively.

Because the majority of our revenues are denominated in Renminbi, any restrictions on currency exchange may limit our ability to use Renminbi-denominated revenues to fund our business activities outside China or to make dividend payments in U.S. dollars. The principal PRC regulation governing foreign currency exchange is the Regulations on Administration of Foreign Exchange, as amended, or the Forex Regulations. Under the Forex Regulations, Renminbi is freely convertible for trade- and service-related foreign exchange transactions, but not for direct investment, loan or investment in securities outside China unless prior approval of the SAFE is obtained. Although the PRC regulations now allow greater convertibility of Renminbi for current account transactions, significant restrictions remain. For example, foreign exchange transactions under our subsidiaries' capital account, including principal payments in respect of foreign currency-denominated obligations, remain subject to significant foreign exchange controls and the approval of SAFE. These limitations could affect our ability to obtain foreign exchange for capital expenditures. We cannot be certain that the PRC regulatory authorities will not impose more stringent restrictions on the convertibility of Renminbi, especially with respect to foreign exchange transactions. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. 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 our ADS holders. As a result, the funds in our PRC subsidiaries or the VIEs in China may not be available to fund operations or for other use outside of China due to interventions in, or the imposition of restrictions and limitations on, the ability of our holding company, our subsidiaries, or the VIEs by the PRC government on currency conversion.

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

SAFE issued the Circular of the SAFE on Foreign Exchange Administration for Financing and Round-Trip Investments by Domestic Residents via Overseas Special Purpose Vehicles, or SAFE Circular 75, in October 2005 requiring PRC residents to register with the local SAFE branches before establishing or controlling any company outside of China for the purpose of capital financing with assets or equity interests in any onshore enterprise. On July 4, 2014, SAFE issued the Circular of the SAFE on Foreign Exchange Administration of Overseas Investments and Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles, or SAFE Circular 37, which has superseded SAFE Circular 75 and states that (i) a PRC resident, including a PRC resident natural person or a PRC legal person, must register with the local branch of the SAFE before contributing its assets or equity interest in domestic enterprises, or offshore assets or interests into a special purpose vehicle, for the purpose of investment and financing; and (ii) when the special purpose vehicle undergoes changes in basic information, such as changes of its PRC resident natural person shareholders, name or operating period, or occurrence of a material event, such as change in share capital, transfer or replacement of equity of a PRC resident natural person, performance of merger or split, the PRC resident must register such change with the local branch of the SAFE in a timely manner. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer, or liquidation to their offshore parent company, and the offshore parent company may also be prohibited from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

We have notified holders of our ordinary shares who we know are PRC residents to register with the local SAFE branches as required under the applicable foreign exchange regulations. The failure or inability of our PRC resident shareholders to comply with the registration procedures set forth therein may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute profits to our company or otherwise adversely affect our business.

On February 15, 2012, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Administration for Domestic Individuals Participating in an Employees Share Incentive Plan of an Overseas-Listed Company, or the Share Incentive Rules, which replaced the prior circular in 2007, named Application Procedure of Foreign Exchange Administration for Domestic Individuals Participating in an Employee Stock Holding Plan or Stock Option Plan of an Overseas-Listed Company. Under the Share Incentive Rules, PRC resident individuals who participate in a share incentive plan of an overseas publicly listed company are required to register with SAFE and complete certain other procedures. All such participants need to retain a PRC agent through PRC subsidiaries to register with SAFE and handle foreign exchange matters such as opening accounts, transferring and settlement of the relevant proceeds. The Share Incentive Rules further require an offshore agent to be designated to handle matters in connection with the exercise of share options and sale of shares for the participants of share incentive plans. We and our PRC employees who have been granted stock options are subject to the Share Incentive Rules. If we or our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and legal sanctions.

Uncertainties with respect to the PRC legal system could adversely affect us.

We conduct our business primarily through our wholly-owned subsidiaries incorporated in China. Our subsidiaries are generally subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to wholly foreign-owned enterprises, or WFOEs. In addition, we depend on several VIEs in China to honor their service agreements with us. Almost all of these agreements are governed by PRC law and disputes arising out of these agreements are expected to be decided by arbitration in China. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the foreign investments in China. However, since the PRC legal system is still evolving, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit remedies available to us. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. If we and the VIEs are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations, including restructuring. See “—Risks Relating to Our Corporate Structure—PRC laws and regulations restrict foreign investment in the travel agency and value-added telecommunications businesses, and substantial uncertainties exist with respect to the application and implementation of PRC laws and regulations” and “Risks Relating to Our Corporate Structure—Our business may be significantly affected by the PRC Foreign Investment Law.”

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

Among other things, the Regulation on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and certain other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements in some instances that the anti-monopoly law enforcement authority be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise.

Moreover, the PRC Anti-Monopoly Law and Provisions of the State Council on Thresholds for Reporting of Concentrations of Operators require that transactions which are deemed concentrations and involve parties with specified turnover thresholds (for example, during the previous fiscal year, (i) the total global turnover of all operators participating in the transaction exceeds RMB10 billion and at least two of these operators each had a turnover of more than RMB400 million within China, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB2 billion and at least two of these operators each had a turnover of more than RMB400 million within China) must be cleared by the anti-monopoly law enforcement authority before they can be completed. On February 7, 2021, the Anti-Monopoly Commission of the State Council further issued the Anti-Monopoly Guidelines that aims at specifying some of the circumstances under which an activity of internet platforms may be identified as monopolistic act as well as setting out merger controlling filing procedures involving variable interest entities. On June 24, 2022, the SCNPC adopted an amendment to the PRC Anti-Monopoly Law, which introduced a “safe harbor” for vertical monopoly agreements entered into by operators whose market share falls below a specific threshold to be set by the SAMR, granted the SAMR the power to suspend the review period in merger investigations under specified circumstances, allowed public prosecutors to bring a civil public interest lawsuit based on monopolistic behaviors, and significantly increased the penalties for violation of PRC Anti-Monopoly Law, among others. This amendment emphasized the enforcement of PRC Anti-Monopoly Law in the internet and other key industries. The strengthened enforcement of the PRC Anti-Monopoly Law could result in investigations on our acquisition transactions conducted in the past and make our acquisition transactions in the future more difficult due to the prior filing requirement. Due to the uncertainties associated with the evolving legislative activities and varied local implementation practices of anti-monopoly and competition laws and regulations in China, it may be costly to adjust some of our business practice in order to comply with these laws, regulations, rules, guidelines and implementations. If we are found to have carried out a concentration of undertakings in violation of the PRC Anti-Monopoly Law, we could be subject to restrictive measures including an order to cease the relevant activities, a fine of up to 10% of our sales revenue from the previous year where such concentration has or may have the effect of excluding or restricting competition, or a fine of up to RMB5,000,000 where such concentration does not have the effect of excluding or restricting competition, and the parts of the transaction causing the prohibited concentration could be ordered to be unwound. Such unwinding could affect our business and financial results, and harm our reputation. See “—Risks Relating to Our Business and Industry —Our strategy to invest in complementary businesses and assets and establish strategic alliances involves significant risk and uncertainties that may have a material adverse effect on our business, reputation, financial condition, and results of operations.”

In addition, the Circular of the General Office of the State Council on the Establishment of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors issued on February 3, 2011, and the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by the MOFCOM, that came into effect on September 1, 2011, require 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. In December, 2020, the NDRC and the MOFCOM further promulgated the Foreign Investment Security Review Measures, which came into effect on January 18, 2021. These measures require direct or indirect investment by foreign investors of PRC companies engaged in military-related or certain other industries be subject to security review before consummation of any such investment. “Certain other industries” refer to, among others, important transportation services, important culture products and services, important information technology and internet products and services, and important finance services that are crucial to national security.

In order to grow our business, 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 MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

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

Shareholder claims or regulatory investigation that are common in the United States or Hong Kong generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigations initiated outside China. The Circular on Strengthening the Confidentiality and Archives Administration Relating to Overseas Issuance and Listing of Securities by Domestic Companies was jointly promulgated by the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration of China, and will come into effect on March 31, 2023, pursuant to which, a PRC domestic company must obtain approvals and make filings with relevant authorities when providing or publicly disclosing, by itself or through the overseas listing entity, any document or material that involves state secret or state organs work secret. In addition, pursuant to the proposed regulation, any investigation, collection of evidence or inspection targeting China-based issuers, securities companies and security service institutions proposed by overseas securities regulatory authorities and relevant competent departments must be carried out through cross-border regulatory cooperation mechanism and obtain approval from the CSRC or relevant competent departments. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, which came into effect in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the PRC territory, and, without the consent by the PRC securities regulatory authorities and the other competent government agencies, no entity or individual may provide documents or materials related to securities business overseas. In addition, the Data Security Law and the Personal Information Protection Law provide that no entity or individual within the PRC territory must provide any foreign judicial body and law enforcement body with any data or any personal information stored within the PRC territory without the approval of the competent PRC government authority. While detailed interpretation of or implementation rules under these laws 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 the difficulties you face in protecting your interests.

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

As an offshore holding company, our ability to make loans or additional capital contributions to our PRC operating subsidiaries is subject to PRC regulations and approvals and there are restrictions for us to make loans to the VIEs. These regulations and approvals may delay or prevent us from using the proceeds we received in the past or will receive in the future from the offerings of securities to make loans or additional capital contributions to our PRC operating subsidiaries and the VIEs, and impair our ability to fund and expand our business which may adversely affect our business, financial condition and result of operations.

For example, on March 30, 2015, SAFE promulgated a Circular on the Reforming of Administrative Methods Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Companies, or SAFE Circular 19, which came into effect on June 1, 2015 and replaced the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 142. Previously, pursuant to SAFE Circular 142, the registered capital of an FIE settled in Renminbi converted from foreign currencies may only be used within the business scope approved by the applicable government authority and may not be used for equity investments in China, and the FIE may not change how it uses such capital without SAFE's approval, and may not in any case use such capital to repay Renminbi loans if they have not used the proceeds of such loans in accordance with SAFE's approval. Although SAFE Circular 19 restates certain restrictions on the use of investment capital denominated in foreign currency by FIEs, it specifies that the registered capital of an FIE whose main business is investment, denominated in foreign currency, can be converted into Renminbi at the discretion of such FIE and can be used for equity investment in China subject to the invested company's filing of a reinvestment registration with the relevant local SAFE. On June 9, 2016, SAFE issued the Circular on Reforming and Regulating the Administrative Policy of the Settlement under Capital Accounts, or SAFE Circular 16, which came into effect on the same date. Although SAFE Circular 16 further extends the reform to cover foreign currency income under capital account, including capital, foreign debt and proceeds from offshore offering and listing, an FIE's foreign currency income and such income settled in Renminbi under the capital account cannot be used directly and indirectly for any purposes out of the FIE's business scope or in areas prohibited by laws and regulations. According to the Circular on Further Promoting the Facilitation of Cross-Border Trade and Investment promulgated by SAFE on October 23, 2019, or SAFE Circular 28, non-investment FIEs are allowed to use their capital for equity investment in China provided that such investment is not in violation of the currently effective Special Administrative Measures for Foreign Investment Access (Negative List) and the target investment projects are truthful and compliant with relevant laws and regulations. According to the Circular on Optimizing the Administration of Foreign Exchange to Support the Development of Foreign-related Business, or SAFE Circular 8, issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments using the income under their capital accounts generated from their capital, foreign debt and overseas listing, without providing materials evidencing the authenticity in advance, provided that the capital usage is authentic and compliant with the current capital account income usage management regulations. The concerned bank is required to conduct spot checks in accordance with the relevant requirements. However, the interpretation and enforcement of SAFE Circular 19, SAFE Circular 16, SAFE Circular 28, and SAFE Circular 8 remained to be subject to uncertainty.

[Table of Contents](#)

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we received from our various offerings and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We have attempted to comply with the PRC regulations regarding licensing requirements. If the PRC laws and regulations change, our business in China may be adversely affected. Any lack of requisite approvals, licenses, or permits applicable to our business or any failure to comply with applicable laws or regulations may materially and adversely affect our business, financial condition, and results of operations.

The PRC government regulates the internet and related industry extensively and these internet-related laws and regulations are relatively new and evolving. New laws and regulations applicable to internet business and activities may be promulgated, and their interpretation and enforcement involve significant uncertainties. If these new laws and regulations are promulgated, additional licenses may be required for our online operations. As a result, under certain circumstances it may be difficult to determine what actions or omissions constitute violations of applicable laws and regulations. If our operations do not comply with these new regulations at the time they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties.

When entering into new businesses, we may encounter additional regulatory uncertainties. For example, at the beginning of 2020, we launched our live streaming program to promote travel destinations across China with the latest deals on hotels, flights, excursion tickets and other products. On November 12, 2020, the National Radio and Television Administration promulgated a Notice on Strengthening the Management of Online Show Live Streaming and E-commerce Live Streaming, which requests live streaming platforms for online shows and e-commerce to be filed with the National Radio and Television Administration. However, as this notice does not specifically define what live streaming platform for e-commerce is, it is unclear whether our live streaming program mainly for the promotion of products sold on our own platform is subject to the notice. Based on our consultation on January 28, 2021 with local counterpart of the National Radio and Television Administration, the competent authority of regulating live streaming business, the live streaming business that we currently operate on our platform is not subject to filing with the National Radio and Television Administration, in accordance with this notice. The National Radio and Television Administration is responsible for guiding the development and publicity of online audio-visual program services, including live streaming businesses, supervising the audio-visual programs transmitted by information networks and public carriers, reviewing their contents and qualities, and conducting investigation and punishing on illegal online audio-visual program service. Should the relevant authorities decide that we are subject to this notice, our live streaming business may be subject to more restrictions and will need to comply with additional requirements, which may increase our compliance costs and adversely impact our business, financial condition, and results of operations.

In April 2021, the CAC, together with certain other PRC government authorities, promulgated the Administrative Measures for Live Streaming Marketing (Trial), or the Live Streaming Marketing Measures, which came into effect on May 25, 2021. According to the Live Streaming Marketing Measures, all entities that conduct internet live streaming marketing activities must be subject to the administration and supervision of relevant authorities. The Live Streaming Marketing Measures provides firstly the definition of the live streaming marketing platform, which includes internet live streaming services platform, internet audio-video services platform, and e-commerce platform, and requests the live streaming marketing platform to be filed and conduct safety assessments in accordance with relevant laws and regulations. License shall be obtained if required by relevant laws to engage in live streaming marketing activities. Meanwhile, the live streaming marketing platform shall implement real-name registration system for all live streaming operators and marketers on the platform.

According to the Regulations on the Administration of Algorithm Recommendation for Internet Information Services, which came into effect in March 2022, providers of algorithm recommendation services with public opinion attributes or social mobilization capabilities should fill in information such as the name of the service provider, service form, application area, type of algorithm, algorithm self-assessment report, intended public content and other information through the Internet Information Services Algorithm Filing System within ten working days from the date of service provision to fulfill the filing procedures. Currently, we are in the process of filing the relevant information and as of the date of this annual report, we have not received any notice or warning from the relevant governmental authority requiring for rectification.

In addition, the PRC government and regulatory authorities have adopted regulations governing content contained within videos, live streaming, and other information over the internet. Under these regulations, internet content providers are prohibited from posting or displaying content that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, fraudulent, violent, or defamatory on the internet. Any failure to comply with these regulations may subject us to liability. We conduct content reviews regularly to ensure that the live streaming and other content on our platform complies with relevant laws and regulations, but we cannot assure you that our review process will always guarantee zero violation of the content related laws and regulations. Reports or publicity of content on our platform that is fraudulent, obscene, superstitious, or otherwise inappropriate may result in negative publicity, harm to our brand, or a regulatory response that might have a material and adverse impact on our business. Also, we were subject to certain administrative penalties of insignificant amounts for not being fully or strictly compliant with certain permission and approval requirements relating to our business of providing ancillary services for transportation ticketing, which represents a nominal portion of our transportation ticketing revenues.

The interpretation and application of existing PRC laws, regulations and policies and upcoming new laws, regulations or policies relating to the internet industry have created substantial uncertainties in the compliance of our business operations. We regularly communicate with the competent government authorities to endeavor to stay compliant with applicable laws and regulations. However, we cannot assure you that we will be able to timely obtain or maintain all the required permissions or approvals or make all the necessary filings in the future. If we fail to obtain or maintain all the necessary approvals and permissions or make any necessary filings required by applicable laws and regulations in a timely manner, or at all, the competent government authorities have the power, among other things, to levy fines, confiscate our income, revoke our business licenses, require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any regulation or policy that limits or imposes restriction on our business operations may materially and adversely affect our business, financial condition, and results of operations.

The continued growth of the Chinese internet market depends on the development of telecommunications infrastructure.

Almost all access to the internet in China is state-owned, and telecommunication operations are under administrative control and regulatory supervision of the Ministry of Industry and Information Technology of the PRC, or the MIIT. In addition, the national networks in China connect to the internet through government-controlled international gateways. These international gateways are the only channels through which a domestic PRC user can connect to the international internet network. We rely on this infrastructure, primarily China Telecom and China Unicom, to provide data communications capacity. Although the PRC government has announced plans to aggressively develop the national information infrastructure, we cannot assure you that this infrastructure will be developed, or that it will be sufficiently upgraded to meet the specifications of the existing or future technological advancement, such as 5G internet. In addition, we will have no access to alternative networks and services, on a timely basis if at all, in the event of any infrastructure disruption or failure. The internet infrastructure in China may not support the demands associated with continued growth in internet usage.

In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected. Furthermore, if internet access fees or other charges to internet users increase, some users may be prevented from accessing the mobile internet and thus cause the growth of mobile internet users to decelerate. Such deceleration may adversely affect our ability to continue to expand our user base and maintain our user experience.

Certain of our leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines.

Certain of our leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines if we fail to remediate after receiving any notice from the relevant PRC government authorities. In case of failure to register or file a lease, the parties to the unregistered lease may be ordered to make rectifications (which would involve registering such leases with the relevant authority) before being subject to penalties. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. We are unable to control whether and when the applicable lessors will complete or cooperate with us to complete the registration in a timely manner. In the event that a fine is imposed on both the lessor and lessee, and if we are unable to recover from the lessor any fine paid by us, such fine will be borne by us.

General Risks Relating to Our Ordinary Shares and ADSs

The trading prices of our listed securities have been and are likely to continue to be volatile, which could result in substantial losses to our investors.

The trading price of our listed securities have been and are likely to continue to be volatile and could fluctuate widely in response to a variety of factors, many of which are beyond our control. For example, the closing trading prices of our ADSs on the Nasdaq ranged from US\$16.75 to US\$35.46 per ADS in 2022, and the closing trading price of our ordinary shares ranged from HK\$126.2 to HK\$285.0 per share in 2022. In addition, the performance and fluctuation of the market prices of other companies with business operations located mainly in China, especially internet and technology companies, that have listed their securities in Hong Kong and/or the United States may affect the overall investor attitude towards Chinese public companies. The securities of some of these companies have experienced and may continue to experience significant volatility, resulting from, among other things, underperformance and deteriorating financial results, negative news or perceptions about inadequate corporate governance practices, and fraudulent behaviors of such companies.

Consequently, the trading performance of our listed securities may be adversely and materially affected, regardless of our actual operation performance.

In addition to market and industry factors, the prices and trading volume for listed securities may be highly volatile for factors specific to our operation, including the followings:

- the COVID-19 pandemic and its impact on the travel industry;
- actual or anticipated fluctuations in our quarterly operating results and variations in our results of operations that are not in line with market or research analyst expectations or changes in financial estimates by securities research analysts;
- conditions in the internet or travel industries;
- announcements of studies and reports relating to the quality of our product and service offerings or those of our competitors;
- changes in the economic performance or market valuations of other internet or travel companies or other companies that primarily operate in China;
- changes in major business terms between our ecosystem partners and us;

Table of Contents

- announcements made by us or our competitors of new features or functionalities or other product and service offerings, investments, acquisitions, strategic relationships, joint ventures, or capital commitments;
- press and other reports, whether or not true, about our business, our directors, senior management, or other key employees, including negative reports published by short sellers, regardless of their veracity or materiality to us;
- litigation and regulatory allegations or proceedings that involve us and our directors;
- additions to or departures of our management;
- political or market instability or disruptions, and actual or perceived social unrest in the markets where we operate;
- fluctuations of exchange rates among the Renminbi, the Hong Kong dollar and the U.S. dollar;
- sales or perceived potential sales or other dispositions of existing or additional shares and/ or ADSs or other equity or equity-linked securities;
- any actual or alleged illegal acts of our directors, senior management, or other key employees;
- any share repurchase program;
- regulatory developments affecting us or our industry, users, licensors and other ecosystem partners; and
- market and volume fluctuations in the stock market in general.

In addition, the stock market in general experiences price and volume fluctuations that are often unrelated or disproportionate to the operating performance of companies like us, such as the large decline in share prices in the United States in early 2020. These market and industry fluctuations may significantly affect the trading prices of our listed securities. In the past, following periods of instability in the market price of a company's securities, shareholders have often instituted securities class action suits against that company. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, and, if adversely determined, could materially and adversely affect our business, financial condition, and results of operations.

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

We completed our public offering in Hong Kong in April 2021 and the trading of our ordinary shares on the Hong Kong Stock Exchange commenced on April 19, 2021 under the stock code "9961." As a company listed on the Hong Kong Stock Exchange pursuant to Chapter 19C of the Hong Kong Listing Rules, we are not subject to certain provisions of the Hong Kong Listing Rules pursuant to Rule 19C.11, including, among others, rules on notifiable transactions, connected transactions, share option schemes, content of financial statements as well as certain other continuing obligations. In addition, in connection with the listing of our ordinary shares on the Hong Kong Stock Exchange, we have applied for, and been granted with, a number of waivers and/or exemptions from strict compliance with the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Takeovers Codes and the SFO. As a result, we currently adopt different practices as to those matters as compared with other companies listed on the Hong Kong Stock Exchange that do not enjoy those exemptions or waivers.

Furthermore, if 55% or more of the total worldwide trading volume, by dollar value, of our ordinary shares and ADSs over our most recent fiscal year takes place on the Hong Kong Stock Exchange, the Hong Kong Stock Exchange will regard us as having a dual primary listing in Hong Kong and we will no longer enjoy certain exemptions or waivers from strict compliance with the requirements under the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Takeovers Codes and the SFO, which could result in us having to amend our corporate structure and memorandum and articles of association and we may incur of incremental compliance costs.

[Table of Contents](#)

Substantial future sales or perceived potential sales of our ordinary shares, ADSs or other equity securities in the public market could cause the prices of our listed securities to decline.

In the future, we may sell additional ordinary shares, ADSs or other equity securities to raise capital, and our existing shareholders could sell substantial amounts of ordinary shares and ADSs, including those issued upon the exercise of outstanding options, in the public market. We cannot predict the size of such future issuance or the effect, if any, that they may have on the market prices for our listed securities. The issuance and sale of a substantial amounts of ordinary shares, ADSs, or other equity securities, or the perception that such issuances and sales may occur, could adversely affect the market price of our listed securities and impair our ability to raise capital through the sale of additional equity securities.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq corporate governance 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 a Cayman Islands company listed on the Nasdaq, we are subject to the Nasdaq corporate governance listing standards. 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. As we have chosen, or may from time to time to choose, to follow home country practice exemptions with respect to certain corporate matters such as the requirement of majority independent directors on our board of directors, our shareholders may be afforded less protection than they otherwise would under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. See “Item 16G. Corporate Governance.”

We are a foreign private issuer within the meaning of the rules under the U.S. 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 U.S. 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 U.S. Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the U.S. Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the U.S. Exchange Act;
- the sections of the U.S. 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 are 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 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. 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.

[Table of Contents](#)

As a Cayman Islands exempted company listed on Nasdaq, we are subject to Nasdaq corporate governance listing standards. 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 Nasdaq corporate governance listing standards. For example, neither the Companies Act (As Revised) of the Cayman Islands nor our Memorandum and Articles requires a majority of our directors to be independent and we could include non-independent directors as members of our compensation committee and nominating committee, and our independent directors would not necessarily hold regularly scheduled meetings at which only independent directors are present. We follow home country practice with respect to annual meetings and do not hold an annual meeting of shareholders every year. We undertake we will hold annual general meeting every year after the listing of our ordinary shares on the Hong Kong Stock Exchange for so long as our Company remains listed on the Hong Kong Stock Exchange. If we choose to follow other home country practice in the future, our shareholders may be afforded less protection than they otherwise would under Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts or Hong Kong courts may be limited, because we are incorporated under Cayman Islands law, and because we conduct the majority of our operations in China and because all of our directors and officers habitually reside outside of the United States.

We are incorporated in the Cayman Islands, and our operations are primarily based in China. Among our directors and executive officers, Neil Nanpeng Shen, Gabriel Li, and JP Gan habitually reside in Hong Kong while the other directors and executive officers all habitually reside in mainland China, and most of the assets of those persons are located outside of the United States. As a result, it may be difficult for you to effect service of process within the United States upon these persons, or to bring an action against us or against these individuals in the Cayman Islands or in China in the event you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands, mainland China, and Hong Kong may render you unable to enforce a judgment against our assets or the assets of our directors and officers. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States or Hong Kong, although the courts of the Cayman Islands will, at common law, recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without any re-examination of the merits of the underlying dispute based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the liquidated sum for which such judgment has been given, provided such judgment (i) is final and conclusive, (ii) is not in respect of taxes, a fine or a penalty, (iii) is not inconsistent with a Cayman Islands judgment in respect of the same matter, and (iv) is not impeachable on the grounds of fraud and was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law or Hong Kong courts if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere. You may also experience difficulties in enforcing judgments of the United States courts obtained against us or our directors or executive officers in mainland China or Hong Kong as the United States and mainland China or Hong Kong do not have a bilateral treaty or multilateral convention in force on reciprocal recognition and enforcement of judgments. As a result, any United States judgment may only be enforceable in mainland China or Hong Kong provided that the conditions set forth in the laws of these jurisdictions are determined by the courts of mainland China or Hong Kong, as applicable, to have been fulfilled. For details of the limitations relating to the enforceability of civil liabilities, see “Item 6. Directors, Senior Management and Employees—Enforceability of Civil Liabilities.”

Our corporate affairs are governed by our third amended and restated memorandum and articles of association and by the Companies Act of the Cayman Islands, or the Companies Act, and the common law of the Cayman Islands. The rights of shareholders to take legal action against us and our directors, actions by minority shareholders, and the fiduciary responsibilities of our directors are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which provides persuasive, but not binding, authority in a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in some jurisdictions in the United States or Hong Kong. In particular, the Cayman Islands has a less developed body of securities laws as compared to the United States or Hong Kong. In addition, shareholders in Cayman Islands companies may not have standing to initiate a shareholder derivative action in U.S. federal courts or Hong Kong courts.

[Table of Contents](#)

As a result, our public shareholders may have more difficulties in protecting their interests in the face of actions by our management, directors or controlling shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States or Hong Kong.

The voting rights of ADS holders are limited by the terms of the deposit agreement, and ADS holders may not be able to exercise their right to direct how the ordinary shares represented by the ADSs are voted.

Holders of our ADSs will not have any right to attend general meetings of our shareholders or to cast any votes directly at such meetings, and will only be able to exercise the voting rights that attach to the underlying ordinary shares represented by the ADSs indirectly by giving voting instructions to the depository in accordance with the provisions of the deposit agreement. Under the deposit agreement, ADS holders may vote only by giving voting instructions to the depository, as the registered holder of the underlying ordinary shares which are represented by your ADSs. Upon receipt of voting instructions from ADS holders, the depository will endeavor to vote the underlying ordinary shares in accordance with such instructions. Holders of the ADSs will not be able to directly exercise any right to vote with respect to the underlying shares unless ADS holders withdraw the shares and become the registered holders of such shares prior to the record date for the general meeting. Under our memorandum and articles of association, the minimum notice period required to be given by our company to our registered shareholders for convening a general meeting is seven days. When a general meeting is convened, there may not be a sufficient advance notice to enable ADS holders to withdraw the underlying shares represented by the ADSs and become the registered holder of such shares prior to the record date for the general meeting to allow ADS holder to attend the general meeting and to vote directly with respect to any specific matter or resolution that is to be considered and voted upon at the general meeting. In addition, under our memorandum and 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 underlying shares which are 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, if we ask it to, the depository will endeavor to notify ADS holders of the upcoming vote and arrange to deliver our voting materials to ADS holders. We cannot assure that ADS holders will receive the voting materials in time to ensure that they can instruct the depository to vote the underlying shares that are represented by their ADSs. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that ADS holders may not be able to exercise their right to direct the voting of the underlying shares that are represented by their ADSs and there may be nothing ADS holders can do if the shares underlying the ADSs are not voted as they requested.

Under our deposit agreement, the depository will give us a discretionary proxy to vote the ordinary shares underlying the ADSs at shareholders' meetings if ADS holders do not vote, unless we have instructed the depository that we do not wish a discretionary proxy to be given or any of the other situations specified under the deposit agreement takes place. The effect of this discretionary proxy is that ADS holders cannot prevent ordinary shares underlying the ADSs from being voted, absent the situations described above, and it may make it more difficult for shareholders to influence the management of our company. Holders of our ordinary shares are not subject to this discretionary proxy.

The right of ADS holders to participate in any future rights offerings may be limited, which may cause dilution to their holders.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to the ADS holders unless we register the rights and the securities to which the rights relate under the Securities Act of 1933, as amended, or the Securities Act, or an exemption from the registration requirements is available. Also, under the deposit agreement, the depository bank will not make these rights available to the ADS holders unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act, or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, ADS holders may be unable to participate in our rights offerings and may experience dilution in their holdings.

[Table of Contents](#)

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

The depositary has agreed to pay to ADS holders the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities after deducting its fees and expenses. ADS holders will receive these distributions in proportion to the number of ordinary shares their ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, ordinary shares, rights or other securities under U.S. securities laws. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to ADS holders. This means that ADS holders may not receive the distribution we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to ADS holders. These restrictions may have a material adverse effect on the value of the ADSs.

Holders of the ADSs may be subject to limitations on transfer of their ADSs.

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

Provisions of our rights agreement could delay or prevent an acquisition of our company, even if the acquisition would be beneficial to our shareholders.

In November 2007, we implemented a defense mechanism against potential hostile takeovers through a shareholder rights plan pursuant to a rights agreement, which was subsequently amended. The shareholder rights plan will be accounted as dividend in our financial statements upon the exercise of the shareholder rights. Although the rights plan will not prevent a takeover, it is intended to encourage anyone seeking to acquire our company to negotiate with our board of directors prior to attempting a takeover by potentially significantly diluting an acquirer's ownership interest in our outstanding shares. As the shareholder rights plan generally allows shareholders, except for the acquirer who triggers the exercise of the rights, to purchase additional shares at significantly discounted market price, the potential dilution effect is dependent on the number of shares purchased by the acquirer and other factors related to the acquisition, and may not be estimated at this time. In addition, the existence of the rights plan may also discourage transactions that otherwise could involve payment of a premium over prevailing market prices for the ADSs.

We are exposed to risks associated with the potential spin-off of one or more of our businesses.

We are exposed to risks associated with the potential spin-off of one or more of our businesses. We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements in paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules for any potential spin-off on the Hong Kong Stock Exchange within three years of our listing on the Hong Kong Stock Exchange. While we currently have not identified any target for a spin-off listing on the Hong Kong Stock Exchange, we may consider opportunities in a spin-off listing to bring value to our shareholders. The waiver granted by the Hong Kong Stock Exchange is conditional upon confirmation with the Hong Kong Stock Exchange prior to any spin-off that it would not render our company, excluding the business to be spun off, failing to meet the eligibility and suitability requirements under Chapter 19C of the Hong Kong Listing Rules based on the financial information of the business to be spun off at the time of the Listing, and where more than one business is to be spun off, the assessment will be made on a cumulative basis.

There can be no assurance that we will not be classified as a passive foreign investment company, or PFIC, which may result in adverse U.S. federal income tax consequences for U.S. holders of the ADSs or ordinary shares.

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income, and net foreign currency gains. For this purpose, cash is categorized as a passive asset and the company’s unbooked intangibles associated with active business activity are taken into account as a non-passive asset.

Based on our income and assets, and the value of our ADSs, we do not believe that we were classified as a PFIC for the taxable year ending December 31, 2022 and we do not expect to be a PFIC for the foreseeable future. Although we do not anticipate becoming a PFIC, changes in the nature of our income or assets or the value of our ADSs may cause us to become a PFIC for the current or any subsequent taxable year. Recent fluctuations in the market price of our ADSs or ordinary shares increased our risk of becoming a PFIC. The market price of the ADSs and ordinary shares may continue to fluctuate considerably; consequently, we cannot assure you of our PFIC status for any taxable year. Under circumstances where revenues from activities that produce passive income significantly increase relative to our revenues from activities that produce non-passive income, or where we determine not to expend significant amounts of cash for working capital or other purposes, our risk of becoming classified as a PFIC may substantially increase.

If we were treated as a PFIC for any taxable year during which a U.S. Holder (as defined in “Item 10. Additional Information — E. Taxation — U.S. Federal Income Tax Considerations”) held our ADSs or ordinary shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. For a more detailed discussion of U.S. federal income tax considerations to U.S. Holders if we are or become classified as a PFIC, see “Item 10. Additional Information — E. Taxation — U.S. Federal Income Tax Considerations.”

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

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

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

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

[Table of Contents](#)

There is uncertainty as to whether Hong Kong stamp duty will apply to the trading of our ADSs or deposits of our ordinary shares in, or withdrawals of our ordinary shares from, the ADS facility following our initial public offering in Hong Kong and listing of our ordinary shares on the Hong Kong Stock Exchange.

In connection with the listing of our ordinary shares on the Hong Kong Stock Exchange, we have established a branch register of members in Hong Kong, or the Hong Kong Share Register. Our ordinary shares that are traded on the Hong Kong Stock Exchange and those that may be withdrawn from the ADSs facility will be registered on the Hong Kong Share Register, and the trading of these ordinary shares on the Hong Kong Stock Exchange will be subject to the Hong Kong stamp duty. To facilitate ADS-ordinary share interchanges and trading between the Nasdaq and the Hong Kong Stock Exchange, we also moved a portion of our issued ordinary shares from our principal register of members maintained in the Cayman Islands to our Hong Kong Share Register.

Under the Hong Kong Stamp Duty Ordinance, any person who effects any sale or purchase of Hong Kong stock, defined as stock the transfer of which is required to be registered in Hong Kong, is required to pay Hong Kong stamp duty. The stamp duty is currently set at a total rate of 0.26% of the greater of the consideration for, or the value of, shares transferred, with 0.13% payable by each of the buyer and the seller.

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

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

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

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

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We commenced our business in June 1999. In March 2000, we established an exempted company with limited liability under the Companies Act in the Cayman Islands, Ctrip.com International, Ltd., as our new holding company. In October 2019, we changed our company name to “Trip.com Group Limited.” Since our inception, we have conducted the majority of our operations in China. We have also expanded our operations overseas since 2009. As of December 31, 2022, we mainly operated our business through the following significant subsidiaries:

- C-Travel International Limited;

Table of Contents

- Ctrip.com (Hong Kong) Limited;
- Trip.com Travel Singapore Pte. Ltd.;
- Qunar Cayman Islands Limited;
- Ctrip Computer Technology (Shanghai) Co., Ltd., or Ctrip Computer Technology;
- Ctrip Travel Information Technology (Shanghai) Co., Ltd., or Ctrip Travel Information;
- Ctrip Travel Network Technology (Shanghai) Co., Ltd., or Ctrip Travel Network;
- Beijing Qunar Software Technology Co., or Qunar Software;
- Wancheng (Shanghai) Travel Service Co., Ltd., or Wancheng;
- Shanghai Hecheng International Travel Agency Co., Ltd., or Hecheng;
- Skyscanner Holdings Limited, or Skyscanner;
- Shanghai Ctrip International Travel Agency Co., Ltd. (formerly known as Shanghai Ctrip Charming International Travel Agency Co., Ltd.), or Shanghai Ctrip;
- Chengdu Ctrip International Travel Agency Co., Ltd., or Chengdu Ctrip International; and
- Chengdu Ctrip Information Technology Co., Ltd., or Chengdu Information.

We also conduct part of our business in China primarily through the following significant VIEs and certain of their subsidiaries:

- Shanghai Ctrip Commerce Co., Ltd., or Ctrip Commerce (VIE), which holds a value-added telecommunications business license and mainly provides online advertising services;
- Chengdu Ctrip Travel Agency Co., Ltd., or Chengdu Ctrip (VIE), which holds a domestic travel agency operation license and mainly provides air-ticketing services;
- Shanghai Huacheng Southwest International Travel Agency Co., Ltd. (formerly known as Shanghai Huacheng Southwest Travel Agency Co., Ltd.), or Shanghai Huacheng (VIE), which holds a travel agency operation license and mainly provides domestic, inbound, and outbound tour services, and air-ticketing services; and
- Beijing Qu Na Information Technology Co., Ltd., or Qunar Beijing (VIE), which holds the licenses, approvals and key assets such as mobile application and website that are essential to the business operations of Qunar.

In October 2015, we completed a share exchange transaction with Baidu, whereby we obtained approximately 45% of the aggregate voting interest of Qunar in exchange for our newly issued ordinary shares. In December 2015, we issued ordinary shares represented by ADSs to certain special purpose vehicles holding shares solely for the benefit of certain Qunar employees and, as consideration, we received class B ordinary shares of Qunar and directly injected these shares to a third-party investment entity dedicated to investing in business in China. From accounting perspective, we started to consolidate Qunar's financial statements from December 31, 2015. In October 2016, we participated as a member in the buying consortium in Qunar's going-private transaction and rolled our then existing equity stake into the entity that wholly owns Qunar upon the completion of the transaction in February 2017.

[Table of Contents](#)

In December 2016, we consummated an acquisition transaction whereby shares held by nearly all the shareholders of Skyscanner, a leading global travel search site headquartered in Edinburgh, the United Kingdom, were acquired by us. The total purchase consideration for the acquisition of Skyscanner was approximately £1.4 billion (which consisted of around £1.2 billion in cash and the remainder in our Shares).

From time to time, we have selectively acquired or invested in businesses that complement our existing business, and will continue to do so in the future to expand and develop our business. See “Item 4. Information on the Company — B. Business Overview — Strategic Investments and Acquisitions” for material strategic investments and acquisitions over the past two years. Other than the material acquisitions or investments disclosed under “Item 4. Information on the Company — B. Business Overview — Strategic Investments and Acquisitions” or elsewhere in this annual report on Form 20-F, no acquisitions or investments was material to our businesses or financial results at the time we made the acquisition or investment.

In July 2019, we entered into a facility agreement as a borrower with certain financial institutions for up to US\$2.0 billion equivalent transferable term loan facility with a greenshoe option of up to US\$500 million. The facilities have a 3-year tenor. The proceeds borrowed under such facilities may be used for our general working capital requirements, including repayment of any existing financial indebtedness. In March 2022, we fully repaid the loans under this facility agreement.

In September 2019, we completed put right offer relating to the US\$975 million in aggregate principal amount of 1.25% convertible senior notes due 2022 (taking into account of the fully exercised over-allotment option), or the 2022 Notes. US\$924 million aggregate principal amount of the 2022 Notes were validly surrendered and not withdrawn prior to the expiration of the put right offer. The aggregate purchase price of these 2022 Notes was US\$924 million. In September 2022, we redeemed the remaining US\$51 million principal amount of the 2022 Notes.

In October 2019, we completed a secondary offering of an aggregate of 36,000,000 ADSs, which included the exercise in full by the underwriters of their option to purchase up to 4,695,648 additional ADSs to cover over-allotment, by our shareholder Baidu Holdings Limited at US\$28.00 per ADS. We did not issue or sell any ADSs in the offering or receive any proceeds from the sale of the ADSs by the selling shareholder.

In April 2020, we entered into a facility agreement as a borrower with certain financial institutions for up to US\$1.0 billion transferrable term and revolving loan facility with an incremental facility of up to US\$500 million. The facilities have a 3-year tranche and a 5-year tranche. The proceeds borrowed under the facilities may be used for our general working capital requirements, including repayment of any existing financial indebtedness.

In July 2020, we completed our put right offer relating to the US\$400 million in aggregate principal amount of 1.99% convertible senior notes due 2025, or the 2025 Notes, at an aggregate purchase price of US\$395 million.

In July 2020, our US\$700 million in aggregate principal amount of 1.00% convertible senior notes due 2020, or the 2020 Notes, were redeemed in cash. The aggregate purchase price of the 2020 Notes was US\$700 million.

In July 2020, we issued US\$500 million in aggregate principal amount of 1.50% exchangeable senior notes due 2027, or the 2020 Exchangeable Notes. The 2020 Exchangeable Notes are exchangeable, at the option of the holders and subject to certain conditions, into cash, ADSs of H World Group Limited (Nasdaq: HTHT; SEHK: 1179) (formerly known as Huazhu Group Limited), or H World, or a combination thereof, at our election subject to certain conditions. The initial exchange rate of the 2020 Exchangeable Notes is 24.7795 H World ADSs per US\$1,000 principal amount of the notes. The 2020 Exchangeable Notes bear interest at a rate of 1.50% per year, payable semiannually beginning on January 1, 2021. Holders of the 2020 Exchangeable Notes may require us to repurchase all or part of their 2020 Exchangeable Notes for cash on each of July 1, 2023 and July 1, 2025 at a repurchase price equal to 100% of the principal amount of the 2020 Exchangeable Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the relevant repurchase date, in accordance with the terms and conditions set forth in the indenture, as amended and supplemented, for the 2020 Exchangeable Notes. In addition, we may redeem the 2020 Exchangeable Notes subject to certain conditions.

On March 18, 2021, we effected a change to our authorized share capital by one (1)-to-eight (8) subdivision of shares. Concurrently, we effected a proportionate change in ADS to ordinary share ratio from eight (8) ADSs representing one (1) ordinary share to one (1) ADS representing one (1) ordinary share. Such changes have been reflected retrospectively throughout this document.

[Table of Contents](#)

In April 2021, our ordinary shares commenced trading on the Main Board of the Hong Kong Stock Exchange under the stock code “9961.” We raised approximately HK\$9.6 billion, after deducting underwriting fees and other offering expenses payable by us, from our global offering, consisting of an international offering of 34,166,400 ordinary shares and a Hong Kong public offering of 2,214,500 ordinary shares, collectively the Global Offering, including the fully exercised over-allotment option of 4,745,300 ordinary shares.

In August and September 2021, we repurchased the entire aggregate principal amount of US\$500 million of the 2.00% convertible notes due 2025, or the 2025 Hillhouse Notes, issued to HHLR Fund, L.P. and YHG Investment, L.P.

In October 2021, we entered into a facility agreement as a borrower with certain financial institutions for an up to US\$1.5 billion transferrable term loan facility. The facility has a 3-year tenor. The proceeds borrowed under this facility may be used for refinancing and other general corporate purposes.

In December 2021, we repurchased the entire principal amount of US\$500 million of the 2.00% convertible notes due 2025, or the 2025 Booking Notes, to a subsidiary of Booking Holdings Inc. (formerly known as the Priceline Group Inc.).

In December 2022, we entered into a facility agreement as a borrower with certain financial institutions for a US\$1,488 million and HK\$80 million dual tranche term loan facility (equivalent to US\$1.5 billion in aggregate). The facility has a 3-year tenor. The proceeds borrowed under this facility will first be used for refinancing our certain existing transferrable term and revolving loan facilities, and the remaining portion may then be used for general corporate purposes.

Our principal executive offices are located at 968 Jin Zhong Road, Shanghai 200335, People’s Republic of China, and our telephone number is +86 (21) 3406-4880. Our principal website address is www.ctrip.com. The information on our websites should not be deemed to be part of this annual report. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

B. *Business Overview*

We are a leading one-stop travel platform globally, integrating a comprehensive suite of travel products and services and differentiated travel content. We are the go-to destination for travelers in China, and increasingly for travelers around the world, to explore travel and get inspired, to make informed and cost-effective travel bookings, and to enjoy hassle-free, on-the-go support and share travel experience. Users come to our platform for any type of trip, from in-destination activities, weekend getaways, and short-haul trips, to cross-border vacations and business trips. Our product and service portfolio covers offerings that appeal to both our domestic users and our growing global user base. Founded in 1999, we now operate the most well-known travel brands in China, and have solidified our leadership over the past two decades.

Our Platform

Our one-stop travel platform connects our users and our ecosystem partners. Leveraging our AI capabilities and travel insights accumulated over the past over 22 years, we have evolved from an emerging online travel transaction platform to a one-stop travel platform integrating a comprehensive suite of travel products and services and differentiated travel content. Our platform aggregates our product and service offerings, reviews and other content shared by our users based on their real travel experiences, and original content from our ecosystem partners to enable leisure and business travelers to have easy access to enjoyable travel experiences and make informed and cost-effective bookings.

As a result of our leading position in travel markets and our vast user base, our platform has attracted ecosystem partners across multiple sectors, including accommodation reservation, transportation ticketing, packaged tours, and in-destination activities. We provide our ecosystem partners with a variety of technology-enabled solutions and help them establish an online presence, access our massive and global user base, and engage with users in real time. In addition, since 2018, we have been rolling out content sharing features on our platform, which allow users to discover, explore, and share travel-related content featuring destination reviews and travel experiences and tips, thereby further enriching the ecosystem surrounding our platform.

Omni-Channel Touchpoints for Users

We are the go-to travel platform for travelers in China and has been increasing our influence in target markets around the world. We are committed to providing each user with a personalized, convenient, enjoyable, and inspirational travel experience.

Online Channels Our online channels consist of our mobile applications, other mobile access channels, and websites. Our online reservation and fulfillment infrastructure enables our users to explore, search, reserve, and purchase travel products and other value-added services through our online channels in China, and have continued to expand globally. For the year ended December 31, 2022, over 90% of our total transaction orders were executed through our mobile channels. We maintain our main sites of Ctrip and Qunar through our subsidiaries, Ctrip Commerce (VIE), and Qunar Beijing (VIE) in China, and over time, we have established localized sites for users outside China. As of December 31, 2022, our products and services through Trip.com were available in 25 languages and 30 local currencies and local sites, and our products and services through Skyscanner were available in 35 languages and over 50 countries and regions globally.

We offer personalized home pages based on user profiles or past transactions and display travel products and services based on geolocation and other travel insights. While placing an order, users are prompted with options to customize their trips with packaged deals or additional value-added services for their convenience, such as travel insurance, car rental, or hotel deals. All products and services are shown with full price transparency. Our itinerary management tools enable users to review and manage their orders and itineraries. We encourage users to submit ratings, reviews, and recommendations to our platforms during their trips and after they return from their trips. Leveraging our content sharing feature, users are inspired by new travel ideas, make informed travel decisions, and share their travel experiences in an engaging community.

Offline Channels In addition to our seven customer service centers located in China and abroad, we have offline stores with our business partners to serve our users who prefer an in-person experience. In our offline stores, we provide users with one-stop services, such as travel consultation services and other local support and assistance. In 2022, we streamlined and optimized our offline stores to strengthen our competitive advantage of online channels. As of December 31, 2022, we had approximately 4,000 offline stores across approximately 300 cities in China.

User-Centric Approach Our users are at the center of our business's philosophy and operations. Since our inception, we have constantly focused on building trust with our users and creating a more personalized, convenient, enjoyable, and inspirational travel experience. We provide a broad spectrum of travel products and services that accompany our users throughout their entire journey, from idea inspiration, trip research and planning, to informed decision-making, travel booking, in-destination activities, on-the-journey support, and post-travel sharing of travel experiences. We consistently refine our product interfaces to enable an increasingly frictionless booking experience for our users with full transparency in pricing, terms, and value-added services. We extend good care for our users by providing 24/7 user support all along their trips.

Open Platform for Ecosystem Partners

We adopted an open platform business model to attract and facilitate customized travel offerings by ecosystem partners covering various sectors in the travel vertical. Our open platform strategy allows ecosystem partners to join our open platform and directly post their own product and service offerings on our platform alongside products and services that are negotiated with business partners and offered by us.

Our ecosystem partner base includes hotels and other accommodation providers, airlines and other air ticket partners, train ticket partners, car rental companies, bus operators, ferry carriers, other travel agencies from whom we source travel products and services, and value-added service partners. We also opened up our platform to international partners, search engines, e-commerce platforms, and other channels to expand their business opportunities and increase the offerings available to our users. As of December 31, 2022, our open platform provided over 1.1 million global accommodation listings, offered flights from over 510 airlines, and had a network of over 70,000 other ecosystem partners.

We carry out ecosystem partner selection process to ensure the quality of product and service offerings to our users. When determining whether to accept a prospective ecosystem partner to our open platform, we take into account various factors, including reputation, industry expertise and know-how, price competitiveness, and track record of delivering high-quality products and services. We also have streamlined the contracting process for ecosystem partners by using an e-contract system on our open platform. We set high service standards and manage product and service quality of our ecosystem partners through screening and ratings. We monitor our ecosystem partners' performance based on user feedback. Ecosystem partners with good performance will be rewarded, while those with negative reviews will be flagged for improvement.

Our Products and Services

We offer accommodation reservation, transportation ticketing, packaged tours, and corporate travel management services, as well as other travel-related services to meet the various booking and traveling needs of both leisure and business travelers through our travel platform. We began offering accommodation reservation and transportation ticketing services in October 1999. Over the past two decades, we have been driving the transformation of travel experience and the adoption of online- and mobile- based travel booking solutions for leisure and business travelers in China and globally. We capture evolving user preferences and provide travel content as well as travel products and services to make travel effortlessly enjoyable. In addition, we offer various other products and services, including packaged-tour and in-destination activity products and services, corporate travel management services, and other travel-related services, such as car services, travel-related financing and insurance, and visa services to meet the various booking and traveling needs of both leisure and business travelers. Our users also have access to both user-generated and professionally-generated content through personalized content feeds and our search tools.

Some of our business in China, mainly consisting of certain portion of internet content provision, advertising business, travel agency, and air-ticketing services, are conducted through Ctrip Commerce (VIE), Chengdu Ctrip (VIE), Shanghai Huacheng (VIE), Qunar Beijing (VIE), and their subsidiaries.

Accommodation Reservation

Users can search, compare, and book accommodations on our platforms based on their destination and detailed stay preferences, and may further filter and sort search results by price range, star category, location, brand, and amenities. We also augment our accommodation reservation offerings with traveler ratings, reviews, recommendations, and tour guides.

We act as an agent in substantially all of our hotel-related transactions. We generate substantially all of our accommodation reservation revenue through commissions from our hotel reservation partners through our platform. We recognize revenues when the reservation becomes non-cancelable, which is the point considered when we complete our performance obligation in accommodation reservation services. Contracts with certain hotel reservation partners contain incentive commissions that are typically subject to specific performance targets. We generally receive incentive commissions from hotels through monthly arrangements based on performance targets of accommodation reservations where our users have completed their stay.

We contract with hotel partners for rooms under two agency models, the "guaranteed allotment" model and the "on-request" model. Under the "guaranteed allotment" model, a hotel guarantees us a specified number of available rooms every day, allowing us to provide instant confirmations on such rooms to our users before notifying the hotel.

Transportation Ticketing

Users can search and book transportation tickets via our online platform and customer service centers. Our search functions allow users to narrow search results by specifying preferences, such as time and mode of transportation, and we leverage our data analytics capability to help them book tickets that best suit their travel needs. As of December 31, 2022, our transportation ticketing network covered over 220 countries and regions.

[Table of Contents](#)

Air Tickets

We sell air tickets as an agent for substantially all domestic PRC airlines and major international airlines operating flights. As of December 31, 2022, we offered flights from over 510 global airlines, covering over 3,400 airports in over 220 countries and regions. Our air ticket booking engines source real-time availability and pricing information from “direct connects” to airlines’ booking systems and the global distribution system (GDS), a computerized network system that has real-time link to our ecosystem partners’ inventory.

In addition to selling air tickets, we also offer various options and services to help users travel with ease. Powered by our route planning algorithms and travel supply, users can customize their trips by combining two or more of our core travel products, such as air tickets and hotels, which are typically offered as a package at discounted rates. We also provide travel insurance products, such as flight delay insurance, air accident insurance, and baggage loss coverage, and various ancillary value-added services built around users’ air travel needs, such as air-ticket delivery, online check-in and seat selection, express security screening, real-time flight status tracker, and airport VIP lounge services.

Other Tickets

Other tickets covered by our transportation ticketing service include train, long-distance bus, and ferry tickets. In connection with such ticketing services, we also offer various other ancillary travel products and services that are designed to streamline the ticketing process.

Packaged Tours and In-Destination Activities

We offer independent leisure travelers bundled packaged-tour products as well as in-destination activity products and services, catering to our users’ evolving demands.

Packaged Tours

We offer our users a wide range of bundled packaged-tour products on our platform provided by our ecosystem partners, including group tours, semi-group tours, customized tours, and packaged tours with different transportation arrangements, such as by air, cruise, bus, and car rental, covering domestic and international destinations. For example, we focus on securing diverse boutique travel products domestically, such as combinations of themed hotels and dining. We provide integrated transportation and accommodation services and offer a variety of value-added services including transportation at destinations, attraction tickets, local activities, insurance, visa services, and tour guides. We also provide high-quality user support, supplier management, and customer relationship management services to packaged-tour providers.

In-destination Activities

Destinations are often defined by the activities available upon arrival. Over the years, users are seeking more novel experiences and are eager to do more memorable activities in the destinations. Driven by the rise of experiential travel, we offer a variety of in-destination products and services, such as in-destination dining and shopping, day tours of popular tourist destinations, attraction and show tickets, customized tour guide services, and virtual tour assistant. Users not only have plenty of options for what and when to book in-destination activities, but also can book at the last minute in a quick and straightforward manner on our platform. As of December 31, 2022, we offered approximately 300,000 in-destination activities around the world. As more and more countries and regions are reopening the borders and lifting quarantine measures, we are enriching our offerings of in-destination products and services to meet the needs of the market and expand our business.

Corporate Travel Management

In addition to serving individual users, we also serve corporate clients with similar products and services to help them plan business travel in a cost-efficient way. Currently, we are serving approximately 730,000 small and medium-sized enterprises as well as over 14,000 large enterprises, including over 300 Fortune 500 companies and approximately 200 of the Top 500 Chinese Enterprises.

[Table of Contents](#)

We provide our corporate clients with business visits, incentive trips, meetings and conferences, travel data collection and analysis, industry benchmarking, cost savings analysis, and travel management solutions. We have independently developed our Corporate Travel Management System, which is an online platform integrating information management, online booking, online authorization, online inquiry, and travel reporting systems.

Other Travel-Related Services

Our other travel-related services primarily include online advertising and financial services. We provide marketing planning and travel media services to our ecosystem partners, as well as a wide range of advertising services to pan-industry brand partners. Based on our travel product and service offerings, user base, and industry value chain, we also have obtained necessary licenses to facilitate users and ecosystem partners on our platform with our financial services, which mainly cover consumer financing, supply-chain financing, and a range of digital solutions for our users and ecosystem partners.

Content Offerings

We consolidate and aggregate travel-related content for our users to help them get inspired by new travel ideas, make informed travel decisions, and share their travel experiences. Our users have free access, through personalized content feeds and our search tools, to both user-generated content shared by travelers based on their real travel experiences and professionally-generated content including our official selections and content produced by professional travel bloggers, KOLs, and our ecosystem partners.

Reviews. We provide our users with detailed, authentic, and transparent information on our product and service offerings based on our users' in-depth reviews and detailed ratings. We have been refining our user review framework to improve authenticity, objectivity, and relevance of our review and rating system, creating a feedback loop for us to refine our products and services, enhance users' search experience, and enable them to rely on us for making well-informed travel decisions.

Community. Our community integrates the online travel content sharing features on our platform with our product and service offerings, so that our users can discover, explore, and share travel-related content such as destination travel experiences and tips. In addition, leveraging our AI technology and travel insights, we are able to push tailored recommendations to our users while they are browsing through our community.

Selections and Recommendations. We provide our users with various lists of selected and recommended product and service offerings, such as popular destinations, themed activities, restaurant guides, and special deals. Our selections and recommendations help inspire our users' next great getaway, from long weekend escapes to must-see destinations and to bucket-list adventures from around the globe.

Live Streaming. In March 2020, we launched our first mobile BOSS live streaming event featuring a live tour by our management team and Trip.com live streaming series. Since then we have upgraded our live streaming channel into a platform with integrated resources and content. In addition to our official channel, our live streaming platform also hosts professionally-generated content contributed by professional travel bloggers, KOLs, and our ecosystem partners. We have collaborated with leading international hotel brands to offer our users discounts on luxury hotels through live streaming. Our live streaming has also showcased destinations around the world with featured international travel products, attracting millions of views by our users.

User Support

We provide user support online and offline through multiple channels such as calls, instant messaging, email, and social networks, in multiple media formats such as voice, text, image, and video, 24 hours a day, seven days a week. As of December 31, 2022, we had seven customer service centers located in China and abroad, such as Shanghai, Nantong, Guangzhou, Manila, Tokyo, Seoul, and Edinburgh. These customer service centers are staffed with in-house travel specialists who have participated in a formal training program before commencing work. We also provide comprehensive aftersales services including aftersales support, pre-travel warnings, major incident compensation, a special situation refund policy, and emergency support, among others.

[Table of Contents](#)

In 2016, we launched the first travel safety center in China. The service center established seven mechanisms to provide travelers with more protection, including the application of the global supplier travel safety standards, travel warning centers, a global travel destination emergency assistance mechanism, major disaster protection funds, a special reason cancellation policy, global travel insurance and rescue services, and a tour guide responsibility mechanism. We provide our users with travel insurance service including insurance consultation and claim settlements, from delayed and cancelled trips to accidental injury treatment, through one of the VIEs with insurance license.

In 2017, we launched the first global travel SOS service in China. Users who book a trip from our platforms have access to 24/7 emergency support. The SOS service currently covers three major categories: (i) support in emergencies such as natural disasters and terrorist attacks, (ii) support in case of injury or illness during the journey, including assistance in medical treatment, delivery of medicines, and translation services, and (iii) assistance provided when valuables are lost during the journey, including assistance in the recovery of lost property and eventually bringing the property back to the home country.

Technology

Since our inception, we have been able to support the growth in our online and offline traffic and transactions with our technology and infrastructure. Our IT infrastructure is able to support nearly every aspect of our business, including our travel platform, mobile and website operations, and customer service centers.

AI Technologies

Our technology platform is empowered by AI and other proprietary technologies. Our platform processes a massive amount of travel-related data. We leverage various AI technologies such as natural language processing, speech recognition, computer vision, and conversational AI to inform various applications such as traffic forecasting, civil aviation big data analysis, flight delay prediction, a tourism knowledge graph, and especially, improved customer services to our global user base, among others. The application of the AI technologies benefits not only our users, but also our ecosystem partners.

For our users, our technologies enable personalized recommendations, a streamlined user experience, enhanced user engagement, and the sharing and viewing of user-generated content. We use both public and private cloud technologies to optimize operational efficiency. Some of the core technologies underlying our user support include (i) CtripIM, a self-developed instant messenger system which offers a streamlined problem-solving process, (ii) Softswitch, which enables us to securely encrypt users' displayed phone numbers to prevent leakage of sensitive user information, and (iii) SoftPBX, a telephone system software that distributes calls through the intranet to different operators after the user's phone call is connected. These technologies enable us to handle user requests more efficiently, support our users in times of traffic spikes, enhance system stability, and ensure consistent availability to our users.

For the ecosystem partners, our technologies enable marketing and optimize operating efficiency based on traveler preference and accurate demand predictions. We offer a variety of solutions to our ecosystem partners, such as (i) E-booking System for accommodation partners, which provides standardized information input to accommodation partners to digitalize their offerings, and (ii) pricing error monitoring system for airfare, which detects flight tickets with abnormally low fares (bug fares) using anomaly detection models based on massive historical and real-time airfare data.

Proprietary Search and Transaction Engines

We apply proprietary technologies in flight ticket search and accommodation search and transactions, which help us attract and retain users and improve their experiences on our platform. These technologies are able to process data that covers the global product offerings available on our platform, use optimized algorithms to reduce computational cost, shorten search latency and processing time, and generate relevant results swiftly to ensure good user experience.

[Table of Contents](#)

Our technologies for flight ticket searches include a search engine and personalized recommendation system. These technologies can support hundreds of millions of queries per day. The technology currently has covered departure or arrival cities worldwide and accommodates various languages. We have also built intelligent tools and machine learning technologies for ecosystem partners to better price their products appropriately and strengthen their competitive positions. We provide deep integration of travel information technology systems with online transaction platforms, which further decreases airlines' operating cost and maximizes revenue.

Our technologies for accommodation searches include a hotel matching system and model algorithms. These technologies can support billions of queries per day, with an industry leading average response time. They can also rapidly process tens of billions of data points needed to calculate numerous room types, room status data, and room price data incrementally updated every day. The technology connects hotel sales sites in countries and regions around the world and supports multiple currencies and all major international credit card payments. As a result of the technology applied in accommodation search, we are able to attract and retain users and improve their overall experiences.

Marketing and Brand Awareness

Through a combination of online and offline marketing, brand promotion, cross-marketing, and rewards program, we have created strong brands that are commonly associated in China with travel products and services and user support. In addition, we leverage word-of-mouth referrals among users to promote our brands. We will continue to use our focused marketing strategy to further enhance awareness of our brands and acquire new target users.

Brand Advertising

We currently operate through four leading travel brands, including (i) Ctrip, a leading provider of online travel and related services in China; (ii) Qunar, a leading online travel agency in China; (iii) Trip.com, an online travel agency for global travelers; and (iv) Skyscanner, a leading global travel search company.

We conduct our brand campaigns through advertising on video streaming platforms, targeted LCD displays in public spaces, and billboards at airports, railway stations, and bus stations. We also work with celebrities in our marketing campaigns and embed our brand and travel products into live TV shows, movies, and other entertainment marketing channels. We also opened approximately 4,000 offline stores as of December 31, 2022 to supplement our online marketing to acquire more consumers in the lower-tier cities in China and those who prefer an in-person experience. With these diverse channels, we believe that we have effective strategies to enhance brand awareness and user engagement and attract a new generation of users, and we have a unique advantage in our ability to develop truly multi-channel marketing solutions for global destinations.

Performance Advertising

We have contracted with the majority of the leading online marketing channels, such as search engines, browsers, and navigation websites, to prominently feature our websites and have cooperated with online companies to promote our services, as well as conducting public relations activities. We have purchased related keywords or directory links to direct potential users to our websites.

We have also worked with major internet portals and leading mobile applications in their respective sectors to advertise locally and also have worked with top smart phone manufacturers to increase the number of our app downloads and promote more activations and transactions. In addition, we will be actively testing all kinds of innovative and rapidly growing mobile channels that may appeal to consumers.

Cross-Marketing

We have entered into cross-marketing arrangements with major PRC domestic airlines, hotel chains, financial institutions, telecommunications service providers, e-commerce and internet companies, and other corporations. For example, our airline partners and financial institution partners recommend our products and services to members of their mileage programs or bank card holders. Users can accumulate miles by booking air tickets through us or earn points by paying through co-branded credit cards.

Rewards Program

To secure our users' loyalty and further promote our brand, we provide our users with a rewards program. This program allows our users to accumulate membership points calculated according to the services purchased by the users. Our membership points have a fixed validity term and our users may redeem these points for travel awards and other gifts.

Seasonality

The travel service industry is characterized by seasonal fluctuations, and accordingly our revenues may vary from quarter to quarter. Since most of our users are from China, to date, the third quarter of each year generally contributes the highest portion of our annual net revenues primarily due to the strong demand for both leisure and business travel activities during the summer. These seasonality trends are difficult to discern in our historical results because our revenues have grown substantially since inception. However, our future results may be affected by seasonal fluctuations in the use of our services by our users. See "Item 5. Operating and Financial Review and Prospects —A. Operating Results."

User Privacy and Data Security

Data security is crucial to our business operations. We have internal rules and policies to govern how we may use and share personal information, as well as protocols, technologies and systems in place to ensure that such information will not be accessed or disclosed improperly. We establish privacy policies to protect privacy of individuals and comply with laws and regulations enacted to protect personal information while conducting business activities.

From an internal policy perspective, we limit access to our servers that store our user and internal data on a "need-to-know" basis. Our internal control protocols cover the full lifecycle of data processing including collection, transmission, storage analytics, destruction, and disposition. We collect personal information with adherence to the principle of minimum necessity and obtain informed authorization from the users. We adopt a data encryption system to ensure data storage and transmission security. We establish an authorization mechanism to prevent any unauthorized member of the public or third parties from accessing or using our data in any unauthorized manner and timely remove unnecessary data privileges of the personnel who no longer needs access to our data. We establish supplier data security programs to evaluate and promote the data protection capabilities of suppliers who process our data. We also deploy a variety of detection mechanisms, including machine learning technology and other automated tools that help us independently identify certain misleading information on our platform to remove, suppress, or forward the content for human review. As we continue to develop these tools, content is reviewed by our trained specialists to comply with applicable laws and regulations. Furthermore, we implement comprehensive data masking of user data for the purpose of fending off potential hacking or security attacks.

We engage legal counsel in and outside China to advise on our data protection policies and ongoing compliance with applicable laws and regulations. As part of our internal procedure, we engage overseas legal counsel to advise on the applicable licensing and compliance requirements before entering into new markets.

For information about laws and regulations relating to user privacy and data security, see "Item 4. Information of the Company—B. Business Overview—PRC Government Regulations—Regulations Related to Internet Information Security and Privacy Protection."

Intellectual Property

Our intellectual property rights primarily include trademarks and domain names associated with the name "Ctrip," "Qunar," "Trip.com," and "Skyscanner" and copyright and other rights associated with our websites, technology platform, booking software, and other aspects of our business. We regard our intellectual property as a critical factor contributing to our success, although we are not dependent on any patents, intellectual property related contracts or licenses other than some commercial software licenses available to the general public. We rely on trademark and copyright law, trade secret protection, and confidentiality agreements with our employees to protect our intellectual property rights. We require our employees to enter into agreements to keep confidential all information relating to our users, methods, business, and trade secrets during and after their employment with us. Our employees are required to acknowledge and recognize that all inventions, trade secrets, works of authorship, developments, and other processes made by them during their employment are our property.

[Table of Contents](#)

As of December 31, 2022, we had over 1,500 patents registered with the PRC Intellectual Property Administration, including over 500 invention patents, and over 900 pending patent applications in China.

As of the December 31, 2022, we owned over 1,400 registered trademarks and approximately 100 pending trademark applications, in various categories with the Trademark Office of the PRC Intellectual Property Administration. In addition, we had over 110 registered trademarks in various overseas countries and international jurisdictions. We have registered our major trademarks “Ctrip” and “携程” (simplified Chinese characters for Ctrip), “携程Ctrip” (a combination of the Chinese and English characters for Ctrip), “Trip.com,” and “Trip.com Group” in various countries and regions.

As of December 31, 2022, we held over 1,000 computer software copyrights and over 200 other copyrights registered with the PRC Copyright Administration.

As of December 31, 2022, we had over 300 registered domain names in China, including ctrip.com, and approximately 30 registered domain names outside China, including trip.com, all of which have been registered with www.markmonitor.com, and we have full legal rights over these domain names. As of the date of this annual report, all of our registered domain names were in effect.

Competition

For the years ended December 31, 2020, 2021, and 2022, we derived most of our revenues from the Greater China, based on the geographic location of our websites. See Note 22 to our audited consolidated financial statements included elsewhere in this annual report for further information. Greater China’s travel industry is highly competitive. We compete primarily with other travel agencies, including domestic and foreign consolidators of hotel accommodation and airline tickets as well as traditional travel agencies. As Greater China’s travel market continues to evolve, we may be faced with increased competition from new domestic travel agencies, including the ones operated by other major internet companies, or international players that seek to expand into Greater China. We may also face increasing competition from hotels and airlines as they increase their direct selling efforts or engage in alliances with other travel service providers, as well as content platforms and social networks entering into the travel industry.

We compete based on a number of factors, including, among other things, brand recognition, depth and breadth of travel offerings, price competitiveness, and user support and satisfaction. We believe that we are well-positioned to effectively compete on the basis of the factors listed above. However, some of our current or future competitors may have longer operating histories, greater brand recognition, larger user and supplier bases, or stronger financial, technical or marketing resources than we do. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—If we do not compete successfully against new and existing competitors, we may lose our market share, and our business may be materially and adversely affected.”

Customers and Suppliers

We have a broad base of customers, which primarily consist of our ecosystem partners, including airlines and other air ticket partners, hotel and alternative accommodation partners, and various value-added travel products and services partners, such as insurance companies. We have cultivated and maintained good relationships with our ecosystem partners since our inception. We have a team of employees dedicated to enhancing our relationship with existing ecosystem partners and developing relationships with prospective ecosystem partners. Our customers also include but are not limited to (i) users who purchase travel products that we source from ecosystem partners, (ii) users who purchase ancillary value-added travel products and services, and (iii) advertisers who post advertisements of their products and services on our online platforms.

Our suppliers primarily consist of online and mobile payment services, data storage, server hosting, and bandwidth providers, user acquisition channels, and advertising and marketing service providers.

Strategic Investments and Acquisitions

To further strengthen our competitive position in China and to become a major travel service provider in the Greater China market as well as in global markets, we constantly evaluate opportunities for strategic investments in, and acquisitions of, complementary businesses, assets and technologies and have made such investments and acquisitions from time to time. We have made the following material strategic investments and acquisitions in recent years.

In August 2019, we completed a share exchange transaction with Naspers, a shareholder of MakeMyTrip, pursuant to which Naspers exchanged certain ordinary shares and Class B convertible ordinary shares of MakeMyTrip for 4,108,831 newly issued ordinary shares of our company with fair value of US\$1.1 billion as of the closing date. Concurrently with the share exchange, we invested in a third-party investment entity by contributing certain ordinary shares and Class B convertible ordinary shares of MakeMyTrip held by us and recorded the investment using equity method. Immediately after the closing of the transaction, Naspers owned approximately 5.6% of our then total issued and outstanding ordinary shares, and we owned certain number of ordinary shares and Class B convertible ordinary shares of MakeMyTrip, representing approximately 49% of MakeMyTrip's then total voting power. From an accounting perspective, we recorded this investment using equity method and the total consideration for the shares we held in MakeMyTrip immediately after the closing of the transaction consisted of certain number of our newly issued ordinary shares worth of US\$1.0 billion and our previously held equity investment of US\$0.2 billion.

In November 2019, we and TripAdvisor, Inc. (Nasdaq: TRIP), or TripAdvisor, agreed on a strategic partnership to expand global cooperation through various contracts. We and TripAdvisor agreed through our respective subsidiaries to form and jointly control a joint venture, where we would contribute cash and market expertise and TripAdvisor would contribute a long-term exclusive brand and content license and other assets of its China business. We both share inventories in travel categories at the joint venture level. The joint venture operates globally as TripAdvisor China. Due to the partnership with TripAdvisor, Ms. Jane Jie Sun currently serves as a director of TripAdvisor.

In November 2019, we obtained control of an online travel agency company in which we previously had held 51% equity interest with substantive participating rights being held by the non-controlling shareholder. We obtained control of the online travel agency company when the non-controlling shareholder agreed to remove these substantive participating rights. The deemed consideration was the previously held 51% equity interest, the fair value of which was RMB259 million. We also recognized a gain of RMB196 million from the re-measurement of the previously held equity interest.

Health, Work Safety, Social, and Environmental Matters

We are dedicated to the sustainable management of our environmental footprint and engaging our users and ecosystem partners to create synergy. As a responsible corporate citizen, we recognize our role in combating the global challenge of climate change. To strategically manage the environmental impacts arising from our operations, we are committed to promoting sustainable tourism and introducing carbon mitigation measures and will continue to explore ways to further improve energy efficiency. Given that the majority of our operations are conducted online, we have a limited impact on the environment with a small carbon footprint and our carbon reduction measures focus mainly on reducing energy consumption and improving energy efficiency at our headquarters. Designed as a green building, our headquarters was awarded Leadership in Energy and Environmental Design Gold precertification with several implemented environmental initiatives including the application of an intelligent building energy management system. Trip.com and Skyscanner became founding members of a sustainable tourism campaign, "Travalyst," which is developing sustainability frameworks to guide sustainability practices across the travel industry. Skyscanner is developing an aviation sustainability framework that creates greater transparency on carbon emissions for individual flights and highlights the sustainability practices of different airlines.

We do not operate any manufacturing or warehousing facilities. Therefore, we are not subject to significant health, work safety, social, or environmental risks. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary and after consultation with our legal advisor, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. For the year ended December 31, 2022 and up to the date of this annual report, we had not been subject to any material fines or other penalties due to non-compliance with health, work safety, social, or environmental regulations.

PRC Government Regulations

Current PRC laws and regulations impose substantial restrictions on foreign ownership of the travel agency and value-added telecommunications businesses in China. As a result, we conduct these businesses in China through contractual arrangements with the VIEs as well as certain independent travel agencies. Some of our employees, all of whom are PRC citizens, directly or indirectly own all or most of the equity interests in the VIEs as of the date of this annual report.

According to our PRC legal counsel, Commerce & Finance Law Offices, the ownership structures, as described in this annual report, comply with all existing PRC laws, rules, and regulations.

Regulations Related to Foreign Investment in the PRC

Foreign Investment Industrial Policy

Investments activities in China by foreign investors are principally governed by the Catalog for the Encouragement of Foreign Investment Industries (2022 Edition), or the Catalog, and the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version), or the Negative List, which were both promulgated by the MOFCOM and the NDRC and each came into effect on January 1, 2023, and January 1, 2022. The Catalog and the Negative List set forth the industries in which foreign investments are encouraged, restricted and prohibited. Industries that are not listed in the Catalog and the Negative List are generally open to foreign investment unless otherwise specifically restricted by other PRC rules and regulations.

According to the Negative List, the foreign equity interests ownership of entities that engage in value-added telecommunications business (except for e-commerce, domestic multi-party communication, storage and forwarding and call center) must not exceed 50%, and foreign investors are allowed to hold up to 100% of equity interests in an online data processing and transaction processing business (including e-commerce business operation) in China.

Foreign Investment Law and its Implementation Measures

On March 15, 2019, the National People's Congress enacted the Foreign Investment Law, or the FIL, which came into effect on January 1, 2020. The FIL has replaced the previous major laws and regulations governing foreign investment in the PRC, including the Sino-foreign Equity Joint Ventures Enterprises Law of China, the Sino-foreign Co-operative Enterprises Law of China and the Wholly Foreign-invested Enterprise Law of China. According to the FIL, "foreign-invested enterprises" refers to enterprises that are wholly or partly invested by foreign investors and registered under the PRC laws within China, and "foreign investment" refers to any foreign investor's direct or indirect investment activities in China, including: (i) establishing foreign-invested enterprises in China either individually or jointly with other investors; (ii) obtaining stock shares, equity shares, shares in properties or other similar interests of Chinese domestic enterprises; (iii) investing in new projects in China either individually or jointly with other investors; and (iv) investing through other methods provided by laws, administrative regulations or provisions prescribed by the State Council.

On December 26, 2019, the State Council issued Implementation Regulations for the Foreign Investment Law of China, or the FIL Implementation Rules, which came into effect on January 1, 2020. According to the FIL Implementation Rules, in the event of any discrepancy between the FIL, the FIL Implementation Rules and the relevant provisions on foreign investment promulgated prior to January 1, 2020, the FIL and the FIL Implementation Rules shall prevail. The FIL Implementation Rules also set forth that foreign investors that invest in sectors on the Negative List in which foreign investment is restricted shall comply with special management measures with respect to, among others, shareholding and senior management personnel qualification in the Negative List. Pursuant to the FIL and the FIL Implementation Rules, the existing foreign-invested enterprises established prior to the effective date of the FIL are allowed to keep their corporate organization forms for five years from the effectiveness of the FIL before such existing foreign-invested enterprises change their organization forms and organization structures in accordance with the PRC Company Law, the Partnership Enterprise Law of China and other applicable laws.

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the Measures on Reporting of Foreign Investment Information, which came into effect on January 1, 2020, and has replaced the Interim Measures for the Administration of Record-filing on the Establishment and Changes in Foreign-Invested Enterprises. Foreign investors or foreign-invested enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System.

In December 2020, the NDRC and the MOFCOM further promulgated the Foreign Investment Security Review Measures, which came into effect on January 18, 2021. These measures require direct or indirect investment by foreign investors of PRC companies engaged in military-related or certain other industries be subject to security review before consummation of any such investment. “Certain other industries” refer to, among others, important transportation services, important culture products and services, important information technology and internet products and services, and important finance services that are crucial to national security.

Regulations Related to Value-Added Telecommunications Services

In 2000, the State Council promulgated the Telecommunications Regulations of China, or the Telecommunications Regulations, most recently amended in February 2016, which provide the regulatory framework for telecommunications service providers in China and require a telecommunications service provider to obtain an operating license prior to commencing its operations. The Telecommunications Regulations categorize all telecommunications services as either basic telecommunications services or value-added telecommunications services. Providers of value-added telecommunications services are required to obtain a license for value-added telecommunications services. Pursuant to the Catalog of Telecommunications Services, an attachment to the Telecommunications Regulations, which was most recently amended on June 6, 2019, information services provided via public telecommunication network or the internet and the online data processing and transaction processing services provided via public telecommunication network or the Internet by utilizing various kinds of data and transaction processing application platforms that are connected to public telecommunication network or the Internet fall within value-added telecommunications services.

The Administrative Measures on Internet Information Services, which was promulgated by the State Council on September 25, 2000, and amended on January 8, 2011, set out guidelines on the provision of internet information services. According to the Administrative Measures on Internet Information Services, the internet information services is classified into commercial internet information services and non-commercial internet information services; an operator of commercial internet information services must obtain a value-added telecommunications operating license for the provision of internet information services from the appropriate telecommunications authorities. The Administrative Measures for Telecommunications Operating Licenses, which was promulgated by the MIIT on July 3, 2017, and came into effect on September 1, 2017, further regulates the telecommunications operating licenses.

Restrictions Related to Travel Agency

On April 25, 2013, the SCNPC issued the PRC Tourism Law, which came into effect on October 1, 2013 and was amended in 2016 and 2018. The PRC Tourism Law aims to protect tourists' and tour operators' legal rights, regulate travel market and promote the development of travel industry, and sets forth specific requirements for the operation of travel agencies. Travel agencies are prohibited from (i) leasing, lending or illegally transferring travel agency operation licenses or otherwise disseminating untrue or inaccurate information when soliciting customers and organizing tours, (ii) conducting any false publicity to mislead customers, (iii) arranging visits to or participation in any project or activity in violation of PRC laws and regulations or social morality, (iv) organizing tours at unreasonably low price to induce or cheat tourists, or obtaining unlawful profits such as kickbacks, and (v) changing or ceasing scheduled itineraries without reasons and forcing the tourists to participate in other activities against the will of tourists. In addition, travel agencies must enter into contracts with customers for travel services; and before a tour starts, a customer may assign his personal rights and obligations in a packaged-tour contract to any third person, whom the travel agency cannot refuse without cause, as long as any fee increase will be borne by the customer and the relevant third person. Accordingly, travel agencies may be subject to civil liabilities for failing to fulfill the obligations discussed above, which include rectification, confiscation of any illegal income, imposition of a fine, an order to cease business operation, or revocation of its travel agency permit.

The travel industry is subject to the supervision of the PRC Ministry of Culture and Tourism and local tourism administrations. The principal regulations governing travel agencies in China include the Travel Agency Regulations, issued by the State Council in February 2009, which came into effect on May 1, 2009 and most recently amended on November 29, 2020, and the Implementing Rules of Travel Agency Regulations promulgated by the PRC National Tourism Administration in April 2009, which came into effect as of May 3, 2009 and most recently amended on December 12, 2016. Under these regulations, a travel agency must obtain a license from the National Tourism Administration or the provincial-level tourism administration it authorizes to conduct outbound travel business, and a license from the provincial-level tourism administration or the municipal tourism administration it authorizes to conduct domestic and inbound travel agency business.

The Travel Agency Regulations permit foreign investors to establish foreign invested travel agencies. Foreign-owned travel agencies are allowed to open branches nationwide, but are restricted from engaging in outbound tourism business in China, unless otherwise determined by the State Council, or provided under a bilateral free trade agreement between the country and China, or the closer economic partnership agreements between China, Hong Kong and Macao. In December 2009, the State Council promulgated the Opinion on Accelerating Development of Travel Industry, which gradually allows foreign invested travel agencies to operate business of arranging PRC residents traveling to overseas destinations on a trial basis. On August 29, 2010, the NTA and MOFCOM further promulgated the Interim Measures for Supervising Pilot Operation of Overseas Travel Business by Sino-Foreign Joint Venture Travel Agencies, according to which the National Tourism Administration may choose and approve certain qualified Sino-foreign joint venture travel agencies to operate business of arranging PRC residents traveling to overseas destinations, Hong Kong and Macao (excluding Taiwan), on a trial basis. Based on the Plan to Strengthen the Reform and Open-up Policy in China (Shanghai) Pilot Free Trade Zone promulgated by the State Council in March 2017, China (Shanghai) Pilot Free Trade Zone has implemented a pilot project that allows the wholly foreign-owned travel agencies registered in China (Shanghai) Pilot Free Trade Zone that satisfied with required conditions to operate outbound tourism business. In January 2019, the PRC State Council promulgated the Approval to the Work Plan on Fully Promoting the Comprehensive Pilot Program for Expanding the Opening-Up of the Service Industry of Beijing Municipality, which allows wholly foreign-owned travel agencies to provide outbound travel services (except for Taiwan) for PRC citizens on a trial basis.

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

Regulations Related to Air-ticketing

The air-ticketing business is subject to the supervision of the China Air Transportation Association and its branches. In April 2015, the China Air Transport Association issued the Air Transportation Sales Agent Qualification Accreditation Measures pursuant to which an air-ticketing agency must obtain a permit from air transportation sales agency branch, an affiliate of the China Air Transport Association in which the agency proposes to conduct the air-ticketing business. There are two types of air-ticketing permits in China, permits for selling tickets for international flights and flights to Hong Kong, Macao and Taiwan, and permits for selling tickets for domestic flights in China.

In February 2019, the Air Transportation Sales Agent Qualification Accreditation Measures were abolished and air transportation sales agencies can operate air-ticketing business without permits as was previously required. Alternatively, the Self-Discipline Measures for Air Transportation Sales Agency Industry was promulgated by the China Air Transport Association, which encourages self-discipline administration for air transportation sales agency industry. The China Air Transport Association has further promulgated the Business Standards of Air Passenger Transportation Sales Agencies and the Business Standards of Air Freight Transportation Sales Agencies, which introduce general business standards applied by airlines for selecting and authorizing their air-ticketing sales agents. For example, basic requirements for passenger air transportation sales agencies are, including but not limited to, (i) having proper business license, (ii) having telecommunication and information services business license if conducting online air-ticketing sales, (iii) having suitable capital contributed for business operation, (iv) having capital guarantee or pledge in favor of airlines, (v) agencies and their principals not having poor credit records, and (vi) having sufficient, properly trained employees.

In August 2017, the Civil Aviation Administration of China issued the Notice on Regulating Online Air-ticketing, pursuant to which online air-ticketing platform shall not conduct bundle sales of any other services and products by default along with selling air tickets. The online air-ticketing platform shall display ancillary air-ticket-related services and products (e.g. VIP lounge coupon and insurance) in an explicit and accurate manner and shall offer such services and products to customers as an option in addition to their air ticket purchases.

In March 2021, the Ministry of Transport of the People's Republic of China promulgated the Administrative Provisions on Public Air Transport Passenger Services, which came into effect on September 1, 2021, stipulate certain obligation of aviation sales online platform operators and agents.

Regulations Related to E-commerce

The Measures for the Supervision and Administration of Online Trading, or the Online Trading Measures promulgated by the SAMR in March 2021, which came into effect in May 2021 and replaced the Administrative Measures for Online Trading promulgated by the SAIC in January 2014, stipulate the obligations of online trading operators. Social networking, live streaming or other network services providers who provide online trading platform services for operators shall perform relevant obligations in accordance with the laws and regulations. On December 24, 2014, the MOFCOM promulgated the Provisions on the Procedures for Formulating Transaction Rules of Third-Party Online Retail Platforms (Trial) to regulate the formulation, revision and enforcement of transaction rules for online retail marketplace platforms.

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 E-commerce Law, e-commerce operators who provide search results based on consumers' characteristics, such as hobbies and consumption habits, shall also provide consumers with options that are not targeted at their personal characteristics at the same time, respect and fairly protect the legitimate interests of the consumers. In addition, e-commerce platform operators are not allowed to impose unreasonable restrictions over or add unjustified conditions to transactions concluded on their platforms by merchants, or charge merchants operating on its platform any unreasonable fees.

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.

Regulations Related to Consumer Protection

The Consumer Protection Law, which was promulgated by the SCNPC on October 31, 1993, and last amended on October 25, 2013, effective as of March 15, 2014, sets out the obligations of business operators and the rights and interests of consumers. Business operators must guarantee the quality, function, usage and term of validity of the goods or services they sell or provide, if these goods and services are consumed under normal standards. The consumers whose interests have been damaged due to their purchase of goods or acceptance of services on online platforms may claim damages from the sellers or service providers. Online platform operators may be subject to liabilities if the lawful rights and interests of consumers are infringed in connection with consumers' purchase of goods or acceptance of services on online platforms if the platform operators fail to provide consumers with authentic contact information of the sellers or service providers.

Regulations Related to Internet Information Security and Privacy Protection

Internet content in China is also regulated and restricted from a state security point of view. The Decision Regarding the Safeguarding of Internet Security, enacted by the SCNPC on December 28, 2000, and amended with immediate effect on August 27, 2009, makes it unlawful to conduct certain activities, including but not limited to: gain improper entry into a computer information system of national affairs, national defense or cutting-edge science and technology. The Administrative Measures for the Security Protection of International Connections to Computer Information Network, issued by the Ministry of Public Security, or the MPS, on December 30, 1997, and amended on January 8, 2011, prohibits the use of the internet in ways that, among other things, result in a leakage of state secrets or the distribution of socially destabilizing content. The Several Provisions on Regulating the Market Order of Internet Information Services were promulgated by the MIIT on December 29, 2011, and came into effect on March 15, 2012. On July 16, 2013, the MIIT issued the Order for the Protection of Telecommunication and Internet User Personal Information.

On July 1, 2015, the SCNPC issued the National Security Law, which came into effect on the same day.

On June 28, 2016, the Cyberspace Administration of China, or the CAC, promulgated the Administrative Provisions on Mobile Internet Applications Information Services, which was amended in June 2022 and came into effect on August 1, 2022, providing that mobile Internet application providers are prohibited from engaging in any activity that may endanger national security, disturb social order or infringe the legal rights of third parties, and may not produce, copy, release or disseminate through mobile internet applications any content prohibited by laws and regulations. The Administrative Provisions on Internet Follow-up Comment Services came into effect on December 15, 2022. According to these provisions, the providers of mobile Internet applications or internet follow-up comment services shall verify the identity information of registered users, and shall not provide relevant services to users who have not verified their identity information or falsely use the identity information of any organization or other individuals. Security assessments shall be conducted in accordance with the relevant regulations when the internet follow-up comment services providers with public opinion attributes or social mobilization capabilities launch new technologies, applications or functions, or when the mobile Internet application providers launch new technologies, applications or functions with public opinion attributes or social mobilization capabilities.

On November 7, 2016, the SCNPC issued the Cyber Security Law, which came into effect on June 1, 2017. The Cyber Security Law provides that network operators must set up a classified protection system for cyber security. The Cyber Security Law imposes a relatively vague but broad obligation to provide technical support and assistance to the public and state security authorities in connection with criminal investigations or for reasons of national security. The Cyber Security Law also requires network operators that provide network access or domain name registration services, landline or mobile phone network access, or that provide users with information publication or instant messaging services, to require users to provide a real identity when they sign up.

On January 23, 2019, the Cyberspace Administration of China, the MIIT and the MPS, and the SAMR jointly issued the Notice on Special Governance of Illegal Collection and Use of Personal Information via Apps, which restates the requirement of legal collection and use of personal information, encourages app operators to conduct security certifications and encourages search engines and app stores to clearly mark and recommend those certified apps. On November 28, 2019, the Cyberspace Administration, MIIT, the MPS and SAMR jointly issued the Measures to Identify Illegal Collection and Usage of Personal Information by Apps, which lists six types of illegal collection and usage of personal information. In July 2020, the MIIT issued the Notice on Carrying out Special Rectification Actions in Depth against the Infringement on Users' Rights and Interests by Apps to urge app service providers, among others, to strengthen the protection of users' personal information in relation to the download and usage of apps. In March 2021, the CAC the MIIT, the Ministry of Public Security of the PRC and the SAMR jointly issued the Provision on Scope of Necessary Personal Information for Common Types of Mobile Internet Applications to further provide guidance over personal information security and privacy protection.

[Table of Contents](#)

The PRC Data Security Law came into effect in September 2021, established a tiered system for data protection in terms of their importance. Data categorized as “important data,” which will be determined by governmental authorities in the form of catalogs, are required to be treated with higher level of protection. In addition, such operator is required to evaluate the risks of its data activities periodically and file assessment reports with relevant regulatory authorities.

On August 29, 2015, the SCNPC issued the Ninth Amendment to the Criminal Law, effective on November 1, 2015. Any internet service provider that fails to comply with obligations related to internet information security administration as required by applicable laws and refuses to rectify upon order shall be subject to criminal penalty for (i) any large-scale dissemination of illegal information; (ii) any severe consequences due to the leakage of the user information; (iii) any serious loss of criminal evidence; or (iv) other severe circumstances. Furthermore, any individual or entity that (i) sells or provides personal information in a manner which violates relevant regulations, or (ii) steals or otherwise illegally obtains any personal information is subject to criminal penalty in severe circumstances.

Since September 2021, the CAC and other relevant government authorities promulgated a series of laws and regulations relating to information protection and data security, including but not limited to, the Guidance on Strengthening the Comprehensive Governance of Internet Information Service Algorithms, the Administrative Provisions on Internet Information Service Algorithm-Based Recommendation, and the Administrative Measures on Network Data Security (Draft for Comment). Among these regulations, the Administrative Measures on Network Data Security (Draft for Comment) published by the CAC in November 2021 stipulates that data processing entities should apply for cybersecurity review in the event that, among others, its listing in Hong Kong has or could have influence on national security. As of the date of this annual report, the regulatory parameters for determining “have or could have influence on national security” as stipulated in the Administrative Measures on Network Data Security (Draft for Comment) remain unclear and are subject to further explanation and elaboration by the CAC. Substantial uncertainties remain with respect to the enactment timetable, final content, interpretation, and implementation, especially the detailed interpretation of the standard for determining whether a listing in Hong Kong “has or could have influence on national security.” As of the date of this annual report, the Administrative Measures on Network Data Security (Draft for Comment) has not become effective yet, and no application channel or detailed procedures are in place for the implementation of the cybersecurity review as stipulated therein.

The Personal Information Protection Law came into effect in November 2021, which integrates a variety of rules with respect to personal information rights and privacy protection and applies to the processing of personal information within mainland China and certain personal information processing activities outside mainland China, including those for the provision of products and services to natural persons within China or for the analysis and assessment of acts of natural persons within China. Furthermore, in December 2021, the CAC and several other authorities jointly promulgated the amended Cybersecurity Review Measures, which came into effect in February 2022. Pursuant to the Cybersecurity Review Measures, where the relevant activity affects or may affect national security, a CIIO that purchases network products and services, or an internet platform operator that conducts data process activities, must be subject to the cybersecurity review. The Cybersecurity Review Measures also expands the cybersecurity review requirement to cover “internet platform operators” in possession of personal information of over one million users if such operators intend to pursue a foreign list. Additionally, relevant PRC governmental authorities may initiate cybersecurity review if they determine an internet platform operator’s network products or services or data processing activities affect or may affect national security. According to the Regulations on the Security Protection of Critical Information Infrastructure which came into effect in September 2021, the CIIO shall perform certain obligations to protect the critical information infrastructure’s security, including but not limited to, conducting network security test and risk assessment at least once a year. The security protection departments are responsible for organizing the identification of critical information infrastructure in their respective industries and areas in accordance with the identification rules, and shall inform the identification results to the operators in a timely manner and report such results to the public security department of the State Council.

In July 2022, the CAC promulgated the Security Assessment Measures for Data Outbound Transfer, which came into effect on September 1, 2022. These measures outline the requirements and procedures for security assessments on export of important data or personal information collected or generated within the territory of China. Furthermore, these measures provide that the security assessment must combine pre-assessment and continuous supervision, and risk self-assessment and security assessment to prevent data export security risks. Specifically, security assessment is required before any data can be transferred out of China if: (i) the data transferred out of China is important data; (ii) the data processor is a critical information infrastructure operator or data processor that processes personal information of more than one million individuals; (iii) data processor who transfer personal information out of China has made outbound transfer of aggregately more than 100,000 individuals' personal information or more than 10,000 individuals' sensitive personal information since January 1 of the previous year; or (iv) otherwise required by the CAC.

In September 2022, the CAC promulgated the Decision to Amend the Cybersecurity Law of the People's Republic of China (Draft for Comments), which mainly involves amendments in the following aspects: (i) improving the legal liability mechanism for violating the general provisions of network operation security, (ii) modifying the legal liability mechanism for security protection of critical information infrastructure, (iii) adjusting the legal liability mechanism for network information security, and (iv) revising the legal liability mechanism for personal information protection. In December 2022, the MIIT promulgated the Administrative Measures on Data Security in the Field of Industry and Information Technology (Trial), according to which the data processors in the field of industry and information technology have to sort out their data regularly, identify important data and core data in accordance with relevant standards and specifications, formulate their specific catalogs, and must file their important data and core data catalogs with the local industry supervision departments for records.

The PRC government authorities have wide discretion in the interpretation and enforcement of these laws. As a major internet platform, we are exposed to risks of being deemed to be a CIIO or a network platform operator meeting the above criteria under the PRC cybersecurity laws.

Regulations Related to Advertising Business

The Advertisement Law of China, which was promulgated by the SCNPC on October 27, 1994, and last amended on April 29, 2021, requires advertisers to ensure that the content of the advertisements are true. The content of advertisements shall not contain prohibited information, including but not limited to: (i) information that harms the dignity or interests of the State or divulges the secrets of the State, (ii) information that contains wordings such as "national level," "highest level" and "best" and (iii) information that contains ethnic, racial, religious or sexual discrimination. Advertisements posted or published through the internet shall not affect normal usage of network by users. Advertisements published in the form of pop-up window on the internet shall display the close button clearly to make sure that the viewers can close the advertisement by one click.

The Internet Advertisement Interim Measures, which were promulgated by the SAIC on July 4, 2016, and came into effect on September 1, 2016, regulate any advertisement published on the Internet, including but not limited to, those on websites, webpage and apps, those in the forms of word, picture, audio, video and others. According to the Internet Advertisement Measures, Internet information service providers must stop any person from using their information services to publish illegal advertisements if they are aware of, or should reasonably be aware of, such illegal advertisements even if the Internet information service provider merely provides information services and has not involved in the internet advertisement businesses. In November 2021, the SAMR released a draft of Measures for Administration of Internet Advertising, or the Draft Internet Advertising Measures, which stipulate the obligations of the advertisers, the internet advertising operators and the internet information service providers. According to the Draft Internet Advertising Measures, if the content of internet live streaming constitutes a commercial advertisement, relevant live streaming operators and marketers shall take the responsibilities of and perform obligations in accordance with the laws and regulations. As of the date of this annual report, the Draft Internet Advertising Measures has yet to come into effect.

Regulations Related to Insurance Business

In June 2007, the China Insurance Regulatory Commission, which has been merged into the China Banking and Insurance Regulatory Commission, or the CBIRC, promulgated the Administrative Measures for Insurance Licenses, which was amended in February 2020. In April 2021, the CBIRC promulgated the Administrative Measures for Licenses of Banking and Insurance Institutions, which came into effect on July 1, 2021 and replaced the Administrative Measures for Insurance Licenses. According to these measures, insurance agencies must obtain an insurance intermediary license.

[Table of Contents](#)

In November 2020, the CBIRC promulgated the Provisions on the Supervision and Administration of Insurance Agencies, which came into effect on January 1, 2021 and replaced the Provisions for the Supervision and Administration of Professional Insurance Agencies issued in September 2009, pursuant to which an “insurance agency” refers to an agent that is instructed by and receives commissions from insurance companies to handle insurance services to the extent authorized by the insurance companies, including professional insurance agencies, sideline insurance agencies, and individual insurance agents. Professional insurance agencies and the sideline insurance agencies who are legal persons must obtain license relating to insurance agency operations from the CBIRC.

In December 2020, the CBIRC issued the Measures on the Supervision and Administration of Internet Insurance Business, which came into effect on February 1, 2021 and replaced the Interim Measures on the Supervision and Administration of Internet Insurance Business issued in July 2015, pursuant to which internet insurance businesses shall be carried out by insurance institutions legally established, including insurance companies and insurance intermediaries, and the insurance institutions are required to run a self-operated online platform that satisfy certain conditions.

Regulations Related to Intellectual Property Rights

Trademark

Trademarks are protected by the Trademark Law of China which was promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019, and came into effect on November 1, 2019, as well as the Implementation Regulation of the PRC Trademark Law, adopted by the State Council on August 3, 2002, and revised on April 29, 2014. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks. The Trademark Office of China National Intellectual Property Administration handles trademark registrations and grants a term of 10 years to registered trademarks commencing from the date of registration and the registered trademarks can be renewable every 10 years where a registered trademark needs to be used after the expiration of its validity term.

Patent

According to the Patent Law of China, or the Patent Law, promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020 and will be effective on June 1, 2021, and the Implementing Rules of the Patent Law of China, promulgated by the State Council on June 15, 2001, last amended on January 9, 2010, and effective from February 1, 2010, there are three types of patents in the PRC: invention patents, utility model patents and design patents. Under the currently effective Patent Law, the protection period of a patent right for invention patents shall be 20 years and the protection period of a patent right for utility model patents and design patents shall be 10 years, both commencing from the filing date. According to the Patent Law, any entity or individual that seeks to exploit a patent owned by another party shall enter into a patent license contract with the patent owner concerned and pay patent royalties to the patent owner. Pursuant to the Measures for the Filing of Patent Licensing Contracts, promulgated by the State Intellectual Property Office on June 27, 2011, and effective as of August 1, 2011, the State Intellectual Property Office shall be responsible for filing of patent licensing contracts nationwide and the parties concerned shall complete filing formalities within three months from the effective date of a patent licensing contract.

Copyright

The Copyright Law of China, or the Copyright Law, which was promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020, and will take effect on June 1, 2021. Under the currently effective Copyright Law, Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. The purpose of the Copyright Law aims to encourage the creation and dissemination of works which is beneficial for the construction of socialist spiritual civilization and material civilization and promote the development and prosperity of socialist cultural and scientific undertakings.

The Computer Software Copyright Registration Measures, or the Software Copyright Measures, promulgated by the National Copyright Administration of China on February 20, 2002, regulate registrations of software copyright, exclusive licensing contracts and transfer contracts for software copyright. The National Copyright Administration shall be the competent authority for the nationwide administration of software copyright registration and the Copyright Protection Center of China is designated as the software registration authority. The Copyright Protection Center of China shall grant registration certificates to the Computer Software Copyrights applicants if the applications conform to the provisions of both the Software Copyright Measures and the Computer Software Protection Regulations.

Domain Names

The Administrative Measures on Internet Domain Names, which was promulgated by the MIIT on August 24, 2017, and came into effect on November 1, 2017, regulates the “.CN” and the “zhongguo (in Chinese character)” shall be China’s national top level domains. Any party that engages in internet information services shall use its domain name in compliance with laws and regulations and in line with relevant provisions of the telecommunications authority, and shall not use its domain name to commit any illegal act.

Regulations Related to Anti-monopoly and Anti-unfair Competition

According to the Anti-Unfair Competition Law of China, or the Anti-Unfair Competition Law, which was adopted by the SCNPC on September 2, 1993, came into effect as of December 1, 1993, and last amended on April 23, 2019, unfair competition refers to that the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law in the production and operating activities. Pursuant to the Anti-unfair Competition Law, operators shall abide by the principle of voluntariness, equality, impartiality, integrity and adhere to laws and business ethics during market transactions. Operators in violation of the Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal liabilities depending on the specific circumstances.

In February 2021, the Anti-Monopoly Guidelines for the Internet Platform Economy Sector, or the Anti-Monopoly Guidelines, was promulgated by the Anti-Monopoly Commission of the State Council. The Anti-Monopoly Guidelines outlines certain practices that may, if without justifiable reasons, constitute abuse of dominant position. Besides, the Anti-Monopoly Guidelines expressly states that concentration involving variable interest entities will also be subject to antitrust filing requirements.

On August 17, 2021, the SAMR issued the Provisions on Preventing Unfair Online Competition (Draft for Comments), which detailed the implementation of the PRC Unfair Competition Law, including specifying certain online unfair competition behaviors that should be prohibited. As of the date of this annual report, the draft has not been formally adopted.

On June 24, 2022, the SCNPC adopted an amendment to the PRC Anti-Monopoly Law, which introduced a “safe harbor” for vertical monopoly agreements entered into by operators whose market share falls below a specific threshold to be set by the SAMR, granted the SAMR the power to suspend the review period in merger investigations under specified circumstances, allowed public prosecutors to bring a civil public interest lawsuit based on monopolistic behaviors, and significantly increased the penalties for violation of PRC Anti-Monopoly Law, among others. This amendment emphasized the enforcement of PRC Anti-Monopoly Law in the internet and other key industries.

Regulations Related to Labor and Social Security

According to the Labor Law of China, which was promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995, and was last amended on December 29, 2018, the Labor Contract Law of China, which was promulgated by the SCNPC on June 29, 2007, came into effect on January 1, 2008, and was amended on December 28, 2012, and came into effect on July 1, 2013, and the Implementation Regulations on Labor Contract Law of China, which was promulgated and came into effect on September 18, 2008, by the State Council, labor contracts in written form shall be executed to establish labor relationships between employers and employees. In addition, wages cannot be lower than local minimum wage. The employers must establish a system for labor safety and sanitation, strictly abide by State rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with State rules and carry out regular health examinations for employees engaged in work involving occupational hazards.

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

Regulations Related to Taxation

EIT

According to the Enterprise Income Tax Law of China, or the EIT Law, which was promulgated on March 16, 2007, came into effect on January 1, 2008, and last amended on December 29, 2018, and the Implementation Regulations on the Enterprise Income Tax Law, which was promulgated by the State Council on December 6, 2007, came into effect on January 1, 2008, amended by the State Council on April 23, 2019, and came into effect on the same date, a uniform income tax rate of 25% will be applied to resident enterprises and non-resident enterprises that have “establishment or place” situated in China. 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 non-resident 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 substantially connected with the establishment or place of business, to the extent such dividends or other gains 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 Mainland China and Hong Kong 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 the Arrangement for the Avoidance of Double Taxation and Tax Evasion between Mainland of China 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 STA on February 20, 2009, and 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 transaction 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 STA 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 Arrangement for the Avoidance of Double Taxation and Tax Evasion between Mainland of China and Hong Kong.

VAT

The Provisional Regulations on Value-added Tax, which was promulgated on December 13, 1993, came into effect on January 1, 1994, last amended on November 19, 2017, and the Detailed Implementing Rules of the Provisional Regulations on Value-added Tax, which was promulgated on December 18, 2008, and amended on October 28, 2011, came into effect on November 1, 2011, set out that all taxpayers selling goods or providing processing, repairing or replacement labor services, sales of services, intangible assets and real property and importing goods in China shall pay a value-added tax.

The State Council approved, and the STA and the MOF officially launched a pilot value-added tax reform program starting from January 1, 2012, or the VAT Pilot Program, applicable to businesses in selected industries. Businesses in the VAT Pilot Program would pay value-added tax instead of business tax. The VAT Pilot Program was initiated in Shanghai, then further applied to 10 additional regions such as Beijing and Guangdong province. On November 19, 2017, the State Council promulgated the Decisions on Abolishing the Provisional Regulations of China on Business Tax and Amending the Provisional Regulations of China on Value-added Tax, according to which, all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement labor services, sales of services, intangible assets, real property and the importation of goods within the territory of China 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 MOF and the STA on Adjusting Value added Tax Rates, issued on April 4, 2018, and came into effect on May 1, 2018, the value-add tax 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 Notice of the MOF, the STA and the General Administration of Customs on Relevant Policies for Deepening Value Added Tax Reform, issued on March 20, 2019, and came into effect on April 1, 2019, such value added tax rate was reduced to 13% and 9%, respectively. According to a series of announcements published by the MOF and the STA, the value-added tax rate applicable to the small-scale taxpayers is reduced to 1% from March 1, 2020 to March 31, 2022, except for small-scale taxpayers in Hubei province that were exempted from paying value-added tax until March 31, 2021. Since April 1, 2022 to December 31, 2022, small-scale taxpayers are exempted from paying value-added tax. The MOF and the STA announced updates to these policies in January 2023. From January 1, 2023 to December 31, 2023, the value-added tax rate applicable to the small-scale taxpayers is reduced to 1%.

Regulations Related to Foreign Exchange Control

The principal regulations governing foreign currency exchange in China are the Regulation on the Foreign Exchange Control of PRC, promulgated by the State Council on January 29, 1996, came into effect on April 1, 1996, and last amended on August 5, 2008, and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment, promulgated by the People's Bank of China in June 1996 and came into effect on July 1, 1996, according to which, Renminbi for current account items is freely convertible, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans and investments in securities outside of China, unless the prior approval or record-filing of SAFE or its local counterpart is obtained.

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment, or the SAFE Circular 13, which was promulgated by SAFE on February 13, 2015, came effective on June 1, 2015, and amended on December 30, 2019, banks are required to review and carry out foreign exchange registration under foreign direct investment. The SAFE and its branches shall implement indirect supervision over foreign exchange registration of foreign direct investment via the banks. The Circular on the Reforming of Administrative Methods Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Companies, or the SAFE Circular 19, promulgated on March 30, 2015, came into effective on June 1, 2015, and last amended on December 30, 2019, allows foreign-invested enterprises whose main business is investment to make equity investments by using RMB fund converted from foreign exchange capital. Under the SAFE Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of 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, SAFE Circular 19 and the Circular on Reforming and Regulating the Administrative Policy of the Settlement under Capital Accounts, promulgated on June 9, 2016, continues to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, investing and financing directly or indirectly in securities and other investments except for bank's principal-secured products, providing loans to non-affiliated enterprises except as permitted by its business scope, or constructing or purchasing real estate not for self-use.

On October 23, 2019, the SAFE released the Circular on Further Promoting the Facilitation of Cross-Border Trade and Investment, according to which besides foreign-invested enterprises engaged in investment business, non-investment foreign-invested enterprises are also permitted to make domestic equity investments with their capital funds in foreign currency provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. 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 income under capital accounts, such as capital funds, foreign debts and the proceeds from overseas listing, without submitting the evidentiary materials concerning authenticity of such capital for banks in advance; provided that their capital use is authentic and in compliance with administrative regulations on the use of income under capital accounts. The bank in charge shall conduct post spot checking in accordance with the relevant requirements.

According to the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies, which was promulgated by SAFE in February 2012, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year (except for foreign diplomatic personnel in China and representatives of international organizations in China) who participate in any stock incentive plan of an overseas publicly listed company shall, collectively entrust a domestic agency (may be the Chinese affiliate of the overseas publicly listed company which participates in stock incentive plan, or other domestic institutions qualified for asset trust business lawfully designated by such company) through the Chinese affiliate of the overseas publicly listed company to handle foreign exchange registration, and entrust an overseas institution to handle issues like exercise of options, purchase and sale of corresponding stocks or equity and transfer of corresponding funds. In addition, the domestic agency is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan.

The Circular of the SAFE on Foreign Exchange Administration of Overseas Investments and Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles promulgated by the SAFE on July 4, 2014, and came into effective on the same date, which replaced the Circular of the SAFE on Foreign Exchange Administration for Financing and Round-Trip Investments by Domestic Residents via Overseas Special Purchase Vehicles promulgated by the SAFE on October 21, 2005 and came into effective on November 1, 2005, states that (i) a PRC resident, including a PRC resident natural person or a PRC legal person, shall register with the local branch of the SAFE before it contributes its assets or equity interest in domestic enterprises or offshore assets or interests into a special purpose vehicle for the purpose of investment and financing; and (ii) when the special purpose vehicle undergoes change of basic information, such as change in PRC resident natural person shareholder, name or operating period, or occurrence of a material event, such as change in share capital of a PRC resident natural person, performance of merger or split, the PRC resident shall register such change with the local branch of the SAFE in a timely manner.

Regulations Related to Dividend Distributions

The principal laws and regulations regulating the dividend distribution of dividends by foreign-invested enterprises in China include the Company Law of China last amended in 2018 and the FIL. Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. A PRC company, including foreign-invested enterprise, is required to set aside as statutory reserve funds at least 10% of its after-tax profit, until the cumulative amount of such reserves funds reaches 50% of its registered capital, and shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations Related to M&A and Overseas Listings

The M&A Rules was jointly promulgated by six PRC governmental authorities including the MOFCOM, the STA, the SAFE, the SAIC, the State-owned Assets Supervision and Administration Commission of the State Council and the CSRC on August 8, 2006, and amended on June 22, 2009. Foreign investors must 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 of the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in China, purchase and operate the assets of a domestic company; or when the foreign investors purchase the assets of a domestic company by agreement, establish a foreign-invested enterprise by injecting such assets, and operate the assets. According to Article 11 of the M&A Rules, where a domestic enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic enterprise which is related to or connected with it/him/her, approval from the MOFCOM is required. The M&A Rules, among other things, further purport to require that an offshore special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On December 27, 2021, the NDRC and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version), or the 2021 Negative List, which came into effect on January 1, 2022. Pursuant to the 2021 Negative List, if a PRC domestic company engaging in the prohibited business stipulated in the 2021 Negative List seeks an overseas offering and listing, it shall obtain the approval from the competent governmental authorities. Besides, the foreign investors of the company shall not be involved in the company's operation and management, and their shareholding percentages shall be subject, mutatis mutandis, to the relevant regulations on the domestic securities investments by foreign investors. At a press conference held on January 18, 2022, the NDRC clarified that the requirement as mentioned above would only apply to PRC domestic company's direct overseas offerings.

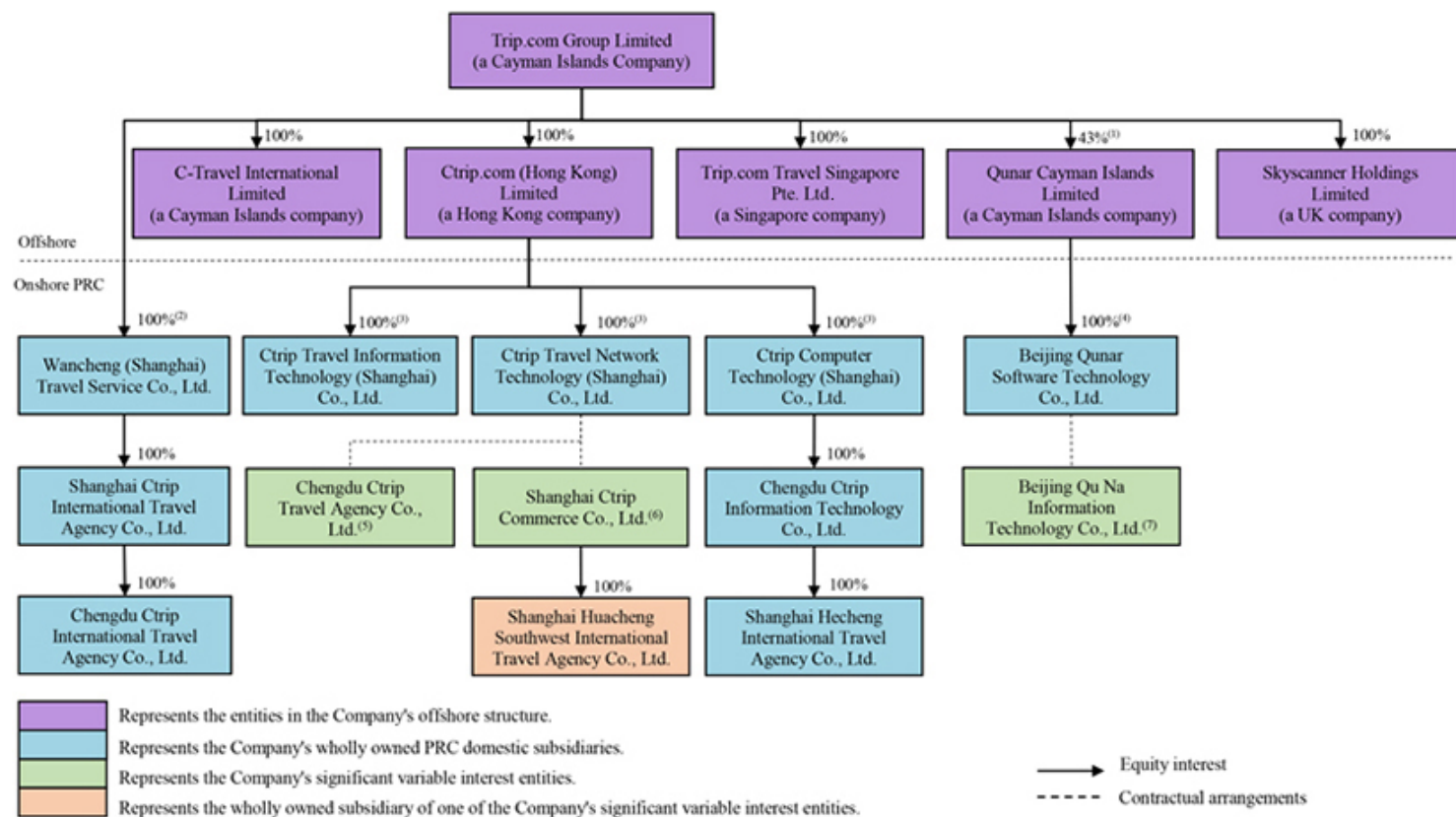
On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Offering and Listing Measures, which will come into effect on March 31, 2023. On the same day, the CSRC also published a series of guidance rules and Q&As in connection with the implementation of the Overseas Offering and Listing Measures. The Overseas Offering and Listing Measures establishes a new filing-based regime to regulate overseas offerings and listings by PRC domestic companies. According to the Overseas Offering and Listing Measures, an overseas offering and listing by a PRC domestic company, either in director or indirect manner, has to be filed with the CSRC. Specifically, the examination and determination of an indirect offering and listing will be conducted on a substance-over-form basis. Pursuant to the Overseas Offering and Listing Measures, an offering and listing will be considered as an indirect overseas offering and listing by a PRC domestic company if the issuer meets the following conditions: (i) the absolute value of the PRC domestic companies' operating income, net income, total assets, or net assets exceeds 50% of the absolute value of such income or assets of the issuer's audited consolidated financial statements; and (ii) the main nexus or main sites of the operating activities are carried out or located in China, or the senior management personnel responsible for business operations and management are mostly PRC citizens or habitually reside in China. According to the Overseas Offering and Listing Measures, the issuer or its affiliated PRC domestic company, as the case may be, must file with the CSRC for its initial public offering, follow-on offering and other equivalent offering activities. Particularly, the issuer must submit the filing with respect to its initial public offering and listing within three business days after its initial filing of the listing application, and submit the filing with respect to its follow-on offering within three business days after the completion of such follow-on offering. Failure to comply with the filing requirements may result in fines to the relevant PRC domestic companies and the controlling shareholder, and other responsible persons. The relevant responsible persons may be prohibited from entering the securities market by the CSRC in cases of serious violations and may be held criminally liable. The Overseas Offering and Listing Measures also set forth certain regulatory red lines for overseas offerings and listings by PRC domestic enterprises.

Table of Contents

As advised by Commerce & Finance Law Offices, our PRC legal counsel, due to the fact that our ADSs have been listed on the Nasdaq Global Select Market and our ordinary shares have been listed on the Hong Kong Stock Exchange, we will be deemed as an “Existing Issuer” pursuant to the Overseas Offering and Listing Measures and the implementation guidance and are not required to complete the filing procedures with the CSRC for our historical securities offering. Nevertheless, in the event that we conduct any securities offerings that will be captured by the Overseas Offering and Listing Measures after they come into effect, we will have to complete the filing procedures with the CSRC within three business days following the closing of the securities issuance or offering.

C. Organizational Structure

The following diagram illustrates our corporate structure, including our significant subsidiaries and the VIEs as of December 31, 2022.



Notes:

- The 57% owners of Qunar Cayman Islands Limited are several non-U.S. investment entities, namely M Strat Holdings, L.P., Momentum Strategic Holdings, L.P., Ocean Management Limited, and Earthly Paradise Investment Fund L.P., which are consolidated by us under U.S. GAAP. For further details about the indirect ownership of Qunar Cayman Islands Limited, see “Item 4. Information on the Company — A. History and Development of the Company.”
- Indirectly owned through Ctrip Travel Holding (Hong Kong) Limited and Ctrip.com (Hong Kong) Limited, both of which are Hong Kong companies.
- Indirectly owned through Ctrip Investment (Shanghai) Co., Ltd., a PRC company.
- Indirectly owned through Queen’s Road Travel Information Limited, a Hong Kong company.
- Min Fan and Qi Shi hold 99.5% and 0.5% of the equity interest in Chengdu Ctrip Travel Agency Co., Ltd., respectively.
- Bo Sun and Maohua Sun hold 89.8% and 10.2% of the equity interest in Shanghai Ctrip Commerce Co., Ltd., respectively.
- Hui Cao and Hui Wang hold 60% and 40% of the equity interest in Beijing Qu Na Information Technology Co., Ltd., respectively.

We are a holding company incorporated in the Cayman Islands and rely on dividends from our subsidiaries in China and consulting and other fees paid to our subsidiaries by the VIEs. We conduct a majority of our business through our wholly-owned subsidiaries in China. Due to the current restrictions on foreign ownership of travel agency and value-added telecommunications businesses in China, we have conducted part of our operations in these businesses through a series of contractual arrangements between our PRC subsidiaries and the VIEs. Significant VIEs included Ctrip Commerce (VIE), Shanghai Huacheng (VIE), Chengdu Ctrip (VIE), and Qunar Beijing (VIE) as of December 31, 2022. The contractual arrangements that we entered into with the VIEs may be amended and/or restated from time to time. From 2015 to 2022, we further optimized the functions of various VIEs to avoid duplicative operations among these VIEs.

[Table of Contents](#)

As of the date of this report, some of our employees are principal record owners of the VIEs. Each of them has signed an irrevocable power of attorney to appoint the primary beneficiary of the applicable VIE or its designated person, as attorney-in-fact to vote, by itself or any other person to be designated at its discretion, on all matters of the VIEs. Each power of attorney will remain effective during the existence of the applicable VIE.

D. Property, Plants and Equipment

Our principal place of business is located in Shanghai, China, where we own over 179,000 square meters of customer service center, principal sales, marketing and development facilities, and administrative offices. We also own and occupy another customer service center in Nantong, China with a total floor area of 80,000 square meters.

As of January 31, 2023, we leased offices and data centers with an aggregate gross floor area of over 90,000 square meters.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with our consolidated financial statements and their related notes included in this annual report on Form 20-F. This annual report contains forward-looking statements. See “Forward-Looking Statement.” In evaluating our business, you should carefully consider the information provided under the caption “Item 3. Key Information — D. Risk Factors” in this annual report. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

A. Operating Results

We are a leading one-stop travel platform globally, integrating a comprehensive suite of travel products and services and differentiated travel content. We are the go-to destination for travelers in China, and increasingly for travelers around the world, to explore travel and get inspired, to make informed and cost-effective travel bookings, and to enjoy hassle-free, on-the-go support and share travel experience.

In 2022, we derived approximately 37%, 41%, 4%, 5%, and 13% of our total revenues from our accommodation reservation, transportation ticketing, packaged tour, corporate travel, and other products and services, respectively.

In 2022, we generated our revenues primarily from the Greater China, based on the geographic location of our websites. See Note 22 to our audited consolidated financial statements included elsewhere in this annual report for further information. Also as part of our international strategy, we consummated the acquisition transaction of the United Kingdom-based Skyscanner in December 2016 and maintained its independent management of operations as part of the Trip.com Group to complement our positioning at a global scale.

Major Factors Affecting Our Results of Operations

Economy and Travel Industry Trends

As a leading travel platform both in China and globally, our business is driven by the demand for travel services in our key markets, especially in China, which primarily depends on the growth of the economy. Economic growth generally stimulates willingness to pay for travel services and their affordability, thus helping increase travel frequency and spending.

We also benefit from certain other key trends in China's travel industry that affect how and how often users choose to purchase travel services, such as the increasing consumption potential in China's rising middle class, user preference for diverse travel options and quality experience, the booming demand for travel and high-quality user experience, and technology-driven enhancement in the travel industry supply chain.

Our business and results of operations can be adversely affected by disruptions in the travel industry, such as (i) the outbreaks of pandemics such as COVID-19, epidemics, or fear of spread of contagious diseases, (ii) geopolitical uncertainty, political unrest, or civil strife, (iii) natural disasters or poor weather conditions, such as hurricanes, earthquakes, or tsunamis, and (iv) any travel restrictions or other security procedures implemented in connection with any major events in key markets. While we have demonstrated the resilience of our business model during the COVID-19 pandemic, our financial condition, results of operations, and cash flows for 2020, 2021, and 2022 were affected by the downturn in the travel industry and general economy associated with the COVID-19 pandemic, and the impact may continue in subsequent periods. For details, see "—Impact of the COVID-19 Pandemic on Our Operations and Financial Performance."

Despite the ongoing adverse impact to the global economy and travel industry in 2022 due to the COVID-19 pandemic, we expect the economy and travel industry to resume growth in 2023 and beyond.

The depth and breadth of our travel offerings

Our results of operations depend on the effectiveness of our product and service offerings and our ability to broaden our offerings to appeal to wider audience, which contributes to our GMV growth. We offer a comprehensive suite of travel products and services leveraging our network of ecosystem partners. Our relationships with the expanding pool of ecosystem partners enable us to provide diverse selection of travel offerings from budget to premium products and services, including long-tail and customized products, to satisfy the needs of our user base. In addition, we have been upgrading our open platform that connects us with domestic and international travel partners, search engines, e-commerce platforms, and other ecosystem partners to expand our business opportunities.

Our financial performance is also affected by our product and service mix. Our products and services have different, sometimes contrasting, GMV contribution and take rates. For example, transportation ticketing is relatively a low take rate service, while accommodation reservation is typically a high take rate service. In addition, GMVs, take rates, and terms of travel products and service may vary depending on the specific ecosystem partners providing them. Any material changes in our product and service mix could materially affect our results of operations.

Our ability to strengthen our brand recognition and maintain market position

We operate some of the most recognized travel brands. Our ability to strengthen our brand recognition and maintain our market position among the OTA platforms is critical for us to build and maintain relationships with our users and ecosystem partners. We have built a number of well-known travel brands in China and globally, and have solidified our market position over the past two decades. In order to strengthen our brand recognition and maintain market position, we may need to increase our investments in marketing activities, product and service development, and user and ecosystem partner engagement, which may affect our operating margin.

Our market position and our ability to attract new users and continue to retain and engage our existing users also depends on our ability to continue to provide users with superior experiences. For years, we have been consistently enhancing our technology, product, service, and content offerings, and user interfaces to offer a personalized, convenient, enjoyable, and inspirational user experience. We have also been continuously catering to our users' diverse needs and evolving preferences.

Our ability to enhance operating efficiency

Our results of operations have been, and will continue to be, affected by our ability to improve our operating efficiency, especially through investment in technology. As our business continues to scale up, it is essential to improve operating efficiency to enhance the competitiveness of our platform. For example, our AI capabilities coupled with our in-depth travel insights accumulated throughout our operating history allow us to curate suitable travel products and offer personalized recommendations to individual users, which enables significant cross-selling opportunities on our platform. In addition, we apply various AI technologies to achieve effective and precise marketing with reduced cost. In the future, we will continue to invest in technology to further enhance our operations, which may increase our capital expenditure or operating costs but will improve our operating and cost efficiency and service quality in the long run.

Seasonality

Our users generally come to our platform for travel products and services to satisfy their leisure and business trip needs. Therefore, our business is subject to seasonal fluctuations, and our revenues may vary from quarter to quarter throughout a year. Since most of our users are from China, to date, the third quarter of each year generally contributes the highest portion of our annual net revenues primarily due to the strong demand for both leisure and business travel activities during the summer. Our future results may continue to be affected by such seasonal fluctuations.

Impact of the COVID-19 Pandemic on Our Operations and Financial Performance

Our results of operations for the year ended December 31, 2022 had been significantly and adversely affected by the COVID-19 pandemic. The pandemic drove a significant decline in travel demand resulting in reservation cancellations and reduced new orders. In response to the COVID-19 pandemic, we had swiftly adopted cost control measures to mitigate a significant slowdown in user demand. As the COVID-19 pandemic may be still evolving, we will continually review the provisions for losses and make adjustment accordingly.

For the year ended December 31, 2022, our financial performance was materially and adversely affected as a result of the COVID-19 pandemic and significant incremental costs and expenses incurred to facilitate our users' cancellations and refund requests. While there was a rapid recovery in the international travel market in 2022, we saw a slower recovery of the China travel market, and in turn, a slower recovery of our China business. In addition, we made provisions for the expected difficulty in collection of receivables, which resulted in additional allowance for expected credit losses from the receivables due from our customers, and significant downward adjustments and impairment to our long-term investments, as the impacts of the COVID-19 pandemic on certain of our long-term investments are considered to be other than temporary. In 2022, we recognized allowance for credit losses of RMB296 million (US\$43 million) and impairments of long-term investments of RMB949 million (US\$138 million), compared to RMB141 million and RMB96 million in 2021, respectively. As of December 31, 2022, our long-term investments consisted of debt investment of RMB18.1 billion (US\$2.6 billion) and equity investments of RMB32.0 billion (US\$4.6 billion).

Our business showed strong resilience in the past few years, especially in 2022. We recorded income from operations of RMB88 million (US\$15 million) in 2022, compared to losses from operations of RMB1.4 billion in 2021 and RMB1.4 billion in 2020. Furthermore, we recorded net income of RMB1.4 billion (US\$201 million) in 2022, compared to net losses of RMB645 million in 2021 and RMB3.3 billion in 2020. Starting in December 2022, most of the travel restrictions and quarantine requirements in China were lifted. Although there were significant surges of COVID-19 infections in various regions in China during that month, the situation has been significantly improved and normalized since January 2023. There remains uncertainty as to the future impact of the virus. There can be no assurance as to whether the COVID-19 pandemic and the resulting disruption to our business will extend over a prolonged period, and if yes, it could materially and adversely affect our business, financial condition, and results of operations. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Pandemics (such as COVID-19), epidemics, or fear of spread of contagious diseases could disrupt the travel industry and our operations, which could materially and adversely affect our business, financial condition, and results of operations."

Key Components of Our Results of Operations

Revenues

We generate our revenues primarily from the accommodation reservation and transportation ticketing businesses. The table below sets forth the revenues from our principal lines of business as a percentage of our revenues for the periods indicated.

	For the Year Ended December 31,		
	2020	2021	2022
Revenues:			
Accommodation reservation	39%	41%	37%
Transportation ticketing	39%	34%	41%
Packaged tours	7%	6%	4%
Corporate travel	5%	7%	5%
Others	10%	12%	13%
Total revenues	100%	100%	100%

Under most circumstances, we do not take ownership of the products and services being sold and act as an agent in substantially all of our transactions. Our risk of loss due to obligations for canceled hotel and airline ticket reservations is thus relatively remote. Accordingly, we recognize revenues primarily based on commissions earned rather than transaction value.

Since current PRC laws and regulations impose substantial restrictions on foreign ownership of travel agency and value-added telecommunications businesses in China, we conduct part of our transportation ticketing and packaged-tour businesses through the VIEs. Historically, we generated a portion of our revenues from fees charged to these entities. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Arrangements with the VIEs” for a description of our relationship with these entities.

Accommodation Reservation. Accommodation reservation revenue constitutes a significant source of our revenues. In 2020, 2021, and 2022, revenues from our accommodation reservation business accounted for RMB7.1 billion, RMB8.1 billion, and RMB7.4 billion (US\$1.1 billion), representing 39%, 41%, and 37% of our total revenues, respectively.

We generate substantially all of our accommodation reservation revenue through commissions from hotel reservation partners through our platform. We recognize revenues when the reservation becomes non-cancelable, which is the point at which we complete our performance obligation in accommodation reservation services. Contracts with certain hotel reservation partners contain incentive commissions that are typically subject to specific performance targets. We generally receive incentive commissions from hotels through monthly arrangements based on performance targets of accommodation reservations where our users have completed their stay.

Transportation Ticketing. In 2020, 2021, and 2022, revenues from our transportation ticketing business accounted for RMB7.1 billion, RMB6.9 billion, and RMB8.3 billion (US\$1.2 billion), representing 39%, 34%, and 41% of our total revenues, respectively.

We operate our transportation ticketing business primarily through our wholly-owned subsidiaries, the VIEs, and a network of ecosystem partners. Commissions from transportation ticketing rendered are recognized after tickets are issued as this is when our performance obligation is satisfied.

Packaged tours. In 2020, 2021, and 2022, our packaged-tour revenue was RMB1.2 billion, RMB1.1 billion, and RMB797 million (US\$116 million), respectively. We bundle the packaged-tour products and services and receive referral fees from ecosystem partners for packaged-tour products and services through our platform. Referral fees are recognized on the departure date of the packaged tours as this is when our performance obligation is satisfied.

Corporate Travel. Our corporate travel revenue primarily includes commissions from transportation ticket booking, accommodation reservation, and packaged-tour services rendered to corporate clients. In 2020, 2021, and 2022, revenues from our corporate travel services accounted for RMB877 million, RMB1.3 billion, and RMB1.1 billion (US\$157 million), respectively. We contract with corporate clients based on a service fee model. Travel reservations are made via online and offline services for transportation ticket booking, accommodation reservation, and packaged-tour services. Corporate travel revenue is recognized on a net basis after the services are rendered and collections are reasonably assured.

[Table of Contents](#)

Other Businesses. Our other businesses primarily consist of online advertising services and financial services. In 2020, 2021, and 2022, revenues from other business accounted for RMB1.9 billion, RMB2.5 billion, and RMB2.5 billion (US\$366 million), respectively. Advertising revenues are recognized ratably over the fixed term of the agreement as services are provided or upon relevant performance obligations being fulfilled through the display of the advertisements. The financial service revenues mainly represent the platform service fees from third-party financial institutions that are recognized ratably over the service period as well as the interest income from the receivables due from the users that are recognized over the credit period.

Cost of Revenues

Cost of revenues primarily consists of payroll compensation of customer service center personnel, credit card service fees, payments to travel suppliers, telecommunication expenses, direct costs of principal travel tour services, depreciation, rentals, direct costs of financial service and related expenses incurred by us that are directly attributable to our user orders and the rendering of travel related services and other businesses.

Cost of revenues as a percentage of our net revenues was 22%, 23%, and 23% in 2020, 2021, and 2022, respectively. We believe our relatively low ratio of cost of revenues to revenues is primarily due to competitive labor costs in China, high efficiency of our customer service system and efficiency of our enhanced website operations.

Operating Expenses

Operating expenses primarily consist of product development expenses, sales and marketing expenses and general and administrative expenses, all of which include share-based compensation expense. In 2022, we recorded RMB1.2 billion (US\$172 million) of share-based compensation expense, compared to RMB1.7 billion in 2021 and RMB1.9 billion in 2020. Share-based compensation expense is included in the same income statement category as the cash compensation paid to the recipient of the share-based award.

Product development expenses primarily include expenses that we incur to develop our ecosystem partner network and expenses that we incur to maintain, monitor, and manage our platform. Product development expenses as a percentage of our net revenues was 42%, 45%, and 42% in 2020, 2021, and 2022, respectively.

Sales and marketing expenses primarily include payroll compensation and benefits for our sales and marketing personnel, advertising expenses, and other related marketing and promotion expenses. Sales and marketing expenses as a percentage of our net revenues was 24%, 25%, and 21% in 2020, 2021, and 2022, respectively.

General and administrative expenses primarily include payroll compensation, benefits and travel expenses for our administrative staff, credit losses, professional service fees, and administrative office expenses. General and administrative expenses as a percentage of our net revenues was 20%, 15%, and 14% in 2020, 2021, and 2022, respectively.

Taxation

Our effective income tax rate was -29%, -57%, and 26% for 2020, 2021, and 2022, respectively. The change in Trip.com Group's effective tax rate was primarily due to the combined impacts of changes in respective profitability of its subsidiaries with different tax rates, certain non-taxable income or loss resulting from the fair value changes in equity securities investments and exchangeable senior notes, and changes in valuation allowance provided for deferred tax assets.

We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in the Cayman Islands, Hong Kong, and China.

Cayman Islands

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 brought within the jurisdiction of, the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

[Table of Contents](#)

Hong Kong

On March 21, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017, which introduces the two-tiered profits tax rates regime. The bill was signed into law on March 28, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

China

Pursuant to the PRC Enterprise Income Tax Law, companies established in China are generally subject to enterprise income tax at a statutory rate of 25%. The 25% rate applies to most of our subsidiaries and the VIEs established in China. Some of our PRC subsidiaries and the VIEs, Ctrip Computer Technology, Ctrip Travel Information, Ctrip Travel Network, Qunar Software, Qunar Beijing (VIE), Beijing Hujinxinrong, Ctrip Business Travel, Shanghai Xielv Information, Chengdu Ctrip (VIE), Chengdu Ctrip International, and Chengdu Information benefit from a preferential tax rate of 15% by either qualifying as HNTEs or qualifying under the Western Regions Catalog under the PRC Enterprise Income Tax Law as follows:

- In 2020, Ctrip Computer Technology, Ctrip Travel Information, and Ctrip Travel Network reapplied for their qualification as HNTE, which were approved by the relevant government authority. Thus, these subsidiaries were entitled to a preferential income tax rate of 15% from 2020 to 2022 as they maintained their qualifications for HNTEs in the past three years. These subsidiaries plan to apply for the renewal of their qualifications in 2023. In 2021, Qunar Software and Qunar Beijing (VIE) have renewed their HNTE certificates and are continued with a preferential income tax rate of 15% from 2021 to 2023. Beijing Hujinxinrong is also a HNTE entitled to a preferential income tax rate of 15% from 2019 to 2021. Its qualification has been renewed in 2022, entitling it to enjoy a preferential income tax rate from 2022 to 2024. In addition, Ctrip Business Travel and Shanghai Xielv Information were designated by relevant local authorities in Shanghai as HNTEs for the first time in 2021 and are entitled to a preferential income tax rate of 15% till 2023.
- In 2001, the STA started to implement preferential tax policy in China's western regions, and companies located in applicable jurisdictions covered by the Western Regions Catalog are eligible to apply for a preferential income tax rate of 15% if their businesses fall within the "encouraged" category of the policy. On April 23, 2020, the MOF, the STA, and the NDRC jointly issued the Announcement on Renewing the Enterprise Income Tax Policy for Western Development, which reduced the revenue percentage requirement of the "encouraged" businesses to no less than 60% and would be applied from 2021 to 2030. Chengdu Ctrip (VIE), Chengdu Ctrip International, and Chengdu Information are entitled to enjoy a preferential tax rate of 15% until 2030, provided that their "encouraged" businesses account for no less than required percentage pursuant to current policies.

In 2020, 2021, and 2022, our subsidiaries received financial grants from the government authorities globally in the amount of approximately RMB601 million, RMB550 million, and RMB618 million (US\$90 million), respectively, which we recorded as other income upon cash receipt. Such financial grants were provided to us at the sole discretion of the government authorities. We cannot assure you that our subsidiaries will continue to receive financial grants in the future.

Pursuant to the China's VAT reform, from April 1, 2019 to December 31, 2022, general tax payers engaged in certain industries, including the travel and entertainment industry, are allowed to claim an additional 10% or 15% super-credit on their input VAT (with the 15% rate applicable from October 1, 2019). This super-credit amount can be deducted from VAT payable, and any remaining amount can be transferred to the next filing period for credit. From January 1, 2023 to December 31, 2023, the super-credit continues to apply to input VAT but the super-credit rate is reduced to 5% or 10% respectively.

If the PRC tax authorities determine that our Cayman Islands holding company is a “resident enterprise” for PRC enterprise income tax purposes, a withholding tax of 10% may be imposed on dividends that non-PRC resident enterprise holders of our ordinary shares or ADSs receive from us and on gains realized on their sale or other disposition of ordinary shares or ADSs, if such income is considered income derived from within China. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—Our PRC subsidiaries are subject to restrictions on paying dividends or making other payments to us while the VIEs can only make payments to us in accordance with the contractual arrangements, which may restrict our ability to satisfy our liquidity requirements.”

Critical Accounting Policies and Estimates

We prepare financial statements in conformity with U.S. GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities on the date of the balance sheet and the reported amounts of revenues and expenses during the financial reporting period. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and various other assumptions that are believed to be reasonable under the circumstances, which together form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates. Some of our accounting policies require higher degrees of judgment than others in their application. We consider the policies discussed below to be critical to an understanding of our financial statements as their application places the most significant demands on management’s judgment.

Revenue Recognition. We recognize revenues in accordance with ASC 606, “Revenue from Contracts with Customers” (“ASC 606”). Under which, our revenues are substantially reported on a net basis as the travel supplier is primarily responsible for providing the underlying travel services and we do not control the service provided by the travel supplier to the traveler. Revenues are recognized at gross amounts for merchant business where we undertake substantive inventory risks by pre-purchasing inventories. Revenue from accommodation reservation services, transportation ticketing services, packaged tours, and corporate travel are substantially recognized at a point of time when the performance obligations are satisfied. Revenue from other businesses comprise primarily of online advertising services and financial services, which are recognized ratably over the time or upon relevant performance obligations being fulfilled.

Business Combination. We apply ASC 805 “Business Combination,” which requires that all business combinations not involving entities or business under common control be accounted for under the acquisition method. The cost of an acquisition is measured as the aggregate of fair values at the date of exchange of assets given, liabilities incurred and equity instruments issued. The costs directly attributable to the acquisition are expensed as incurred. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of (i) the total of cost of acquisition, fair value of non-controlling interests and acquisition date fair value of any previously held equity interest in an acquiree over (ii) the fair value of identifiable net assets of an acquiree is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of a subsidiary acquired, the difference is recognized directly in the consolidated statements of income/(loss) and comprehensive income/(loss).

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates, terminal values, growth rates, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows.

Fair Value of Available-for-sale Debt Investments. We had available-for-sale debt investments as set out in Note 8 to our audited consolidated financial statements included in elsewhere in this annual report. We report available-for-sale debt investments at fair value at each balance sheet date with the aggregate unrealized gains and losses, net of tax, reflected in “Accumulated other comprehensive loss” in the consolidated balance sheets.

[Table of Contents](#)

Management determined the fair value of these Level 3 Investments based on income approach using various unobservable inputs. Valuation techniques are certified by an independent and recognized international business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on our own specific data. However, it should be noted that some inputs, such as revenue growth rate and lack of marketability discounts, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed significantly, it may lead to a material change in the fair value of available-for-sale debt investments. The fair values of the available-for-sale debt investments are set out in Note 7 to the audited consolidated financial statements included elsewhere in this annual report.

In relation to the valuation of the available-for-sale debt investments, our directors, based on the professional advice received, adopted the following procedures: (i) obtained and reviewed the capability statements and credentials provided by Avista and Duff&Phelps. Based on which, we believe that both Avista and Duff&Phelps have significant experience and adequate expertise in valuation services and are therefore qualified to perform our roles; (ii) provided the independent valuers with necessary financial and non-financial information as required so as to enable the valuers to perform the pertinent valuation assessment. For the forecast of operation results and cash flow performances, we take a prudently reasonable approach as to determine the significant estimates, including the revenue growth rate, and makes necessary adjustments on periodical basis to reflect the actual development of the underlying business; (iii) keep frequent discussion with valuers and review their valuation work papers and reports. During which, we carefully understand and evaluate the appropriateness and reasonableness of the overall valuation methodologies, computation basis, significant assumptions and estimates therein, including weighted average cost of capital, lack of marketability discounts, expected volatilities and probabilities in equity allocation; and (iv) review the results of the fair value assessments to understand the reasonableness of the changes of the fair values of the investments. Based on the above procedures, our directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our group are properly prepared.

Details of the fair value measurement of available-for-sale debt investments, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value are disclosed in Note 8 of the audited consolidated financial statements included elsewhere in this annual report.

Investment. Our investments include equity method investments, equity securities without readily determinable fair values, equity securities with readily determinable fair values, held to maturity debt securities, and available-for-sale debt securities. We apply equity method in accounting for the investments in entities in which we have the ability to exercise significant influence but do not have control and the investments are in either common stock or in-substance common stock. Unrealized gains on transactions between an affiliated entity and us are eliminated to the extent of our interest in the affiliated entity; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity securities without readily determinable fair values are measured and recorded using a measurement alternative that measures the securities at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes. Equity securities with readily determinable fair values are measured and recorded at fair value on a recurring basis with changes in fair value, whether realized or unrealized, recorded through the income statement. Debt securities that we have positive intent and ability to hold to maturity are classified as held to maturity debt securities and are stated at amortized cost.

We have classified our investments in debt securities, other than the held to maturity debt securities, as available-for-sale securities. Available-for-sale debt securities are reported at estimated fair value with the aggregate unrealized gains and losses, net of tax, reflected in "Accumulated other comprehensive loss" in the consolidated balance sheets. If the amortized cost basis of an available-for-sale security exceeds its fair value and if we have the intention to sell the security or it is more likely than not that we will be required to sell the security before recovery of the amortized cost basis, an impairment is recognized in the consolidated statements of operations. If we do not have the intention to sell the security and it is not more likely than not that we will be required to sell the security before recovery of the amortized cost basis and we determine that the decline in fair value below the amortized cost basis of an available-for-sale security is entirely or partially due to credit-related factors, the credit loss is measured and recognized as an allowance for credit losses in the consolidated statements of operations. The allowance is measured as the amount by which the debt security's amortized cost basis exceeds our best estimate of the present value of cash flows expected to be collected.

We monitor our investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, the operating performance of the companies including current earnings trends and other company-specific information. When indicators of impairment exist, we also prepare quantitative measurements of the fair value of our investments using income or market approach, which requires the use of unobservable inputs, such as revenue growth rate, weighted average cost of capital, selection of comparable companies and multiples, expected volatility, discount for lack of marketability and probability of exit events as it relates to liquidation and redemption preferences when applicable. The fair value information is sensitive to changes in the unobservable inputs used to determine fair value and such changes could result in the fair value at the reporting date to be different from the fair value presented.

Goodwill, Intangible Assets and Long-Lived Assets. Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired as a result of our acquisitions of interests in our subsidiaries and the VIEs. Goodwill is not amortized but is reviewed at least annually for impairment or earlier. We first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test, by taking into consideration of macroeconomics, overall financial performance, industry and market conditions and the share price of our company. If determined to be necessary, the quantitative impairment test shall be used to identify goodwill impairment. Based on the qualitative assessment, if it is more likely than not that the fair value of a reporting unit is less than the carrying amount, the quantitative impairment test is performed. For the quantitative assessment of goodwill impairment, we compare the fair value of the unit to its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not considered to be impaired. If the carrying amount of a reporting unit exceeds its fair value, the amount by which the carrying amount exceeds the reporting unit's fair value is recognized as impairment. Judgment in estimating the fair value of reporting units includes estimating future cash flows, determining appropriate discount rates and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit. We perform the annual goodwill impairment test as of December 31, or when an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. As of December 31, 2022, we qualitatively assessed relevant events and circumstances, including macroeconomics conditions, industry and market considerations, our overall financial performance as well as the share price, and concluded by weighing all these factors in their entirety that it was not more likely than not the fair value of our single reporting unit was lower than its carrying value. There was no impairment of goodwill during the years ended December 31, 2020, 2021, and 2022. Separately identifiable intangible assets that have determinable lives continue to be amortized and consist primarily of non-compete agreements, customer list, supplier relationship, technology, business relationship and payment business license as of December 31, 2021 and 2022. We amortize intangible assets on a straight-line basis over their estimated useful lives, which is 3 to 15 years. The estimated life of amortized intangibles is reassessed if circumstances occur that indicate the life has changed. Other intangible assets that have indefinite useful life primarily include trademark and domain names. We evaluate indefinite-lived intangible assets for impairment on an annual basis as of December 31, or an interim basis if events or other circumstances suggest that related fair value is below carrying value. An assessment is made on each December 31 as well to determine whether events and circumstances continue to support an indefinite useful life. Judgment in estimating the fair value of these intangible assets includes estimating future cash flows, determining appropriate discount rates and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each asset group. Long-lived assets (including intangible with definite lives) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Reviews are performed to determine whether the carrying value of asset group is impaired, based on comparison to undiscounted expected future cash flows. If this comparison indicates that there is impairment, we recognize impairment of long-lived assets to the extent the carrying amount of such assets exceeds the fair value. In 2020, 2021, and 2022, we did not recognize any impairment charges for goodwill, intangible assets or long-lived assets. If different judgments or estimates had been utilized, however, material differences could have resulted in the amount and timing of the impairment charge.

Share-Based Compensation. We follow ASC 718 “Stock Compensation,” to account for the share-based payments. We recognize share-based compensation net of an estimated forfeiture rate and therefore only recognize compensation cost for those shares expected to vest over the service period of the award. We applied the Black-Scholes valuation model in determining the fair value of options granted. Risk-free interest rates are based on US Treasury yield for the terms consistent with the expected life of award at the time of grant. Expected life is based on historical exercise patterns. Expected dividend yield is determined in view of our historical dividend payout rate and future business plan. We estimate expected volatility at the date of grant based on historical volatilities. We recognize compensation expense on all share-based awards on a straight-line basis over the requisite service period. Forfeiture rate is estimated based on historical forfeiture patterns and adjusted to reflect future change in circumstances and facts, if any. If actual forfeitures differ from those estimates, we may need to revise those estimates used in subsequent periods. If the fair value of the underlying equity and any of the assumptions used in the Black-Scholes model changes significantly, share-based compensation expense for future awards may differ materially compared with the awards granted previously.

We calculate incremental compensation cost of a modification as the excess of the fair value of the modified option over the fair value of the original option immediately before its terms are modified, measured based on the share price and other pertinent factors at the modification date. For vested options, we would recognize incremental compensation cost in the period the modification occurs and for unvested options, we would recognize, over the remaining requisite service period, the sum of the incremental compensation cost and the remaining unrecognized compensation cost for the original award on the modification date.

Deferred Tax Valuation Allowances. We provide a valuation allowance on our deferred tax assets to the extent we consider it to be more likely than not that we will be unable to realize all or part of such assets. In assessing the realizability of deferred tax assets, we generally consider cumulative pre-tax losses for recent years to be a significant negative indicator regarding future profitability. We also consider the strength and trend of earnings, as well as other relevant factors. Our future realization of our deferred tax assets also depends on certain other factors, including our ability to generate taxable income within the period during which temporary differences reverse or before our tax loss carry-forwards expire and the outlook for the economy and our industry. We consider these factors at each balance sheet date and determine whether valuation allowances are necessary. Changes in these factors and assumptions could materially affect the valuation allowance on our deferred tax assets. As of December 31, 2020, 2021, and 2022, we recorded deferred tax assets, net of valuation allowances, of RMB1.4 billion, RMB1.7 billion, and RMB1.3 billion (US\$192 million), respectively. If, however, unexpected events occur in the future that would prevent us from realizing all or a portion of our net deferred tax assets, an adjustment would result in a charge to income in the period in which such determination was made. As of December 31, 2020, 2021, and 2022, a valuation allowance of RMB589 million, RMB892 million, and RMB1.5 billion, respectively, was provided primarily for net operating losses where it is more likely than not that the deferred tax assets resulting from such losses of certain subsidiaries will not be realized. Hence, we recorded valuation allowance against our gross deferred tax assets in order to reduce the deferred tax assets to the amount that is more likely than not to be realized.

Allowance for Expected Credit Losses. On January 1, 2020, we adopted the accounting standards update on the measurement of credit losses, which requires us to estimate lifetime expected credit losses upon recognition of the financial assets. We adopted the accounting standards update using a modified retrospective approach. Upon adoption of the new standard on January 1, 2020, we recorded a net decrease to our retained earnings of RMB83 million, net of tax.

Our accounts receivable, prepayments and other current assets (including the receivables of financial services), due from related parties, long-term prepayments and other assets, and long-term receivables due from related parties are within the scope of ASC Topic 326. We have identified the relevant risk characteristics of our customers and the related receivables and prepayments, which include size, type of the reservation services we provide or geographic location of the customer, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, we consider the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact our receivables. Additionally, external data and macroeconomic factors are also considered. This is assessed at each quarter based on our specific facts and circumstances.

In 2020, we facilitated and processed significant volume of the reservation cancellation requests from the end users due to the COVID-19 pandemic which resulted in the significant increase of the accounts receivables due from the customers (i.e. the travel suppliers) as a result of the refunds we paid the end users on behalf of our customers and will collect from our customers. Given the business disruptions and financial challenges faced by our customers as driven by the COVID-19 pandemic, we have further analyzed the credit risks of our customers with the considerations including the recent credit losses, repayment pattern and business conditions and has increased our allowance for expected credit losses on receivables from and prepayments to our customers. Such analysis was performed based on individual customer’s level or a group of customers’ level depends on the amount and extent of overdue as well as the risk characteristics of the different customers.

Table of Contents

Significant judgments and assumptions are required to estimate the allowance for expected credit losses on receivables from and prepayments to customers and such assumptions may change in future periods, particularly the assumptions related to the impact of the COVID-19 pandemic on the business prospects and financial condition of customers and our ability to collect the receivable or recover the prepayment. As of December 31, 2020, 2021, and 2022, the allowance for expected credit losses was RMB799 million, RMB815 million, and RMB770 million (US\$112 million), respectively.

Results of Operations

The following table sets forth a summary of our consolidated statements of operations for the periods indicated both in amount and as a percentage of net revenues.

	For the Year Ended December 31,						
	2020		2021		2022		
	RMB	%	RMB	%	RMB	US\$	
	(in millions)						
Revenues:							
Accommodation reservation	7,132	39	8,148	41	7,400	1,073	37
Transportation ticketing	7,146	39	6,905	34	8,253	1,197	41
Packaged tours	1,241	7	1,105	6	797	116	4
Corporate travel	877	5	1,347	7	1,079	157	5
Others	1,931	10	2,524	12	2,526	366	13
Total revenues	18,327	100	20,029	100	20,055	2,909	100
Less: Sales tax and surcharges	(11)	(0)	(6)	(0)	(16)	(2)	(0)
Net revenues	18,316	100	20,023	100	20,039	2,907	100
Cost of revenues	(4,031)	(22)	(4,598)	(23)	(4,513)	(654)	(23)
Gross profit	14,285	78	15,425	77	15,526	2,253	77
Operating expenses:							
Product development ⁽¹⁾	(7,667)	(42)	(8,992)	(45)	(8,341)	(1,209)	(42)
Sales and marketing ⁽¹⁾	(4,405)	(24)	(4,922)	(25)	(4,250)	(616)	(21)
General and administrative ⁽¹⁾	(3,636)	(20)	(2,922)	(14)	(2,847)	(413)	(14)
Total operating expenses	(15,708)	(86)	(16,836)	(84)	(15,438)	(2,238)	(77)
(Loss)/Income from operations	(1,423)	(8)	(1,411)	(7)	88	15	0
Interest income	2,187	12	2,132	11	2,046	297	10
Interest expense	(1,716)	(9)	(1,565)	(8)	(1,514)	(219)	(8)
Other (expense)/income	(273)	(1)	373	2	2,015	292	10
(Loss)/income before income tax expense and equity in (loss)/income of affiliates	(1,225)	(6)	(471)	(2)	2,635	385	12
Income tax expense	(355)	(2)	(270)	(1)	(682)	(99)	(3)
Equity in (loss)/income of affiliates	(1,689)	(9)	96	0	(586)	(85)	(3)
Net (loss)/income	(3,269)	(17)	(645)	(3)	1,367	201	6
Net loss attributable to non-controlling interests	62	0	95	0	36	5	0
Accretion to redemption value of redeemable non-controlling interests	(40)	(0)	—	—	—	—	—
Net (loss)/income attributable to Trip.com Group Limited	(3,247)	(17)	(550)	(3)	1,403	206	6

Note:

(1) Share-based compensation was included in the associated operating expense categories as follows:

	For the Year Ended December 31,						
	2020		2021		2022		
	RMB	%	RMB	%	RMB	US\$	
	(in millions)						
Product development	(964)	(5)	(802)	(4)	(567)	(82)	(3)
Sales and marketing	(159)	(1)	(149)	(1)	(115)	(17)	(1)
General and administrative	(750)	(4)	(730)	(4)	(506)	(73)	(3)

Any discrepancies in the above table between the amounts or percentages identified as total amounts or percentages and the sum of the amounts or percentages listed therein are due to rounding.

[Table of Contents](#)

2022 compared to 2021

Revenues

Total revenues were RMB20.0 billion (US\$2.9 billion) in 2022, which remained flat comparing to that for 2021.

Accommodation Reservation. Accommodation reservation revenue decreased by 9% to RMB7.4 billion (US\$1.1 billion) in 2022 from RMB8.1 billion in 2021. This was in line with the 18% decrease in accommodation reservation GMV, primarily due to the surges of COVID-19 infections in certain regions of China.

Transportation Ticketing. Transportation ticketing revenue increased by 20% to RMB8.3 billion (US\$1.2 billion) in 2022 from RMB6.9 billion in 2021. Although our transportation GMV in 2022 was stable comparing to that in 2021, we achieved higher revenue in 2022 primarily driven by our global travel search business.

Packaged tours. Packaged tours revenues decreased by 28% to RMB797 million (US\$116 million) in 2022 from RMB1.1 billion in 2021, primarily due to the surges of COVID-19 infections in certain regions of China. Group travels tend to show relatively slow recovery in response to the COVID-19 pandemic.

Corporate Travel. Corporate travel revenues decreased by 20% to RMB1.1 billion (US\$157 million) in 2022 from RMB1.3 billion in 2021, primarily due to the surges of COVID-19 infections in certain regions of China.

[Table of Contents](#)

Others. Other revenues remained stable and amounted to RMB2.5 billion (US\$366 million) in both 2021 and 2022.

Cost of Revenues

Cost of revenues was relatively stable at RMB4.5 billion (US\$654 million) in 2022, as compared to RMB4.6 billion in 2021.

Operating Expenses

Operating expenses include product development expenses, sales and marketing expenses, and general and administrative expenses.

Product Development. Product development expenses decreased by 7% to RMB8.3 billion (US\$1.2 billion) in 2022 from RMB9.0 billion in 2021, primarily due to a decrease in product development personnel related expenses.

Sales and Marketing. Sales and marketing expenses decreased by 14% to RMB4.3 billion (US\$616 million) in 2022 from RMB4.9 billion in 2021, primarily due to a decrease in sales and marketing related activities.

General and Administrative. General and administrative expenses decreased by 3% to RMB2.8 billion (US\$413 million) in 2022 from RMB2.9 billion in 2021, primarily due to a decrease in general and administrative personnel related expenses.

Interest Income

Interest income decreased by 4% to RMB2.0 billion (US\$297 million) in 2022 from RMB2.1 billion in 2021, primarily due to a decrease in long-term held to maturity deposits in 2022.

Interest Expense

Interest expense decreased by 3% to RMB1.5 billion (US\$219 million) in 2022 from RMB1.6 billion in 2021, primarily due to fluctuation in the principal amount of both short-term and long-term debt in 2022.

Other (Expense)/ Income

Other income was RMB2.0 billion (US\$292 million) in 2022, compared to other income of RMB373 million in 2021. Other income in 2022 primarily consisted of the RMB1.3 billion (US\$194 million) fair value gain of equity securities investments and exchangeable senior notes, RMB1.1 billion (US\$165 million) gain from the fair value remeasurement upon the discontinuance of the equity method of the investment, and RMB618 million (US\$90 million) government grants, partially offset by the RMB949 million (US\$138 million) impairments of long-term investments. Other income in 2021 primarily consisted of the RMB550 million government grants, partially offset by the RMB170 million fair value loss of equity securities investments and exchangeable senior notes.

Income Tax Expense

Income tax expense increased to RMB682 million (US\$99 million) in 2022 from RMB270 million in 2021. Our effective income tax rate in 2022 was 26%, as compared to -57% in 2021. The change in Trip.com Group's effective tax rate was primarily due to the combined impacts of changes in respective profitability of its subsidiaries with different tax rates, certain non-taxable income or loss resulting from the fair value changes in equity securities investments and exchangeable senior notes, and changes in valuation allowance provided for deferred tax assets.

Equity in (Loss)/Income of Affiliates

Equity in loss of affiliates was RMB586 million (US\$85 million), compared to equity in income of affiliates was RMB96 million in 2021. This was primarily due to the loss incurred from our equity method investments in 2022.

[Table of Contents](#)

2021 compared to 2020

Revenues

Total revenues increased by 9% to RMB20.0 billion in 2021 from RMB18.3 billion in 2020, primarily due to the general containment of the COVID-19 pandemic in China, partially offset by the re-emergence of COVID-19 infection in certain regions in China in January, February and the second half of 2021.

Accommodation Reservation. Accommodation reservation revenue increased by 14% to RMB8.1 billion in 2021 from RMB7.1 billion in 2020. This was in line with the 25% increase in accommodation reservation GMV which was primarily due to the recovery of China's domestic market and people's increased demand for inter-provincial travel and intra-provincial staycation, especially during the first half of 2021.

Transportation Ticketing. Transportation ticketing revenue decreased by 3% to RMB6.9 billion in 2021 from RMB7.1 billion in 2020. Transportation GMV increased by 22% in 2021 as a result of the recovery of China's domestic market. The discrepancy was primarily due to the abnormally high take rate in 2020 as a result of lower domestic air ticket prices during the pandemic. The take rate level has generally returned to normal in 2021.

Packaged tours. Packaged tours revenues decreased by 11% to RMB1.1 billion in 2021 from RMB1.2 billion in 2020, primarily due to the relatively slow recovery of group travel in response to the COVID-19 pandemic.

Corporate Travel. Corporate travel revenues increased by 54% to RMB1.3 billion in 2021 from RMB877 million in 2020, primarily driven by expansion in corporate customer base and an optimized product mix beginning from the third quarter of 2021.

Others. Other revenues increased by 31% to RMB2.5 billion in 2021 from RMB1.9 billion in 2020, primarily due to the strong growth of our financial services and advertisement services.

Cost of Revenues

Cost of revenues increased by 14% to RMB4.6 billion in 2021 from RMB4.0 billion in 2020, generally in line with the revenues increase in the same year, primarily due to an increase in credit card service fee and customer service related expenses.

Operating Expenses

Operating expenses include product development expenses, sales and marketing expenses, and general and administrative expenses.

Product Development. Product development expenses increased by 17% to RMB9.0 billion in 2021 from RMB7.7 billion in 2020, primarily due to an increase in product development personnel related expenses.

Sales and Marketing. Sales and marketing expenses increased by 12% to RMB4.9 billion in 2021 from RMB4.4 billion in 2020, primarily due to an increase in sales and marketing related activities.

General and Administrative. General and administrative expenses decreased by 20% to RMB2.9 billion in 2021 from RMB3.6 billion in 2020, primarily due to a decrease in allowance for credit losses booked for our travel suppliers reflecting the change in credit risk with travel industry recovery.

Interest Income

Interest income decreased by 3% to RMB2.1 billion in 2021 from RMB2.2 billion in 2020, primarily due to a decrease in long-term held to maturity deposits in 2021.

[Table of Contents](#)

Interest Expense

Interest expense decreased by 9% to RMB1.6 billion in 2021 from RMB1.7 billion in 2020, primarily due to fluctuation in the principal amount of both short-term and long-term debt in 2021.

Other (Expense)/Income

Other income was RMB373 million in 2021, compared to other expense of RMB273 million in 2020. Other income in 2021 primarily consisted of the RMB550 million government grants, partially offset by the RMB170 million fair value loss of equity securities investments and exchangeable senior notes. Other expense in 2020 primarily consisted of the RMB612 million fair value loss of equity securities investments and exchangeable senior notes, the RMB602 million loss on disposal of long-term investments and the RMB905 million impairments of long-term investments in 2020, partially offset by the RMB1.1 billion gain on deconsolidation of subsidiaries.

Income Tax Expense

Income tax expense decreased to RMB270 million in 2021 from RMB355 million in 2020. Our effective income tax rate in 2021 was -57%, as compared to -29% in 2020. The change in our effective income tax rate from 2020 to 2021 was primarily due to combined impacts of change in respective profitability of our subsidiaries with different tax rates and certain non-taxable income or loss resulting from the fair value changes in equity securities investments and exchangeable senior notes.

Equity in (Loss)/Income of Affiliates

Equity in income of affiliates was RMB96 million in 2021, compared to equity in loss of affiliates of RMB1.7 billion in 2020, which was primarily due to the loss incurred from our equity method investments in 2020, mainly in MakeMyTrip, whose operating results were significantly impacted by the COVID-19 pandemic in 2020.

Inflation

Inflation in China has not materially impacted our results of operations. According to NBS, the year-over-year percent changes in the consumer price index for December 2020, 2021, and 2022 were increases of 0.2%, 1.5%, and 1.8%, respectively. Inflation in recent years has been associated with food and other consumption items and minimum wages in China. Consumption items do not represent major direct cost items for our business. While personnel costs represent a material part of our total operating costs and expenses, inflation in minimum wages in China primarily affects certain categories of our non-managerial staff costs while increases in total personnel costs of our business remain manageable. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China.

B. Liquidity and Capital Resources

Liquidity

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

	For the Year Ended December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$
	(in millions)			
Net cash (used in)/provided by operating activities	(3,823)	2,475	2,641	380
Net cash (used in)/provided by investing activities	(3,821)	(4,148)	1,136	164
Net cash provided by/(used in) financing activities	6,025	3,919	(6,717)	(975)
Effect of foreign exchange rate changes on cash and cash equivalents, restricted cash	(713)	(465)	231	39
Net (decrease)/increase in cash and cash equivalents, restricted cash	(2,332)	1,781	(2,709)	(392)
Cash and cash equivalents, restricted cash, beginning of year	21,747	19,415	21,196	3,073
Cash and cash equivalents, restricted cash, end of year	19,415	21,196	18,487	2,681

[Table of Contents](#)

Net cash provided by operating activities in 2022 was RMB2.6 billion (US\$380 million) compared to net cash provided by operating activities of RMB2.5 billion in 2021. The increase was primarily driven by an improvement of RMB2.0 billion in net income, partially offset by changes in non-cash items and cash used to fund working capital. The changes in non-cash items in 2022, as compared to 2021, were primarily due to an improvement of fair value changes for equity securities investment and exchangeable senior notes and gain from the fair value remeasurement upon the discontinuance of the equity method of the investments, partially offset by equity in loss from affiliates and impairments of long-term investments. The changes in working capital in 2022, as compared to 2021, were primarily due to a significant increase in prepayments and other current assets, partially offset by an increase in advances from customers, both resulting from the increase in ticketing volume due to the recovery of market demand at the end of 2022.

Net cash provided by operating activities in 2021 was RMB2.5 billion compared to net cash used in operating activities of RMB3.8 billion in 2020. In 2020, impacts from the COVID-19 pandemic resulted in a significant use of cash to fund working capital changes and operating losses, while the net operating cash inflow in 2021 benefited from additional cash released from working capital. The changes in working capital in 2021, as compared to 2020, were primarily due to a significant increase in accounts payable, partially offset by an increase in accounts receivable across all businesses, both resulting from the increase in reservation volume due to the recovery of market demand during 2021. The benefit of the decrease in net loss was partially offset by a decrease in non-cash items of RMB3.4 billion, which was primarily due to increases in equity in income from affiliates, gain on disposal of equity method investments, and loss from impairment of long-term investment.

Under PRC laws and regulations, our subsidiaries are required to set aside at least 10% of their respective after-tax profits each year, if any, to statutory reserve funds, unless such reserve funds have reached 50% of their respective registered capital. These reserve funds are not distributable as cash dividends and dividends cannot be distributed until any losses from prior fiscal years have been offset. See “Item 3. Key Information —D. Risk Factors — Risks Relating to Our Corporate Structure — Our PRC subsidiaries are subject to restrictions on paying dividends or making other payments to us while the VIEs can only make payments to us in accordance with the contractual arrangements, which may restrict our ability to satisfy our liquidity requirements.”

Net cash provided by investing activities amounted to RMB1.1 billion (US\$164 million) in 2022, compared to net cash used in investing activities of RMB4.1 billion in 2021 and RMB3.8 billion in 2020. The change in 2022 was primarily due to the increase in net cash flows provided by short-term investments, partially offset by an increase in cash paid for long-term investments. The increase in 2021 in comparison to 2020 was primarily due to the decrease in net cash inflows provided by short-term investments and loan-related cash flows driven by our financial services, partially offset by a decrease in cash paid for long-term investments.

Net cash used in financing activities amounted to RMB6.7 billion (US\$1.0 billion) in 2022, compared to net cash provided by financing activities of RMB3.9 billion in 2021 and RMB6.0 billion in 2020. We did not make any dividend payment in 2020, 2021, or 2022. Net cash used in financing activities in 2022 was mainly due to the repayment of short-term loans, securitization debt and 2022 Notes, which were partially offset by the cash proceeds from long-term bank loans. Net cash provided by financing activities in 2021 was mainly due to the cash proceeds from the Global Offering and short-term loans, which were partially offset by the cash redemption with respect to the 2025 Hillhouse Notes and the 2025 Booking Notes. Net cash provided by financing activities in 2020 was mainly due to the cash proceeds from short-term loans, long-term loans and exchangeable senior notes, which were partially offset by the cash redemption with respect to the 2020 Notes and cash put redemption for the 2025 Notes.

Capital Resources

As of December 31, 2022, our principal sources of liquidity have been cash generated from operating activities, borrowings from third-party lenders, as well as the proceeds we received from our public offerings of ordinary shares and our offerings of convertible senior notes. Our cash and cash equivalents consist of cash on hand and liquid investments which are unrestricted as to withdrawal or use. Our financing activities consist of issuance and sale of our ordinary shares, convertible senior notes and exchangeable senior notes to investors and related parties and borrowings from third-party lenders. As of the date of this annual report, we had convertible senior notes outstanding in an aggregate principal amount of US\$5 million, exchangeable senior notes outstanding in an aggregate principal amount of US\$500 million and two major facility loans outstanding under which the aggregate outstanding principal balance was US\$2.8 billion.

Except as disclosed in this annual report, we have no outstanding bank loans or financial guarantees or similar commitments to guarantee the payment obligations of third parties. The COVID-19 pandemic had material and adverse impacts on our cash flow in 2020, 2021, and 2022 with potential continuing impacts on subsequent periods. However, based on our liquidity assessment, we believe that our cash flow from operations and proceeds from our financing activities will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for the foreseeable future and for at least 12 months subsequent to the filing of this annual report. We may, however, require additional cash resources due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. See also “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Industry — Pandemics (such as COVID-19), epidemics, or fear of spread of contagious diseases could disrupt the travel industry and our operations, which could materially and adversely affect our business, financial condition, and results of operations.”

Off-balance Sheet Arrangements

In connection with our air ticketing business, we are required by the China Air Transport Association and International Air Transport Association to enter into guarantee arrangements and to pay deposits. The unused deposits are repaid at the end of the guaranteed period on an annual basis. As of December 31, 2022, the total quota of the air tickets that we were entitled to issue was up to RMB1.1 billion (US\$158 million). The total amount of the deposit we paid was RMB147 million (US\$21 million).

Based on the guarantee arrangements, the maximum amount of the future payments is approximately RMB943 million (US\$137 million), which is the guaranteed amount of the air ticket that we could issue rather than a financial guarantee. We will be liable to pay only when we issue the air tickets to our users and such payable is included in the accounts payable. Therefore, we believe the guarantee arrangements do not constitute any contractual and constructive obligation of us and has not recorded any liability beyond the amount of the tickets that have already been issued.

Material Cash Requirements

Our material cash requirements as of December 31, 2022 primarily include our debt obligations and capital expenditure commitments.

Our debt obligations consist of the principal and interest amounts in connection with our convertible and exchangeable notes, term loans and other debts. Payment due within one year from December 31, 2022 for our debt obligations amounted to RMB33.1 billion (US\$4.8 billion). Payment due after one year from December 31, 2022 for our debt obligations amounted to RMB14.2 billion (US\$2.1 billion).

The following sets forth our major debt obligations as of December 31, 2022 which will require payments in subsequent periods. The Company was in compliance with all of the applicable debt covenants as of December 31, 2022.

- In June 2015, we issued the 2025 Notes in an aggregate principal amount of US\$400 million, which may be converted into our ADSs, at each holder’s option, at any time prior to the close of business on the second business day immediately preceding the maturity date of July 1, 2025 based on an initial conversion rate of 9.3555 of our ADSs per US\$1,000 principal amount of notes. The conversion rate is subject to adjustment upon occurrence of certain events. The 2025 Notes bear interest at a rate of 1.99% per year, payable semiannually in arrears on January 1 and July 1 of each year, beginning on January 1, 2016. In July 2020, we completed our put right offer relating to the 2025 Notes at an aggregate purchase price of US\$395 million.

[Table of Contents](#)

- In April 2020, we entered into a facility agreement as a borrower with certain financial institutions for up to US\$1.0 billion transferrable term and revolving loan facility with an incremental facility of up to US\$500 million. The facilities have a 3-year tranche and a 5-year tranche. The proceeds borrowed under the facilities may be used for our general working capital requirements, including repayment of any existing financial indebtedness. As of December 31, 2022, US\$1.2 billion was outstanding under this facility.
- In July 2020, we issued the US\$500 million in aggregate principal amount of 1.50% exchangeable senior notes due 2027, or the 2020 Exchangeable Notes. The 2020 Exchangeable Notes are exchangeable, at the option of the holders and subject to certain conditions, into cash, ADSs of H World, or a combination thereof, at our election subject to certain conditions. The initial exchange rate of the 2020 Exchangeable Notes is 24.7795 H World ADSs per US\$1,000 principal amount of the notes. The 2020 Exchangeable Notes bear interest at a rate of 1.50% per year, payable semiannually beginning on January 1, 2021. Holders of the 2020 Exchangeable Notes may require us to repurchase all or part of their 2020 Exchangeable Notes for cash on each of July 1, 2023 and July 1, 2025 at a repurchase price equal to 100% of the principal amount of the 2020 Exchangeable Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the relevant repurchase date, in accordance with the terms and conditions set forth in the indenture, as amended and supplemented, for the 2020 Exchangeable Notes. In addition, we may redeem the 2020 Exchangeable Notes subject to certain conditions.
- In October 2021, we entered into a facility agreement as a borrower with certain financial institutions for an up to US\$1.5 billion transferrable term loan facility. The facility has a 3-year tenor. The proceeds borrowed under this facility may be used for refinancing and other general corporate purposes. As of December 31, 2022, US\$1.5 billion was outstanding under this facility.
- In December 2022, we entered into a facility agreement as a borrower with certain financial institutions for a US\$1.5 billion and HK\$80 million dual tranche term loan facility (equivalent to US\$1.5 billion in aggregate). The facility has a 3-year tenor. The proceeds borrowed under this facility will first be used for refinancing our certain existing transferrable term and revolving loan facilities, and the remaining portion may then be used for general corporate purposes. As of December 31, 2022, no amount was drawn down and outstanding.

Our capital expenditure commitments primarily consist of contracted future purchases of property, equipment and software. The unpaid purchase price due within one year after December 31, 2022 was RMB3 million (US\$0.4 million) as of December 31, 2022. The unpaid purchase price due after one year from December 31, 2022 was RMB5 million (US\$0.7 million).

We intend to fund our existing and future material cash requirements with our existing cash balance and other financing alternatives. We will continue to make cash commitments, including capital expenditures, to support the growth of our business.

Other than as discussed above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2022. While the above indicates our material cash requirements as of December 31, 2022, the actual amounts we are eventually required to pay may be different in the event that any agreements are renegotiated, canceled or terminated.

Holding Company Structure

Trip.com Group Limited is a holding company with no material operations of its own. We conduct our operations primarily through our subsidiaries and the VIEs in China. As a result, our ability to pay dividends depends upon dividends paid by our PRC subsidiaries. If our existing PRC subsidiaries or any newly formed ones 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 wholly foreign-owned subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and the VIEs in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. Each of the other PRC subsidiaries and VIEs is required to allocate a portion of its after-tax profits after contribution of statutory reserve funds based on PRC accounting standards to a discretionary surplus funds at its discretion. The statutory reserve funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE.

[Table of Contents](#)

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

Our research and development efforts consist of continuing to develop our proprietary technology as well as incorporating new technologies from third parties. We intend to continue to upgrade our proprietary booking, customer relationship management and yield management software to keep up with the continued growth in our transaction volume and the rapidly evolving technological conditions. We will also seek to continue to enhance our electronic confirmation system and promote such system with more hotel suppliers, as we believe that the electronic confirmation system is a cost-effective and convenient way for hotels to interface with us.

In addition, we have utilized and will continue to utilize the products and services of third parties to support our technology platform.

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 period from January 1, 2022 to December 31, 2022 that are reasonably likely to have a material effect on our net revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. *Critical Accounting Estimates*

For our critical accounting estimates, see “Item 5. Operating and Financial Review And Prospects—A. Operating Results—Critical Accounting Policies and Estimates.”

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. *Directors and Senior Management*

The names of our current directors and senior management, their ages as of the date of this annual report, and the principal positions with Trip.com Group Limited held by them are as follows:

Directors and Executive Officers	Age	Position/Title
James Jianzhang Liang	53	Co-founder; Executive Chairman of the Board
Min Fan	57	Co-founder; Vice Chairman of the Board and President
Jane Jie Sun	54	Chief Executive Officer and Director
Cindy Xiaofan Wang	47	Chief Financial Officer and Executive Vice President
Xing Xiong	49	Chief Operating Officer
Neil Nanpeng Shen ⁽¹⁾⁽²⁾	55	Co-founder; Independent Director
Qi Ji ⁽²⁾	56	Co-founder; Independent Director
Gabriel Li ⁽¹⁾	55	Vice Chairman of the Board, Independent Director
JP Gan ⁽¹⁾⁽²⁾	51	Independent Director
Robin Yanhong Li	54	Director
Junjie He	38	Director

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

Pursuant to the currently effective articles of association of our company, our board of directors consists of nine directors, including without limitation (i) three directors appointed by our co-founders consisting of Messrs. James Jianzhang Liang, Neil Nanpeng Shen, Qi Ji, and Min Fan, subject to the approval of a majority of our independent directors; and (ii) one director who is the current chief executive officer of our company. Each of our directors will hold office until such director’s successor is elected and duly qualified, or until such director’s earlier death, bankruptcy, insanity, resignation or removal. There are no family relationships among any of the directors or executive officers of our company.

Biographical Information

James Jianzhang Liang is one of the co-founders and the executive chairman of our company. He has served as a member of our board of directors since our inception and has been the chairman of the board since August 2003. Mr. Liang served as our chief executive officer from 2000 to 2006, and from March 2013 to November 2016. Mr. Liang has served as a director of MakeMyTrip Limited (Nasdaq: MMYT) since January 2016, a director of BTG Hotels Group (SHSE: 600258) since January 2017, and a director of Tongcheng Travel Holdings Limited (formerly known as Tongcheng-Elong Holdings Limited) (SEHK: 0780) since 2016. Mr. Liang formerly served on the boards of Sina Corporation (Nasdaq: SINA, delisted and privatized in March 2021), Tuniu Corporation (Nasdaq: TOUR), eHi Car Services Limited (NYSE: EHIC, delisted and privatized in April 2019), 51job, Inc (Nasdaq: JOBS, delisted and privatized in May 2022), Jiayuan.com International Ltd. (Nasdaq: DATE, delisted and privatized in May 2016), and Homeinns Hotel Group (Nasdaq: HMIN, delisted and privatized in April 2016). Mr. Liang has won many accolades for his contributions to the Chinese travel industry, including Best CEO in the Internet category in the 2016 All-Asia Executive Team Rankings by Institutional Investor and 2015 China's Business Leader of the Year by Forbes. Mr. Liang obtained his master's and bachelor's degrees from Georgia Institute of Technology in the United States.

Min Fan is one of the co-founders of our company. Mr. Fan has been a member of our board of directors since October 2006 and has served as the vice chairman of our board of directors since March 2013. Mr. Fan has served as our president since February 2009. He also served as our chief executive officer from January 2006 to March 2013, as our chief operating officer from November 2004 to January 2006, and as our executive vice president from 2000 to November 2004. During his tenure as our chief executive officer, Mr. Fan was named one of the Top 10 Pioneer Leaders of the Year on the 2010 APEC China SME Value List, 2008 EY Entrepreneur of the Year (Services Category) and 2007 Best New Economic Figure of the Year. In 2009 and 2016, Mr. Fan was elected Vice Chairman of the Board of the China Tourism Association. Mr. Fan has served as an independent director of Leju Holdings Limited (NYSE: LEJU) since April 2014. He served as a director of H World Group Limited (Nasdaq: HTHT; SEHK: 1179) from March 2010 to January 2018. Mr. Fan obtained his Master's and Bachelor's degrees in industrial engineering and management from Shanghai Jiao Tong University in January 1990 and July 1987, respectively.

Jane Jie Sun has served as the chief executive officer of our company, as well as a member of the board of directors, since November 2016. Prior to that, she was a co-president since March 2015, chief operating officer since May 2012, and chief financial officer from 2005 to 2012. Ms. Sun is vice chair of the World Travel and Tourism Council, co-chair of the Development Advisory Board of University of Michigan and Shanghai Jiao Tong University Joint Institute, and a board member and Business Leaders Group Committee member of Business China established by Singapore's Founding Prime Minister Mr. Lee Kuan Yew. In 2019, Ms. Sun was awarded an Asia Society Asia Game Changer Award. Forbes named her one of the Emergent 25 Asia's Latest Star Businesswomen in 2018, and one of the Top 100 Businesswomen in China in 2017. She was also one of Fortune's Top 50 Most Powerful Women in Business, and one of Fast Company's Most Creative People in Business in 2017. During her tenure at our company, she also won the Institutional Investor Awards for the Best CEO in July 2017 and the Best CFO in July 2011 and 2012. Ms. Sun received her Bachelor's degree in science in accounting from the Fisher School of Accounting at the University of Florida in August 1992 with high honors. She also obtained her LL.M. degree from Peking University Law School in July 2010. Ms. Sun has been a director of TripAdvisor, Inc. (Nasdaq: TRIP) since July 2020, a director of MakeMyTrip Limited (Nasdaq: MMYT) since August 2019, and an independent director of AIA Group Limited (SEHK: 1299) since June 2021.

Cindy Xiaofan Wang has served as our chief financial officer since November 2013 and executive vice president since May 2016. Prior to that, she was our Vice President since January 2008. Ms. Wang joined us in December 2001 and has held a number of managerial positions at our company. Ms. Wang won the Best CFO Award by Institutional Investor in the 2017 All-Asia Executive Team Rankings in 2017, and China Best CFO Leadership Award by SNAI/ACCA/Korn Ferry in 2021. Previously, Ms. Wang worked with PricewaterhouseCoopers Zhong Tian CPAs Limited Company from 1997 to 1999. Ms. Wang has been a director of MakeMyTrip Limited (Nasdaq: MMYT) since August 2019. She also served on the board of directors of H World Group Limited (Nasdaq: HTHT; SEHK: 1179) from January 2018 to July 2020. Ms. Wang received a Master of Business Administration from Massachusetts Institute of Technology in 2013 and obtained her Bachelor's degree from Shanghai Jiao Tong University in 1997. Ms. Wang is a Certified Public Accountant (CPA).

Xing Xiong has served as our chief operating officer since February 2021. Mr. Xiong has over 20 years of experience in technology and management and is currently in charge of air ticketing, accommodation, corporate travel, technology, international business, and other aspects of our operations. Mr. Xiong joined us in April 2013 and has held a number of managerial positions at our company, including R&D director, chief executive officer of our air ticketing business unit, and executive vice president. Prior to joining us, Mr. Xiong held several management positions in research and development teams at Microsoft and Expedia. Currently, he also serves as a director of MakeMyTrip Limited (Nasdaq: MMYT). Mr. Xiong obtained his bachelor's degree in computer science from Peking University in 1997, and his master's degree in computer science from Northeastern University in the United States in 1999.

[Table of Contents](#)

Neil Nanpeng Shen is one of the co-founders of our company and has been our company's director since our inception and an independent director since October 2008. Neil Nanpeng Shen founded Sequoia Capital China in 2005 and has been serving as the founding managing partner since then. Mr. Shen served as our president from August 2003 to October 2005 and as chief financial officer from 2000 to October 2005. Mr. Shen also co-founded and served as non-executive co-chairman of Homeinns Hotel Group (formerly Home Inns & Hotels Management Inc.) (Nasdaq: HMIN, delisted), a leading economy hotel chain in China, which commenced operations in July 2002. Currently, Mr. Shen also serves as a director of a number of public and private companies, including a non-executive director of BTG Hotels Group (SHSE: 600258) since January 2017, a non-executive director of Noah Holdings Limited (NYSE: NOAH; SEHK: 6686) since January 2016, a non-executive director of Meituan (formerly Meituan Dianping) (SEHK: 3690) since October 2015, and a non-executive director of Ninebot Limited (SHSE: 689009) since July 2015. Mr. Shen was a non-executive director of 360 Security Technology Inc. (SHSE: 601360) from February 2018 to May 2020, a non-executive director of China Renaissance Holdings Limited (SEHK: 1911) from June 2018 to June 2020, and an independent non-executive director of Pinduoduo Inc. (Nasdaq: PDD) from April 2018 to November 2022. Mr. Shen received his Master's degree from Yale University in November 1992 and his Bachelor's degree in applied mathematics from Shanghai Jiao Tong University in July 1988.

Qi Ji is one of the co-founders of our company. He has served as our director since our inception and as an independent director since 2008. He was the chief executive officer and president of our Company from 1999 to 2001. Mr. Ji founded H World Group Limited (Nasdaq: HTHT; SEHK: 1179), served as its director since February 2007. He has also served as the executive chairman of its board since August 2009 and its chief executive officer since November 2019. Prior to his current role, he also served at H World Group Limited as chief executive officer from January 2012 to May 2015 and from 2007 to August 2009. Mr. Ji has over 20 years of experience in the hospitality industry. He co-founded Homeinns Hotel Group (formerly Home Inns & Hotels Management Inc.) (Nasdaq: HMIN, delisted), and served as its chief executive officer from 2002 to January 2005. He received his bachelor degree in engineering mechanics and master degree in mechanical engineering from Shanghai Jiao Tong University in the PRC in 1989 and February 1992, respectively.

Gabriel Li has served at different times on our board of directors since March 2000. Mr. Li has been vice chairman of our board since August 2003 and an independent director since October 2003. Mr. Li has been serving as the managing partner and a member of the investment committee of Orchid Asia Group Management Limited since August 2004. Mr. Li is a non-executive director of Qeeka Home (Cayman) Inc. (SEHK: 1739), where he has been a director since April 2015, and was a director of Sangfor Technologies Inc. (SZSE: 300454) from January 2017 to December 2019. Mr. Li graduated from the University of California in Berkeley, the United States, with a bachelor's degree in chemical engineering in May 1990. He received his master of science degree in chemical engineering practice from the Massachusetts Institute of Technology in the United States in September 1991, and his master's degree in business administration from Stanford University Business School in the United States in June 1995.

JP Gan has served as our director since April 2002, and as an independent director since July 2005. Mr. Gan has been a founding partner of INCE Capital Limited since 2019. From December 2006 to June 2019, Mr. Gan was a managing partner of Qiming Venture Partners. From July 2005 to December 2006, Mr. Gan was the chief financial officer of KongZhong Corporation (Nasdaq: KZ, delisted), a wireless internet company formerly listed on the Nasdaq. Mr. Gan has been an independent director of Bilibili Inc. (Nasdaq: BILI, SEHK: 9626) since January 2015. Mr. Gan obtained his Masters of Business Administration from the University of Chicago Graduate School of Business in June 1999 and his Bachelor of Business Administration from the University of Iowa in May 1994.

Robin Yanhong Li has served as our director since October 2015. He is a co-founder of Baidu, Inc. (Nasdaq: BIDU, SEHK: 9888), a leading AI company with strong Internet foundation. Mr. Li has been serving as the chairman of Baidu's Board of Directors since its inception in January 2000 and as its chief executive officer since February 2004. He served as the president of Baidu from February 2000 to December 2003. Prior to founding Baidu, Mr. Li worked as an engineer for Infoseek, a pioneer in the search industry, and as a senior consultant for IDD Information Services. Mr. Li currently serves on the board of New Oriental Education & Technology Group Inc., a private educational services provider in China (NYSE: EDU; SEHK: 9901). Mr. Li received a bachelor's degree in information science from Peking University and a master's degree in computer science from the State University of New York at Buffalo.

[Table of Contents](#)

Junjie He has served as our director since July 2022. Mr. He has also been a director of iQIYI, Inc. (Nasdaq: IQ) since March 2021 and currently serves as the chairman of its board of directors. Mr. He joined Baidu, Inc. (Nasdaq: BIDU, SEHK: 9888) in June 2019 and currently serves as a senior vice president of Baidu. Mr. He was appointed as the leader, and be in full charge, of the Mobile Ecosystem Group (MEG) in May 2022. Prior to his current position, Mr. He oversaw Baidu's M&A (Mergers & Acquisition), SIM (Strategic Investment Management), SOM (Sales Operation and Management), and FP&A (Financial Planning & Analysis) departments. Prior to joining Baidu, he had rich working experience with investment firms including China International Capital Corporation (CICC), CITIC Private Equity, Warburg Pincus and Tibet Langrun Capital. Mr. He obtained his bachelor's degree from the Guanghua School of Management, Peking University in 2007.

B. Compensation

We have entered into a standard form of director agreement with each of our directors. Under these agreements, we paid cash compensation (inclusive of directors' fees) to our directors in an aggregate amount of US\$1.9 million in 2022. Directors are reimbursed for all expenses incurred in connection with each Board of Directors meeting and when carrying out their duties as directors of our company. See "Item 6. Directors, Senior Management and Employees — B. Compensation — Employees' Share Incentive Plans" for options granted to our directors in 2022.

We have entered into standard forms of employment agreements with our executive officers. Under these agreements, we paid cash compensation to our executive officers in an aggregate amount of US\$1.4 million in 2022, excluding compensation paid to Min Fan, James Jianzhang Liang and Jane Jie Sun, who also serve and receive compensation as our executive directors. These agreements provide for terms of service, salary and additional cash compensation arrangements, all of which have been reflected in the 2022 aggregate compensation amount. See "Item 6. Directors, Senior Management and Employees — B. Compensation — Employees' Share Incentive Plans" for options granted to our executive officers in 2022.

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, housing fund, unemployment and other statutory benefits. Except for the above statutory contributions, we have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors.

Employees' Share Incentive Plans

Our board of directors has made share-based awards under five share incentive plans, namely, the Global Share Incentive Plan, as amended and restated in July 2018 and further amended and restated in December 2019, or the Second A&R Global Plan, the 2007 Share Incentive Plan, or the 2007 Plan, the 2005 Employee's Stock Option Plan, or the 2005 Plan, the 2003 Employee's Option Plan, or the 2003 Plan, and the 2000 Employee's Stock Option Plan, or the 2000 Plan. The terms of the 2005 Plan, the 2003 Plan and the 2000 Plan are substantially similar. The purpose of the plans is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees, officers and directors and to promote the success of our business. Our board of directors believes that our company's long-term success is dependent upon our ability to attract and retain superior individuals who, by virtue of their ability and qualifications, make important contributions to our business.

The 2007 Plan, the 2005 Plan, the 2003 Plan and the 2000 Plan have all expired. Under the Second A&R Global Plan, the maximum aggregate number of ordinary shares that may be issued pursuant to awards was 139,499,140 as of the first business day of 2023, with annual increases on January 1 of each subsequent calendar year by the number of ordinary shares representing 3% of our then total issued and outstanding share capital as of December 31 of the preceding year until the termination of the plan. Under the 2007 Plan, options to purchase 14,247,867 shares were issued and outstanding as of January 31, 2023. Under the Second A&R Global Plan, options to purchase 63,212,189 shares and 725,623 restricted share units were issued and outstanding as of January 31, 2023.

[Table of Contents](#)

In November 2020, as approved by our compensation committee, we extended the exercise period of certain options that were granted under our 2007 Plan to our directors and executive officers that would originally expire for additional five years from their respective original expiration dates.

Following the one (1)-to-eight (8) Share Subdivision on March 18, 2021, the number of ordinary shares that each grantee is entitled to according to the previously granted share option and restricted share is increased by eight times, while the weighted average grant date fair value per restricted share and the weighted average exercise price per share option are diluted by eight times.

The following table summarizes, as of January 31, 2023, the outstanding options granted under our 2007 Plan and the Second A&R Global Plan to the individual executive officers and directors named below. No restricted share units granted under these plans were outstanding as of January 31, 2023. The table gives effect to the modifications described above.

	Ordinary Shares Underlying Options Granted	Exercise Price (US\$/Share)	Date of Grant	Date of Expiration
James Jianzhang Liang	28,993,600	20.25; 22.46; 29.63; 30.93; 40.62; 43.84; 26.13; 31.68; 25.92; 31.86; 18.18	From January 9, 2014 to March 15, 2022	From April 2, 2023 to March 15, 2030
Jane Jie Sun	12,649,600	9.82; 20.25; 22.46; 29.63; 30.93; 40.62; 43.84; 26.13; 31.68; 25.92; 31.86; 18.18	From January 27, 2013 to March 15, 2022	From April 2, 2023 to March 15, 2030
Min Fan	*	9.82; 20.25; 22.46; 29.63; 30.93; 40.62; 43.84; 0.00125; 31.68; 18.18	From January 27, 2013 to March 15, 2022	From April 2, 2023 to March 15, 2030
Cindy Xiaofan Wang	*	0.00125; 26.13; 31.68; 18.18	From February 9, 2018 to March 15, 2022	From February 9, 2026 to March 15, 2030
Xing Xiong	*	29.63; 30.93; 40.62; 43.84; 26.13; 0.00125; 25.92; 31.86; 18.18;	From April 2, 2015 to March 15, 2022	From April 2, 2023 to March 15, 2030
Neil Nanpeng Shen	*	9.82; 22.46; 29.63; 30.93; 40.62; 43.84; 26.13; 31.68; 31.86; 18.18	From January 27, 2013 to March 15, 2022	From April 2, 2023 to March 15, 2030
Qi Ji	*	22.46; 29.63; 30.93; 40.62; 43.84; 26.13; 31.68; 31.86; 18.18	From December 6, 2014 to March 15, 2022	From April 2, 2023 to March 15, 2030
Gabriel Li	*	9.82; 22.46; 29.63; 30.93; 40.62; 43.84; 26.13; 31.68; 31.86; 18.18	From January 27, 2013 to March 15, 2022	From April 2, 2023 to March 15, 2030
JP Gan	*	22.46; 29.63; 30.93; 40.62; 43.84; 26.13; 31.68; 31.86; 18.18	From December 6, 2014 to March 15, 2022	From April 2, 2023 to March 15, 2030

* Aggregate number of shares represented by all grants of options to the person account for less than 1% of our total outstanding ordinary shares.

[Table of Contents](#)

The following paragraphs summarize the terms of our 2007 Plan, which was amended and restated effective November 17, 2008.

Plan Administration. Our board of directors, or a committee designated by our board or directors, will administer the plan. The committee or the full board of directors, as appropriate, will determine the type or types of incentive share awards to be granted and provisions and terms and conditions of each grant and may at their absolute discretion adjust the exercise price of an option grant. The exercise price per share subject to an option may be reduced by the committee or the full board of directors, without shareholder or option holder approval. The types of incentive share awards pursuant to the 2007 Plan include, among other things, an option, a restricted share award, a share appreciation right award and a restricted share unit award.

Award Agreements. Options and stock purchase rights granted under our plan are evidenced by a stock option agreement or a stock purchase right agreement, as applicable, that sets forth the terms, conditions and limitations for each grant.

Eligibility. We may grant awards to our employees, directors and consultants or any of our related entities, which include our subsidiaries or any entities which are not subsidiaries but are consolidated in our consolidated financial statements prepared under U.S. GAAP.

Acceleration of Options upon Corporate Transactions. The outstanding options will terminate and accelerate upon occurrence of a change of control corporate transaction where the successor entity does not assume our outstanding options under the plan. In such event, each outstanding option will become fully vested and immediately exercisable, and the transfer restrictions on the awards will be released and the repurchase or forfeiture rights will terminate immediately before the date of the change of control transaction provided that the grantee's continuous service with us shall not be terminated before that date.

Term of the Options. The term of each option grant shall be stated in the stock option agreement, provided that the term shall not exceed ten years from the date of the grant, and in the case of incentive share options, five years from the date of the grant.

Vesting Schedule. In general, the plan administrator determines, or the incentive award agreement specifies, the vesting schedules. Currently, three types of vesting schedules were adopted for the incentive awards granted under the 2007 Plan. One of the vesting schedules is that one-third of the incentive awards vest 24 months after a specified vesting commencement date, an additional one-third vest 36 months after the specified vesting commencement date and the remaining one-third vest 48 months after the specified vesting commencement date, subject to other terms under the 2007 Plan and the incentive award agreement. Another type of vesting schedule is that one-fourth of the incentive awards vest every 12 months over a four-year vesting period starting from a specified vesting commencement date, subject to other terms under the 2007 Plan and the incentive award agreement. The last type of vesting schedule is that one-tenth of the incentive awards vest 12 months after a specified vesting commencement date, an additional three-tenth vest 24 months after the specified vesting commencement date, another three-tenth vest 36 months after the specified vesting commencement date and the remaining three-tenth vest 48 months after the specified vesting commencement date, subject to other terms under the 2007 Plan and the incentive award agreement.

Other Equity Awards. In addition to stock options, we may also grant to our employees, directors and consultants or any of our related entities share appreciation rights, restricted share awards, restricted share unit awards, deferred share awards, dividend equivalents and share payment awards, with such terms and conditions as our board of directors (or, if applicable, the compensation committee) may, subject to the terms of the plan, establish.

Transfer Restrictions. Options to purchase our ordinary shares may not be transferred in any manner by the optionee other than by will or the laws of succession and may be exercised during the lifetime of the optionee only by the optionee.

[Table of Contents](#)

Termination or Amendment of the Plan. Unless terminated earlier, the plan was terminated automatically in 2017. Our board of directors has the authority to amend or terminate the plan subject to shareholder approval to the extent necessary to comply with applicable law, regulation or stock exchange rule. We must also generally obtain approval of our shareholders to (i) increase the number of shares available under the plan (other than any adjustment as described above), (ii) permit the grant of options with an exercise price that is below fair market value on the date of grant, (iii) extend the exercise period for an option beyond ten years from the date of grant, or (iv) results in a material increase in benefits or a change in eligibility requirements.

The following paragraphs summarize the principal terms of our Second A&R Global Plan.

Plan Administration. Our compensation committee of the board of directors, or a committee delegated by our compensation committee, will administer the plan. The committee or the full board of directors, as appropriate, will determine the type or types of incentive share awards to be granted and provisions and terms and conditions of each grant and may at their absolute discretion adjust the exercise price of an option grant. The exercise price per share subject to an option may be reduced by the committee or the full board of directors, without shareholder or option holder approval. The types of incentive share awards pursuant to the Second A&R Global Plan include, among other things, an option, a restricted share award, a share appreciation right award and a restricted share unit award.

Award Agreements. Options and stock purchase rights granted under our plan are evidenced by an award agreement, that sets forth the terms, conditions and limitations for each grant.

Eligibility. We may grant awards to our employees, directors and consultants or any of our related entities, which include our subsidiaries or any entities which are not subsidiaries but are consolidated in our consolidated financial statements prepared under U.S. GAAP.

Term of the Options. The term of each option grant shall be stated in the stock option agreement, provided that the term shall not exceed ten years from the date of the grant, and in the case of incentive share options, five years from the date of the grant.

Vesting Schedule. In general, the plan administrator determines, or the incentive award agreement specifies, the vesting schedules. Our vesting schedule is mainly that (i) one-tenth of the incentive awards vest 12 months after a specified vesting commencement date, an additional three-tenth vest 24 months after the specified vesting commencement date, another three-tenth vest 36 months after the specified vesting commencement date and the remaining three-tenth vest 48 months after the specified vesting commencement date, or (ii) a quarter of the incentive awards vest every 12 months over a four-year vesting period starting from a specified vesting commencement date, subject to other terms under the Second A&R Global Plan and the incentive award agreement.

Other Equity Awards. In addition to stock options, restricted share awards and restricted share unit awards, we may also grant to our employees, directors and consultants or any of our related entities share appreciation rights, deferred share awards, dividend equivalents and share payment awards, with such terms and conditions as our board of directors (or, if applicable, the compensation committee) may, subject to the terms of the plan, establish.

Transfer Restrictions. Awards may not be transferred in any manner by the participant other than by will or the laws of succession and may be exercised during the lifetime of the participant only by the participant.

Termination or Amendment of the Plan. Unless terminated earlier, the plan will terminate automatically in 2027. Our board of directors has the authority to amend or terminate the plan to the extent necessary to comply with applicable law, regulation or stock exchange rule. We must also generally obtain approval of our shareholders to (i) increase the number of shares available under the plan (other than any adjustment as described above), (ii) permits the committee to extend the exercise period for an option beyond ten years from the date of grant, or (iii) results in a change in eligibility requirements, unless we decide to follow home country practice pursuant to Rule 5615(a)(3) of the Nasdaq listing rules applicable to foreign private issuers.

C. *Board Practices*

Our board of directors currently consists of nine directors. A director is not required to hold any shares in our company by way of qualification. Our board of directors may exercise all the powers of our company to borrow money, mortgage or charge its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of our company or of any third party. No director is entitled to any severance benefits upon termination of his directorship with us. As of the date of this annual report, four out of nine of our directors meet the “independence” definition under The Nasdaq Stock Market, Inc. Marketplace Rules, or the Nasdaq Rules. As Nasdaq Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country, we chose to rely on home country practice in lieu of the requirement to have a majority of independent directors on our board under Nasdaq Rules. See “Item 16G. Corporate Governance.”

Committees of the Board of Directors

Audit Committee. Our audit committee reports to the board regarding the appointment of our independent auditors, the scope and results of our annual audits, compliance with our accounting and financial policies and management’s procedures and policies relatively to the adequacy of our internal accounting controls.

As of the date of this annual report, our audit committee consists of Messrs. Gan, Li and Shen. All of these directors meet the audit committee independence standard under Rule 10A-3 under the Exchange Act. The independence definition under Rules 5605 of the Nasdaq Rules is met by Messrs. Gan, Li and Shen. In addition, all the members of our audit committee qualify as “audit committee financial experts” as defined in the relevant Nasdaq Rules.

Compensation Committee. Our compensation committee reviews and evaluates and, if necessary, revises the compensation policies adopted by the management. Our compensation committee also determines all forms of compensation to be provided to our senior executive officers. In addition, the compensation committee reviews all annual bonuses, long-term incentive compensation, share options, employee pension and welfare benefit plans. Our chief executive officer may not be present at any committee meeting during which her compensation is deliberated.

As of the date of this annual report, our compensation committee consists of Messrs. Gan, Ji and Shen, all of whom meet the “independence” definition under the Nasdaq Rules.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty to act honestly and in good faith in the best interests of our company. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our 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 what 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, and the class rights vested thereunder in the holders of the shares. Our company has the right to seek damages if a duty owed by our directors is breached. A shareholder may in certain circumstances have rights to damages if a duty owed by the directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders’ annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our share register.

[Table of Contents](#)

Terms of Directors and Officers

All directors hold office until their successors have been duly elected and qualified unless such office is vacated earlier in accordance with the articles of association. A director may only be removed by the shareholders who appointed such director, except in the case of ordinary directors, who may be removed by ordinary resolutions of the shareholders. Officers are elected by and serve at the discretion of the board of directors.

Board Diversity

Board Diversity Matrix (As of January 31, 2023)				
Country of Principal Executive Offices:	People's Republic of China			
Foreign Private Issuer	Yes			
Disclosure Prohibited Under Home Country Law	No			
Total Number of Directors	9			
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	1	8	—	—
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction	—			
LGBTQ+	—			
Did Not Disclose Demographic Background	3			

D. Employees

As of December 31, 2022, we, our consolidated subsidiaries, and the VIEs had approximately 32,202 employees, including approximately 2,941 in management and administration, approximately 9,859 in our customer service centers, approximately 3,964 in sales and marketing, and approximately 15,438 in product development including supplier management personnel and technical support personnel. Most of our employees are based in Shanghai, Beijing, Nantong, and Chengdu.

Our success depends on our ability to attract, retain, and motivate qualified personnel. As part of our retention strategy, we offer employees competitive salaries, performance-based cash bonuses, regular awards, and long-term incentives.

We primarily recruit our employees through recruitment agencies, on-campus job fairs, industry referrals, and online channels. In addition to on-the-job training, we have adopted a training system, pursuant to which management, technology, regulatory, and other trainings are regularly provided to our employees by internally sourced speakers or externally hired consultants. Our employees may also attend external trainings upon their supervisors' approvals.

As required by PRC laws and regulations in respect of our PRC employment, we participate in housing fund and various employee social insurance plans that are organized by applicable municipal and provincial government authorities, including housing, pension, medical, work-related injury, maternity, and unemployment insurance, under which we make contributions at specified percentages of the salaries of our employees. We also purchase commercial health and accidental insurance coverage for our employees. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have adopted several share incentive plans to grant share-based incentive awards to our eligible employees to incentivize their contributions to our growth and development.

Table of Contents

We enter into standard confidentiality and employment agreements with our employees. The contracts with our key personnel typically include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for two years after the termination of his or her employment, provided that we pay a certain amount of compensation during the restriction period.

We believe that we maintain a good working relationship with our employees, and we did not experience any significant labor disputes or any difficulty in recruiting staff for our operations in 2022.

E. Share Ownership

As of January 31, 2023, 646,149,720 of our ordinary shares were issued and outstanding (excluding the 37,378,054 ordinary shares that were issued to Bank of New York Mellon, the depository of our ADS program, for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our stock incentive plans and for our treasury ADSs, and treasury shares we own). Our shareholders are entitled to vote together as a single class on all matters submitted to shareholders vote. No shareholder has different voting rights from other shareholders. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of January 31, 2023 by each of our directors and executive officers and each person known to us to own beneficially more than 5% of our ordinary shares. Except as otherwise noted, the address of each person listed in the table is c/o Trip.com Group Limited, 968 Jin Zhong Road, Shanghai 200335, People's Republic of China.

	Ordinary Shares Beneficially Owned ⁽¹⁾	
	Number	% ⁽²⁾
Directors and Senior Management:		
James Jianzhang Liang ⁽³⁾	29,416,376	4.4%
Min Fan ⁽⁴⁾	7,918,563	1.2%
Jane Jie Sun ⁽⁵⁾	10,179,468	1.6%
Neil Nanpeng Shen ⁽⁶⁾	*	*
Cindy Xiaofan Wang	*	*
Xing Xiong	*	*
Other directors and executive officers as a group, each of whom individually owns less than 0.1%	*	*
All directors and officers as a group ⁽⁷⁾	52,034,426	7.6%
Principal Shareholders:		
Baidu Entities ⁽⁸⁾	69,159,340	10.7%

* Less than 1% of our total outstanding ordinary shares.

Notes:

- (1) Beneficial ownership is determined in accordance with the SEC rules, and includes voting or investment power with respect to the securities.
- (2) 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 the number of ordinary shares outstanding as of January 31, 2023, the number of ordinary shares underlying share options held by such person or group that were exercisable within 60 days after January 31, 2023.
- (3) Includes 7,858,776 ordinary shares held by Mr. Liang and 21,557,600 ordinary shares that were issuable upon exercise of options exercisable within 60 days after January 31, 2023 held by Mr. Liang.
- (4) Includes 6,858,959 ordinary shares held Mr. Fan and 1,059,604 ordinary shares that were issuable upon exercise of options exercisable within 60 days after January 31, 2023 held by Mr. Fan.
- (5) Includes 1,243,868 ordinary shares held by Ms. Sun and 8,935,600 ordinary shares that were issuable upon exercise of options exercisable within 60 days after January 31, 2023 held by Ms. Sun.
- (6) Mr. Shen's business address is Suite 3613, 36/F, Two Pacific Place, 88 Queensway, Hong Kong.
- (7) Includes 17,783,970 ordinary shares and 34,250,456 ordinary shares that were issuable upon exercise of options exercisable within 60 days after January 31, 2023 held by all of our current directors and executive officers, as a group.
- (8) Includes 69,159,340 ordinary shares beneficially owned as of December 31, 2022 by Baidu Holdings Limited, a wholly-owned subsidiary of Baidu, Inc. (collectively, "Baidu Entities"). Information regarding beneficial ownership is reported as of December 31, 2022, based on the information provided by Baidu Entities to us. The address for Baidu Holdings Limited is c/o Baidu, Inc., No. 10 Shangdi 10th Street, Haidian District, Beijing 100085, the People's Republic of China, and the address for Baidu, Inc. is No. 10 Shangdi 10th Street, Haidian District, Beijing 100085, the People's Republic of China.

[Table of Contents](#)

To our knowledge, we believe that as of January 31, 2023, 432,612,913 ordinary shares were held by two record shareholders in the United States, including 432,612,905 ordinary shares (including ordinary shares that were issued for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our stock incentive plans and treasury shares that were repurchased but not retired by our company) held of record by The Bank of New York Mellon, the depository of our ADS program. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

Enforceability of Civil Liabilities

Our business operations are primarily conducted in China, and substantially all of our assets are located in China. Among our directors and executive officers, Neil Nanpeng Shen, Gabriel Li, and JP Gan habitually reside in Hong Kong while the other directors and executive officers all habitually reside in mainland China, and most of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have been informed by Maples and Calder (Hong Kong) LLP, our Cayman Islands legal counsel, that the United States and the Cayman Islands do not have a treaty providing for reciprocal recognition and enforcement of judgments of U.S. courts in civil and commercial matters and the courts of the Cayman Islands are unlikely to (i) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers, predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (ii) in original actions brought in the Cayman Islands, to impose liabilities against us or our directors or officers, predicated upon the securities laws of the United States or any state in the United States, so far as the liabilities imposed by those provisions are penal in nature.

We have also been advised by our Cayman Islands legal counsel that in those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in any federal or state court in the United States, the courts of the Cayman Islands will recognize and enforce in the courts of the Cayman Islands a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given, provided such judgment (i) is given by a foreign court of competent jurisdiction, (ii) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (iii) is final and conclusive, (iv) is not in respect of taxes, a fine or a penalty, (v) is not inconsistent with a Cayman Islands judgment in respect of the same matter, and (vi) is not impeachable on the grounds of fraud and was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy).

A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

[Table of Contents](#)

Our PRC legal counsel, Commerce & Finance Law Offices, has advised us that there is uncertainty as to whether the courts of mainland China would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Our PRC legal counsel has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. Courts of mainland China 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 mainland China and the country where the judgment is made or on principles of reciprocity between jurisdictions. Mainland China does not have any treaties or other form of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. As such, the courts of mainland China will review and determine the applicability of the reciprocity principle on a case-by-case basis and the length of the procedure is uncertain. In addition, according to the PRC Civil Procedures Law, courts in mainland China will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a court of mainland China would enforce a judgment rendered by a court in the United States or in the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against a company in mainland China for disputes if they can establish sufficient nexus to mainland China for a court of mainland China to have jurisdiction, and meet other procedural requirements. It will be, however, difficult for U.S. shareholders to originate actions against us in mainland China in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding the ADSs or ordinary shares, to establish a connection to mainland China for a court of mainland China to have jurisdiction as required under the PRC Civil Procedures Law.

Furthermore, the United States and Hong Kong do not have a bilateral treaty or multilateral convention in force on reciprocal recognition and enforcement of judgments. As a result, any United States judgment is enforceable in Hong Kong pursuant to the common law regime in Hong Kong for recognizing and enforcing foreign judgments, which provides that a foreign judgment is enforceable if (i) it is final and conclusive on the merits, (ii) the judgment has been rendered by a court of competent jurisdiction, (iii) the judgment must be for a fixed sum of money, (iv) the judgment must be between the same parties as those before the Hong Kong court, and (v) enforcement of the judgment is not a breach of natural justice or against public policy.

F. *Disclosure of A Registrant's Action to Recover Erroneously Awarded Compensation*

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. *Major Shareholders*

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

B. *Related Party Transactions*

Arrangements with the VIEs

Current PRC laws and regulations impose substantial restrictions on foreign ownership of the travel agency and value-added telecommunications businesses in China. Therefore, we conduct part of our businesses through a series of contractual arrangements between our PRC subsidiaries, the VIEs and/or their respective shareholders. The VIEs hold the licenses and approvals for operating the travel agency, and value-added telecommunications businesses in China. As a result of the contractual arrangements, we (i) have the power to direct activities of the VIEs that most significantly affect their economic performance, and (ii) receive the economic benefits from the VIEs that could be significant to them. Accordingly, for accounting purposes, the contractual arrangements provide Trip.com Group Limited with a “controlling financial interest” in the VIEs as defined in FASB ASC 810, making Trip.com Group Limited the primary beneficiary of these companies, and Trip.com Group Limited thus has consolidated the financial results of operations, assets, and liabilities of these companies in its consolidated financial statements under U.S. GAAP. Moreover, we plan to enter into the same series of agreements with all of the future variable interest entities. As of the date of this annual report, Min Fan, our vice chairman of the board and president, Bo Sun, Maohua Sun, Qi Shi, Hui Cao, and Hui Wang, all being our officers or senior counsels, are the principal record owners of the VIEs. Neither Trip.com Group Limited nor its investors has an equity ownership (including foreign direct investment) in, or control through such equity ownership of, the VIEs, and the contractual arrangements are not equivalent to an equity ownership in the business of the VIEs.

Table of Contents

As of the date of this annual report, the equity holding structures of each of the significant VIEs are as follows:

- Maohua Sun and Bo Sun owned 10.2% and 89.8%, respectively, of Ctrip Commerce (VIE).
- Ctrip Commerce (VIE) owned 100% of Shanghai Huacheng (VIE).
- Min Fan and Qi Shi owned 99.5% and 0.5%, respectively, of Chengdu Ctrip (VIE).
- Hui Cao and Hui Wang owned 60% and 40%, respectively, of Qunar Beijing (VIE).

We believe that the terms of these agreements are no less favorable than the terms that we could obtain from disinterested third parties. The terms of the agreements with the same title between us and the respective VIEs are substantially similar except for the amount of the business loans to the shareholders of each entity and the amount of service fees paid by each entity. We believe that the shareholders of the VIEs will not receive any personal benefits from these agreements except as shareholders of our company. According to our PRC legal counsel, Commerce & Finance Law Offices, these agreements are valid, binding and enforceable under the current laws and regulations of China as of the date of this annual report. The principal terms of these agreements are described below.

Powers of Attorney. Each of the shareholders of the VIEs, except for Hui Cao and Hui Wang who entered into a separate set of contractual arrangements as described below, signed an irrevocable power of attorney to appoint Ctrip Travel Network or Ctrip Travel Information, as attorney-in-fact to vote, by itself or any other person to be designated at its discretion, on all matters of the applicable VIEs. Each such power of attorney will remain effective as long as the applicable VIE exists, and such shareholders of the applicable VIEs are not entitled to terminate or amend the terms of the power of attorneys without prior written consent from us.

As of the date of this annual report, each of the shareholders of Qunar Beijing (VIE), Hui Cao and Hui Wang, also signed an irrevocable power of attorney authorizing an appointee, to exercise, in a manner approved by Qunar, on such shareholder's behalf the full shareholder rights pursuant to applicable laws and Qunar Beijing (VIE)'s articles of association, including without limitation full voting rights and the right to sell or transfer any or all of such shareholder's equity interest in Qunar Beijing (VIE). Each such power of attorney is effective until such time as such relevant shareholder ceases to hold any equity interest in Qunar Beijing (VIE). The terms of the power of attorney with respect to Qunar Beijing (VIE) are substantially similar to the terms described in the foregoing paragraph.

Technical Consulting and Services Agreements. Ctrip Travel Information and Ctrip Travel Network, each a wholly-owned PRC subsidiary of ours, provide the VIEs, except for Qunar Beijing (VIE), with technical consulting and related services and staff training and information services on an exclusive basis. We also maintain their network platforms. In consideration for our services, the VIEs agree to pay us service fees as calculated in such manner as determined by us from time to time based on the nature of service, which may be adjusted periodically. For 2020, 2021, and 2022, the VIEs paid Ctrip Travel Information (after our restructuring of business lines and restatement of contractual arrangements in 2015) and Ctrip Travel Network (after our restructuring of business lines and restatement of contractual arrangements in 2015) a quarterly fee based on the number of transportation tickets sold in the quarter, at an average rate of RMB3 (US\$0.4) per ticket. Although the service fees are typically determined based on the number of transportation tickets sold, given the fact that the nominee shareholders of such VIEs have irrevocably appointed a designated person to vote on their behalf on all matters they are entitled to vote on, we have the right to determine the level of service fees paid and therefore receive substantially all of the economic benefits of the VIEs in the form of service fees. The services fees paid by all of the VIEs as a percentage of their total net income were 117%, 108%, and 136% for the years ended December 31, 2020, 2021, and 2022. Ctrip Travel Information or Ctrip Travel Network, as appropriate, will exclusively own any intellectual property rights arising from the performance of this agreement. The initial term of these agreements is 10 years and may be renewed automatically in 10-year terms unless we disapprove the extension. We retain the exclusive right to terminate the agreements at any time by delivering a 30-day advance written notice to the applicable VIE.

As of the date of this annual report, pursuant to the restated exclusive technical consulting and services agreement between Qunar Beijing (VIE) and Qunar Software, Qunar Software provides Qunar Beijing (VIE) with technical, marketing and management consulting services on an exclusive basis in exchange for service fee paid by Qunar Beijing (VIE) based on a set formula defined in the agreement subject to adjustment by Qunar Software at its sole discretion. This agreement will remain in effect until terminated unilaterally by Qunar Software or mutually. The terms of this agreement are substantially similar to the terms described in the foregoing paragraph.

Equity Pledge Agreements. The shareholders of the VIEs, except for Hui Cao and Hui Wang who entered into a separate set of contractual arrangements as described below, have pledged their respective equity interests in the applicable VIEs as a guarantee for the performance of all the obligations under the other contractual arrangements, including payment by such VIEs of the technical and consulting services fees to us under the technical consulting and services agreements, repayment of the business loan under the loan agreements and performance of obligations under the exclusive option agreements, each agreement as described herein. This agreement shall be valid and binding on the parties, their heirs, successors and permitted assignees. In the event any of such VIE breaches any of its obligations or any shareholder of such VIEs breaches his or her obligations, as the case may be, under these agreements, we are entitled to enforce the equity pledge right and sell or otherwise dispose of the pledged equity interests, and have priority in receiving payment from proceeds from the auction or sale of all or part of the pledge until the obligations are settled. The pledge shall be established upon registration with the local branch of the SAMR, which has been completed, and will expire two years after the pledgor and the applicable VIEs no longer undertake any obligations under the above-referenced agreements.

As of the date of this annual report, pursuant to the equity interest pledge agreement among Qunar Software, Hui Cao and Hui Wang, Hui Cao and Hui Wang have pledged their equity interests in Qunar Beijing (VIE) along with all rights, titles and interests to Qunar Software as guarantee for the performance of all obligations under the relevant contractual arrangements mentioned herein. This agreement shall be valid and binding on the pledgors and each of their successors, and shall be valid on the pledgee and its successors and assignees. Qunar Software may enforce this pledge upon the occurrence of a settlement event or as required by the PRC law. The pledge shall be established upon registration with the local branch of the SAMR, which has been completed, and will expire when all obligations under the relevant contractual arrangements have been satisfied. In enforcing the pledge, Qunar Software is entitled to dispose of the pledge and have priority in receiving payment from proceeds from the auction or sale of all or part of the pledge until the obligations are settled. The terms of this agreement are substantially similar to the terms described in the foregoing paragraph.

Loan Agreements. Under the loan agreements we entered into with the shareholders of the VIEs, except for Hui Cao and Hui Wang who entered into a separate set of contractual arrangements as described below, we extended long-term business loans to these shareholders of the VIEs with the sole purpose of providing funds necessary for the capitalization or acquisition of such VIEs. These business loan amounts were injected into the applicable VIEs as capital and cannot be accessed for any personal uses. The initial term of the loan agreements is 10 years and may be renewed automatically in 10-year terms unless we disapprove the extension by written notice in advance. The loan agreements shall remain effective until the parties have fully performed their respective obligations under the agreement, and the shareholders of such VIEs have no right to unilaterally terminate these agreements or repay the loan in advance. The loan agreements shall be valid and binding on the parties, their successors and permitted assignees. In the event that the PRC government lifts its substantial restrictions on foreign ownership of the travel agency or value-added telecommunications business in China, as applicable, we will exercise our exclusive option to purchase all of the outstanding equity interests of the VIEs, as described in the following paragraph, and the loan agreements will be canceled in connection with such purchase. However, it is uncertain when, if at all, the PRC government will lift any or all of these restrictions.

Table of Contents

As of the date of this annual report, pursuant to the loan agreement among Qunar Software, Hui Cao and Hui Wang, the loans extended by Qunar Software to each of Hui Cao and Hui Wang are only repayable by a transfer of such borrower's equity interest in Qunar Beijing (VIE) to Qunar Software or its designated party, in proportion to the amount of the loan to be repaid. This loan agreement will continue in effect indefinitely until such time when (i) the borrowers receive a repayment notice from Qunar Software and fully repay the loans, or (ii) an event of default (as defined therein) occurs unless Qunar Software sends a notice indicating otherwise within 15 calendar days after it is aware of such event. The loan agreements shall be valid and binding on the parties, their successors and permitted assignees. The terms of this loan agreement is substantially similar to the terms described in the foregoing paragraphs.

The following table sets forth, as of the date of this report, the amount of each business loan, the date each business loan arrangement was entered into, the principal, interest, maturity date and outstanding balance of the loan, the borrower and the relevant significant VIE.

Date of Loan Agreement	Borrower	Significant VIE	Principal		Interest	Maturity Date	Outstanding Balance	
			RMB	US\$			RMB	US\$
			(in millions)					
November 30, 2021	Bo Sun	Ctrip Commerce (VIE)	808.2	117.2	None	November 29, 2031	808.2	117.2
April 9, 2019	Maohua Sun	Ctrip Commerce (VIE)	88.7	12.9	None	December 13, 2025	88.7	12.9
December 14, 2015	Maohua Sun	Ctrip Commerce (VIE)	3.1	0.4	None	December 13, 2025	3.1	0.4
March 20, 2017	Min Fan	Chengdu Ctrip (VIE)	477.6	69.2	None	December 13, 2025	477.6	69.2
December 14, 2015	Min Fan	Chengdu Ctrip (VIE)	19.9	2.9	None	December 13, 2025	19.9	2.9
March 20, 2017	Qi Shi	Chengdu Ctrip (VIE)	2.4	0.3	None	December 13, 2025	2.4	0.3
December 14, 2015	Qi Shi	Chengdu Ctrip (VIE)	0.1	0.0	None	December 13, 2025	0.1	0.0
March 23, 2016	Hui Cao	Qunar Beijing (VIE)	6.6	1.0	None	Until repayment notice	6.6	1.0
March 23, 2016	Hui Wang	Qunar Beijing (VIE)	4.4	0.6	None	Until repayment notice	4.4	0.6

Exclusive Option Agreements. As consideration for our entering into the loan agreements described above, each of the shareholders of the VIEs, except for Hui Cao and Hui Wang who entered into a separate set of contractual arrangements as described below, has granted us an exclusive, irrevocable option to purchase, or designate one or more person(s) at our discretion to purchase, all of their equity interests in the applicable VIEs at any time we desire, subject to compliance with the applicable PRC laws and regulations. We may exercise the option by issuing a written notice to the shareholder of relevant VIE. Subject to the evaluation requirements or other restrictions imposed by applicable PRC laws and regulations, the purchase price shall be equal to the contribution actually made by the shareholder for the relevant equity interest. Therefore, if we exercise these options, we may choose to cancel the outstanding loans we extended to the shareholders of such VIEs pursuant to the loan agreements as the loans were used solely for equity contribution purposes. The initial term of these agreements is 10 years and may be renewed automatically in 10-year terms unless we disapprove the extension. This agreement shall be valid and binding on the parties, their heirs, successors and permitted assignees. We retain the exclusive right to terminate the agreements at any time by delivering a written notice to the shareholder of applicable VIE.

Hui Cao and Hui Wang also entered into an equity option agreement with Qunar, Qunar Software and Qunar Beijing (VIE). This equity option agreement contains arrangements that are similar to that as described in the foregoing paragraph. This agreement will remain effective with respect to each of Qunar Beijing (VIE)'s shareholders until all of the equity interest has been transferred or Qunar and Qunar Software terminates the agreement unilaterally with 30 days' prior written notice. This agreement shall be valid and binding on the parties, their successors and permitted assignees.

[Table of Contents](#)

The VIEs and their shareholders agree not to enter into any transaction that would affect the assets, obligations, rights or operations of the VIEs without our prior written consent. They also agree to accept our guidance with respect to day-to-day operations, financial management systems and the appointment and dismissal of key employees.

In addition, we also enter into technical consulting and services agreements with some of the majority or wholly-owned subsidiaries of the VIEs, and these subsidiaries of the VIEs pay us service fees based on the level of services provided. The existence of such technical consulting and services agreements provides us with the enhanced ability to transfer economic benefits of these majority or wholly-owned subsidiaries of the VIEs to us in exchange for the services provided, and this is in addition to our existing ability to consolidate and extract the economic benefits of these majority or wholly-owned subsidiaries of the VIEs. For instance, the VIEs may cause the economic benefits to be channeled to them in the form of dividends, which then may be further consolidated and absorbed by us through the contractual arrangements described above.

Share Incentive Grants

Please refer to “Item 6. Directors, Senior Management and Employees — B. Compensation — Employees’ Share Incentive Plans.”

Employment Agreements

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

Commissions from Homeinns and BTG

In December 2016, in connection with our share exchange transaction with BTG Hotels (Group) Co., Ltd., or BTG, and Homeinns Hotel Group, or Homeinns, we exchanged our previously held equity interest in Homeinns for an equity method investment in BTG. BTG had entered into agreements with us to provide hotel rooms for our customers. Total commissions from BTG amounted to RMB38 million (US\$5 million) for the year ended December 31, 2022. These commissions were paid to us in our ordinary course of business on terms substantially similar to those for our unrelated hotel suppliers.

Commissions from H World and its affiliates

One of our hotel partners, H World, has a director in common with our company and a director who is a family member of one of our officers. H World has entered into agreements with us to provide hotel rooms for our customers. Total commissions H World paid us amounted to RMB55 million (US\$8 million) for the year ended December 31, 2022. These commissions were paid to us in our ordinary course of business on terms substantially similar to those for our unrelated hotel suppliers.

Commissions and other service fees to/from Tongcheng Travel

In 2018, eLong, Inc. completed a merger with Tongcheng Network Technology Co., Ltd., or LY.com, and the enlarged group Tongcheng Travel Holdings Limited (formerly known as Tongcheng-eLong Holdings Limited), or Tongcheng Travel, supersedes eLong, Inc. and LY.com. In exchange for our prior holdings in eLong, Inc., we received an equity method investment in the enlarged group. Tongcheng Travel uses its platform to promote the hotel rooms provided by us from our travel suppliers and provides marketing and other services to us. We also promote Tongcheng Travel’s hotel rooms on our platform and provide technology services to Tongcheng Travel. Total commissions and other service fees paid by us to Tongcheng Travel amounted to RMB21 million (US\$3 million), and total commissions and other service fees paid by Tongcheng Travel to us amounted to RMB148 million (US\$21 million) for the year ended December 31, 2022.

Technology service fees from Shangcheng Consumer Finance

We provide Shangcheng Consumer Finance Corporation Limited, an equity method investee of us, or Shangcheng Consumer Finance, access to our platform to provide financial services to our users. Total technology service fees from Shangcheng Consumer Finance amounted to RMB172 million (US\$25 million) for the year ended December 31, 2022.

C. *Interests of Experts and Counsel*

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have appended our audited consolidated financial statements filed pursuant to “Item 18. Financial Statements” as part of this annual report.

Legal Proceedings

We are not currently a party to any pending material litigation or other legal proceeding and are not aware of any pending litigation or other legal proceeding that may have a material adverse impact on our business or operations. However, we are and may continue to be subject to various legal proceedings and claims that are incidental to our ordinary course of business.

Dividend Policy

During the past five years, we have not distributed dividends to our shareholders of record.

We have received dividends from our subsidiaries, which have received consulting or other fees from the VIEs. In accordance with currently effective PRC laws and regulations, our subsidiaries and the VIEs in China are required to allocate to their statutory reserve funds at least 10% of their respective after-tax profits for the year determined in accordance with PRC accounting standards and regulations. Each of our subsidiaries and the VIEs in China may stop allocations to its statutory reserve funds if such reserve funds have reached 50% of their registered capital.

Our board of directors has complete discretion as to whether we will distribute dividends in the future, subject to the approval of our shareholders. Even if our board of directors determines to distribute dividends, the form, frequency and amount of our dividends will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, potential tax implications and other factors as the board of directors may deem relevant. Any dividend we declare will be paid to the holders of ADSs, subject to the terms of the deposit agreement, to the same extent as holders of our ordinary shares, less the fees and expenses payable under the deposit agreement. Any dividend we declare will be distributed by the depositary bank to the holders of our ADSs. Cash dividends on our ordinary shares, including those represented by the ADSs, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our ADSs have been listed on the Nasdaq Global Market since December 2003 and the Nasdaq Global Select Market since July 2006. Our ADSs were previously traded under the symbol “CTRP” and are currently traded under the symbol “TCOM,” starting from November 5, 2019. Currently, each of our ADSs represents one ordinary share of our company, par value US\$0.00125 per share.

Our ordinary shares have been listed on the Hong Kong Stock Exchange since April 2021 under the stock code “9961.”

B. Plan of Distribution

Not applicable.

Table of Contents

C. *Markets*

Our ADSs have been listed on the Nasdaq Global Market since December 2003 and on the Nasdaq Global Select Market since July 2006. Our ADSs are currently traded under the symbol “TCOM.”

Our ordinary shares have been listed on the Hong Kong Stock Exchange since April 2021 under the stock code “9961.”

D. *Selling Shareholders*

Not applicable.

E. *Dilution*

Not applicable.

F. *Expenses of the Issue*

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. *Share Capital*

Not applicable.

B. *Memorandum and Articles of Association*

Ordinary Shares

General. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Our ordinary shares are issued in registered form, and are issued when entered in our register of members. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Act.

Voting Rights. Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote. Voting at any meeting of shareholders is by show of hands unless before or on the declaration of the result of, the show of hands, a poll is demanded. A poll may be demanded by the chairman of the meeting or any shareholder or shareholders collectively present in person or by proxy and holding at least ten percent in par value of the shares giving a right to attend and vote at the meeting.

A quorum required for a meeting of shareholders consists of at least two shareholders (or, if our company has only one shareholder, that one shareholder) holding (i) not less than ten per cent. of the votes attaching to all issued and outstanding shares, for as long as our shares remain listed on The Stock Exchange of Hong Kong Limited, or (ii) otherwise not less than one-third of the issued and outstanding voting shares in our company, present in person or by proxy. Shareholders’ meetings may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding in aggregate not less than ten per cent in par value of our share capital for as long as our shares remain listed on The Stock Exchange of Hong Kong Limited. Advance notice of (i) at least 14 days, for as long as our shares remain listed on The Stock Exchange of Hong Kong Limited, or (ii) otherwise at least a seven-day notice is required for the convening of any of our shareholders meetings.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast in a general meeting. A special resolution is required for matters such as a change of name or amending the memorandum and articles of association. Holders of the ordinary shares may by ordinary resolution, among other things, make changes in the amount of our authorized share capital and consolidate and divide all or any of our share capital into shares of larger amount than our existing share capital and cancel any authorized but unissued shares.

[Table of Contents](#)

Liquidation. If our company shall be wound up the liquidator may, with the sanction of a special resolution of our company and any other sanction required by the Companies Act, divide amongst our shareholders in kind the whole or any part of the assets of our company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the shareholders as the liquidator, with the like sanction, shall think fit, but so that no shareholder shall be compelled to accept any asset upon which there is a liability.

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

Redemption, Repurchase and Surrender of Shares. We may issue shares on the 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, prior to the issue of such shares, by special resolution. Our company may also repurchase any of our shares (including redeemable shares) provided that the manner of such purchase has been authorized by an ordinary resolution of our shareholders. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or share premium account or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital if our company shall, immediately following such payment, be able to 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 (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) our 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 the share capital of our company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not our company is being wound-up and except where our articles of association or the Companies Act impose any stricter quorum, voting or procedural requirements in regard to the variation of rights attached to a specific class, be varied either with the consent in writing of the holders of 75% 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.

Shareholder Rights Plan

On November 23, 2007, our board of directors declared a dividend of one ordinary share purchase right, or a Right, for each of our ordinary shares outstanding at the close of business on December 3, 2007 pursuant to a rights agreement. As long as the Rights are attached to the ordinary shares, we will issue one Right (subject to adjustment) with each new ordinary share so that all such ordinary shares will have attached Rights. When exercisable, each Right will entitle the registered holder, except the acquirer that triggers the exercise of the Rights, to purchase from us one ordinary share at a price of US\$700 per ordinary share, subject to adjustment. As a result, the acquirer will be greatly diluted, and other existing shareholders who exercise the Rights will not be diluted, thereby effectively reducing the risk of a potential hostile takeover. On August 7, 2014, we entered into a First Amendment and, subsequently on the same day, a Second Amendment to the Rights Agreement dated as of November 23, 2007 between the Bank of New York Mellon and us. Through these two amendments, we (i) extended the term of our rights agreement for another ten years and the Rights will expire on August 6, 2024, subject to the right of our board of directors to extend the rights agreement for another ten years prior to its expiration; (ii) modified the trigger threshold of the Rights to allow more flexibility. Specifically, shareholders who file or are entitled to file beneficial ownership statement on Schedule 13G pursuant to Rule 13d-1(b)(1) of the Exchange Act, typically institutional investors with no intention to acquire control of the issuer, will be able to beneficially own up to 20% of our total outstanding shares before the Rights are triggered, while all other shareholders must maintain their beneficial ownership at a level below 10% of our total outstanding shares before the Rights are triggered, among other things; and (iii) included Booking Holdings Inc. (formerly known as the Priceline Group Inc.), or Booking, and its subsidiaries in the definition of "Exempt Person" under the then effective rights agreement as long as their beneficial ownership do not exceed 10% of our total outstanding shares. On May 29, 2015, October 26, 2015, and December 23, 2015, we entered into a Third Amendment, a Fourth Amendment, and a Fifth Amendment to the Rights Agreement with the Bank of New York Mellon, respectively, for the purposes of amending the definition of "Exempt Person." Accordingly, in so far as Booking and any of its subsidiaries are concerned in connection with the determination of Exempt Person, the term "Exempt Person" will be applied only to the extent that the number of ordinary shares beneficially owned by such Exempt Person (excluding the number of our ADSs or the ordinary shares that are beneficially owned by Booking and any of its subsidiaries due to any such entity's ownership or conversion of that certain note issued by us pursuant to a convertible note purchase agreement dated December 9, 2015 between a subsidiary of Booking and us) at all times does not exceed fifteen percent (15%) of the ordinary shares then outstanding in the aggregate and in so far as Baidu and any of its subsidiaries are concerned in connection with the determination of Exempt Person, the term "Exempt Person" will be applied only to the extent that the number of ordinary shares beneficially owned by such Exempt Person at all times does not exceed twenty-seven percent (27%) of the ordinary shares then outstanding in the aggregate. On August 30, 2019 and November 13, 2019, we entered into a Sixth Amendment and a Seventh Amendment to the Rights Agreement with the Bank of New York Mellon, respectively, for purposes of amending the definition of "Exempt Person." Accordingly, in connection with the share exchange transaction with Naspers, Naspers, MIH Internet SEA Private Limited, and their respective subsidiaries have been included in the definition of "Exempt Person" to the extent that the number of ordinary shares beneficially owned by such Exempt Person at all times does not exceed eleven percent (11%) of the ordinary shares then outstanding in the aggregate, and removed Booking and its subsidiaries from the definition of "Exempt Person."

The Rights were not distributed in response to any specific effort to acquire control of our company.

Registered Office and Objects

Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place as our directors may from time to time decide. The objects for which our company is 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

Our board of directors currently consists of nine directors. Our board of directors may exercise all 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 whether outright or as security for any debt, liability or obligation of our company or of any third party. A director may vote with respect to any contract or transaction in which he or she is interested as long as he or she has made a declaration of the nature of such interest. A director is not required to hold any shares in our company by way of qualification, and there is no requirement for a director to retire at any age limit.

We have a compensation committee that assists the board in reviewing and approving the compensation structure and form of compensation of our directors and executive officers. Members of the compensation committee are not prohibited from direct involvement in determining their own compensation. Our chief executive officer may not be present at any committee meeting during which her compensation is deliberated.

For details of our board of directors and its committees, see “Item 6. Directors, Senior Management and Employees — C. Board Practices.”

C. Material Contracts

Other than in the ordinary course of business and other than the one described under this item, in “Item 4. Information on the Company” and “Item 7. — Major Shareholders and Related Party Transactions — B. Related Party Transactions” or elsewhere in this annual report, we have not entered into any material contract during the two years immediately preceding the date of this annual report: (i) a facility agreement dated October 18, 2021 among our company (as borrower), Bank of China Limited and The HongKong and Shanghai Banking Corporation Limited (as mandated lead arrangers and bookrunners), and other parties thereto, and (ii) a facility agreement dated December 2, 2022 among our company (as borrower), China Construction Bank Corporation Hong Kong Branch, DBS Bank Ltd., The HongKong and Shanghai Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited and Industrial and Commercial Bank Of China Shanghai Cao He Jing Hi-tech Park Sub-branch (as mandated lead arrangers and bookrunners), and other parties thereto.

[Table of Contents](#)

D. *Exchange Controls*

See “Item 4. Information on the Company — B. Business Overview — PRC Government Regulations — Regulations Related to Foreign Exchange Control” and “Item 4. Information on the Company — B. Business Overview — PRC Government Regulations — Regulations Related to Dividend Distributions.”

E. *Taxation*

The following summary of the material Cayman Islands, PRC and U.S. federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws not addressed herein.

Cayman Islands Taxation

According to Maples and Calder (Hong Kong) LLP, 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 treaty with any country that is applicable to any payments made to or by us.

We have obtained an undertaking from the Financial Secretary of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Act of the Cayman Islands, for a period of 20 years from December 12, 2019, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to us or our operations and, in addition, no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of our company or (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act of the Cayman Islands.

PRC Taxation

If the PRC tax authorities determine that our Cayman Islands holding company is a “resident enterprise” for PRC enterprise income tax purposes, a withholding tax of 10% may be imposed on dividends that non-PRC resident enterprise holders of our ADSs receive from us and on gains realized on their sale or other disposition of ADSs, if such income is considered as income derived from within China. See “Item 3. Key Information — D. Risk factors — Risks Relating to Our Corporate Structure — Our PRC subsidiaries are subject to restrictions on paying dividends or making other payments to us while the VIEs can only make payments to us in accordance with the contractual arrangements, which may restrict our ability to satisfy our liquidity requirements.”

U.S. Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder (as defined below) that will hold our ADSs or ordinary shares as “capital assets” (generally, property held for investment). This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations promulgated thereunder (“Regulations”), published positions of the Internal Revenue Service (the “IRS”), court decisions and other applicable authorities, all as currently in effect as of the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect).

[Table of Contents](#)

This discussion does not describe all of the U.S. federal income tax considerations that may be applicable to U.S. Holders in light of their particular circumstances or U.S. Holders subject to special treatment under U.S. federal income tax law, such as:

- banks, insurance companies and other financial institutions;
- tax-exempt entities;
- real estate investment trusts;
- regulated investment companies;
- dealers or traders in securities;
- certain former citizens or residents of the United States;
- persons that elect to mark their securities to market;
- persons holding our ADSs or ordinary shares as part of a “straddle,” conversion or other integrated transaction;
- persons that have a functional currency other than the U.S. dollar; and
- persons that actually or constructively own 10% or more of our equity (by vote or value).

In addition, this discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift, alternative minimum tax or Medicare tax on certain net investment income considerations. U.S. Holders should consult their tax advisors concerning the U.S. federal income tax considerations to them in light of their particular situation as well as any considerations arising under the laws of any other taxing jurisdiction.

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of our ADSs or ordinary shares that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (i) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons or (ii) has a valid election in effect under applicable Regulations to be treated as a U.S. person.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our ADSs or 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. Partners in a partnership holding our ADSs or ordinary shares should consult their tax advisors regarding the tax considerations generally applicable to them of the ownership and disposition of our ADSs or ordinary shares.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement have been and will be complied with in accordance with its terms. If a U.S. Holder holds ADSs, such holder should be treated as the beneficial holder of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes.

Distributions

Subject to the discussion below under “— Passive Foreign Investment Company Rules,” any cash distributions (including the amount of any PRC tax withheld if we are deemed to be a PRC resident enterprise under PRC tax law) paid on our ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in a U.S. Holder’s gross income as dividend income on the day actually or constructively received by such holder. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution paid will generally be treated as dividend income for U.S. federal income tax purposes. Dividends received on our ADSs or ordinary shares will not be eligible for the dividends received deduction allowed to corporations under the Code.

Individuals and other non-corporate recipients will be subject to tax at the lower capital gain tax rate applicable to “qualified dividend income,” provided that certain conditions are satisfied, including that (i) our ADSs or ordinary shares are readily tradable on an established securities market in the United States, or, in the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we are eligible for the benefits of the Treaty, (ii) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed below) for the taxable year in which the dividend was paid and the preceding taxable year, and (iii) certain holding period requirements are met. Our ADSs, but not our ordinary shares, are listed on the Nasdaq Global Select Market so we anticipate that our ADSs should qualify as readily tradable on an established securities market in the United States, although there can be no assurances in this regard. In the event that we are deemed to be a PRC resident enterprise under PRC tax law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on our ADSs or ordinary shares. If we are deemed to be a PRC resident enterprise, we may, however, be eligible for the benefits of the Treaty. If we are eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether such shares are represented by our ADSs, would be eligible for the reduced rates of taxation applicable to qualified dividend income, as discussed above.

For U.S. foreign tax credit purposes, dividends will generally be treated as income from foreign sources and will generally constitute passive category income. Depending on a U.S. Holder’s particular circumstances, such holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on our ADSs or ordinary shares. If a U.S. Holder does not elect to claim a foreign tax credit for foreign tax withheld, such holder is permitted instead to claim a deduction, for U.S. federal income tax purposes, for the foreign tax withheld, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. U.S. Holders should consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Taxable Dispositions

Subject to discussion below under “— Passive Foreign Investment Company Rules,” a U.S. Holder will generally recognize capital gain or loss upon the sale or other taxable disposition of our ADSs or ordinary shares in an amount equal to the difference, if any, between the amount realized upon the disposition and such holder’s adjusted tax basis in such ADSs or ordinary shares. Any capital gain or loss will be long-term capital gain or loss if the U.S. Holder held the ADSs or ordinary shares for more than one year and will generally be U.S.-source gain or loss for U.S. foreign tax credit purposes. In the event that we are deemed to be a PRC resident enterprise under PRC tax law and gain from the disposition of the ADSs or ordinary shares is subject to tax in China, such gain may be treated as PRC-source gain for U.S. foreign tax credit purposes under the Treaty. Pursuant to recently issued Regulations, however, if a U.S. Holder is not eligible for the benefits of the Treaty or does not elect to apply the Treaty, then such holder may not be able to claim a foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or common shares. The deductibility of a capital loss may be subject to limitations. U.S. Holders should consult their tax advisors regarding the tax considerations if a foreign tax is imposed on a disposition of our ADSs or ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

Passive Foreign Investment Company Rules

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. For this purpose, cash is categorized as a passive asset and the company’s unbooked intangibles associated with active business activity are taken into account as a non-passive asset. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% (by value) of the stock.

Although the law in this regard is not entirely clear, we treat the VIEs as being owned by us for U.S. federal income tax purposes because we control their management decisions and we are entitled to substantially all of their economic benefits and, as a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of the VIEs for U.S. federal income tax purposes, we would likely be treated as a PFIC for our current taxable year and any subsequent taxable years.

Assuming we are the owner of the VIEs for U.S. federal income tax purposes, based on our income and assets, and the value of our ADSs, we do not believe that we were classified as a PFIC for the taxable year ending December 31, 2022 and we do not expect to be a PFIC for the foreseeable future. Although we do not anticipate becoming a PFIC, changes in the nature of our income or assets or the value of our ADSs may cause us to become a PFIC for the current or any subsequent taxable year. Recent fluctuations in the market price of our ADSs or ordinary shares increased our risk of becoming a PFIC. The market price of the ADSs and ordinary shares may continue to fluctuate considerably; consequently, we cannot assure you of our PFIC status for any taxable year. Under circumstances where revenues from activities that produce passive income significantly increase relative to our revenues from activities that produce non-passive income, or where we determine not to expend significant amounts of cash for working capital or other purposes, our risk of becoming classified as a PFIC may substantially increase.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs, or ordinary shares, such holder will be subject to special tax rules with respect to any “excess distribution” that such holder receives and any gain such holder realizes from a sale or other disposition (including a pledge) of our ADSs or ordinary shares, unless such holder makes a “mark-to-market” election as discussed below. Distributions a U.S. Holder receives in a taxable year that are greater than 125% of the average annual distributions such holder received during the shorter of the three preceding taxable years or such holder’s holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over such holder’s holding period for the ADSs or ordinary shares;
- amounts allocated to the current taxable year, and any taxable years in such holder’s holding period prior to the first taxable year in which we are classified as a PFIC, or a pre-PFIC year, will be taxable as ordinary income; and
- amounts allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to such holder for that year, and such amounts will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to such years.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares and any of our non-U.S. subsidiaries are also PFICs, such holder will be treated as owning a proportionate amount (by value) of the shares of each such non-U.S. subsidiary classified as a PFIC for purposes of the application of these rules.

Alternatively, a U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election for such stock of a PFIC to elect out of the tax treatment discussed in the two preceding paragraphs. If a U.S. Holder makes a valid mark-to-market election for the ADSs, such holder will include in income each year an amount equal to the excess, if any, of the fair market value of the ADSs as of the close of such holder’s taxable year over such holder’s adjusted basis in such ADSs. The U.S. Holder will be allowed a deduction for the excess, if any, of the adjusted basis of the ADSs over their fair market value as of the close of the taxable year. However, deductions will be allowable only to the extent of any net mark-to-market gains on the ADSs included in the U.S. Holder’s income for prior taxable years. Amounts included in the U.S. Holder’s income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs, will be treated as ordinary income. Ordinary loss treatment will also apply to the deductible portion of any mark-to-market loss on the ADSs, as well as to any loss realized on the actual sale or disposition of the ADSs, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs. A U.S. Holder’s basis in the ADSs will be adjusted to reflect any such gain or loss amounts. If a U.S. Holder makes a valid mark-to-market election, and we subsequently cease to be classified as a PFIC, such holder will not be required to take into account the mark-to-market income or loss described above during any period that we are not classified as a PFIC.

Table of Contents

The mark-to-market election is available only for “marketable stock,” which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market, as defined in applicable Regulations. Our ADSs are listed on the Nasdaq Global Select Market, which is a qualified exchange for these purposes, and, consequently, assuming that the ADSs are regularly traded, it is expected that the mark-to-market election would be available to U.S. Holders of ADSs (but not our ordinary shares) if we are or become a PFIC.

Because, as a technical matter, a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide the information necessary for U.S. Holders to make qualified electing fund elections in the event that we are classified as a PFIC.

If we are classified as a PFIC, a U.S. Holder must file an annual report with the IRS. U.S. Holders should consult their tax advisors concerning the U.S. federal income tax considerations of owning and disposing of our ADSs or ordinary shares if we are or become a PFIC, including the unavailability of a qualified electing fund election, the possibility of making a mark-to-market election and the annual PFIC filing requirements, if any.

F. *Dividends and Paying Agents*

Not applicable.

G. *Statement by Experts*

Not applicable.

H. *Documents on Display*

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at SEC’s public reference room located at Room 1580, 100F Street, NE, Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the Commission at 1-800-SEC-0330. SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish The Bank of New York Mellon, the depository of our 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.

I. *Subsidiary Information*

Not applicable.

[Table of Contents](#)

J. *Annual Report to Security Holders*

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk. Our exposure to interest rate risk primarily relates to interest income generated by bank deposit and short-term investment, as well as interest expenses associated with floating rate based bank borrowings and syndicated loans. For information about these notes and bank borrowings, see “Item 5. Operating and Financial Review and Prospects— B. Liquidity and Capital Resources.” We have used interest swap contracts to hedge our exposure to interest rate risk. Based on our cash balance as of December 31, 2022, a one basis point decrease in interest rates would result in an RMB6 million (US\$1 million) decrease in our interest income on an annual basis. Our future interest income may fluctuate in line with changes in interest rates. We have not used derivative financial instruments to reduce the risk for the fixed rate based bank borrowings. We have not been exposed to nor do we anticipate being exposed to material risks due to changes in interest rates for the fixed rate based bank borrowings.

Foreign Exchange Risk. The majority of our revenues are denominated in Renminbi. While a portion of our financial assets, financial liabilities and dividend payments are denominated in U.S. dollars, we may use foreign exchange spot, forwards, or other contracts to hedge our exposure to foreign currency risk where we deem necessary. Any significant revaluation of Renminbi against U.S. dollar may adversely affect our cash flow, earnings, and financial position, and the value of, and any dividends payable on, our ordinary shares and ADSs. As of December 31, 2022, a 1% strengthening or weakening of Renminbi against U.S. dollars would have increased or decreased our net loss by 0.5%. See “Item 3. Key Information— D. Risk Factors—Risks Relating to Doing Business in China—Future movements in exchange rates between U.S. dollars and Renminbi may adversely affect the value of our ordinary shares or ADSs.”

Investment Risk. As of December 31, 2022, our equity method investments totaled US\$2.8 billion. We periodically review our investments for impairment. Unrealized gains on transactions between the affiliated entity and us are eliminated to the extent of our interest in the affiliated entity; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. We are unable to control these factors and an impairment charge recognized by us will impact our operating results and financial position. As of December 31, 2022, our remaining investments were mainly equity security investments measured at fair market value and time deposits and financial products in commercial banks, and the financial reporting risks associated with these investments are not considered significant and particularly sensitive to management judgments.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. *Debt Securities*

Not applicable.

B. *Warrants and Rights*

Not applicable.

C. *Other Securities*

Not applicable.

[Table of Contents](#)

D. American Depositary Shares

Fees paid by our ADS holders

The Bank of New York Mellon, the depositary of our ADS program, 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 deducting from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Persons depositing or withdrawing shares must pay:

\$ 5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$ 0.02 (or less) per ADS

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

\$ 0.02 (or less) per ADSs per calendar year

Registration or transfer fees

Expenses of the depositary

Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depositary or its agents for servicing the deposited securities

For:

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

Any cash distribution to ADS registered holders

Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS registered holders

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

Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)

Converting foreign currency to U.S. dollars

As necessary

As necessary

Fees and Payments from the Depositary to Us

We expect to receive from the depositary a reimbursement of approximately US\$8.7 million, net of withholding tax, for our continuing annual stock exchange listing fees and our expenses incurred in connection with investor relationship programs for 2022. In addition, the depositary has agreed to reimburse us annually for our expenses incurred in connection with investor relationship programs in the future. The amount of such reimbursements is subject to certain limits.

Dealings and Settlement of Shares in Hong Kong

Our ordinary shares now trade on the Hong Kong Stock Exchange in board lots of 50 ordinary shares. Dealings in our ordinary shares on the Hong Kong Stock Exchange will be conducted in Hong Kong dollars.

[Table of Contents](#)

The transaction costs of dealings in our shares on the Hong Kong Stock Exchange include:

- Hong Kong Stock Exchange trading fee of 0.005% of the consideration of the transaction, charged to each of the buyer and seller;
- SFC transaction levy of 0.0027% of the consideration of the transaction, charged to each of the buyer and seller;
- Accounting and Financial Reporting Council of Hong Kong transaction levy of 0.00015% of the consideration of the transaction, charged to each of the buyer and seller;
- trading tariff of HK\$0.50 on each and every purchase or sale transaction. The decision on whether or not to pass the trading tariff onto investors is at the discretion of brokers;
- transfer deed stamp duty of HK\$5.00 per transfer deed (if applicable), payable by the seller;
- ad valorem stamp duty at a total rate of 0.26% of the value of the transaction, with 0.13% payable by each of the buyer and the seller;
- stock settlement fee, which is currently 0.002% of the gross transaction value, subject to a minimum fee of HK\$2.00 and a maximum fee of HK\$100.00 per side per trade;
- brokerage commission, which is freely negotiable with the broker (other than brokerage commissions for IPO transactions which are currently set at 1% of the subscription or purchase price and will be payable by the person subscribing for or purchasing the securities); and
- the Hong Kong share registrar will charge between HK\$2.50 to HK\$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of Shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

Investors must settle their trades executed on the Hong Kong Stock Exchange through their brokers directly or through custodians. For an investor who has deposited their ordinary shares in their stock account or in their designated CCASS participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to their broker or custodian before the settlement date.

Exchanges Between Shares Trading in Hong Kong and ADSs

In connection with the listing of our ordinary shares on the Hong Kong Stock Exchange, we have established a branch register of members in Hong Kong, or the Hong Kong Share Register, which is maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members, or the Cayman share register, continues to be maintained by our principal share registrar, Maples Fund Services (Cayman) Limited.

All ordinary shares offered in the Global Offering are registered on the Hong Kong Share Register in order to be listed and traded on the Hong Kong Stock Exchange. As described in further detail below, holders of ordinary shares registered on the Hong Kong Share Register are able to exchange these shares into ADSs, and vice versa.

Our ADSs

ADSs representing our ordinary shares are traded on Nasdaq. Dealings in ADSs on Nasdaq are conducted in U.S. dollars.

ADSs may be held either:

- directly: (i) by having an American Depositary Receipt, or ADR, which is a certificate evidencing a specific number of ADSs registered in the holder's name; or (ii) by having uncertified ADSs registered in the holder's name; or
- indirectly, by holding a security entitlement in ADSs through a broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC.

The depositary for the ADSs is The Bank of New York Mellon, whose principal executive office is located at 240 Greenwich Street, New York, New York 10286, United States.

Depositing ordinary shares trading in Hong Kong for delivery of ADSs

An investor who holds ordinary shares registered in Hong Kong and who intends to exchange them for ADSs to trade on Nasdaq must deposit or have his or her broker deposit the ordinary shares with the depositary's Hong Kong custodian, The Hong Kong and Shanghai Banking Corporation Limited, Hong Kong, or the custodian, in exchange for ADSs.

A deposit of ordinary shares in exchange for ADSs involves the following procedures:

- If ordinary shares have been deposited with CCASS, the investor must transfer ordinary shares to the depositary's account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed ADS delivery form to the custodian via his or her broker.
- If ordinary shares are held outside CCASS, the investor must arrange for the deposit of his or her ordinary shares into CCASS and then proceed as described above.
- Upon payment of its fees and expenses and of any taxes or charges, such as stamp duties or stock transfer taxes or fees, if applicable, the depositary will register the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs as instructed in the ADS delivery form.

For ordinary shares deposited in CCASS, under normal circumstances, the above steps generally require two business days, provided that the investor has provided timely and complete instructions. For ordinary shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

Surrender of ADSs for delivery of ordinary shares trading in Hong Kong

An investor who holds ADSs and wishes to receive ordinary shares that trade on the Hong Kong Stock Exchange must surrender the ADSs the investor holds and withdraw ordinary shares from the ADS program and cause his or her broker or other financial institution to trade such ordinary shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker or other financial institution should follow the procedure of the broker or financial institution and instruct the broker to arrange for surrender of the ADSs, and transfer of the underlying ordinary shares from the depositary's account with the custodian within the CCASS system to the investor's Hong Kong stock account.

For investors holding ADSs directly, the following steps must be taken:

- To withdraw ordinary shares from the ADS program, an investor who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.
- Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp duties or stock transfer taxes or fees, if applicable, the depositary will instruct the custodian to deliver ordinary shares underlying the canceled ADSs to the CCASS account designated by an investor.
- If an investor prefers to receive shares outside CCASS, he or she must so indicate in the instruction delivered to the depositary.

For ordinary shares to be received in CCASS, under normal circumstances, the above steps generally require two business days, provided that the investor has provided timely and complete instructions. For ordinary shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the ordinary shares on the Hong Kong Stock Exchange until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancellations.

Depositary requirements

Before the depositary delivers ADSs or permits withdrawal of ordinary shares, the depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with procedures it may establish, from time to time, consistent with the deposit agreement, including completion and presentation of transfer documents.

The depositary may refuse to deliver, transfer, or register issuances, transfers and cancellations of ADSs generally when the transfer books of the depositary or our Hong Kong share registrar are closed or at any time if the depositary or we determine it advisable to do so.

All costs attributable to the transfer of ordinary shares to effect a withdrawal from or deposit of ordinary shares into the ADS program will be borne by the investor requesting the transfer or deposit. In particular, holders of ordinary shares and ADSs should note that the Hong Kong Share Registrar will charge between HK\$2.50 to HK\$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of ordinary shares and ADSs must pay up to US\$5.00 per 100 ADSs (or portion thereof) for each issuance of ADSs and each cancellation of ADSs, as the case may be, in connection with the deposit of ordinary shares into, or withdrawal of ordinary shares from, the ADS facility.

PART II.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Use of Proceeds

The following “Use of Proceeds” information relates to the registration statement on Form F-3ASR (File Number 333-233938) and prospectus supplement filed on April 13, 2021 for our public offering of our ordinary shares in connection with the listing on the Hong Kong Stock Exchange in April 2021. The public offering closed in April 2021. We offered and sold an aggregate of 36,380,900 ordinary shares at a public offering price of HK\$268.00 per ordinary share, taking into account the ADSs sold upon the exercise of the over-allotment option by our underwriters. We raised net proceeds of HK\$9.6 billion from our public offering, after deducting underwriting fees and other offering expenses payable by us.

For the year ended December 31, 2022, we used the remaining HK\$8.6 billion of the net proceeds from our public offering for the purpose as disclosed in our registration statement of our public offering.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, our management, including our chief executive officer, Jane Jie Sun, and our chief financial officer, Cindy Xiaofan Wang, has performed an assessment of the effectiveness of our disclosure controls and procedures, as that term is defined in Rules 13a-15(e) of the Exchange Act, as of the end of the period covered by this annual report. Based on that assessment, our management has concluded that our disclosure controls and procedures were effective as of December 31, 2022.

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 U.S. GAAP 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 U.S. 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.

Our management conducted an assessment of the effectiveness of our company’s internal control over financial reporting as of December 31, 2022 based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2022.

PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, audited the effectiveness of our company’s internal control over financial reporting as of December 31, 2022, as stated in their report.

Attestation Report of the Registered Public Accounting Firm

PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, audited the effectiveness of our company's internal control over financial reporting as of December 31, 2022, as stated in their report that appears on page F-2 of this annual report.

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d), under the Exchange Act, our management, including our chief executive officer and our chief financial officer, also conducted an assessment of our internal control over financial reporting to determine whether any changes occurred during the period covered by this report have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that assessment, it has been determined that there has been no such change during the period covered by this annual report.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

See "Item 6. Directors, Senior Management and Employees — C. Board Practices."

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our chief executive officer, chief financial officer, financial controller, vice presidents and any other persons who perform similar functions for us, as amended and restated from time to time. We have filed our currently effective code of business conduct and ethics as an exhibit to our annual report on Form 20-F, and posted the code on our investor relations website at investors.trip.com.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our principal accountant, for the periods indicated.

	For the Year Ended December 31,		
	2021	2022	
	RMB	RMB	US\$
Audit Fees ⁽¹⁾	20,070,998	22,093,615	3,203,273
Audit-Related Fees ⁽²⁾	400,000	—	—
Tax Fees ⁽³⁾	776,637	949,875	137,719

Notes:

- (1) "Audit Fees" represent the aggregate fees incurred for each of the fiscal years listed for professional services rendered by our principal accountant for the interim review of quarterly financial statements and the audit of our annual financial statements and other statutory audits of our subsidiaries.
- (2) "Audit Related Fees" represent the aggregate fees incurred in each of the fiscal years listed for assurance and related services that are provided by our principal accountant that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees."
- (3) "Tax Fees" represent the aggregate fees incurred in each of the fiscal years listed for professional services rendered by our principal accountant for tax compliance, tax advice and tax planning.

[Table of Contents](#)

Our audit committee pre-approves all audit and permissible non-audit services provided by the principal accountant. These services may include audit services, audit-related services and tax services, as well as, to a very limited extent, specifically designated non-audit services which, in the opinion of the audit committee, will not impair the independence of the principal accountant. The principal accountant and our management are required to report to the audit committee on the quarterly basis regarding the extent of services provided by the principal accountant in accordance with this pre-approval.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

As a Cayman Islands company listed on Nasdaq, we are subject to the Nasdaq corporate governance listing standards. 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. In lieu of (i) the requirements of Rule 5605(b) of the Nasdaq Rules that a majority of a Nasdaq-listed company's board of directors be independent directors as defined in Rule 5605(a)(2), and (ii) the requirements of Rule 5635(c) of the Nasdaq Rules that shareholder approval be required prior to the issuance of securities when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by officers, directors, employees, or consultants, we intend to follow our home country practices with respect to the composition of our board of directors and approval for adoption and material amendment to our equity-based compensation plans. Our Cayman Islands counsel has provided a letter to the Nasdaq Stock Market certifying that under Cayman Islands law, we are not required to follow or comply with the requirements of the Rule 5600 series of the Nasdaq Rules (except for those rules that are required to be followed pursuant to Rule 5615(a)(3)). Nasdaq has acknowledged the receipt of this letter.

Other than the home country practices described above, we are not aware of any significant ways in which our corporate governance practices differ from those followed by U.S. domestic companies under the Nasdaq Rules.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

In May 2022, the SEC conclusively listed Trip.com Group Limited as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. Our auditor who issued the audit report for us for the fiscal year ended December 31, 2021 is a registered public accounting firm headquartered in mainland China, a jurisdiction where the PCAOB determined that it was unable to inspect or investigate registered public accounting firms headquartered there until December 2022.

On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F.

[Table of Contents](#)

As of the date of this annual report, to our knowledge, (i) no Cayman Islands or PRC governmental entities owns any shares of Trip.com Group Limited, the VIEs, or the VIEs' subsidiaries, (ii) the PRC governmental entities do not have a controlling financial interest in Trip.com Group Limited, the VIEs, or the VIEs' subsidiaries, (iii) none of the members of the board of directors of Trip.com Group Limited or its operating entities, including the VIEs and the VIEs' subsidiaries, is an official of the Communist Party of China, and (iv) none of the currently effective memorandum and articles of association (or equivalent organizing document) of Trip.com Group Limited, the VIEs, or the VIEs' subsidiaries contains any charter of the Communist Party of China.

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 for Trip.com Group Limited and its subsidiaries are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Document
1.1	Third Amended and Restated Memorandum and Articles of Association of the Registrant adopted by the shareholders of the Registrant on December 21, 2021 (incorporated by reference to Exhibit 3.1 to our Report of Foreign Private Issuer on Form 6-K furnished to the Securities and Exchange Commission on December 21, 2021)
2.1	Specimen American Depositary Receipt of the Registrant (incorporated by reference to Form 424b3 (File No. 333-233932) filed with the Securities and Exchange Commission on March 18, 2021)
2.2	Specimen Stock Certificate of the Registrant (incorporated by reference to Exhibit 2.2 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 27, 2022)
2.3	Rights Agreement dated as of November 23, 2007 between the Registrant and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.1 to our Report of Foreign Private Issuer on Form 6-K furnished to the Securities and Exchange Commission on November 23, 2007)
2.4	First Amendment to the Rights Agreement dated as of August 7, 2014 between the Registrant and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.1 to our Report of Foreign Private Issuer on Form 8-A/A furnished to the Securities and Exchange Commission on August 8, 2014)
2.5	Second Amendment to the Rights Agreement dated as of August 7, 2014 between the Registrant and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.2 to our Report of Foreign Private Issuer on Form 8-A/A furnished to the Securities and Exchange Commission on August 8, 2014)
2.6	Third Amendment to the Rights Agreement dated as of May 29, 2015 between the Registrant and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.3 to our Report of Foreign Private Issuer on Form 8-A/A furnished to the Securities and Exchange Commission on June 4, 2015)
2.7	Fourth Amendment to the Rights Agreement dated as of October 26, 2015 between the Registrant and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.3 to our Report of Foreign Private Issuer on Form 8-A/A furnished to the Securities and Exchange Commission on October 27, 2015)
2.8	Fifth Amendment to the Rights Agreement dated as of December 23, 2015 between the Registrant and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.3 to our Report of Foreign Private Issuer on Form 8-A/A furnished to the Securities and Exchange Commission on December 23, 2015)
2.9	Sixth Amendment to the Rights Agreement dated as of August 30, 2019 between the Registrant and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.1 to our Report of Foreign Private Issuer on Form 8-A/A furnished to the Securities and Exchange Commission on November 14, 2019)
2.10	Seventh Amendment to the Rights Agreement dated as of November 13, 2019 between the Registrant and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.2 to our Report of Foreign Private Issuer on Form 8-A/A furnished to the Securities and Exchange Commission on November 14, 2019)

Table of Contents

<u>Exhibit Number</u>	<u>Document</u>
2.11	<u>Deposit Agreement dated as of December 8, 2003, as amended and restated as of August 11, 2006, and as further amended and restated as of December 3, 2007, among the Registrant, The Bank of New York as Depository, and all Owners and Beneficial Owners from time to time of American Depositary Shares issued thereunder (incorporated by reference to Exhibit 2.4 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 29, 2008)</u>
2.12*	<u>Description of Securities</u>
4.1	<u>Form of Indemnification Agreement with the Registrant’s directors and executive officers (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form F-1 (File No. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)</u>
4.2*	<u>Form of Employment Agreement between the Registrant and its executive officers</u>
4.3	<u>Translation of Executed Form of Technical Consulting and Services Agreement between a wholly-owned subsidiary of the Registrant and a VIE, as currently in effect, and a schedule of all executed technical consulting and services agreements adopting the same form in respect of a VIE (incorporated by reference to Exhibit 4.6 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 9, 2020)</u>
4.4	<u>Translation of Executed Form of Loan Agreement between a wholly-owned subsidiary of the Registrant and shareholders of a VIE, as currently in effect, and a schedule of all executed loan agreements adopting the same form in respect of a VIE (incorporated by reference to Exhibit 4.7 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 27, 2022)</u>
4.5	<u>Translation of Executed Form of Exclusive Call Option Agreement among a wholly-owned subsidiary of the Registrant, a VIE and a shareholder of the VIE, as currently in effect, and a schedule of all executed equity pledge agreements adopting the same form in respect of a VIE (incorporated by reference to Exhibit 4.8 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 27, 2022)</u>
4.6	<u>Translation of Executed Form of Equity Pledge Agreement between a wholly-owned subsidiary of the Registrant and a shareholder of a VIE, as currently in effect, and a schedule of all executed equity pledge agreements adopting the same form in respect of a VIE (incorporated by reference to Exhibit 4.9 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 27, 2022)</u>
4.7	<u>Translation of Executed Form of Power of Attorney by a shareholder of a VIE, as currently in effect, and a schedule of all executed power of attorney adopting the same form in respect of a VIE (incorporated by reference to Exhibit 4.10 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 27, 2022)</u>
4.8	<u>Confidentiality and Non-Competition Agreement, effective as of September 10, 2003, between the Registrant and Qi Ji (incorporated by reference to Exhibit 10.16 to our Registration Statement on Form F-1 (File No. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)</u>
4.9	<u>Form of Director Agreement between the Registrant and its director (incorporated by reference to Exhibit 4.20 to our Annual Report on Form 20-F filed with the Securities and Exchange Commission on May 11, 2004)</u>
4.10	<u>Translation of State Land Use Right Assignment Contract dated February 25, 2008 between Nantong Land Resource Bureau and Ctrip Information Technology (Nantong) Co., Ltd. (incorporated by reference to Exhibit 4.21 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 29, 2008)</u>

Table of Contents

- 4.11 [2007 Share Incentive Plan of the Registrant, as amended and restated as of November 17, 2008 \(incorporated by reference to Exhibit 4.21 to our Annual Report on Form 20-F \(File No. 001-33853\) filed with the Securities and Exchange Commission on May 26, 2009\)](#)
- 4.12 [Translation of State-Owned Construction Land Use Right Transfer Contract dated September 30, 2011 between Chengdu Ctrip Information Technology Co., Ltd. and Chengdu Land Resources Bureau \(incorporated by reference to Exhibit 4.30 to our Annual Report on Form 20-F \(File No. 001-33853\) filed with the Securities and Exchange Commission on March 30, 2012\)](#)
- 4.13 [Standstill Agreement dated as of October 26, 2015 between Baidu, Inc. and the Registrant \(incorporated by reference to Exhibit 3 to Schedule 13D \(File No. 005-79455\) filed by Baidu, Inc. with the Securities and Exchange Commission on November 4, 2015\)](#)
- 4.14 [Registration Rights Agreement dated as of October 26, 2015 between Baidu Holdings Limited and the Registrant \(incorporated by reference to Exhibit 4 to Schedule 13D \(File No. 005-79455\) filed by Baidu, Inc. with the Securities and Exchange Commission on November 4, 2015\)](#)
- 4.15 [Framework Agreement for Treatment of Qunar Employee Shares and Equity Awards dated December 9, 2015 between the Registrant and Qunar Cayman Islands Limited \(incorporated by reference to Exhibit 4.51 to our Annual Report on Form 20-F \(File No. 001-33853\) filed with the Securities and Exchange Commission on April 22, 2016\)](#)
- 4.16 [Restated Exclusive Technical Consulting and Services Agreement dated March 23, 2016 between Beijing Qu Na Information Technology Co., Ltd. and Beijing Qunar Software Technology Co., Ltd. \(incorporated by reference to Exhibit 4.52 to our Annual Report on Form 20-F \(File No. 001-33853\) filed with the Securities and Exchange Commission on April 22, 2016\)](#)
- 4.17 [Loan Agreement dated March 23, 2016 among Beijing Qunar Software Technology Co., Ltd., Hui Cao and Hui Wang \(incorporated by reference to Exhibit 4.53 to our Annual Report on Form 20-F \(File No. 001-33853\) filed with the Securities and Exchange Commission on April 22, 2016\)](#)
- 4.18 [Equity Option Agreement dated March 23, 2016 among Qunar Cayman Islands Limited, Beijing Qunar Software Technology Co., Ltd., Hui Cao, Hui Wang and Beijing Qu Na Information Technology Co., Ltd. \(incorporated by reference to Exhibit 4.54 to our Annual Report on Form 20-F \(File No. 001-33853\) filed with the Securities and Exchange Commission on April 22, 2016\)](#)
- 4.19 [Equity Interest Pledge Agreement dated March 23, 2016 among Beijing Qunar Software Technology Co., Ltd., Hui Cao and Hui Wang \(incorporated by reference to Exhibit 4.55 to our Annual Report on Form 20-F \(File No. 001-33853\) filed with the Securities and Exchange Commission on April 22, 2016\)](#)
- 4.20 [Power of Attorney by Hui Cao and Hui Wang dated March 23, 2016 \(incorporated by reference to Exhibit 4.56 to our Annual Report on Form 20-F \(File No. 001-33853\) filed with the Securities and Exchange Commission on April 22, 2016\)](#)
- 4.21 [Registration Rights Agreement dated August 30, 2019 between the Registrant and MIH Internet SEA Private Limited \(incorporated by reference to Exhibit 99.2 to Schedule 13D \(File No. 005-79455\) filed by MIH Internet SEA Private Limited and Naspers Limited with the Securities and Exchange Commission on September 5, 2019\)](#)
- 4.22 [Cooperation Agreement dated August 30, 2019 among the Registrant, MIH Internet SEA Private Limited and Myriad International Holdings B.V. \(incorporated by reference to Exhibit 99.3 to Schedule 13D \(File No. 005-79455\) filed by MIH Internet SEA Private Limited and Naspers Limited with the Securities and Exchange Commission on September 5, 2019\)](#)
- 4.23 [Second Amended and Restated Global Share Incentive Plan \(incorporated by reference to Exhibit 4.35 to our Annual Report on Form 20-F \(File No. 001-33853\) filed with the Securities and Exchange Commission on April 9, 2020\)](#)
- 4.24 [Facility Agreement dated April 3, 2020 among the Registrant \(as borrower\), Standard Chartered Bank \(Hong Kong\) Limited, Industrial and Commercial Bank of China \(Macau\) Limited, and China Construction Bank \(Asia\) Corporation Limited \(as original mandated lead arrangers, bookrunners, and underwriters\), and other parties thereto \(incorporated by reference to Exhibit 4.36 to our Annual Report on Form 20-F \(File No. 001-33853\) filed with the Securities and Exchange Commission on April 9, 2020\)](#)
- 4.25 [Indenture dated July 20, 2020 constituting US\\$500 million 1.50% Exchangeable Senior Notes due 2027 \(incorporated by reference to Exhibit 4.34 to our Annual Report on Form 20-F \(File No. 001-33853\) filed with the Securities and Exchange Commission on March 15, 2021\)](#)

Table of Contents

4.26	<u>Supplemental Indenture dated December 15, 2020 constituting US\$500 million 1.50% Exchangeable Senior Notes due 2027 (incorporated by reference to Exhibit 4.35 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on March 15, 2021)</u>
4.27	<u>Facility Agreement dated October 18, 2021 among the Registrant (as borrower), Bank of China Limited and The HongKong and Shanghai Banking Corporation Limited (as mandated lead arrangers and bookrunners), and other parties thereto (incorporated by reference to Exhibit 4.32 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 27, 2022)</u>
4.28*	<u>Facility Agreement dated December 2, 2022 among the Registrant (as borrower), China Construction Bank Corporation Hong Kong Branch, DBS Bank Ltd., The HongKong and Shanghai Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited and Industrial and Commercial Bank Of China Shanghai Cao He Jing Hi-tech Park Sub-branch (as mandated lead arrangers and bookrunners), and other parties thereto</u>
8.1*	<u>List of Significant Consolidated Entities of the Registrant</u>
11.1	<u>Code of Business Conduct and Ethics of the Registrant, as amended and restated as of April 19, 2021 (incorporated by reference to Exhibit 11.1 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 27, 2022)</u>
12.1*	<u>Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
12.2*	<u>Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
13.1**	<u>Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
13.2**	<u>Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
15.1*	<u>Consent of Maples and Calder (Hong Kong) LLP</u>
15.2*	<u>Consent of Commerce & Finance Law Offices</u>
15.3*	<u>Consent of PricewaterhouseCoopers Zhong Tian LLP</u>
101.INS*	Inline XBRL Instance Document—this instance document does not appear on the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed with this annual report on Form 20-F.

** Furnished with this annual report on Form 20-F.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing 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.

TRIP.COM GROUP LIMITED

By: /s/ Jane Jie Sun

Name: Jane Jie Sun

Title: Chief Executive Officer and Director

Date: March 27, 2023

TRIP.COM GROUP LIMITED
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm (PCAOB ID: 1424)	F-2
Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) for the years ended December 31, 2020, 2021 and 2022	F-4
Consolidated Balance Sheets as of December 31, 2021 and 2022	F-5
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2020, 2021 and 2022	F-6
Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2021 and 2022	F-9
Notes to the Consolidated Financial Statements	F-11

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Trip.com Group Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Trip.com Group Limited and its subsidiaries (the “Company”) as of December 31, 2022 and 2021, and the related consolidated statements of income/(loss) and comprehensive income/(loss), of shareholders’ equity and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

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 Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company’s consolidated financial statements and 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

[Table of Contents](#)

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 Matters

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 (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters 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.

Valuation of investments classified under Level 3 in the fair value hierarchy

As described in Note 8 to the consolidated financial statements, as of December 31, 2022, the Company had investments of RMB 2,601 million classified under Level 3 in the fair value hierarchy (the “Level 3 Investments”). The fair values of the Level 3 Investments were determined by management based on an income approach utilizing various unobservable inputs which required significant judgment by management with respect to the assumptions and estimates for the revenue growth rate, weighted average cost of capital, lack of marketability discounts, expected volatility, and probability in equity allocation.

The principal considerations for our determination that performing procedures relating to the valuation of the Level 3 Investments is a critical audit matter are (i) there was significant judgment by management with respect to the assumptions and estimates used in the determination of the fair values of the Level 3 Investments, which in turn led to a high degree of auditor judgment, subjectivity, and effort in designing and applying procedures relating to evaluating the reasonableness of management’s estimates and assumptions; and (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained from these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management’s determination of the fair values of the Level 3 Investments, including controls over the development of the significant assumptions and estimates related to the fair value measurements, including the revenue growth rate, weighted average cost of capital, lack of marketability discounts, expected volatility, and probability in equity allocation. These procedures also included, among others, reading the investment agreements, testing management’s process for developing the fair value measurements of the Level 3 Investments, evaluating the appropriateness of the income approach, testing the completeness, accuracy and relevance of underlying data used in the model, and evaluating the significant assumptions and estimates used by management, including the revenue growth rate, weighted average cost of capital, lack of marketability discounts, expected volatility, and probability in equity allocation. Evaluating management’s estimates and assumptions for the revenue growth rate involved considering the past performance of the investees’ businesses, benchmarking of peer companies as well as economic and industry forecasts. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the Company’s valuation approach and the reasonableness of management’s assumptions for the weighted average cost of capital, lack of marketability discounts, expected volatility, and probability in equity allocation.

/s/PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People’s Republic of China
March 27, 2023

We have served as the Company’s auditor since 2003.

TRIP.COM GROUP LIMITED
CONSOLIDATED STATEMENTS OF INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022
(In millions, except for share and per share data)

	2020 RMB	2021 RMB	2022 RMB	2022 US\$ (Note 2)
Revenues:				
Accommodation reservation	7,132	8,148	7,400	1,073
Transportation ticketing	7,146	6,905	8,253	1,197
Packaged tours	1,241	1,105	797	116
Corporate travel	877	1,347	1,079	157
Others	1,931	2,524	2,526	366
Total revenues	18,327	20,029	20,055	2,909
Less: Sales tax and surcharges	(11)	(6)	(16)	(2)
Net revenues	18,316	20,023	20,039	2,907
Cost of revenues	(4,031)	(4,598)	(4,513)	(654)
Gross profit	14,285	15,425	15,526	2,253
Operating expenses:				
Product development	(7,667)	(8,992)	(8,341)	(1,209)
Sales and marketing	(4,405)	(4,922)	(4,250)	(616)
General and administrative	(3,636)	(2,922)	(2,847)	(413)
Total operating expenses	(15,708)	(16,836)	(15,438)	(2,238)
(Loss)/income from operations	(1,423)	(1,411)	88	15
Interest income	2,187	2,132	2,046	297
Interest expense	(1,716)	(1,565)	(1,514)	(219)
Other (expense)/income	(273)	373	2,015	292
(Loss)/Income before income tax expense and equity in (loss)/income of affiliates	(1,225)	(471)	2,635	385
Income tax expense	(355)	(270)	(682)	(99)
Equity in (loss)/income of affiliates	(1,689)	96	(586)	(85)
Net (loss)/income	(3,269)	(645)	1,367	201
Net loss attributable to non-controlling interests	62	95	36	5
Accretion to redemption value of redeemable non-controlling interests	(40)	—	—	—
Net (loss)/income attributable to Trip.com Group Limited	(3,247)	(550)	1,403	206
Net (loss)/income	(3,269)	(645)	1,367	201
Other comprehensive (loss)/income:				
Foreign currency translation	75	2	78	11
Unrealized securities holding (losses)/gains, net of tax	(178)	2	(1,126)	(163)
Less: Reclassification adjustment for losses included in net (loss)/income, net of tax (Note 7)	—	—	884	128
Total comprehensive (loss)/income	(3,372)	(641)	1,203	177
Comprehensive loss attributable to non-controlling interests	22	95	43	6
Comprehensive (loss)/income attributable to Trip.com Group Limited	(3,350)	(546)	1,246	183
(Losses)/earnings per ordinary share (Note i)				
— Basic	(5.40)	(0.87)	2.17	0.31
— Diluted	(5.40)	(0.87)	2.14	0.31
(Losses)/earnings per ADS				
— Basic	(5.40)	(0.87)	2.17	0.31
— Diluted	(5.40)	(0.87)	2.14	0.31
Weighted average ordinary shares outstanding (Note i)				
— Basic shares	600,888,208	634,109,233	648,380,590	648,380,590
— Diluted shares	600,888,208	634,109,233	657,092,826	657,092,826
Share-based compensation included in Operating expenses above is as follows:				
Product development	964	802	567	82
Sales and marketing	159	149	115	17
General and administrative	750	730	506	73

Note i: Basic and diluted losses per ordinary share and weighted average ordinary shares outstanding for the years ended December 31, 2020 have been retrospectively adjusted for the Share Subdivision that became effective on March 18, 2021 as detailed in Note 2 and Note 20.

The accompanying notes are an integral part of these consolidated financial statements.

TRIP.COM GROUP LIMITED
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2021 AND 2022
(In millions, except for share and per share data)

	2021 RMB	2022 RMB	2022 US\$ (Note 2)
ASSETS			
Current assets:			
Cash and cash equivalents	19,818	17,000	2,465
Restricted cash	1,378	1,487	216
Short-term investments	29,566	25,545	3,703
Accounts receivable, net (Allowance for credit losses of RMB482 million and RMB292 million as of December 31, 2021 and 2022, respectively)	4,649	5,486	795
Due from related parties (Allowance for credit losses of RMB56 million and RMB213 million as of December 31, 2021 and 2022, respectively)	1,665	1,748	253
Prepayments and other current assets (Allowance for credit losses of RMB277 million and RMB265 million as of December 31, 2021 and 2022, respectively)	9,032	10,169	1,475
Total current assets	<u>66,108</u>	<u>61,435</u>	<u>8,907</u>
Long-term prepayments and other assets	371	545	79
Long-term receivables due from related parties	25	25	4
Land use rights	86	83	12
Property, equipment and software	5,534	5,204	755
Investments	44,961	50,177	7,275
Goodwill	59,353	59,337	8,603
Intangible assets	12,960	12,742	1,847
Right-of-use assets	777	819	119
Deferred tax assets	1,684	1,324	192
Total assets	<u>191,859</u>	<u>191,691</u>	<u>27,793</u>
LIABILITIES			
Current liabilities:			
Short-term debt and current portion of long-term debt	39,866	32,674	4,737
Accounts payable	6,019	7,569	1,097
Due to related parties	138	156	23
Salary and welfare payable	3,894	3,918	568
Taxes payable	1,065	835	121
Advances from customers	7,535	8,278	1,200
Accrued liability for rewards program	400	396	57
Other payables and accruals	7,301	7,413	1,076
Total current liabilities	<u>66,218</u>	<u>61,239</u>	<u>8,879</u>
Deferred tax liabilities	3,527	3,487	506
Long-term debt	11,093	13,177	1,911
Long-term lease liability	400	534	77
Other long-term liabilities	165	235	34
Total liabilities	<u>81,403</u>	<u>78,672</u>	<u>11,407</u>
Commitments and contingencies (Note 20)			
SHAREHOLDERS' EQUITY			
Share capital (US\$0.00125 par value; 1,400,000,000 shares authorized)	6	6	1
Additional paid-in capital	93,829	95,196	13,802
Statutory reserves	734	825	119
Accumulated other comprehensive loss	(1,604)	(1,768)	(256)
Retained earnings	18,823	20,135	2,919
Less: Treasury stock	(2,111)	(2,111)	(306)
Total Trip.com Group Limited shareholders' equity	<u>109,677</u>	<u>112,283</u>	<u>16,279</u>
Non-controlling interests	779	736	107
Total shareholders' equity	<u>110,456</u>	<u>113,019</u>	<u>16,386</u>
Total liabilities and shareholders' equity	<u>191,859</u>	<u>191,691</u>	<u>27,793</u>

The accompanying notes are an integral part of these consolidated financial statements.

TRIP.COM GROUP LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

(In millions, except for share and per share data)

	Ordinary shares (US\$0.00125 par value)			Statutory reserves	Accumulated other comprehensive income/(loss)	Retained earnings	Number of Treasury stock (Note i)	Treasury stock	Total Trip.com Group Limited shareholders' equity	Non- controlling interests	Total shareholders' equity
	Number of shares outstanding (Note i)	Par value RMB	Additional paid-in capital RMB								
Balance as of December 31, 2019	592,691,232	6	83,614	635	(1,505)	22,803	(23,432,968)	(2,111)	103,442	2,261	105,703
Cumulative effect of adoption of new accounting standard (Note 2)	—	—	—	—	—	(83)	—	—	(83)	—	(83)
Issuance of ordinary shares for the exercise of stock options	6,935,904	—	159	—	—	—	—	—	159	—	159
Share-based compensation	—	—	1,873	—	—	—	—	—	1,873	—	1,873
Appropriations to statutory reserves	—	—	—	3	—	(3)	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	75	—	—	—	75	—	75
Unrealized securities holding losses	—	—	—	—	(178)	—	—	—	(178)	—	(178)
Accretion of redeemable non-controlling interests	—	—	—	—	—	(40)	—	—	(40)	—	(40)
Net loss	—	—	—	—	—	(3,207)	—	—	(3,207)	(62)	(3,269)
Deconsolidation of shares in subsidiaries	—	—	—	—	—	—	—	—	—	176	176
Issuance of additional equity stake by subsidiaries	—	—	—	—	—	—	—	—	—	5	5
Disposal of shares in subsidiaries	—	—	—	(1)	—	—	—	—	(1)	(233)	(234)
Equity transaction in which a non-controlling interest in a subsidiary is exchanged for a non-controlling interest in another subsidiary	—	—	9	—	—	—	—	—	9	(9)	—
Acquisition of additional shares in subsidiaries	—	—	(1,695)	—	—	—	—	—	(1,695)	(925)	(2,620)
Balance as of December 31, 2020	599,627,136	6	83,960	637	(1,608)	19,470	(23,432,968)	(2,111)	100,354	1,213	101,567

Note i: The number of shares outstanding and treasury stock have been retrospectively adjusted for the Share Subdivision that became effective on March 18, 2021 as detailed in Note 2 and Note 20.

The accompanying notes are an integral part of these consolidated financial statements.

TRIP.COM GROUP LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

(In millions, except for share and per share data)

	Ordinary shares (US\$0.00125 par value)		Additional paid-in capital RMB	Statutory reserves RMB	Accumulated other comprehensive income/(loss) RMB	Retained earnings RMB	Number of Treasury Stock (Note i)	Treasury stock RMB	Total Trip.com Group Limited shareholders' equity RMB	Non- controlling interests RMB	Total shareholders' equity RMB
	Number of shares outstanding (Note i)	Par value RMB									
Balance as of December 31, 2020	599,627,136	6	83,960	637	(1,608)	19,470	(23,432,968)	(2,111)	100,354	1,213	101,567
Issuance of ordinary shares for the exercise of stock options	5,321,521	0	307	—	—	—	—	—	307	—	307
Issuance of ordinary shares, net of issuance costs (Note 19)	36,380,900	0	7,984	—	—	—	—	—	7,984	—	7,984
Share-based compensation	—	—	1,681	—	—	—	—	—	1,681	—	1,681
Appropriations to statutory reserves	—	—	—	97	—	(97)	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	2	—	—	—	2	—	2
Unrealized securities holding gains	—	—	—	—	2	—	—	—	2	—	2
Net loss	—	—	—	—	—	(550)	—	—	(550)	(95)	(645)
Business combinations	—	—	—	—	—	—	—	—	—	0	0
Establishment of subsidiaries	—	—	—	—	—	—	—	—	—	0	0
Acquisition of additional equity interests of subsidiaries	—	—	(103)	—	—	—	—	—	(103)	(339)	(442)
Balance as of December 31, 2021	641,329,557	6	93,829	734	(1,604)	18,823	(23,432,968)	(2,111)	109,677	779	110,456

The accompanying notes are an integral part of these consolidated financial statements.

TRIP.COM GROUP LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022

(In millions, except for share and per share data)

	Ordinary shares (US\$0.00125 par value)		Additional paid-in capital RMB	Statutory reserves RMB	Accumulated other comprehensive income/(loss) RMB	Retained earnings RMB	Number of Treasury stock RMB	Treasury stock RMB	Total Trip.com Group Limited shareholders' equity RMB	Non-controlling interests RMB	Total shareholders' equity RMB
	Number of shares outstanding	Par value RMB									
Balance as of December 31, 2021	641,329,557	6	93,829	734	(1,604)	18,823	(23,432,968)	(2,111)	109,677	779	110,456
Issuance of ordinary shares for the exercise of stock options	4,737,273	0	179	—	—	—	—	—	179	—	179
Share-based compensation	—	—	1,188	—	—	—	—	—	1,188	—	1,188
Appropriations to statutory reserves	—	—	—	91	—	(91)	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	78	—	—	—	78	—	78
Unrealized securities holding losses	—	—	—	—	(1,126)	—	—	—	(1,126)	—	(1,126)
Less: Amounts reclassified from accumulated other comprehensive income/(loss) to net (loss)/income (Note 7)	—	—	—	—	884	—	—	—	884	—	884
Net income/(loss)	—	—	—	—	—	1,403	—	—	1,403	(36)	1,367
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	(4)	(4)
Acquisition of additional equity interests of subsidiaries	—	—	—	—	—	—	—	—	—	(3)	(3)
Balance as of December 31, 2022	646,066,830	6	95,196	825	(1,768)	20,135	(23,432,968)	(2,111)	112,283	736	113,019

The accompanying notes are an integral part of these consolidated financial statements.

TRIP.COM GROUP LIMITED
**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022
(In millions)**

	2020 RMB	2021 RMB	2022 RMB	2022 US\$ (Note 2)
Cash flows from operating activities:				
Net (loss)/income	(3,269)	(645)	1,367	201
<i>Adjustments to reconcile net (loss)/income to cash (used in)/provided by operating activities:</i>				
Share-based compensation	1,873	1,681	1,188	172
Equity in loss/(income) of affiliates	1,689	(96)	586	85
Loss from disposal of property, equipment and software	100	97	24	4
Gain on deconsolidation of subsidiaries	(1,091)	—	—	—
Loss/(gain) from disposal of long-term investment	602	(63)	(23)	(3)
Gain from disposal of subsidiaries	(36)	(4)	—	—
Impairments of long-term investments	905	96	949	138
Gain from settlement of contingency consideration related to a business combination	—	(30)	—	—
Gain on loan forgiveness	—	(68)	—	—
Changes in fair value for equity securities investment and exchangeable senior notes	612	170	(1,338)	(194)
Gain from the fair value remeasurement upon the discontinuance of the equity method of the investments	—	—	(1,135)	(165)
Gain from foreign currency forwards	(47)	(57)	(59)	(9)
Allowance for credit losses	700	141	296	43
Depreciation of property, equipment and software	790	723	632	92
Amortization of intangible assets and land use rights	427	298	243	35
Amortization of right of use assets	349	392	416	60
Deferred income tax (expenses)/benefits	(493)	(337)	295	40
<i>Changes in current assets and liabilities, net of assets acquired and liabilities assumed/disposed of in business combinations/dispositions, net of deconsolidation:</i>				
Decrease/(Increase) in accounts receivable	3,189	(468)	(701)	(103)
Decrease/(Increase) in due from related parties	821	149	(240)	(35)
Decrease/(Increase) in prepayments and other current assets	3,838	(560)	(1,659)	(241)
Decrease in long-term receivables	60	38	7	1
(Decrease)/increase in accounts payable	(7,762)	1,513	1,309	190
(Decrease)/increase in due to related parties	(159)	(97)	18	3
(Decrease)/increase in salary and welfare payable	(1,318)	361	24	3
Decrease in taxes payable	(242)	(149)	(228)	(33)
(Decrease)/increase in advances from customers	(4,073)	(69)	708	103
Decrease in accrued liability for rewards program	—	(78)	(4)	(1)
Decrease in other payables and accruals	(1,288)	(463)	(34)	(6)
Net cash (used in)/provided by operating activities	<u>(3,823)</u>	<u>2,475</u>	<u>2,641</u>	<u>380</u>
Cash flows from investing activities:				
Purchase of property, equipment and software	(532)	(570)	(497)	(72)
Cash paid for long-term investments	(9,770)	(6,818)	(12,258)	(1,777)
Cash paid for business combinations, net of cash acquired	(958)	(42)	(5)	(1)
Purchase of intangible assets	—	(1)	(1)	—
Decrease in short-term investments	6,909	3,233	13,297	1,928
Cash received from loans to the users	3,992	4,542	5,499	797
Cash paid for loans to the users	(3,944)	(4,709)	(5,277)	(765)
Net change in loans to the users with terms of less than three months	91	(1,050)	217	31
Cash received from disposal of long-term investments	708	1,269	161	23
Cash disposed from deconsolidation of subsidiaries	(313)	—	—	—
Cash disposed from disposal of subsidiaries	(4)	(2)	—	—
Net cash (used in)/provided by investing activities	<u>(3,821)</u>	<u>(4,148)</u>	<u>1,136</u>	<u>164</u>

TRIP.COM GROUP LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2021 AND 2022
(In millions)

	<u>2020</u> RMB	<u>2021</u> RMB	<u>2022</u> RMB	<u>2022</u> US\$ (Note 2)
Cash flows from financing activities:				
Proceeds from/(repayment of) short-term bank loans, net	4,020	5,600	(4,870)	(706)
Proceeds from long-term bank loans	14,189	15	9,808	1,422
Repayment of long-term loans, including current portion	(3,589)	(3,608)	(10,371)	(1,505)
Proceeds from issuance of ordinary shares net of issuance cost (Note 19)	—	7,984	—	—
Proceeds from exercise of share options	159	307	179	26
Cash paid for acquisition of additional equity interests of subsidiaries	(2,089)	(321)	(116)	(17)
Cash paid for settlement of convertible notes	(9,522)	(6,426)	(521)	(75)
Proceeds from securitization debt	147	752	—	—
Cash paid for settlement of securitization debt	(690)	(384)	(826)	(120)
Cash received from non-controlling shareholders	5	—	—	—
Proceeds from issuance of exchangeable senior notes	3,395	—	—	—
Net cash provided by/(used in) financing activities	<u>6,025</u>	<u>3,919</u>	<u>(6,717)</u>	<u>(975)</u>
Effect of foreign exchange rate changes on cash and cash equivalents, restricted cash	(713)	(465)	231	39
Net (decrease)/increase in cash and cash equivalents, restricted cash	(2,332)	1,781	(2,709)	(392)
Cash and cash equivalents, restricted cash, beginning of year	21,747	19,415	21,196	3,073
Cash and cash equivalents, restricted cash, end of year*	<u>19,415</u>	<u>21,196</u>	<u>18,487</u>	<u>2,681</u>
Supplemental disclosure of cash flow information				
Cash paid during the year for income taxes	1,239	753	471	68
Cash paid for interest, net of amounts capitalized	1,642	1,498	1,444	209
Supplemental schedule of non-cash investing and financing activities				
Non-cash consideration paid for business acquisitions, investments and non-controlling interest	(50)	(278)	(6)	(1)
Accruals related to purchase of property, equipment and software	(126)	(94)	(28)	(4)
Unpaid cash consideration for business acquisitions and acquisition of additional equity interest of subsidiary	(43)	(309)	(32)	(5)

* As of December 31, 2019, cash and cash equivalents and restricted cash are RMB19.9 billion and RMB1.8 billion respectively.

The accompanying notes are an integral part of these consolidated financial statements.

TRIP.COM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts expressed in RENMINBI (“RMB”) unless otherwise stated)

1. ORGANIZATION AND NATURE OF OPERATIONS

The accompanying consolidated financial statements include the financial statements of Trip.com Group Limited (the “Company”, formerly known as Ctrip.com International, Ltd.), its subsidiaries, variable interest entities (the “VIEs”) and VIEs’ subsidiaries. In these consolidated financial statements, where appropriate, the term “Company” also refers to its subsidiaries, VIEs and VIEs’ subsidiaries as a whole.

The Company is principally engaged in the provision of travel related services including accommodation reservation, transportation ticketing, packaged tours, corporate travel management services, as well as, to a much lesser extent, Internet-related advertising and other related services.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

On March 18, 2021, the Company announced the resolution that was adopted and approved at the Company’s extraordinary general meeting of shareholders: Each of the Company’s issued and unissued ordinary shares of a nominal or par value of US\$0.01 each in the capital of the Company be and is hereby subdivided into eight (8) ordinary shares of a nominal or par value of US\$0.00125 each in the capital of the Company, effective from March 18, 2021 (“Share Subdivision”). The Company also announced that, concurrently with the effectiveness of the Share Subdivision, the ratio of ADS to ordinary share will be adjusted from eight (8) ADSs representing one (1) ordinary share to one (1) ADS representing one (1) ordinary share (the “ADS Ratio Change”). The number of ordinary shares as disclosed in these consolidated financial statements are prepared on a basis after taking into account the effects of the Share Subdivision and the ADS Ratio Change and have been retrospectively adjusted accordingly.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenues and expenses during the reporting periods. Actual results could materially differ from those estimates.

Consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, the VIEs and VIEs’ subsidiaries. All significant transactions and balances between the Company, its subsidiaries, the VIEs and VIEs’ subsidiaries have been eliminated upon consolidation.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to appoint or remove the majority of the members of the board of directors; to cast a majority of votes at the meeting of the board of directors or to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

The Company applies the guidance codified in Accounting Standard Codification 810, Consolidations (“ASC 810”) on accounting for the VIEs and their respective subsidiaries, which requires certain variable interest entities to be consolidated by the primary beneficiary of the entity in which it has a controlling financial interest. A VIE is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support; (b) as a group, the holders of the equity investment at risk lack the ability to make certain decisions, the obligation to absorb expected losses or the right to receive expected residual returns, or (c) an equity investor has voting rights that are disproportionate to its economic interest and substantially all of the entity’s activities are on behalf of the investor. The Company is considered as the primary beneficiary of the VIEs according to FASB ASC 810 and thus consolidates the financial statements each of these entities under U.S. GAAP. The accompanying consolidated financial statements include the financial statements of the Company, its subsidiaries, the consolidated VIEs and the VIEs’ subsidiaries:

[Table of Contents](#)

The following is a summary of the Company's major VIEs and VIEs' subsidiaries:

Name of major VIEs and their major subsidiaries	Date of establishment/acquisition
Shanghai Ctrip Commerce Co., Ltd. ("Shanghai Ctrip Commerce")	Established on July 18, 2000
Shanghai Huacheng Southwest International Travel Agency Co., Ltd. ("Shanghai Huacheng", a subsidiary of Shanghai Ctrip Commerce)	Established on March 13, 2001
Chengdu Ctrip Travel Agency Co., Ltd. ("Chengdu Ctrip")	Established on January 8, 2007
Beijing Qu Na Information Technology Company Limited ("Qunar Beijing")	Established on March 17, 2006

The Company is considered the primary beneficiary of each of the VIEs and the VIEs' subsidiaries, as defined above, and has consolidated the financial statements of each under U.S. GAAP.

Major variable interest entities and their subsidiaries

The Company conducts a part of its operations through a series of agreements with certain VIEs and VIEs' subsidiaries as stated in above. These VIEs and VIEs' subsidiaries are used solely to facilitate the Company's participation in internet content provision, advertising business, travel agency and air-ticketing services in the People's Republic of China ("PRC"). From 2015, the Company restructured its business lines to change some of the VIEs to its wholly owned subsidiaries, which carry out the businesses that are not foreign ownerships restricted.

Shanghai Ctrip Commerce is a domestic company incorporated in Shanghai, the PRC. Shanghai Ctrip Commerce holds a telecommunications operation license and is primarily engaged in the provision of advertising business on the Internet website. Two senior officers of the Company collectively hold 100% of the equity interest in Shanghai Ctrip Commerce. The registered capital of Shanghai Ctrip Commerce was RMB900,000,000 as of December 31, 2022.

Shanghai Huacheng is a domestic company incorporated in Shanghai, the PRC. Shanghai Huacheng holds a travel agency operation license and mainly provides domestic, inbound and outbound tour services and air-ticketing services. Shanghai Ctrip Commerce holds 100% of the equity interest in Shanghai Huacheng. The registered capital of Shanghai Huacheng was RMB100,000,000 as of December 31, 2022.

Chengdu Ctrip is a domestic company incorporated in Chengdu, the PRC. Chengdu Ctrip holds a domestic travel agency license and is engaged in the provision of air-ticketing service. Two senior officers of the Company hold 100% of the equity interest in Chengdu Ctrip. The registered capital of Chengdu Ctrip was RMB500,000,000 as of December 31, 2022.

Qunar Beijing is a domestic company incorporated in Beijing, the PRC. Qunar Beijing holds various licenses for domestic and cross-border business of Qunar. Two senior officers of the Company hold 100% of the equity interest in Qunar Beijing. The registered capital of Qunar Beijing was RMB11,000,000 as of December 31, 2022.

The capital injected by senior officers are funded by the Company and are recorded as long-term business loans to related parties, which are eliminated with registered capital of VIEs upon consolidation. The Company does not have any ownership interest in these VIEs and VIEs' subsidiaries.

As of December 31, 2022, the Company has various agreements with the consolidated VIEs and VIEs' subsidiaries, including loan agreements, exclusive technical consulting and services agreements, share pledge agreements, exclusive option agreements and other operating agreements which result in the Company being the primary beneficiary of each entity and which provides the basis for consolidation of the financial statements of each VIE pursuant to ASC 810.

Details of certain key agreements with the major VIEs are as follows:

Powers of Attorney: Each of the shareholders of the Company's VIEs, except for Hui Cao and Hui Wang who entered into a separate set of contractual arrangements as described below, signed an irrevocable power of attorney to appoint Ctrip Travel Network or Ctrip Travel Information, as attorney-in-fact to vote, by itself or any other person to be designated at its discretion, on all matters of the applicable VIEs. Each such power of attorney will remain effective as long as the applicable VIE exists, and such shareholders of the applicable VIEs are not entitled to terminate or amend the terms of the power of attorneys without prior written consent from the Company.

As of the date of this annual report, each of the shareholders of Qunar Beijing, Hui Cao and Hui Wang, also signed an irrevocable power of attorney authorizing an appointee, to exercise, in a manner approved by Qunar, on such shareholder's behalf the full shareholder rights pursuant to applicable laws and Qunar Beijing's articles of association, including without limitation full voting rights and the right to sell or transfer any or all of such shareholder's equity interest in Qunar Beijing. Each such power of attorney is effective until such time as such relevant shareholder ceases to hold any equity interest in Qunar Beijing. The terms of the power of attorney with respect to Qunar Beijing are otherwise substantially similar to the terms described in the foregoing paragraph.

Technical Consulting and Services Agreements: Ctrip Travel Information and Ctrip Travel Network, each a wholly owned PRC subsidiary of the Company, provide the Company's VIEs, except for Qunar Beijing, with technical consulting and related services and staff training and information services on an exclusive basis. The Company also maintain its network platforms. In consideration for the Company's services, the Company's VIEs agree to pay the Company service fees as calculated in such manner as determined by the Company from time to time based on the nature of service, which may be adjusted periodically. Although the service fees are typically determined based on the number of transportation tickets sold, given the fact that the nominee shareholders of such VIEs have irrevocably appointed a designated person to vote on their behalf on all matters they are entitled to vote on, the Company has the right to determine the level of service fees paid and therefore receive substantially all of the economic benefits of the Company's VIEs in the form of service fees. Ctrip Travel Information or Ctrip Travel Network, as appropriate, will exclusively own any intellectual property rights arising from the performance of this agreement. The initial term of these agreements is 10 years and may be renewed automatically in 10-year terms unless the Company disapprove the extension. The Company retains the exclusive right to terminate the agreements at any time by delivering a 30-day advance written notice to the applicable VIE.

As of the date of this annual report, pursuant to the restated exclusive technical consulting and services agreement between Qunar Beijing and Qunar Software, Qunar Software provides Qunar Beijing with technical, marketing and management consulting services on an exclusive basis in exchange for service fee paid by Qunar Beijing based on a set formula defined in the agreement subject to adjustment by Qunar Software at its sole discretion. This agreement will remain in effect until terminated unilaterally by Qunar Software or mutually. The terms of this agreement are otherwise substantially similar to the terms described in the foregoing paragraph.

Share Pledge Agreements: The shareholders of the Company's VIEs, except for Hui Cao and Hui Wang who entered into a separate set of contractual arrangements as described below, have pledged their respective equity interests in the applicable VIEs as a guarantee for the performance of all the obligations under the other contractual arrangements, including payment by such VIEs of the technical and consulting services fees to us under the technical consulting and services agreements, repayment of the business loan under the loan agreements and performance of obligations under the exclusive option agreements, each agreement as described herein. This agreement shall be valid and binding on the parties, their heirs, successors and permitted assignees. In the event any of such VIE breaches any of its obligations or any shareholder of such VIEs breaches his or her obligations, as the case may be, under these agreements, the Company is entitled to enforce the equity pledge right and sell or otherwise dispose of the pledged equity interests, and have priority in receiving payment from proceeds from the auction or sale of all or part of the pledge until the obligations are settled. The pledge shall be established upon registration with the local branch of the PRC State Administration for Market Regulation ("SAMR"), which has been completed, and will expire two years after the pledgor and the applicable VIEs no longer undertake any obligations under the above-referenced agreements.

As of the date of this annual report, pursuant to the equity interest pledge agreement among Qunar Software, Hui Cao and Hui Wang, Hui Cao and Hui Wang have pledged their equity interests in Qunar Beijing along with all rights, titles and interests to Qunar Software as guarantee for the performance of all obligations under the relevant contractual arrangements mentioned herein. This agreement shall be valid and binding on the pledgors and each of their successors, and shall be valid on the pledgee and its successors and assignees. Qunar Software may enforce this pledge upon the occurrence of a settlement event or as required by the PRC law. The pledge shall be established upon registration with the local branch of the SAMR, which has been completed, and will expire when all obligations under the relevant contractual arrangements have been satisfied. In enforcing the pledge, Qunar Software is entitled to dispose of the pledge and have priority in receiving payment from proceeds from the auction or sale of all or part of the pledge until the obligations are settled. The terms of this agreement are otherwise substantially similar to the terms described in the foregoing paragraph.

Loan Agreements: Under the loan agreements the Company entered into with the shareholders of the Company's VIEs, except for Hui Cao and Hui Wang who entered into a separate set of contractual arrangements as described below, the Company extended long-term business loans to these shareholders of the Company's VIEs with the sole purpose of providing funds necessary for the capitalization or acquisition of such VIEs. These business loan amounts were injected into the applicable VIEs as capital and cannot be accessed for any personal uses. The initial term of the loan agreements is 10 years and may be renewed automatically in 10-year terms unless the Company disapprove the extension by written notice in advance. The loan agreements shall remain effective until the parties have fully performed their respective obligations under the agreement, and the shareholders of such VIEs have no right to unilaterally terminate these agreements or repay the loan in advance. The loan agreements shall be valid and binding on the parties, their successors and permitted assignees. In the event that the PRC government lifts its substantial restrictions on foreign ownership of the travel agency, or value-added telecommunications business in China, as applicable, the Company will exercise its exclusive option to purchase all of the outstanding equity interests of the Company's VIEs, as described in the following paragraph, and the loan agreements will be canceled in connection with such purchase. However, it is uncertain when, if at all, the PRC government will lift any or all of these restrictions.

[Table of Contents](#)

As of the date of this annual report, pursuant to the loan agreement among Qunar Software, Hui Cao and Hui Wang, the loans extended by Qunar Software to each of Hui Cao and Hui Wang are only repayable by a transfer of such borrower's equity interest in Qunar Beijing to Qunar Software or its designated party, in proportion to the amount of the loan to be repaid. This loan agreement will continue in effect indefinitely until such time when (i) the borrowers receive a repayment notice from Qunar Software and fully repay the loans, or (ii) an event of default (as defined therein) occurs unless Qunar Software sends a notice indicating otherwise within 15 calendar days after it is aware of such event. The loan agreements shall be valid and binding on the parties, their successors and permitted assignees. The terms of this loan agreement is substantially similar to the terms described in the foregoing paragraphs.

Exclusive Option Agreements: As consideration for the Company's entering into the loan agreements described above, each of the shareholders of the Company's VIEs, except for Hui Cao and Hui Wang who entered into a separate set of contractual arrangements as described below, has granted us an exclusive, irrevocable option to purchase, or designate one or more person(s) at the Company's discretion to purchase, all of its equity interests in the applicable VIEs at any time the Company desires, subject to compliance with the applicable PRC laws and regulations. The Company may exercise the option by issuing a written notice to the shareholder of relevant VIE. Subject to the evaluation requirements or other restrictions imposed by applicable PRC laws and regulations, the purchase price shall be equal to the contribution actually made by the shareholder for the relevant equity interest. Therefore, if the Company exercises these options, the Company may choose to cancel the outstanding loans the Company extended to the shareholders of such VIEs pursuant to the loan agreements as the loans were used solely for equity contribution purposes. The initial term of these agreements is 10 years and may be renewed automatically in 10-year terms unless the Company disapproves the extension. This agreement shall be valid and binding on the parties, their heirs, successors and permitted assignees. The Company retains the exclusive right to terminate the agreements at any time by delivering a written notice to the shareholder of applicable VIE.

Hui Cao and Hui Wang also entered into an equity option agreement with Qunar, Qunar Software and Qunar Beijing. This equity option agreement contains arrangements that are similar to that as described in the foregoing paragraph. This agreement will remain effective with respect to each of Qunar Beijing's shareholders until all of the equity interest has been transferred or Qunar and Qunar Software terminates the agreement unilaterally with 30 days' prior written notice. This agreement shall be valid and binding on the parties, their successors and permitted assignees.

The Company's VIEs and their shareholders agree not to enter into any transaction that would affect the assets, obligations, rights or operations of the Company's VIEs without the Company's prior written consent. They also agree to accept the Company's guidance with respect to day-to-day operations, financial management systems and the appointment and dismissal of key employees.

Risks in relation to contractual arrangements between the Company's PRC subsidiaries and VIEs:

The Company has been advised by Commerce & Finance Law Offices, its PRC legal counsel, that its contractual arrangements with its consolidated VIEs as described in the Company's annual report are valid, binding and enforceable under the current laws and regulations of China. Based on such legal opinion and the management's knowledge and experience, the Company believes that its contractual arrangements with its consolidated VIEs are in compliance with current PRC laws and legally enforceable. However, there may be in the event that the VIEs and their respective shareholders fail to perform their contractual obligations, the Company may have to rely on the PRC legal system to enforce its rights. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the foreign investments in China. However, since the PRC legal system is still evolving, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit remedies available to us. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. Due to the uncertainties with respect to the PRC legal system, the PRC government authorities may ultimately take a view contrary to the opinion of its PRC legal counsel with respect to the enforceability of the contractual arrangements.

Table of Contents

There are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. Accordingly, the Company cannot be assured that the PRC government authorities will not ultimately take a view that is contrary to the Company's belief and the opinion of its PRC legal counsel. In March 2019, the draft Foreign Investment Law was submitted to the National People's Congress for review and was approved on March 15, 2019, which came into effect from January 1, 2020. The new Foreign Investment Law of the PRC repealed simultaneously the Wholly Foreign-owned Enterprise Law of the PRC, Sino-foreign Equity Joint Venture Law of the PRC and Sino-foreign Cooperative Joint Ventures Law of the PRC. Therefore, the general regulations for companies' set up and operation in the PRC including the foreign-invested companies shall comply with the Company Law of the PRC unless provided in the PRC Foreign Investment Laws. In December 2019, the Implementing Regulation of the Foreign Investment Law has been promulgated by the State Council which has come into force as of January 1, 2020. The Foreign Investment Law does not touch upon the relevant concepts and regulatory regimes that were historically suggested for the regulation of VIE structures, and thus this regulatory topic remains unclear under the Foreign Investment Law. Since the Foreign Investment Law is new, there are substantial uncertainties exist with respect to its implementation and interpretation and it is also possible that the VIE entities will be deemed as foreign invested enterprises and be subject to restrictions in the future. Such restrictions may cause interruptions to the Company's operations, products and services and may incur additional compliance cost, which may in turn materially and adversely affect the Company's business, financial condition and results of operations.

Summary financial information of the Company's VIEs in the consolidated financial statements

Pursuant to the contractual arrangements with the VIEs, the Company has the power to direct activities of the VIEs, and can have assets transferred freely out of the VIEs without any restrictions. Therefore, the Company considers that there is no asset of a consolidated VIE that can be used only to settle obligations of the VIE, except for registered capital and PRC statutory reserves of the VIEs amounting to a total of RMB2.0 billion as of December 31, 2022. As all the consolidated VIEs are incorporated as limited liability companies under the PRC Company Law, creditors of the VIEs do not have recourse to the general credit of the Company for any of the liabilities of the consolidated VIEs.

Summary of selected financial information of the VIEs, which represents aggregated financial information of the VIEs and their respective subsidiaries included in the accompanying consolidated financial statements, is as follows (RMB in millions):

	<u>As of December 31,</u>	
	<u>2021</u>	<u>2022</u>
Selected Balance Sheets Data of the VIEs		
Cash and cash equivalents	7,084	2,891
Short-term investments	1,612	2,643
Accounts receivable, net	2,480	606
Prepayments and other current assets	2,208	2,375
Investments (non-current)	3,980	2,121
Total assets	28,122	17,480
Less: Inter-company receivables (Note i)	(8,810)	(4,852)
Total assets excluding inter-company receivables	19,312	12,628
Short-term debt and current portion of long-term debt	5,310	5,215
Accounts payable	1,944	1,497
Advances from customers	1,892	1,212
Other payables and accruals	2,473	2,095
Total liabilities	25,045	15,558
Less: Inter-company payables (Note ii)	(12,946)	(5,150)
Total liabilities excluding inter-company payables	12,099	10,408

Note i : The inter-company receivables as of December 31, 2021 and 2022 mainly represented the receivables of VIEs due from the Company's wholly-owned subsidiaries for treasury cash management purpose.

Note ii : The inter-company payables as of December 31, 2021 and 2022 mainly represented payables of VIEs due to the Company's wholly-owned subsidiaries for treasury cash management purpose.

The following table set forth the summary of results of operations of the VIEs and their subsidiaries of the Company (RMB in millions):

	<u>For the years ended December 31,</u>		
	<u>2020</u>	<u>2021</u>	<u>2022</u>
Net revenues	6,513	6,035	4,335
Cost of revenues	2,471	2,557	2,292
Net loss	(254)	(119)	(495)

Net revenues from VIEs accounted for around 36%, 30% and 22% of the Company's net revenues for the year ended December 31, 2020, 2021 and 2022, respectively.

The VIEs' net income before the deduction of the inter-company service fee charges were RMB1.5 billion, RMB1.5 billion and RMB1.2 billion for the years ended December 31, 2020, 2021 and 2022, respectively.

[Table of Contents](#)

The amount of service fees paid by all the VIEs to the WFOEs pursuant to the exclusive technical consulting and service agreements between VIEs and WFOEs were RMB1.7 billion, RMB1.7 billion and RMB1.7 billion for the years ended December 31, 2020, 2021 and 2022, respectively.

The following tables set forth the summary of cash flow activities of the VIEs and their subsidiaries of the Company (RMB in millions):

	For the year ended December 31,		
	2020	2021	2022
Net cash (used in)/provided by operating activities	(597)	1,271	(1,677)
Net cash provided by investing activities	349	618	4,317
Net cash provided by/(used in) financing activities	255	(1,566)	(6,957)

Currently there is no contractual arrangement that could require the Company to provide additional financial support to the consolidated VIEs. As the Company is conducting certain business in the PRC mainly through the VIEs, the Company may provide such support on a discretionary basis in the future, which could expose the Company to a loss.

Foreign currencies

The Company's reporting currency is RMB. The Company's functional currency is US\$. The Company's operations are conducted through the subsidiaries and VIEs where the local currency is the functional currency and the financial statements of those subsidiaries are translated from their respective functional currencies into RMB.

Transactions denominated in currencies other than functional currencies are remeasured at the exchange rates quoted by the People's Bank of China (the "PBOC") and the Hong Kong Association of Banks (the "HKAB"), prevailing or averaged at the dates of the transaction for PRC and Hong Kong subsidiaries respectively. Gains and losses resulting from foreign currency transactions are included in the consolidated statements of income/(loss) and comprehensive income/(loss). Monetary assets and liabilities denominated in foreign currencies are remeasured using the applicable exchange rates quoted by the PBOC and HKAB at the balance sheet dates. All such exchange gains and losses are included in the consolidated statements of income/(loss).

Assets and liabilities of the group companies are translated from their respective functional currencies to the reporting currency at the exchange rates at the balance sheet dates, equity accounts are translated at historical exchange rates and revenues and expenses are translated at the average exchange rates in effect during the reporting periods. The exchange differences for the translation of group companies with non-RMB functional currency into the RMB are included in foreign currency translation adjustments, which is a separate component of shareholders' equity on the consolidated financial statements. The foreign currency translation adjustments are not subject to tax.

Translations of amounts from RMB into US\$ are unaudited and solely for the convenience of the reader and were calculated at the rate of US\$1.00 = RMB6.8972 on December 30, 2022, representing the certificated exchange rate published by the Federal Reserve Board. No representation is intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into US\$ at that rate on December 30, 2022, or at any other rate.

Cash and cash equivalents

Cash includes currency on hand and deposits held by financial institutions that can be added to or withdrawn without limitation. Cash equivalents represent short-term, highly liquid investments that are readily convertible to known amounts of cash and with original maturities from the date of purchase of generally three months or less.

Restricted cash

Restricted cash represents cash that cannot be withdrawn without the permission of third parties. The Company's restricted cash is substantially a cash balance on deposit required by its business partners and commercial banks.

Short-term investments

Short-term investments represent i) held-to-maturity investments which are due in one year and stated at amortized cost; ii) the investments issued by commercial banks or other financial institutions with a variable interest rate indexed to the performance of underlying assets within one year measured at fair value, and iii) foreign currency forward contracts measured at fair value which are short-term. Changes in the fair value are reflected in the consolidated statements of income/(loss) and comprehensive income/(loss).

Financial Instruments

The Company's financial instruments mainly represent the derivatives that are carried at fair value.

The derivative instruments primarily consisted of foreign currency forward contracts and interest rate swap contracts. The fair values of the derivative instruments generally represent the estimated amounts expect to receive or pay upon termination of the contracts as of the reporting date. The foreign currency forward contracts are used to economically hedge certain foreign denominated liabilities and reduce, to the extent practicable, the potential exposure to the changes that exchange rates might have on the Company's earnings, cash flows and financial position. As the derivative instruments of foreign currency forward contracts do not qualify for hedge accounting treatment, changes in the fair value are reflected in Other income/(expense) of the consolidated statements of income/(loss) and comprehensive income/(loss). The interest rate swap contracts are used to swap floating interest payments related to certain borrowings for fixed interest payments to hedge the interest rate risk associated with certain forecasted payments and obligations. As derivative instruments of interest rate swap contracts are designated as cash flow hedges and the hedge is highly effective, all changes in the fair value of the derivative hedging instruments are recorded in other comprehensive income/(loss)("OCI") as unrealized securities holding (losses)/gains.

As of December 31, 2021, and 2022, and for the years ended December 31, 2020, 2021 and 2022, the balance of the financial instruments and the total amount of fair value changes are not material.

Installment credit and nonrecourse securitization debt

The Company provides installment credit solutions to users with the terms generally below one year. Such amounts are recorded at the outstanding principal amount less allowance for credit losses, and include accrued interest receivable and presented in receivable related to financial services in Note 3.

Since 2018, the Company entered into asset backed securitization arrangements with third-party financial institutions and set up a securitization vehicle as servicer to issue the revolving debt securities to third party investors. The debt securities are collateralized by the loans due from the users transferred to the securitization vehicle. The Company consolidated the servicer of the securitized debt since economic interests are retained in the form of subordinated interests and it acts as the servicer of securitization vehicle. Therefore, the proceeds from the issuance of debt securities are reported as securitization debt, and the transferred collateralized receivable remain on the Company's financial statements. The securities are repaid when the collections of the underlying collateralized receivable occur and are reported in "short-term debt and current portion of long-term debt" (Note 12) or "long-term debt" (Note 17) according to the contractual maturities of the debt securities.

As of December 31, 2021, and 2022, out of the total receivables due from the users, the collateralized receivable for the debt securities were RMB1.0 billion and RMB0.1 billion, respectively, and the non-collateralized receivable (receivables which have not been transferred to the securitization vehicle) were RMB2.9 billion and RMB3.5 billion, respectively.

As of December 31, 2021, and 2022, the balance of allowance for expected credit losses for the receivable related to financial services amounted to RMB209 million and RMB196 million, respectively. The Company recognized the interest income from the receivable related to financial services in Revenue – Others. The interest expenses in relation to the nonrecourse securitization debt were recognized in the cost of revenue. For the years ended December 31, 2020, 2021 and 2022, the interest incomes and the interest expenses were not material.

[Table of Contents](#)

The gross amount of the loans provided to users is presented in the investing section of the cash flow statement unless the term of the receivables is three month or less, in which case it is presented on a net basis by deducting the repayment from the users.

Land use rights

Land use rights represent the prepayments for usage of the parcels of land where the office buildings are located, are recorded at cost, and are amortized over their respective lease periods (usually over 40 to 50 years).

Property, equipment and software

Property, equipment and software are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives, taking into account any estimated residual value:

Building	30-40 years
Leasehold improvements	Lesser of the term of the lease or the estimated useful lives of the assets
Website-related equipment	3-5 years
Computer equipment	3-5 years
Furniture and fixtures	3-5 years
Software	3-5 years

The Company recognizes the disposal of Property, equipment and software in general and administrative expenses.

Investments

The Company's investments include equity method investments, equity securities without readily determinable fair values, equity securities with readily determinable fair values, held to maturity debt securities, and available-for-sale debt securities.

The Company applies equity method in accounting for its investments in entities in which the Company has the ability to exercise significant influence but does not have control and the investments are in either common stock or in-substance common stock. Unrealized gains on transactions between the Company and an affiliated entity are eliminated to the extent of the Company's interest in the affiliated entity, unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Equity securities without readily determinable fair values are measured and recorded using a measurement alternative that measures the securities at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes.

Equity securities with readily determinable fair values are measured and recorded at fair value on a recurring basis with changes in fair value, whether realized or unrealized, recorded through the income statement.

On January 1, 2021, the Company adopted Accounting Standards Update No. 2020-01, Investments— Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815), which did not have a material impact on the consolidated financial statements.

Debt securities that the company has positive intent and ability to hold to maturity are classified as held to maturity debt securities and are stated at amortized cost.

The Company has classified its investments in debt securities, other than the held to maturity debt securities, as available-for-sale securities. Available-for-sale debt securities are reported at estimated fair value (Note 7) with the aggregate unrealized gains and losses, net of tax, reflected in "Accumulated other comprehensive loss" in the consolidated balance sheets. If the amortized cost basis of an available-for-sale security exceeds its fair value and if the Company has the intention to sell the security or it is more likely than not that the Company will be required to sell the security before recovery of the amortized cost basis, an impairment is recognized in the consolidated statements of operations. If the Company does not have the intention to sell the security and it is not more likely than not that the Company will be required to sell the security before recovery of the amortized cost basis and the Company determines that the decline in fair value below the amortized cost basis of an available-for-sale security is entirely or partially due to credit-related factors, the credit loss is measured and recognized as an allowance for credit losses in the consolidated statements of operations. The allowance is measured as the amount by which the debt security's amortized cost basis exceeds the Company's best estimate of the present value of cash flows expected to be collected.

[Table of Contents](#)

The Company monitors its investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, the operating performance of the companies including current earnings trends and other company-specific information.

Fair value measurement of financial instruments

Financial assets and liabilities of the Company primarily comprise of cash and cash equivalents, restricted cash, time deposits, financial products, derivative instruments, accounts receivable, due from related parties, available-for-sale debt investments, equity securities, accounts payable, due to related parties, advances from end users, short-term bank borrowings, other short-term liabilities and long-term debts. As of December 31, 2021, and 2022, except for derivative instruments, long-term debts, equity securities and available-for-sale debt investments, carrying values of these financial instruments approximated their fair values because of their generally short maturities. The Company reports derivative instruments, equity securities and available-for-sale debt investments at fair value at each balance sheet date and changes in fair value are reflected in the statements of income and comprehensive income. The Company disclosed the fair value of its long-term debts based on Level 2 inputs in Note 17.

The Company measures its financial assets and liabilities using inputs from the following three levels of the fair value hierarchy. The three levels are as follows:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets that the management has the ability to access at the measurement date.

Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 includes unobservable inputs that reflect the management's assumptions about the assumptions that market participants would use in pricing the asset. The management develops these inputs based on the best information available, including the own data.

Business combination

U.S. GAAP requires that all business combinations not involving entities or businesses under common control be accounted for under the acquisition method. The Company applies ASC 805, "Business combinations", the cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred, and equity instruments issued. The costs directly attributable to the acquisition are expensed as incurred. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the (i) the total of cost of acquisition, fair value of the non-controlling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statements of income/(loss) and comprehensive income/(loss).

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates, terminal values, growth rates, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates to be used based on the risk inherent in the related activity's current business model and industry comparisons. Terminal values are based on the expected life of products and forecasted life cycle and forecasted cash flows over that period. The Company's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Any changes to provisional amounts identified during the measurement period are recognized in the reporting period in which the adjustment amounts are determined.

Acquisitions

During the periods presented, the Company completed several transactions to acquire controlling shares to enrich its products and to expand business. The Company makes estimates and judgments in determining the fair value of the acquired assets and liabilities, based in part on independent appraisal reports as well as its experience with purchasing similar assets and liabilities in similar industries. Major assumptions used in determining the fair value of these acquired assets include revenue growth rate and weighted average cost of capital. The amount of excess of the purchase price over the fair value of the identifiable assets and liabilities acquired is recorded as goodwill. The major acquisitions during the periods presented are as follows:

In April 2020, the Company consummated the acquisition of 100% equity interest of an online travel agency with the total cash consideration of EUR100 million (RMB772 million). The net liability assumed based on their fair values was RMB304 million, including cash acquired with amount of RMB41 million. The newly identifiable intangible assets were RMB72 million which primarily consist of tradename and supplier relationship. The tradename is assessed to be indefinite-lived intangible assets. The fair values of the supplier relationship with amount of RMB28 million is amortized over 10 years on a straight-line basis. The deferred tax liability of RMB16 million as recognized in associated with the identifiable intangible assets. The goodwill recognized for the acquisition was RMB1.0 billion which primarily made up of the expected synergies from combining operations of the acquiree and the acquirer, which do not qualify for separate recognition.

In September 2020, the Company consummated the acquisition of 100% equity interest of an online payment agency with the total cash consideration of RMB423 million. The net assets acquired based on their fair values was RMB61 million, including cash acquired with amount of RMB113 million. The newly identifiable intangible asset was RMB324 million which primarily consist of a payment business license which is amortized over fifteen years on a straight-line basis. The deferred tax liability of RMB81 million as recognized in associated with the identifiable intangible assets. The goodwill recognized for the acquisition was RMB119 million which is primarily attributable to the expected synergies from the online payment processing services that will complement the Company's existing services offered through its online platforms.

Pro forma results of operations for these acquisitions have not been presented because they are not material to the consolidated income statements for the years ended December 31, 2020, 2021 and 2022, either individually or in aggregate.

Other immaterial acquisitions in 2020, 2021 and 2022 with total consideration of nil, RMB1.8million and RMB8.0 million respectively resulted in no recorded goodwill and recorded intangible assets of nil, RMB0.5 million and RMB10.0 million respectively.

Goodwill and other intangible assets

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired as a result of the Company's acquisitions of interests in its subsidiaries and consolidated VIEs.

Goodwill is not amortized but is reviewed at least annually for impairment or earlier. The Company may first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test, by taking into consideration of macroeconomics, overall financial performance, industry and market conditions and the share price of the Company. If determined to be necessary, the quantitative impairment test shall be used to identify goodwill impairment.

Starting in 2020, the Company adopted the FASB issued ASU 2017-04: Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. To simplify the subsequent measurement of goodwill, the Board eliminated Step 2 from the goodwill impairment test. Under the amendments in this Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

[Table of Contents](#)

The Company performs the annual goodwill impairment assessment as of December 31, or when an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. As of December 31, 2022, the Company qualitatively assessed relevant events and circumstances, including macroeconomics conditions, industry and market considerations, its overall financial performance as well as the share price, and concluded by weighing all these factors in their entirety that it was not more likely than not the fair value of the Company's reporting unit was lower than its carrying value. For the years ended December 31, 2020, 2021 and 2022, there was no impairment of goodwill.

Separately identifiable intangible assets that have determinable lives continue to be amortized and consist primarily of non-compete agreements, customer list, supplier relationship, technology, business relationship and payment business license as of December 31, 2021 and 2022. The Company amortizes intangible assets on a straight-line basis over their estimated useful lives, which is three to fifteen years. The estimated life of amortized intangibles is reassessed if circumstances occur that indicate the life has changed. Other intangible assets that have indefinite useful life primarily include trademark and domain names. The Company evaluates indefinite-lived intangible assets for impairment on an annual basis as of December 31, or an interim basis if events or other circumstances suggest that related fair value is below carrying value. An assessment is made on each December 31 as well to determine whether events and circumstances continue to support an indefinite useful life.

The Company reviews intangible assets with indefinite lives annually for impairment or earlier, if an indication of impairment exists.

No impairment on other intangible assets was recognized for the years ended December 31, 2020, 2021 and 2022, respectively.

Impairment of long-lived assets

Long-lived assets (including intangible with definite lives) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Reviews are performed to determine whether the carrying value of an asset group is impaired, based on comparison to undiscounted expected future cash flows. If this comparison indicates that there is impairment, the Company recognizes an impairment of long-lived assets to the extent the carrying amount of such assets exceeds the fair value.

Accrued liability for rewards program

The Company provides a discretionary (not provided for within end user contracts) loyalty points program to its end users. The points awarded can be redeemed for cash or used to purchase gifts on the Company's website and mobile platforms.

The estimated incremental costs of the loyalty points program are recognized as sales and marketing expense, or as a reduction of the revenue, depending on whether it can be redeemed to gifts or redeemed for cash, and accrued for as a current liability. As members redeem awards or their entitlements expire, the accrued liability is reduced correspondingly. For the years ended December 31, 2020, 2021 and 2022, the incremental costs recognized for the rewards program were immaterial.

Deferred revenue

The Company offers a discretionary coupon program, through which the Company primarily provides coupons to end users who book selected hotels online through website. The end users who use the coupons receive credits in their virtual cash accounts upon check-out from the hotels and reviews for hotels submitted. The end users may redeem the amount of credits in their virtual cash account in cash or voucher for their future bookings on the Company's website and mobile platforms. The Company accounts for the estimated cost of future usage of coupons as reduction of the revenue.

Revenue recognition

The Company recognizes revenues in accordance with ASC 606, "Revenue from Contracts with Customers" ("ASC 606"). Under which, the Company's revenues are substantially reported on a net basis as the travel supplier is primarily responsible for providing the underlying travel services and the Company does not control the service provided by the travel supplier to the traveler. Revenues are recognized at gross amounts for merchant business where the Company undertakes substantive inventory risks by pre-purchasing inventories.

[Table of Contents](#)

Revenue from accommodation reservation services, transportation ticketing services, packaged tours, and corporate travel are substantially recognized at a point of time when the performance obligations that are satisfied. Revenue from other businesses comprise primarily of online advertising services and financial services, which are recognized ratably over the time or upon relevant performance obligations being fulfilled.

Accommodation reservation services

The Company receives commissions from travel suppliers for hotel room reservations through the Company's transaction and service platform. Commissions from hotel reservation services rendered are recognized when the reservation becomes non-cancelable (when the cancellation period provided by the reservation expires) which is the point at which the Company has fulfilled its performance obligation (successfully booking a reservation, which includes certain post-booking services during the cancellation period). Contracts with certain travel suppliers contain incentive commissions typically subject to achieving specific performance targets. The incentive commissions are considered as variable consideration and are estimated and recognized to the extent that the Company is entitled to such incentive commissions. The Company generally receives incentive commissions from monthly arrangements with hotels based on the number of hotel room reservations where end users have completed their stay. The Company presents revenues from such transactions on a net basis in the statements of income and comprehensive income as the Company, generally, does not control the service provided by the travel supplier to the traveler and does not assume inventory risk for canceled hotel reservations. The amounts of accommodation reservation service revenues recognized on a gross basis were immaterial during the years ended December 31, 2020, 2021 and 2022, respectively.

Transportation ticketing services

Transportation ticketing service revenues mainly represent revenues from ticket reservations and other related services. The Company receives commissions from travel suppliers for ticketing reservations and other related services through the Company's transaction and service platform under various services agreements. Commissions from ticketing reservations and other related services rendered are recognized when tickets are issued as this is when the Company's performance obligation is satisfied. The Company is not entitled to a commission fee for the tickets and other related services canceled by the end users. Losses incurred from cancellations are immaterial due to a historical low cancellation rate and minimal administrative costs incurred in processing cancellations. The Company presents revenues from such transactions on a net basis in the statements of income as the Company, generally, does not control the service provided by the travel supplier to the traveler and does not assume inventory risk for canceled ticketing reservations and other related services. Over 90% of the Company's transportation ticketing services revenues were recognized on a net basis during the years ended December 31, 2020, 2021 and 2022, respectively.

For year ended December 31, 2020, as a result of the COVID-19 pandemic, the Company received a higher number of requests from its users for ticketing order cancellations and refunds due to the extended travel restrictions. For the orders of which the commissions were previously recognized in 2019, the Company reversed the commission revenue upon the receipt of cancellations in 2020 and the impact of such reversal on 2020 operating results were not material.

Packaged tours

The Company receives referral fees from travel product providers for packaged-tour products and services through the Company's transaction and service platform. Referral fees are recognized on the departure date of the tours as this is when the Company's performance obligation is satisfied. The Company presents revenues from such transactions on a net basis in the statements of income when the Company does not control the service provided by the travel supplier to the traveler and has no obligations for canceled packaged-tour products reservations. Over 90% of the Company's packaged-tour products and services revenues were recognized on a net basis during the years ended December 31, 2020, 2021 and 2022, respectively.

Corporate travel

Corporate travel management revenues primarily include commissions from air ticket booking, hotel reservation and packaged-tour services rendered to corporate clients. The Company contracts with corporate clients based on service fee model. Travel reservations are made via on-line and off-line services for air tickets, hotel and package-tour. Revenue is recognized on a net basis after the services are rendered and collections are reasonably assured.

Other businesses

Other businesses comprise primarily of online advertising services and financial services.

The Company receives advertising revenues, which principally represent the sale of banners or sponsorship to customers on the website and mobile. Advertising revenues are recognized ratably over the fixed term of the agreement as services are provided or upon relevant performance obligations being fulfilled through the display of the advertisements. The financial service revenues mainly represent the service fees from third party financial institutions for the Company's platform services that are recognized ratably over the service period as well as the interest income from the receivables due from the users that are recognized over the credit period. For the years ended December 31, 2020, 2021 and 2022, there was no service in other businesses that had the revenue exceeding 10% of the total revenue of the Company.

[Table of Contents](#)

Allowance for expected credit losses

On January 1, 2020, the Company adopted the accounting standards update on the measurement of credit losses, which requires the Company to estimate lifetime expected credit losses upon recognition of the financial assets. The Company adopted the accounting standards update using a modified retrospective approach. Upon adoption of the new standard on January 1, 2020, the Company recorded a net decrease to its retained earnings of RMB83 million, net of tax.

The Company's accounts receivable, prepayments and other current assets (including the receivables of financial services), due from related parties, long-term prepayments and other assets, and long-term receivables due from related parties are within the scope of ASC Topic 326. The Company has identified the relevant risk characteristics of its customers and the related receivables and prepayments, which include size, type of the reservation services the Company provides or geographic location of the customer, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Company considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Company's receivables. Additionally, external data and macroeconomic factors are also considered. This is assessed at each quarter based on the Company's specific facts and circumstances.

Significant judgments and assumptions are required to estimate the allowance for expected credit losses on receivables from and prepayments to customers and such assumptions may change in future periods, particularly the assumptions related to the impact of the COVID-19 pandemic on the business prospects and financial condition of customers and the Company's ability to collect the receivable or recover the prepayment. For the year ended December 31, 2020, the Company facilitated and processed a higher number of reservation cancellation requests from end users due to the COVID-19 pandemic, causing a significant increase of the accounts receivables due from the customers (i.e. the travel suppliers) due to the fact that the Company paid the refunds to the end users on behalf of its customers and expected to be reimbursed by its customers. Given the business disruptions and financial challenges faced by the Company's customers as driven by the COVID-19 pandemic, the Company has further analyzed the credit risks of related customers considering recent credit losses, repayment patterns and business conditions. Such analysis was performed at the individual customer's level or at a group of customers level, depending on the amount and extent of overdue as well as the risk characteristics of the different customers. As a result of such analysis, the Company increased its allowance for expected credit losses on both the receivables and prepayments balances for the year ended December 31, 2020. As of December 31, 2021 and 2022, no additional impairment indicators were identified; however, it is possible that the Company may have to record additional significant provisions for expected credit losses in the future.

The following table summarized the details of the Company's allowance for expected credit losses (RMB in millions):

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Allowance at beginning of year	256	799	815
Cumulative effect of adoption of new accounting standard	83	—	—
Deconsolidation of subsidiaries	(27)	(1)	—
Provisions for credit losses	700	141	296
Write-offs	<u>(213)</u>	<u>(124)</u>	<u>(341)</u>
Allowance at end of year	<u>799</u>	<u>815</u>	<u>770</u>

Cost of revenues

Cost of revenues consists primarily of payroll compensation of customer service center personnel, credit card service fees, payments to travel suppliers, telecommunication expenses, direct costs of principal travel tour services, depreciation, rentals, direct costs of financial service and related expenses incurred by the Company which are directly attributable to the Company's user orders and the rendering of travel related services and other businesses.

Product development

Product development expenses primarily include payroll compensation of product development personnel, consulting expenses and other expenses incurred by the Company that are directly attributable to develop the Company's travel supplier networks as well as to maintain, monitor and manage the Company's transaction and service platform. The Company recognizes website, software and mobile applications development costs in accordance with ASC 350-50 "Website development costs" and ASC 350-40 "Software — internal use software" respectively, which are not material. The Company expenses all costs that are incurred in connection with the planning and implementation phases of development and costs that are associated with repair or maintenance of the existing websites and mobile applications or the development of software or mobile applications for internal use and websites content.

Sales and marketing

Sales and marketing expenses consist primarily of costs of payroll and related compensation for the Company's sales and marketing personnel, advertising expenses, and other related marketing and promotion expenses. Advertising expenses, amounting to approximately RMB1.9 billion, RMB2.4 billion and RMB2.1 billion for the years ended December 31, 2020, 2021 and 2022 respectively, are charged to the statements of income as incurred.

Share-based compensation

The Company grants restricted share units ("RSUs") and share options of the Company to eligible employees. The Company accounts for share-based awards issued to employees in accordance with ASC Topic 718 *Compensation – Stock Compensation*. Under ASC 718, the Company measures at the grant date the fair value of the stock-based award and recognize compensation costs, net of estimated forfeitures, on a straight-line basis, over the requisite service period. The Company applies the Black-Scholes valuation model in determining the fair value of options granted. Risk-free interest rates are based on US Treasury yield for the terms consistent with the expected life of award at the time of grant. Expected life is based on historical exercise patterns. Expected dividend yield is determined in view of the Company's historical dividend payout rate and future business plan. The Company estimates expected volatility at the date of grant based on historical volatilities. The fair values of RSUs are determined with reference to the fair value of the underlying shares. Forfeiture rate is estimated based on historical forfeiture patterns and adjusted to reflect future change in circumstances and facts, if any. If actual forfeitures differ from those estimates, the Company may need to revise those estimates used in subsequent periods.

According to ASC 718, a change in any of the terms or conditions of stock options shall be accounted for as a modification of the plan. Therefore, the Company calculates incremental compensation cost of a modification as the excess of the fair value of the modified option over the fair value of the original option immediately before its terms are modified, measured based on the share price and other pertinent factors at the modification date. For vested options, the Company would recognize incremental compensation cost in the period the modification occurs and for unvested options, the Company would recognize, over the remaining requisite service period, the sum of the incremental compensation cost and the remaining unrecognized compensation cost for the original award on the modification date.

According to ASC 718, the Company classifies certain options or similar instruments as liabilities if the entity can be required under any circumstances to settle the option or similar instrument by transferring cash or other assets and such cash settlement is probable. The percentage of the fair value that is accrued as compensation cost at the end of each period shall equal the percentage of the requisite service that has been rendered at that date. Changes in fair value of the liability classified award that occur during the requisite service period shall be recognized as compensation cost over that period. Changes in fair value that occur after the end of the requisite service period are compensation cost of the period in which the changes occur. Any difference between the amount for which a liability award is settled and its fair value at the settlement date as estimated is an adjustment of compensation cost in the period of settlement.

Share incentive plans (share numbers have reflected the effect of Share Subdivision on March 18, 2021)

In October 2007, the Company adopted a 2007 Share Incentive Plan ("2007 Incentive Plan"). As of December 31, 2021, and 2022, 15,290,480 and 14,256,667 options and 320 and nil RSUs were outstanding under the 2007 Incentive Plan.

In June 2017, the Company adopted a Global Share Incentive Plan ("Global Incentive Plan"). The Company granted 8,921,248, 15,404,097 and 17,311,708 new share options and 550,888, 255,004 and 255,000 new RSUs to employees with 4 year requisite service period for year ended December 31, 2020, 2021 and 2022, respectively.

As of December 31, 2021, and 2022, 50,790,639 and 63,218,035 options and 869,300, and 751,506 RSUs were outstanding under the Global Incentive Plan.

Table of Contents

As detailed in Note 2 “basis of presentation”, following the Share Subdivision that became effective on March 18, 2021, each ordinary share was subdivided into eight ordinary shares and each ADS represents one ordinary share. Prior and subsequent to March 18, 2021, one ordinary share was issuable upon the vesting of one outstanding restricted share or the exercise of one outstanding share option, respectively. Therefore, following the Share Subdivision, each share option and restricted share is subdivided into eight share options and eight restricted shares, and the weighted average grant date fair value per restricted share and the weighted average exercise price per share option are diluted by eight times. The number of restricted shares and share options, the weighted average grant date fair value per restricted share and the weighted average exercise price per share option has been retrospectively adjusted for the Share Subdivision in the following tables. The Share Subdivision does not have any impact on the compensation cost of the Company.

The following table summarized the Company’s share option activity under all the option plans (in US\$, except for shares):

	Number of Shares (Note i)	Weighted Average Exercise Price (Note i)	Weighted Average Remaining Contractual Life (Years) (Note i)	Aggregate Intrinsic Value (in millions) (Note i)
Outstanding at December 31, 2019	54,368,896	22.21	5.63	679
Granted	8,921,248	15.87		
Exercised	(3,495,960)	6.96		
Forfeited	(2,210,328)	12.00		
Outstanding at December 31, 2020	57,583,856	22.55	5.16	704
Granted	15,404,097	18.46		
Exercised	(5,106,035)	9.32		
Forfeited	(1,800,799)	7.9		
Outstanding at December 31, 2021	66,081,119	23.02	5.42	398
Granted	17,311,708	14.15		
Exercised	(4,493,648)	5.70		
Forfeited	(1,424,477)	10.80		
Outstanding at December 31, 2022	77,474,702	22.26	5.01	995
Vested and expect to vest at December 31, 2022	74,652,470	22.43	4.96	948
Exercisable at December 31, 2022	42,196,796	25.97	3.83	410

Note i: The number of restricted shares and weighted average exercise price have been retrospectively adjusted for the Share Subdivision that became effective on March 18, 2021 (Note 2 and Note 20)

The Company’s current practice is to issue new shares to satisfy share option exercises.

The expected-to-vest options are the result of applying the pre-vesting forfeiture rate assumptions of 8% to total unvested options.

The aggregate intrinsic value in the table above represents the total intrinsic value (the aggregate difference between the Company’s closing stock price at each reporting date and the exercise price for in-the-money options) that would have been received by the option holders if all in-the-money options had been exercised at each reporting date.

The total intrinsic value of options exercised during the years ended December 31, 2020, 2021 and 2022 were US\$159 million US\$128 million and US\$90 million, respectively.

The weighted average fair value of options granted after Share Subdivision during the years ended December 31, 2020, 2021 and 2022 was US\$15.67, US\$19.94 and US\$10.14 per share, respectively.

As of December 31, 2022, there was US\$350 million of total unrecognized compensation cost, net of estimated forfeitures, related to unvested share options which are expected to be recognized over a weighted average period of 2.4 year. Total unrecognized compensation cost may be adjusted for future changes in estimated forfeitures. Total cash received from the exercise of share options amounted to RMB159 million, RMB307 million and RMB179 million for the years ended December 31, 2020, 2021 and 2022, respectively.

Table of Contents

The Company calculated the estimated fair value of share options on the date of grant using the Black-Scholes pricing model with the following assumptions:

	2020	2021	2022
Risk-free interest rate	0.21%-1.32%	0.21%-1.18%	1.55%-4.45%
Expected life (years)	4 – 5	4 – 5	4 – 5
Expected dividend yield	0%	0%	0%
Volatility	40%-43%	39%-43%	41%-49%
Fair value of options at grant date per share	from US\$8.12 to US\$31.99	from US\$8.61 to US\$39.17	from US\$7.44 to US\$24.58

The following table summarizes the Company's RSUs activities under all incentive plans (in US\$, except for shares):

	Number of Shares (Note i)	Weighted average grant date fair value (US\$) (Note i)
Restricted shares		
Unvested at December 31, 2019	4,008,768	37.94
Granted	550,888	28.49
Vested	(3,439,944)	37.53
Forfeited	(185,200)	38.42
Unvested at December 31, 2020	934,512	33.79
Granted	255,004	31.35
Vested	(215,484)	37.26
Forfeited	(104,412)	30.12
Unvested at December 31, 2021	869,620	32.65
Granted	255,000	24.67
Vested	(243,625)	36.15
Forfeited	(129,489)	33.92
Unvested at December 31, 2022	751,506	28.59

Note i: The number of restricted shares and weighted average grant date fair value have been retrospectively adjusted for the Share Subdivision that became effective on March 18, 2021 (Note 2 and Note 20).

As of December 31, 2022, there was US\$14 million unrecognized compensation cost, net of estimated forfeitures, related to unvested restricted shares, which are to be recognized over a weighted average vesting period of 1.9 years. Total unrecognized compensation cost may be adjusted for future changes in estimated forfeitures. The Company determined the fair value of RSUs based on its stock price on the date of grant.

Leases

The Company applies ASC 842, Leases, and determines if an arrangement is a lease at inception. Operating leases are primarily for office and operation space and are included in right-of-use ("ROU") assets, other payables and accruals and long-term lease liabilities on its consolidated balance sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. The operating lease ROU assets and liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease. Renewal options are considered within the ROU assets and lease liability when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

For operating leases with a term of one year or less, the Company has elected not to recognize a lease liability or ROU asset on its consolidated balance sheet. Instead, it recognizes the lease payments as expense on a straight-line basis over the lease term. Short-term lease costs are immaterial to its consolidated statements of operations and cash flows. The Company has operating lease agreements with insignificant non-lease components and have elected the practical expedient to combine and account for lease and non-lease components as a single lease component.

[Table of Contents](#)

Taxation

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions. Deferred income taxes are provided using the balance sheet liability method. Under this method, deferred income taxes are recognized for the tax consequences of significant temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. The effect on deferred taxes of a change in tax rates is recognized in income in the period enacted. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered unlikely that some portion of, or all of, the deferred tax assets will not be realized.

The Company applies ASC 740, "Income Taxes". It clarifies the accounting for uncertainty in income taxes recognized in the Company's consolidated financial statements and prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures.

Other income/(expense)

Other income/(expense) consists of financial subsidies and investment income/(loss). Financial subsidies primarily relate to the non-recurring grants by central and local governments of China. The Company recognizes the income when the grants are received and no further conditions need to be met. Components of other income/(expense) were as follows (RMB in millions):

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Gain on deconsolidation of subsidiaries (Note 18)	1,091	—	—
Government grants	601	550	618
Foreign exchange (losses)/gains	(40)	1	(69)
(Loss)/gain on disposal of long-term investments (Note 7)	(602)	63	23
Gain from the fair value remeasurement upon the discontinuance of the equity method of the investment(a)	—	—	1,135
Fair value changes of equity securities investments and Exchangeable Senior Notes	(612)	(170)	1,338
Impairments of long-term investments(b)	(905)	(96)	(949)
Others	194	25	(81)
Total	<u>(273)</u>	<u>373</u>	<u>2,015</u>

- (a) In 2022, an equity method investee of the Company completed an initial public offering, upon which the Company lost significant influence over the investee due to its reduced voting rights and changes in the investee's governing documents. Consequently, the Company discontinued the equity method accounting and the investment was classified as an equity security investment with readily determinable fair value. Immediately after discontinuing the equity method, the Company recognized a gain from the remeasurement of the investment at fair value with amount of RMB1.1 billion.
- (b) In 2022, the Company recorded a RMB906 million impairment loss for certain redeemable preferred shares investments which is accounted for as available-for-sale debt security (Note 7).

Statutory reserves

The Company's PRC subsidiaries and VIEs are required to allocate at least 10% of their after-tax profit to the general reserve in accordance with the PRC accounting standards and regulations. The allocation to the general reserve will cease if such reserve has reached to 50% of the registered capital of respective company. Appropriations to discretionary surplus reserve are at the discretion of the board of directors of subsidiaries and VIEs. These reserves can only be used for specific purposes and are not transferable to the Company in form of loans, advances, or cash dividends. There is no such regulation of providing statutory reserve in Hong Kong.

Dividends

Dividends are recognized when declared.

[Table of Contents](#)

PRC regulations currently permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. The Company's PRC subsidiaries can only distribute dividends after they have met the PRC requirements for appropriation to statutory reserves. Additionally, as the Company does not have any direct ownership in the VIEs, the VIEs cannot directly distribute dividends to the Company. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. As the majority of the Company's revenues are in RMB, any restrictions on currency exchange may limit the Company's ability to use revenue generated in RMB to fund the Company's business activities outside China or to make dividend payments in U.S. dollars. However, the Company believes the restrictions on currency exchange imposed by the PRC foreign exchange regulations and enforced by the PRC State Administration of Foreign Exchange ("SAFE") do not constitute the "restrictions" under Rule 4-08(e)(3) under Regulation S-X, because such restrictions in substance do not prohibit the Company's subsidiaries or VIEs from transferring net assets to the Company in the combined forms of loans, advances and cash dividends without the consent of SAFE, provided that certain procedural formalities should be complied with. As of December 31, 2022, the restricted net assets of the Company's PRC subsidiaries and VIEs not distributable in the form of dividends to the parent as a result of the aforesaid PRC regulations and other restrictions were RMB6.2 billion.

As a result of the aforementioned PRC regulation and the Company's organizational structure, accumulated profits of the subsidiaries in PRC distributable in the form of dividends to the parent as of December 31, 2020, 2021 and 2022 were RMB25.8 billion, RMB28.4 billion and RMB32.0 billion, respectively. The Company's PRC subsidiaries and VIEs are able to enter into royalty and trademark license agreements or certain other contractual arrangements at the sole discretion of the Company, for which the compensatory element of the arrangement is deducted from the accumulated profits.

Effective January 1, 2008, current EIT Law imposes a 10% withholding income tax for dividends distributed by foreign invested enterprises to their immediate holding companies outside mainland China. A lower withholding tax rate will be applied if there is a tax treaty arrangement between mainland China and the jurisdiction of the foreign holding company. Distributions to holding companies in Hong Kong that satisfy certain requirements specified by PRC tax authorities, for example, will be subject to a 5% withholding tax rate. Furthermore, pursuant to the applicable circular and interpretations of the current EIT Law, dividends from earnings created prior to 2008 but distributed after 2008 are not subject to withholding income tax.

No dividends have been paid or declared by the Company during the years ended December 31, 2020, 2021 and 2022.

Earnings/(losses) per share

In accordance with "*Computation of Earnings Per Share*", basic earnings per share is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by dividing net income attributable to common shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the year. Dilutive ordinary equivalent shares consist of ordinary shares issuable upon the exercise of outstanding share options (using the treasury stock method). Vested but unexercised stock options with exercise prices that represent little or no consideration are included in the weighted average shares outstanding in the basic earnings per share calculation.

If the number of common shares outstanding increases as a result of a stock dividend or stock split or decreases as a result of a reverse stock split, the computations of basic and diluted EPS shall be adjusted retroactively for all periods presented to reflect that change in capital structure. If changes in common stock resulting from stock dividends, stock splits, or reverse stock splits occur after the close of the period but before the financial statements are issued or are available to be issued, the per-share computations for those and any prior-period financial statements presented shall be based on the new number of shares.

On March 18, 2021, the Company effected a share split by one-to-eight subdivision of shares ("Share Subdivision") and a change in the ADS ratio proportionate to the Share Subdivision from eight (8) ADSs representing one (1) ordinary share to one (1) ADS representing one (1) ordinary share. The basic and diluted EPS are adjusted retroactively for all periods presented to reflect these changes.

Treasury stock

The share-repurchase programs do not require the Company to acquire a specific number of shares and may be suspended or discontinued at any time.

Segment reporting

The Company operates and manages its business as a single segment. Resources are allocated and performance is assessed by the CEO, who is determined to be the Chief Operating Decision Maker (CODM). Since the Company operates in one reportable segment, all financial and product information required can be found in the consolidated financial statements.

The Company primarily generates its revenues from the Greater China Area, for geographic information, please refer to Note 22.

Recent Accounting Pronouncements

In January 2020, the FASB issued Accounting Standards Update No. 2020-01, Investments — Equity Securities (Topic 321), Investments — Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815. The amendments clarified that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. The amendments also clarified that for the purpose of applying paragraph 815-10-15-141(a) an entity should not consider whether, upon the settlement of the forward contract or exercise of the purchased option, individually or with existing investments, the underlying securities would be accounted for under the equity method in Topic 323 or the fair value option in accordance with the financial instruments guidance in Topic 825. An entity also would evaluate the remaining characteristics in paragraph 815-10-15-141 to determine the accounting for those forward contracts and purchased options. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company adopted this update in the first quarter of 2021 and the adoption did not have a material impact to the Company's Consolidated Financial Statements.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting", which provides optional expedients and exceptions for applying U.S. GAAP on contract modifications and hedge accounting to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. These optional expedients and exceptions provided in ASU 2020-04 are effective for the Company as of March 12, 2020 through December 31, 2022. The Company adopted this update in the first quarter of 2022 and the adoption did not have a material impact to the Company's Consolidated Financial Statements.

In August 2020, the FASB issued a new accounting update relating to convertible instruments and contracts in an entity's own equity. For convertible instruments, the accounting update reduces the number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with current U.S. GAAP. The accounting update amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions. The accounting update also simplifies the diluted earnings per share calculation in certain areas. For public business entities, the update is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. Entities are allowed to apply this update on either a full or modified retrospective basis. The Company adopted this update in the first quarter of 2022 and the adoption did not have a material impact to the Company's Consolidated Financial Statements.

In May 2021, the FASB issued ASU No. 2021-04, Earnings Per Share (Topic 260), Debt — Modifications and Extinguishments (Subtopic 470-50), Compensation — Stock Compensation (Topic 718), and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40) to clarify and reduce diversity in an issuer's accounting for modifications or exchanges of freestanding equity classified written call options (for example, warrants) that remain equity classified after modification or exchange. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. An entity should apply the amendments prospectively to modifications or exchanges occurring on or after the effective date of the amendments. The Company adopted this update in the first quarter of 2022 and the adoption did not have a material impact to the Company's Consolidated Financial Statements.

In October 2021, the FASB issued ASU No. 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (ASU 2021-08), which clarifies that an acquirer of a business should recognize and measure contract assets and contract liabilities in a business combination in accordance with Topic 606, Revenue from Contracts with Customers. The new amendments are effective for us are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The amendments should be applied prospectively to business combinations occurring on or after the effective date of the amendments, with early adoption permitted. The Company will adopt this update in the first quarter of 2023 and does not expect the adoption to have a material impact to the Company's Consolidated Financial Statements.

In March 2022, the FASB issued ASU 2022-02, Troubled Debt Restructurings and Vintage Disclosures. This ASU eliminates the accounting guidance for troubled debt restructurings by creditors that have adopted ASU 2016-13, Measurement of Credit Losses on Financial Instruments, which the Company adopted on January 1, 2020. This ASU also enhances the disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty. In addition, the ASU amends the guidance on vintage disclosures to require entities to disclose current period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of ASC 326-20. The ASU is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years. Adoption of the ASU would be applied prospectively. Early adoption is also permitted, including adoption in an interim period. The Company will adopt this update in the first quarter of 2023 and does not expect the adoption to have a material impact to the Company's Consolidated Financial Statements.

[Table of Contents](#)

In June 2022, the FASB issued ASU 2022-03 Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The update clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The update also clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The update also requires certain additional disclosures for equity securities subject to contractual sale restrictions. The amendments in this update are effective for the Company beginning January 1, 2024 on a prospective basis. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Company is in the process of evaluating the impact of the new guidance on its consolidated financial statements.

Certain risks and concentration

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, amounts due from related parties, prepayments and other current assets. As of December 31, 2020, 2021 and 2022, substantially all of the Company's cash and cash equivalents, restricted cash and short-term investments were held in major financial institutions located in the PRC and in Hong Kong, which management considers to be of high credit quality based on their credit ratings. Accounts receivable are generally unsecured and denominated in RMB, and are derived from revenues earned from operations arising primarily in the PRC.

No individual customer accounted for more than 10% of net revenues for the years ended December 31, 2020, 2021 and 2022. No individual customer accounted for more than 10% of accounts receivable as of December 31, 2021 and 2022.

Impact of COVID-19

The Company's businesses, results of operation, financial positions and cash flows have been materially and adversely affected by the COVID-19 pandemic, including but not limited to the material adverse impact on the Company's revenues and operation results as result of the travel restrictions as well as significant incremental costs and expenses incurred when facilitating the end users in their cancelations and refund requests. The impacts of COVID-19 may also include slower collection of receivables and additional credit losses and significant downward adjustments or impairment to the Company's long-term investments and goodwill if the impacts become other than temporary.

Starting in December 2022, most of the travel restrictions and quarantine requirements in China were lifted. Even though there have been improvements in the economic and operating conditions for the Company's business since the outset of the COVID-19 pandemic, the Company cannot predict the long-term effects of the pandemic on its business at this time.

3. PREPAYMENTS AND OTHER CURRENT ASSETS

Components of prepayments and other current assets as of December 31, 2021 and 2022 were as follows (RMB in millions):

	<u>2021</u>	<u>2022</u>
Prepayments and other deposits	3,952	5,019
Receivable related to financial services (Note 2)	3,679	3,403
Prepaid expenses	224	240
Interest receivables	621	759
Others	556	748
Total	<u>9,032</u>	<u>10,169</u>

4. LONG-TERM PREPAYMENTS AND OTHER ASSETS

The Company is required to pay certain amounts of deposits to airline companies and hotel suppliers. The Company is also required to pay deposits to local travel bureaus as a pledge for insurance of traveler's safety.

Components of long-term prepayments and other assets as of December 31, 2021 and 2022 were as follows (RMB in millions):

	<u>2021</u>	<u>2022</u>
Deposits paid to airline suppliers	183	239
Deposit paid to lessor	65	58
Deposits paid to advertising suppliers	35	21
Deposits paid to hotel suppliers	17	30
Other deposit	39	37
Long-term derivative assets	—	58
Prepayment for acquisition of property and equipment	5	33
Other long-term prepayments	27	69
Total	<u>371</u>	<u>545</u>

[Table of Contents](#)

5. LAND USE RIGHTS

Land use rights are amortized under straight-line method through the respective period of land rights, which are from 40-50 years. Amortization expense for the years ended December 31, 2020, 2021 and 2022 was approximately RMB3 million, RMB3 million and RMB3 million, respectively. As of December 31, 2021, and 2022, the net book value was RMB86 million and RMB83 million respectively.

6. PROPERTY, EQUIPMENT AND SOFTWARE

Property, equipment and software and its related accumulated depreciation and amortization as of December 31, 2021 and 2022 were as follows (RMB in millions):

	<u>2021</u>	<u>2022</u>
Buildings	5,408	5,409
Computer equipment	1,040	810
Website-related equipment	1,623	1,802
Furniture and fixtures	229	216
Software	651	668
Leasehold improvements	222	248
Less: accumulated depreciation and amortization	<u>(3,639)</u>	<u>(3,949)</u>
Total net book value	<u>5,534</u>	<u>5,204</u>

Depreciation expense for the years ended December 31, 2020, 2021 and 2022 was RMB790 million, RMB723 million and RMB632 million, respectively.

7. INVESTMENTS

The Company's long-term investments are consisted of the follows (RMB in millions):

	<u>2021</u>	<u>2022</u>
Debt investments	16,467	18,128
Equity investments	28,494	32,049
	<u>44,961</u>	<u>50,177</u>

Debt investments

Held to maturity debt securities

Held to maturity investments were time deposits and financial products in commercial banks with maturities of more than one year with the carrying amount of RMB13.1 billion and RMB15.5 billion as of December 31, 2021 and 2022 respectively. As of December 31, 2021 and 2022, the weighted average maturities periods are 1.7 years and 2.2 years, respectively.

Available-for-sale debt investments

The following table summarizes the Company's available-for-sale debt investments (RMB in millions):

	<u>2021</u>	<u>2022</u>
Cost	3,734	3,792
Gross Unrealized Gains, including foreign exchange adjustment	271	352
Gross Unrealized Losses, including foreign exchange adjustment	<u>(651)</u>	<u>(1,543)</u>
Fair Value	<u>3,354</u>	<u>2,601</u>

Table of Contents

For the years ended December 31, 2020, 2021 and 2022, the unrealized securities holding gain/(loss), net of tax of RMB(21) million, RMB1 million and RMB32 million, respectively, was reported in other comprehensive income/(loss).

The Company's available-for-sale debt investments mainly include the redeemable preferred shares investments. At December 31, 2022, the Company did not have the intent or a requirement to sell its available-for-sale debt investments. The Company assesses the unrealized losses of the investments and determines whether the decline in fair value is related to credit or noncredit factors. For the years ended December 31, 2020, 2021 and 2022, the Company recognized credit related impairments for the available-for-sale debt investment of nil, nil and RMB906 million.

As of December 31, 2021 and 2022, the fair value of certain available-for-sale debt investments were RMB2.4 billion and RMB1.5 billion, respectively, which were below their amortized costs. As of December 31, 2021, the amount of fair value decline related to credit losses was immaterial. For the year ended December 31, 2022, considering the prolonged business performance of these available-for-sale debt investments, the quality of the investments' credit and other adverse conditions specifically related to the investments, the Company, with the assistance from an independent appraiser, performed a quantitative assessment and recognized the credit impairment related to these available-for-sale debt investments with aggregated amounts of RMB906 million (Note 2). Upon recognition of the credit impairment, RMB884 million (net of tax of RMB22 million) that was previously recorded in accumulated other comprehensive income/(loss) was reclassified into other income/(expense). For the years ended December 31, 2021 and 2022, the Company also evaluated the fair value change associated with the non-credit losses of the redeemable preferred shares investment in these available-for-sale debt investments was amounted to RMB139 million and RMB268 million, respectively, which was reported in other comprehensive (loss)/income. The Company reviewed other available information and at December 31, 2022, concludes the amortized cost basis of the investment is able to be recovered.

Equity investments

Equity securities with readily determinable fair values

The following table summarizes the Company's equity securities with readily determinable fair values (RMB in millions):

	<u>2021</u>	<u>2022</u>
Cost	4,070	5,517
Gross Unrealized Gains, including foreign exchange adjustment	5,097	6,958
Gross Unrealized Losses, including foreign exchange adjustment	(596)	(541)
Fair Value	<u>8,571</u>	<u>11,934</u>

Equity securities with readily determinable fair values are measured and recorded at fair value on a recurring basis with changes in fair value, whether realized or unrealized, recorded through the income statement. The change of fair value is reported in other income/(expense).

Equity securities without readily determinable fair values

Equity securities without readily determinable fair values and over which the Company has neither significant influence nor control through investments in common stock or in-substance common stock, are measured and recorded using a measurement alternative that measures the securities at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes. The carrying value of equity securities without readily determinable fair values was RMB604 million and RMB551 million as of December 31, 2021 and 2022 respectively. For the years ended December 31, 2020, 2021 and 2022, there was no observable price changes for these investments. None of the investments individually is considered as material to the Company's financial position.

For the years ended December 31, 2020, 2021 and 2022, the Company disposed of certain equity securities without readily determinable fair values for total consideration of RMB30 million, RMB15 million and nil, respectively, which resulted in a gain/(loss) of RMB1 million, RMB(4) million and nil as reported in other income/(expense), respectively.

For the years ended December 31, 2020, 2021 and 2022, the Company made investments in equity investments without readily determinable fair values in the amounts of RMB94 million, RMB45 million and RMB10 million, respectively.

Equity method investments

In December 2016, in connection with a share exchange transaction with BTG Hotels Company ("BTG") and Homeinns Hotel Company ("Homeinns"), the Company exchanged its previously held equity interest in Homeinns for a 22% equity interest of BTG. The Company has historically applied the equity method to account for the investment in BTG on a one quarter lag basis. The use of this accounting convention did not have a material impact upon the Company's reported results for each of the periods presented. In 2021, the Company consummated a transaction to sell approximately 9 million BTG's shares in open market for a total consideration of RMB201 million which resulted in a gain of RMB41 million reported in "Other income/ (expense)" (Note 2). In 2022, the Company consummated a transaction to sell approximately 4 million of BTG's shares in the open market for a total consideration of RMB101 million which resulted in a gain of RMB20 million reported in "Other income/ (expense)" (Note 2). After the transaction, the Company holds 12.31% equity interest of BTG and is still able to exercise significant influence over BTG (due, primarily, to the Company's ability to appoint one member to the BTG Board of Directors), and continuously recorded this investment as an equity method investment. As of December 31, 2021 and 2022, the carrying value of its investment in BTG were RMB2.6 billion and RMB2.5 billion respectively, the change of which primarily relates to the disposal of the equity investment and the equity income or loss recognized.

[Table of Contents](#)

The Company has a 27% equity interest in Tongcheng Travel and applies the equity method for this investment. As of December 31, 2021 and 2022, the carrying value of its equity investment was RMB5.7 billion and RMB5.9 billion respectively, the change of which primarily relates to the equity income recognized.

The Company owns ordinary shares and Class B shares of MakeMyTrip, representing approximately 49% of MakeMyTrip's total voting power. The Company applies the equity method to account for the investment in MakeMyTrip on one quarter lag basis. The use of this accounting convention did not have a material impact upon the Company's reported results for each of the periods presented. In 2020, as result of the adverse impact on the business of MakeMyTrip from the COVID-19 pandemic which is considered as other-than-temporary on its business, the Company recorded an impairment loss on its investment in the amount of RMB0.7 billion. As of December 31, 2021, and 2022, the carrying value of its investment was RMB5.6 billion and RMB5.9 billion.

As of December 31, 2022, equity method investments that are publicly traded with an aggregate carrying amount of RMB14.5 billion have increased in value and the total market value of these investments amounted to RMB22.5 billion.

The Company made some investments in several third party investment funds and accounted for the investments under the equity method. As of December 31, 2021, and 2022, the carrying value of these investments were RMB3.0 billion and RMB2.9 billion respectively.

As of December 31, 2021, and 2022, the carrying value of the remaining equity method investments were RMB2.3 billion and RMB2.1 billion, respectively.

The Company summarizes the condensed financial information of the Company's equity method investments as a group below in compliance with Rule 4-08 of Regulation S-X (RMB in millions).

	2020		2021	2022
	MakeMyTrip	other equity investments	equity investments	equity investments
Operating data:				
Revenue	1,883	19,704	20,482	23,159
Gross profit	1,377	8,670	9,490	10,911
(Loss)/Income from operations	(991)	(805)	430	(1,377)
Net (loss)/income	(2,864)	(1,631)	392	(3,129)
Net loss attributable to equity method investments	(1,459)	(389)	(31)	(788)
Add: Equity dilution impact	92	67	127	202
Equity in (loss)/income of affiliates	<u>(1,367)</u>	<u>(322)</u>	<u>96</u>	<u>(586)</u>

Table of Contents

	2020		2021	2022
	MakeMyTrip	other equity investments	equity investments	equity investments
Balance sheet data:				
Current assets	1,682	35,004	51,437	48,132
Long-term assets	5,121	37,028	51,233	54,308
Current liabilities	1,100	27,914	36,344	35,589
Long-term liabilities	221	9,054	21,708	21,862
Non-controlling interests	24	167	178	217

For the years ended December 31, 2020, 2021 and 2022, the total cash paid for equity method investments was RMB351 million, RMB328 million and RMB502 million, respectively.

Impairments

The Company performs an impairment assessment of its investments by considering factors including, but not limited to, current economic and market conditions with the considerations of COVID-19 impacts, as well as the operating performance of the investees. For the years ended December 31, 2020, 2021 and 2022, impairment charges in connection with the available-for-sale debt investment of nil, nil and RMB906 million were recorded. The fair value losses in connection with the equity securities with readily determinable fair value of RMB28 million, nil and nil million were recorded. Impairment charges in connection with the equity securities without readily determinable fair value of RMB37 million, RMB14 million and RMB40 million were recorded. Impairment charges in connection with the equity method investments of RMB840 million, RMB82 million and RMB3 million were recorded. The impairment was recorded in "Other income/(expense)" (Note 2).

8. FAIR VALUE MEASUREMENT

In accordance with ASC 820-10, the Company measures financial products, time deposits, derivative instruments, available-for-sale debt investments and equity securities with readily determinable fair value at fair value on a recurring basis. Equity securities classified within Level 1 are valued using quoted market prices that currently available on a securities exchange registered with the Securities and Exchange Commission (SEC), Shanghai Stock Exchange (SSE) or Hong Kong Stock Exchange (HKEX). Financial products, time deposits and derivative instruments classified within Level 2 are valued using directly or indirectly observable inputs in the market place. The available-for-sale debt investments classified within Level 3 are valued based on a model utilizing unobservable inputs which require significant management judgment and estimation.

The equity securities without readily determinable fair value, equity method investments and certain non-financial assets are recorded at fair value only if an impairment or observable price adjustment is recognized in the current period. If an impairment or observable price adjustment is recognized on the equity securities during the period, the Company classify these assets as Level 3 within the fair value hierarchy based on the nature of the fair value inputs.

Assets measured at fair value on a recurring basis are summarized below (in millions):

	Fair Value Measurement at December 31, 2021 Using			Fair Value at December 31, 2021	
	Level 1 RMB	Level 2 RMB	Level 3 RMB	RMB	US\$
Assets					
Financial products (Note 2, 7)	—	22,857	—	22,857	3,587
Time deposits (Note 2, 7)	—	19,807	—	19,807	3,108
Financial instruments (Note 2)	—	14	—	14	2
Equity securities (Note 7)	8,571	—	—	8,571	1,345
Available-for-sale debt investments (Note 7)	—	—	3,354	3,354	526
Total Assets	8,571	42,678	3,354	54,603	8,568
Liabilities					
Exchangeable senior notes (Note 17)	—	3,791	—	3,791	595
Financial instruments (Note 2)	—	39	—	39	6
Total Liabilities	—	3,830	—	3,830	601

Table of Contents

	Fair Value Measurement at December 31, 2022 Using			Fair Value at December 31, 2022	
	Level 1 RMB	Level 2 RMB	Level 3 RMB	RMB	US\$
Assets					
Financial products (Note 2, 7)	—	15,893	—	15,893	2,304
Time deposits (Note 2, 7)	—	25,166	—	25,166	3,649
Financial instruments (Note 2)	—	70	48	118	17
Equity securities (Note 7)	11,934	—	—	11,934	1,730
Available-for-sale debt investments (Note 7)	—	—	2,601	2,601	377
Total Assets	11,934	41,129	2,649	55,712	8,077
Liabilities					
Exchangeable senior notes (Note 17)	—	4,204	—	4,204	610
Financial instruments (Note 2)	—	84	—	84	12
Total Liabilities	—	4,288	—	4,288	622

The roll forward of major Level 3 Investments are as follows (RMB in millions):

Fair value of Level 3 Investments as at December 31, 2020	Total <u>2,856</u>
Transfer into Level 3	(35)
New addition	704
Disposal of investments	(66)
Effect of exchange rate change	(44)
The change in fair value of the investments	(61)
Fair value of Level 3 Investments as at December 31, 2021	<u>3,354</u>
New addition	86
Disposal of investments	(28)
Effect of exchange rate change	152
Expected credit losses	(906)
The change in fair value of the investments	(57)
Fair value of Level 3 Investments as at December 31, 2022	<u>2,601</u>

Management determined the fair value of these Level 3 Investments based on income approach using various unobservable inputs. The determination of the fair value required significant judgement by management with respect to the assumptions and estimates for the revenue growth rate, weighted average cost of capital, lack of marketability discounts, expected volatility and probability in equity allocation. The significant unobservable inputs adopted in the valuation as of December 31, 2022 are as follows:

Unobservable Input	
Revenue growth rate	2.5%-100%
Weighted average cost of capital	13.5%-21%
Lack of marketability discount	15%-30%
Expected volatility	41%-68.05%
Probability	Liquidation scenario: 30%-100% Redemption scenario: 10%-45% IPO scenario: 0%~40%

[Table of Contents](#)

9. GOODWILL

Goodwill, which is not tax deductible, represents the synergy effects of the business combinations. The changes in the carrying amount of goodwill for the years ended December 31, 2021 and 2022 were as follows (RMB in millions):

	<u>2021</u>	<u>2022</u>
Balance at beginning of year	59,353	59,353
Disposals and immaterial others	—	(16)
Balance at end of year	<u>59,353</u>	<u>59,337</u>

Goodwill resulting from the business combinations has been allocated to the single reporting unit of the Company. For the years ended December 31, 2020, 2021 and 2022, the Company performed a qualitative assessment by evaluating relevant events and circumstances that would affect the Company's single reporting unit and did not note any indicator that it is more likely than not that the fair value of the Company's reporting unit is less than its carrying amount, and therefore the Company's goodwill was not impaired. As of December 31, 2022, there had not been any accumulated goodwill impairment provided.

10. INTANGIBLE ASSETS

Intangible assets were as follows (RMB in millions):

	<u>2021</u>	<u>2022</u>
Intangible assets to be amortized		
Business Relationship (Representing the relationship with the travel service providers and other business partners)	1,872	1,872
Technology	610	610
Others	799	799
Intangible assets not subject to amortization		
Trade mark	11,764	11,776
Others	159	161
	<u>15,204</u>	<u>15,218</u>
Less: accumulated amortization		
Intangible assets to be amortized		
Business Relationship	(1,342)	(1,485)
Technology	(588)	(610)
Others	(314)	(381)
	<u>(2,244)</u>	<u>(2,476)</u>
Net book value		
Intangible assets to be amortized		
Business Relationship	530	387
Technology	22	—
Others	485	418
Intangible assets not subject to amortization		
Trade mark	11,764	11,776
Others	159	161
	<u>12,960</u>	<u>12,742</u>

Indefinite-lived intangible assets are not subject to legal, regulatory, contractual, competitive, economic or other limitation on their useful lives. The Company evaluates to determine whether events and circumstances continue to support an indefinite useful life in each reporting period.

Finite-lived intangible assets are tested for impairment if impairment indicators arise. The Company amortizes its finite-lived intangible assets over their estimated economic useful lives using the straight-line method:

Business Relationship	5-10 years
Technology	5-10 years
Others	3-15 years

Amortization expense for the years ended December 31, 2020, 2021 and 2022 was approximately RMB424 million, RMB295 million and RMB240 million respectively.

[Table of Contents](#)

The annual estimated amortization expense for intangible assets subject to amortization for the five succeeding years is as follows (RMB in millions):

	Amortization
2023	186
2024	181
2025	155
2026	51
2027	51
	<u>624</u>

11. LEASES

The Company has operating leases primarily for office and operation space. The Company's operating lease arrangements have remaining lease terms of one to ten years.

Operating lease costs were RMB439 million and RMB416 million for the years ended December 31, 2021 and 2022, respectively.

Supplemental cash flow information related to leases were as follows (RMB in millions):

	2021	2022
Cash paid for the rentals included in the lease liabilities	507	436
Right-of-use assets obtained in exchange for operating lease liabilities	455	520

As of December 31, 2021 and 2022, supplemental consolidated balance sheet information related to leases were as follows (RMB in millions):

	2021	2022
Right-of-use assets	777	819
Current lease liabilities included within Other payables and accruals	363	274
Long-term lease liabilities	400	534
Total lease liabilities	<u>763</u>	<u>808</u>
Weighted average remaining lease term	2 years	5 years
Weighted average discount rate	5.4%	4.4%

Maturities of lease liabilities are as follows (RMB in millions):

	As of December 31, 2022
2023	348
2024	174
2025	94
2026	71
2027	35
Thereafter	197
Total operating lease payments	<u>919</u>
Less: imputed interest	(111)
Total	<u>808</u>

As of December 31, 2021, and 2022, the operating lease arrangements of the Company, primarily for offices premises, that have not yet commenced is immaterial. For the years ended December 31, 2021 and 2022, the variable lease costs, short-term lease costs and sub-lease income are immaterial.

12. SHORT-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT

	2021	2022
	RMB (in millions)	
Short-term bank borrowings and current portion of long-term loan (Note 17)	39,113	28,398
Exchangeable Senior Notes (Note 17)	—	4,204
Securitization debt	270	72
2022 Notes (Note 17)	324	—
2022 Booking Note (Note 17)	159	—
Total	<u>39,866</u>	<u>32,674</u>

[Table of Contents](#)

As of December 31, 2022, the Company has recorded short-term bank borrowings of RMB28.4 billion (US\$4.1 billion) in the aggregate, of which RMB5.0 billion (US\$0.7 billion) were collateralized by short-term and long-term investments of RMB4.6 billion (US\$0.7 billion). The weighted average interest rate for the outstanding borrowings was approximately 2.90%.

The short-term borrowings contain covenants including, among others, those related to certain financial metrics, liens, consolidation, merger and sale of the Company's assets. The Company is in compliance with all of the loan covenants as of December 31, 2021 and 2022.

As of December 31, 2022, RMB4.2 billion of Exchangeable Senior Notes are reclassified as short-term debt because the holders had a non-contingent option to require the Company to repurchase for cash all or any portion of their Exchangeable Senior Notes on July 1, 2023.

As of December 31, 2022, securitization debt represents the revolving debt securities which are collateralized by the receivables related to financial services. The revolving debt securities have the term of less than 12 months with the annual interest rate from 3.90% to 6.00%.

As of December 31, 2021, RMB324 million of 2022 Notes are reclassified as short-term debt because the 2022 Notes holders had a non-contingent option to require the Company to repurchase for cash all or any portion of their 2022 Notes on September 15, 2022. In 2022, the 2022 Notes with principal amount of US\$51 million (RMB363 million) have all been redeemed for cash.

As of December 31, 2021, RMB159 million of 2022 Booking Note are reclassified as short-term debt because the 2022 Booking Note holders had a non-contingent option to require the Company to repurchase for cash all or any portion of their 2022 Booking Note on September 15, 2022. In 2022, the 2022 Booking Note with principal amount of US\$25 million (RMB178 million) have all been redeemed for cash.

13. RELATED PARTY TRANSACTIONS AND BALANCES

Significant related party transactions were as follows (RMB in millions):

	2021	2022
Commissions / service fee from Tongcheng Travel (a)	186	148
Commissions from H World (formerly known as Huazhu) (a)	100	55
Commissions from BTG (a)	73	38
Service fee from Shangcheng (b)	265	172
Commissions / service fee to Tongcheng Travel (c)	294	21
Repayment of loan from Tujia (d)	300	—
Loans provided to Lvyue (e)	50	224
Repayment of loan from Lvyue (e)	—	100

- (a) BTG (an equity method investee of the Company), H World (which has a director in common with the Company and a director who is a family member of one of the Company's officers) and Tongcheng Travel, and an equity method investee of the Company), have entered into agreements with the Company, respectively, to provide hotel rooms for its end users. The transactions above represent the commissions earned from these related parties. The Company also provides technology service to Tongcheng and earns a service fee.
- (b) The Company provided Shangcheng, an equity method investee of the Company, the access to the platform of the Company for Shangcheng to provide financial services to the Company's users. In exchange, the Company receives technology service fees from Shangcheng. In 2021 and 2022, the total technology service fees from Shangcheng amounted to RMB265 million and RMB172 million.
- (c) The Company entered into agreements with Tongcheng Travel, under which Tongcheng Travel uses its platform to promote the hotel rooms provided by the Company's travel suppliers. In addition, the Company and Tongcheng Travel also provide marketing and other services to each other and earn service fee.
- (d) In 2020, the Company provided loans of RMB340 million to Tujia (an equity method investee of the Company), with repayment terms of 15~18 months. In 2021, Tujia repaid RMB302 million of loan and interest to the Company. In 2022, the Company entered into a supplemental agreement to extend the repayment terms by 2 years. For the years ended December 31, 2021 and 2022, the total interest income from Tujia amounted to RMB4 million and RMB3 million.
- (e) In 2021 and 2022, the Company provided loans of RMB50 million and RMB224 million to Lvyue (an equity method investee of the Company), with repayment terms of 3~15 months. In 2022, Lvyue repaid RMB113 million of loan and interest to the Company. For the years ended December 31, 2021 and 2022, the total interest income from Lvyue amounted to RMB0 million and RMB18 million.

[Table of Contents](#)

Significant balances with related parties were as follows (RMB in millions):

	<u>2021</u>	<u>2022</u>
Due from related parties, current:		
Trade related		
Due from Tongcheng Travel	1,146	1,253
Due from others	420	265
Non-trade related		
Due from Lvyue	50	178
Due from Tujia	49	52
	<u>1,665</u>	<u>1,748</u>
Due from related parties, non-current:		
Non-trade related		
Due from others	25	25
	<u>25</u>	<u>25</u>
Due to related parties, current:		
Trade related		
Due to Tongcheng Travel	61	25
Due to others	77	131
	<u>138</u>	<u>156</u>

14. EMPLOYEE BENEFITS

The Company's employee benefit primarily related to the full-time employees of the PRC subsidiaries and the VIEs, including medical care, welfare subsidies, housing fund, unemployment insurance and pension benefits. The PRC subsidiaries and VIEs are required to accrue for these benefits based on certain percentages of the employees' salaries in accordance with the relevant PRC regulations and make contributions to the state-sponsored pension and medical plans out of the amounts accrued for medical and pension benefits. The PRC government is responsible for the medical benefits and ultimate pension liability to these employees. The total expenses recorded for such employee benefits amounted to RMB1.4 billion, RMB1.8 billion and RMB1.9 billion for the years ended December 31, 2020, 2021 and 2022 respectively.

15. TAXATION

Cayman Islands

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

Hong Kong

The Company's subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax on the taxable income as reported in their respective statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate is 16.5% in Hong Kong.

The PRC

The Company's subsidiaries and VIEs registered in the PRC are subject to PRC Enterprise Income Tax ("EIT") on the taxable income as reported in their respective statutory financial statements adjusted in accordance with relevant PRC income tax laws.

The PRC EIT laws apply a general enterprise income tax rate of 25% to both foreign-invested enterprises and domestic enterprises. Preferential tax treatments are granted to enterprises, which conduct business in certain encouraged sectors and to enterprises otherwise classified as a High and New Technology Enterprise ("HNTE"). In 2020, Ctrip Computer Technology, Ctrip Travel Information, and Ctrip Travel Network reapplied for their qualification as HNTE, which were approved by the relevant government authority. Thus, these subsidiaries are entitled to a preferential income tax rate of 15% from 2020 to 2022 as long as they maintained their qualifications for HNTEs that are subject to verification by competent authorities and renewals every three years. In 2021, Qunar Software and Qunar Beijing have renewed their HNTE certificates and are continued with a preferential income tax rate of 15% from 2021 to 2023. Beijing Hujinxinrong Technology Co., Ltd is also a HNTE entitled to a preferential income tax rate of 15% from 2019 to 2021 and has renewed its HNTE certificate in 2022 continually with a preferential income tax rate of 15% from 2022 to 2024. In addition, Ctrip Business Travel Information Service (Shanghai) Co., Ltd. and Shanghai Xielv Information Technology Co., Ltd. were designated by relevant local authorities in Shanghai as HNTEs for the first time in 2021 and are entitled to a preferential income tax rate of 15% till 2023.

Table of Contents

In 2001, the PRC state taxation administration (“STA”) started to implement preferential tax policy in China’s western regions, and companies located in applicable jurisdictions covered by the Western Regions Catalog are eligible to apply for a preferential income tax rate of 15% if their businesses fall within the “encouraged” category of the policy. On April 23, 2020, the Ministry of Finance, the STA, and the PRC National Development and Reform Commission (“NDRC”) jointly issued the Announcement on Renewing the Enterprise Income Tax Policy for Western Development, which reduced the revenue percentage requirement of the “encouraged” businesses to no less than 60% and would be applied from 2021 to 2030. Chengdu Ctrip, Chengdu Ctrip International, and Chengdu Information are entitled to enjoy a preferential tax rate of 15% until 2030, provided that their “encouraged” businesses account for no less than required percentage pursuant to current policies.

Pursuant to the PRC EIT Law, all foreign invested enterprises in the PRC are obliged to perform withholding for the income tax when distributing their earnings generated after January 1, 2008 to the foreign investors. The Company expects to indefinitely reinvest undistributed earnings generated after January 1, 2008 in the onshore PRC entities. As a result, no deferred tax liability was provided on the outside basis difference from undistributed earnings after January 1, 2008.

Income/(loss) from domestic and foreign components before income tax expenses and equity in (loss)/income of affiliates (RMB in millions):

	2020	2021	2022
Domestic	4,230	2,615	3,501
Foreign	(5,455)	(3,086)	(866)
Total	<u>(1,225)</u>	<u>(471)</u>	<u>2,635</u>

The income/(loss) from foreign components mainly includes the gain/(loss) from the equity securities investments and measured at fair value, impairments for investments, share-based compensation charges, foreign exchange gain/(loss) and interest income/(loss) incurred in its overseas companies.

The income tax expenses from domestic components for the years ended December 31, 2020, 2021 and 2022 was RMB528 million, RMB373 million and RMB476 million, respectively. The income tax expenses/(benefit) from foreign components for the years ended December 31, 2020 and 2021 and 2022 was RMB(173) million, RMB(103) million and RMB206 million, respectively.

Composition of income tax expense

The current and deferred portion of income tax expense were as follows (RMB in millions):

	2020	2021	2022
Current income tax expense	848	607	387
Deferred tax (benefit)/expense	(493)	(337)	295
Income tax expense	<u>355</u>	<u>270</u>	<u>682</u>

Reconciliation of the differences between statutory tax rate and the effective tax rate

The reconciliation between 25% which is the PRC statutory tax rate and the Company’s effective tax rate were as follows:

	2020	2021	2022
Statutory tax rate	25%	25%	25%
Non-deductible expenses and non-taxable income incurred			
— Share-based compensation expenses	(38%)	(89%)	6%
— Change in fair value of equity securities investments and exchangeable senior notes	0%	(21%)	(22%)
— Gain on deconsolidation of a subsidiary	15%	—	—
— Others	3%	1%	(2%)
R&D expense super deduction	—	65%	(16%)
Effect of tax holiday	27%	75%	(7%)
Difference in tax rates of subsidiaries outside PRC	(37%)	(37%)	19%
Changes in valuation allowance	(24%)	(76%)	23%
Effective EIT rate	<u>(29%)</u>	<u>(57%)</u>	<u>26%</u>

The change in the Company’s effective tax rates from year over year is primarily attributable to the tax differential from certain subsidiaries with preferential tax rates, the non-deductible expenses and tax effects from investing activities.

Table of Contents

The provisions for income taxes for the years ended December 31, 2020, 2021 and 2022 differ from the amounts computed by applying the EIT primarily due to tax holiday enjoyed by certain subsidiaries and the VIEs of the Company. The following table sets forth the effect of tax holiday on China operations:

	<u>2020</u>	<u>2021</u>	<u>2022</u>
	RMB (in millions, except per share data)		
Tax holiday effect	370	359	183
Basic net income per ADS effect	0.62	0.57	0.28
Diluted net income per ADS effect	0.62	0.57	0.28

The impacts on effective tax rates from the Company's subsidiaries with different tax rates of subsidiaries outside PRC and tax holiday are as follows:

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Ctrip Computer Technology	15%	15.4%	31.9%
Ctrip Travel Information	15%	(0.7%)	(4.1%)
Ctrip Travel Network	15%	14.1%	16.0%
Chengdu Information	15%	6.8%	7.3%
Beijing Hujinxinrong Technology Co., Ltd	15%	(2.0%)	14.3%
The Company and its subsidiaries in Hong Kong, Singapore, UK and Cayman Islands	0%-19%	(44.6%)	(38.8%)
Qunar and subsidiaries	15%	(2.5%)	6.6%
Others	various	3.5%	4.8%
Total		<u>(10.0%)</u>	<u>38.0%</u>
		<u>12.0%</u>	

Significant components of deferred tax assets and liabilities were as follows (RMB in millions):

	<u>2021</u>	<u>2022</u>
Deferred tax assets		
Accrued expenses	731	893
Loss carry forwards	1,393	1,646
Accrued liability for rewards programs	40	56
Accrued staff salary	98	42
Others	314	200
Less: Valuation allowance of deferred tax assets	(892)	(1,513)
	1,684	1,324
Deferred tax liabilities:		
Recognition of intangible assets arise from business combinations and unrealized holding gain	(3,527)	(3,487)
Net deferred tax liabilities	<u>(1,843)</u>	<u>(2,163)</u>

Movement of valuation allowances were as follows (RMB in millions):

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Balance at beginning of year	482	589	892
Changes in current year	107	303	621
Balance at end of year	<u>589</u>	<u>892</u>	<u>1,513</u>

As of December 31, 2021, and 2022, valuation allowance of RMB892 million and RMB1,513 million was mainly provided for net operating tax loss carry forwards related to certain subsidiaries based on the assessment that it is more likely than not that such deferred tax assets will not be realized. If events were to occur in the future that would allow the Company to realize more of its deferred tax assets than the presently recorded net amount, an adjustment would be made to the deferred tax assets that would increase income for the period when those events occurred.

As of December 31, 2022, the Company had net operating tax loss carry forwards amounted to RMB8.2 billion.

As of December 31, 2021 and 2022, the unrecognized tax benefit and accrual is nil.

[Table of Contents](#)

Tax years subject to examination by major jurisdictions

In general, the PRC and the UK tax authorities have up to five years or four years to review a company's tax filings, respectively. Accordingly, tax filings of the Company's PRC subsidiaries and VIEs for tax years 2018 through 2022 and the Company's UK subsidiaries for tax years 2019 through 2022 remain subject to the review by the relevant PRC tax authorities.

16. OTHER PAYABLES AND ACCRUALS

Components of other payables and accruals were as follows (RMB in millions):

	<u>2021</u>	<u>2022</u>
Accrued operating expenses	4,922	5,235
Deposits received from travel suppliers and packaged tours users	986	942
Current lease liabilities	363	274
Payable related to acquisition and investments	377	294
Accruals for property and equipment	94	28
Others	559	640
Total	<u>7,301</u>	<u>7,413</u>

17. LONG-TERM DEBT

	<u>2021</u>	<u>2022</u>
	<u>RMB (in millions)</u>	
2025 Notes	30	33
Exchangeable Senior Notes	3,791	—
Long-term loan	6,644	13,144
Securitization debt	628	—
Total	<u>11,093</u>	<u>13,177</u>

As of December 31, 2021, and 2022, the fair value of the Company's long-term debt, based on Level 2 inputs, was RMB11.1 billion and RMB13.2 billion, respectively.

Description of 2025 Convertible Senior Notes

On June 18, 2015, the Company issued US\$400 million of 1.99% Convertible Senior Notes due 2025 (the "2025 Notes"). The 2025 Notes may be converted, at an initial conversion rate of 9.3555 ADSs per US\$1,000 principal amount of the 2025 Notes (which represents an initial conversion price of US\$106.89 per ADS), at each holder's option at any time prior to the close of business on the second business day immediately preceding the maturity date of July 1, 2025. Debt issuance costs were US\$6.8 million and are being amortized to interest expense to the put date of the 2025 Notes (July 1, 2020).

Each holder of the 2025 Notes has a right at such holder's option to require the Company to repurchase for cash all or any portion of such holder's 2025 Notes on July 1, 2020 (the "Early Redemption Right"). In addition, if a fundamental change occurs, each holder has a right at such holder's option to require the Company to repurchase for cash all or any portion of such holder's 2025 Notes on the date notified in writing by the Company in accordance with the indenture for the 2025 Notes. The Company believes that the likelihood of occurrence of the fundamental change is remote. The 2025 Notes are generally not redeemable prior to the maturity date of July 1, 2025, except that the Company may, at its option, redeem all but not part of the 2025 Notes if the Company has or will become obligated to pay holders additional amount due to certain changes in tax law of the relevant jurisdiction. As of December 31, 2022, there has been no such change in tax laws occurred.

In 2020, as a result of exercise of the Early Redemption Right by certain debt holders, the Company redeemed US\$395 million (RMB2.8 billion) aggregate principal amount of the 2025 Notes as requested by the holders. As of December 31, 2022, the balance of 2025 Notes was RMB33 million.

Description of 2022 Convertible Senior Notes

On September 12, 2016 and September 19, 2016, the Company issued US\$975 million of 1.25% Convertible Senior Notes due 2022 (the "2022 Notes"). The 2022 Notes may be converted, at an initial conversion rate of 15.2688 ADSs per US\$1,000 principal amount of the 2022 Notes which represents an initial conversion price of US\$65.49 per ADS at each holder's option at any time prior to the close of business on the business day immediately preceding the maturity date of September 15, 2022. Debt issuance costs were US\$19 million and are being amortized to interest expense to the put date of the 2022 Notes (September 15, 2019).

[Table of Contents](#)

Each holder of the 2022 Notes has a right at such holder's option to require the Company to repurchase for cash all or any portion of such holder's 2022 Notes on September 15, 2019. As a result, the 2022 Notes were reclassified from long-term to short-term as of December 31, 2018. In addition, if a fundamental change occurs, each holder has a right at such holder's option to require the Company to repurchase for cash all or any portion of such holder's 2022 Notes on the date notified in writing by the Company in accordance with the indenture for the 2022 Notes. The Company believes that the likelihood of occurrence of events considered a fundamental change is remote. The 2022 Notes are generally not redeemable prior to the maturity date of September 15, 2022, except that the Company may, at its option, redeem all but not part of the 2022 Notes in accordance with the indenture for the 2022 Notes if the Company has or will become obligated to pay holders additional amount due to certain changes in tax law of the relevant jurisdiction. As of December 31, 2021, there has been no such change in tax laws occurred.

In August 2019, the Company notified holders of the 2022 Notes of their rights under the relating indenture to require the Company to purchase all of or portion of such notes on September 15, 2019, which we refer to as the Put Right. In September 2019, as a result of exercise of aforementioned early redemption right, the Company redeemed US\$924 million (RMB6.6 billion) aggregate principal amount of the 2022 Notes as requested by the holders. The remaining 2022 Notes were reclassified as long-term debt as of December 31, 2019 and 2020 as it may not be redeemed or mature within one year. As of December 31, 2021, the remaining RMB324 million of 2022 Notes are reclassified as short-term debt because the holders had a non-contingent option to require the Company to repurchase for cash all or any portion of their 2022 Notes on September 15, 2022. In 2022, the 2022 Notes with principal amount of US\$51 million (RMB363 million) have all been redeemed for cash.

The Company assessed the 2025 Notes and 2022 Notes (collectively as "Notes") under ASC 815 and concluded that:

- The Notes (1) do not entail the same risks; and (2) have a valid business purpose and economic need for structuring the transactions separately. Therefore, the offering of the Notes should be accounted separately;
- The repurchase option is considered clearly and closely related to its debt host and does not meet the requirement for bifurcation;
- Since the conversion option is considered indexed to the Company's own stock, bifurcation of conversion option from the Notes is not required as the scope exception prescribed in ASC 815-10-15-74 is met;
- There was no BCF attributable to the Notes as the set conversion prices for the Notes were greater than the respective fair values of the ordinary share price at date of issuances;

Therefore, the Company has accounted for the respective Notes as a single instrument as a long-term debt. The debt issuance cost was recorded as reduction to the long-term debts and are amortized as interest expense using the effective interest method.

Description of Booking Notes

On September 12, 2016, the Company issued US\$25 million Convertible Senior Note to an indirect subsidiary of the Booking Company (the "2022 Booking Note"). The 2022 Booking Note is due on September 15, 2022 and bears interest of 1.25% per annum, which will be paid semi-annually beginning on March 15, 2017. The 2022 Booking Note will be convertible into the Company's ADSs with an initial conversion price of approximately US\$65.49 per ADS. As of December 31, 2021, RMB159 million of 2022 Booking Note are reclassified as short-term debt because the holders had a non-contingent option to require the Company to repurchase for cash all or any portion of their 2022 Booking Note on September 15, 2022. In 2022, the 2022 Booking Note with principal amount of US\$25 million (RMB178 million) have all been redeemed for cash.

The Company has accounted for the above notes as a single instrument. The Company recorded the interest expense according to its annual interest rate. There was no BCF attributable to the above notes as the set conversion price for the above notes was greater than the fair value of the ADS price at date of issuance.

Description of Exchangeable Senior Notes

On July 13, 2020, the Company issued exchangeable senior notes due 2027 (the "Exchangeable Senior Notes") at an aggregate principal amount of US\$500 million. The Exchangeable Senior Notes are due on July 1, 2027 and bears interest of 1.5% per annum, which will be paid semi-annually beginning on January 1, 2021. The Exchangeable Senior Notes may be converted, at an initial conversion rate of 24.7795 H World ADSs per US\$1,000 principal amount of the Notes (which represents an initial conversion price of US\$40.36 per H World ADS) at each holder's option. Since the exchange option is not indexed to the Company's own stock, the scope exception prescribed in ASC 815-10-15-74 is not met and exchange option is subject to the derivative accounting. Therefore, the Company elects to account for and measures the Exchangeable Senior Notes in its entirety at fair value. As of December 31, 2021, and 2022, the fair value of the Exchangeable Senior Notes amounted to RMB3.8 billion (US\$595 million) and RMB4.2 billion (US\$609 million), respectively. For the year ended December 31, 2021 and 2022, the change in fair value gain/(loss) were RMB363 million (US\$56 million) and RMB(97) million (US\$(14) million), respectively, which was recorded in "Other income/ (expense)". As of December 31, 2022, RMB4.2 billion of Exchangeable Senior Notes are reclassified as short-term debt because the holders had a non-contingent option to require the Company to repurchase for cash all or any portion of their Exchangeable Senior Notes on July 1, 2023.

Long-term Loans from Commercial Banks

As of December 31, 2022, the Company obtained long-term bank borrowings of RMB17.2 billion (US\$2.5 billion) in aggregate, of which the current portion of RMB4.1 billion was classified as short-term debt (Note 12) and the remaining RMB13.1 billion was reported as long-term debt. The weighted average interest rate for the outstanding borrowings was approximately 3.06%. The Company was in compliance with the applicable financial covenants with respect to certain financial metrics as of December 31, 2022.

18. REDEEMABLE NON-CONTROLLING INTERESTS

One of the Company’s subsidiaries issued redeemable preferred shares amounting to RMB1.1 billion to certain third party investors in 2019. The preferred shares are redeemable at holder’s option if the subsidiary fails to complete a qualified IPO in a pre-agreed period of time since its issuance with a redemption price measured by 10% interest per year. The preferred shares are therefore accounted for as redeemable non-controlling interests in mezzanine equity and are accreted to the redemption value over the period starting from the issuance date. In 2020, the Company lost the control in the subsidiary and the financial position and results of operations of the subsidiary was deconsolidated. A gain of RMB1.1 billion (approximately US\$161 million) was recognized in the Other income/(expense) (Note 2) in connection with the deconsolidation.

For the years ended December 31, 2020, 2021 and 2022, the Company recognized accretion of RMB40 million, nil and nil to the respective redemption value of the preferred shares over the period starting from issuance date with a corresponding reduction to the retained earnings.

19. SHARE CAPITAL

On April 19, 2021, the Company completed its global offering and the Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEX”). The Company issued 36,380,900 ordinary shares, including the exercise of the over-allotment option, at Hong Kong Dollar (“HK\$”) 268 per share. Net proceeds from the global offering after deducting underwriting commissions, share issuance costs and offering expenses approximately amounted to RMB8.0 billion.

20. (LOSSES)/EARNINGS PER SHARE

Following the Share Subdivision as detailed in Note 2, each ordinary share was subdivided into eight ordinary shares and each ADS represents one ordinary share. The weighted average number of ordinary shares used for the calculation of basic and diluted earnings per share/ADS for the years ended December 2020 have been retrospectively adjusted.

Basic (losses)/earnings per share and diluted (losses)/earnings per share were calculated as follows (RMB in millions, except for share and per share data):

	2020	2021	2022
Numerator:			
Net loss attributable to Trip’s shareholders	(3,247)	(550)	1,403
Numerator for diluted earnings per share	(3,247)	(550)	1,403
Denominator:			
Denominator for basic earnings per ordinary share - weighted average ordinary shares outstanding (Note i)	600,888,208	634,109,233	648,380,590
Dilutive effect of share options and RSUs	—	—	8,712,236
Denominator for diluted earnings per ordinary share (Note i)	600,888,208	634,109,233	657,092,826
Basic (losses)/earnings per ordinary share (Note i)	(5.40)	(0.87)	2.17
Diluted (losses)/earnings per ordinary share (Note i)	(5.40)	(0.87)	2.14
Basic (losses)/earnings per ADS	(5.40)	(0.87)	2.17
Diluted (losses)/earnings per ADS	(5.40)	(0.87)	2.14

Note i: Basic and diluted losses per ordinary share, weighted average ordinary shares outstanding, dilutive earnings per ordinary share, the dilutive effect of share options and convertible notes have been retrospectively adjusted for the Share Subdivision and the Ratio Change that were effective on March 18, 2021 as detailed in Note 2.

All the convertible senior notes had anti-dilutive impact and were excluded in the computation of diluted EPS in 2020, 2021 and 2022.

Table of Contents

For the years ended December 31, 2020, 2021 and 2022, the Company had securities which could potentially dilute basic earnings per share in the future, which were excluded from the computation of diluted earnings/(losses) per share as their effects would have been anti-dilutive. Such weighted average numbers of ordinary shares outstanding are as following:

	2020	2021	2022
Convertible Notes	27,896,136	1,245,966	906,820
Outstanding weighted average stock options and RSUs	12,433,456	6,756,940	18,155,730
	<u>40,329,592</u>	<u>8,002,906</u>	<u>19,062,550</u>

21. COMMITMENTS AND CONTINGENCIES

Capital commitments

As of December 31, 2022, the Company had outstanding capital commitments totaling RMB8 million, which consisted of capital expenditures of property, equipment and software.

Deposits under guarantee arrangement

In connection with its air ticketing business, the Company is required by an affiliate of Civil Aviation Administration of China (“CAAC”) and International Air Transport Association (“IATA”) to enter into guarantee arrangements and to pay deposits of which the amount is indexed to the air ticket the Company could issue. The unused deposits are repaid at the end of the guaranteed period on an annual basis. As of December 31, 2022, the total quota of the air tickets that the Company was entitled to issue was up to RMB1.1 billion. The total amount of the deposit the Company paid was RMB147 million.

Based on the guarantee arrangements, the maximum amount of future payments of Company to issue air tickets under the guarantee arrangements is approximately RMB943 million. Such quota is not considered a financial guarantee since the issuance of air ticketing is at the discretion of the Company in the normal course of business. The Company will be liable to pay only when it issues the air tickets to its users and such payable is included in the accounts payable. Therefore, the Company believes the guarantee arrangements do not constitute any contractual and constructive obligation of the Company and has not recorded any liability beyond the amount of the tickets that have already been issued.

Contingencies

The Company is not currently a party to any pending material litigation or other legal proceeding or claims.

The Company is incorporated in the Cayman Islands and is considered as a foreign entity under PRC laws. Due to the restrictions on foreign ownership of the travel agency and value-added telecommunications business, the Company conducts these businesses partly through various VIEs. These VIEs hold the licenses and approvals that are essential for the Company’s business operations. In the opinion of the Company’s PRC legal counsel, the current ownership structures and the contractual arrangements with these VIEs and their shareholders as well as the operations of these VIEs are in compliance with all existing PRC laws, rules and regulations. However, there may be changes and other developments in PRC laws and regulations. Accordingly, the Company cannot be assured that PRC government authorities will not take a view in the future contrary to the opinion of the Company’s PRC legal counsel. If the current ownership structures of the Company and its contractual arrangements with VIEs were found to be in violation of any existing or future PRC laws or regulations, the Company may be required to restructure its ownership structure and operations in China to comply with changing and new PRC laws and regulations.

22. GEOGRAPHIC INFORMATION

The following table presents revenue by geographic area, the Greater China and all other countries, based on the geographic location of its websites for the year ended December 31, 2020, 2021 and 2022. No revenue result from an individual country other than the Greater China accounted for more than 10% of revenue for the presented years.

	2020	2021	2022
	RMB (in millions)		
Total Revenue			
The Greater China	17,019	18,423	16,326
Others	1,308	1,606	3,729
	<u>18,327</u>	<u>20,029</u>	<u>20,055</u>

23. SUBSEQUENT EVENTS

No subsequent event which had a material impact on the Company was identified through the date of issuance of the financial statements.

Description of Rights of Securities
Registered under Section 12 of the Securities Exchange Act of 1934 (the “Exchange Act”)

As of the last day of the respective fiscal year provided on the cover of the annual report on Form 20-F, Trip.com Group Limited (or “we,” “our,” “our company,” “us,” or the “Company”) had the following securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Title of each class	Trading symbol	Name of each exchange on which registered
American depository shares (each representing one ordinary share, par value US\$0.00125 per share)	TCOM	Nasdaq Stock Market LLC (Nasdaq Global Select Market)
Ordinary shares, par value US\$0.00125 per share	9961	The Stock Exchange of Hong Kong Limited

Description of Ordinary Shares

The following is a summary of material provisions of our currently effective third amended and restated memorandum and articles of association (the “Memorandum and Articles of Association”), as well as the Companies Act (As Revised) of the Cayman Islands (the “Companies Act”) insofar as they relate to the material terms of our ordinary shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Memorandum and Articles of Association, which has been filed with the SEC as Exhibit 3.1 to our Report of Foreign Private Issuer on Form 6-K furnished to the Securities and Exchange Commission on December 21, 2021.

Type and Class of Securities (Item 9.A.5 of Form 20-F)

Each ordinary share has a par value of US\$0.00125. The number of issued and outstanding ordinary shares as of the last day of our company’s respective fiscal year is provided on the cover of the annual report on Form 20-F (the “Form 20-F”) of our company. Our ordinary shares may be held in either certificated or uncertificated form. We will not issue our ordinary shares in bearer form.

Preemptive Rights (Item 9.A.3 of Form 20-F)

Our shareholders do not have preemptive rights.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

Not applicable.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of Ordinary Shares (Item 10.B.3 of Form 20-F)

Ordinary Shares

General. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Our ordinary shares are issued in registered form, and are issued when entered in our register of members. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Act.

Voting Rights. Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote. Voting at any meeting of shareholders is by show of hands unless before or on the declaration of the result of, the show of hands, a poll is demanded. A poll may be demanded by the chairman of the meeting or any shareholder or shareholders collectively present in person or by proxy and holding at least ten percent in par value of the shares giving a right to attend and vote at the meeting.

A quorum required for a meeting of shareholders consists of at least two shareholders (or, if our company has only one shareholder, that one shareholder) holding (i) not less than ten per cent of the votes attaching to all issued and outstanding shares, for as long as our shares remain listed on The Stock Exchange of Hong Kong Limited, or (ii) otherwise not less than one-third of the issued and outstanding voting shares in our company, present in person or by proxy. Shareholders' meetings may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding in aggregate not less than ten per cent in par value of our voting share capital for as long as our shares remain listed on The Stock Exchange of Hong Kong Limited. Advance notice of (i) at least 14 days, for as long as our shares remain listed on The Stock Exchange of Hong Kong Limited, or (ii) otherwise at least a seven-day notice is required for the convening of any of our shareholders meetings.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast in a general meeting. A special resolution is required for matters such as a change of name or amending the memorandum and articles of association. Holders of the ordinary shares may by ordinary resolution, among other things, make changes in the amount of our authorized share capital and consolidate and divide all or any of our share capital into shares of larger amount than our existing share capital and cancel any authorized but unissued shares.

Liquidation If our company were to be wound up, the liquidator may, with the sanction of a special resolution of our company and any other sanction required by the Companies Act, divide amongst our shareholders in kind the whole or any part of the assets of our company (whether they consist of property of the same kind or not) and may for that purpose value any assets and determine how the division will be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the shareholders as the liquidator, with the like sanction, thinks fit, but so that no shareholder should be compelled to accept any asset upon which there is a liability.

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

Redemption, Repurchase and Surrender of Shares. We may issue shares on the 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, prior to the issue of such shares, by special resolution. Our company may also repurchase any of our shares (including redeemable shares) provided that the manner of such purchase has been authorized by an ordinary resolution of our shareholders. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or share premium account or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital if our company shall, immediately following such payment, be able to 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 (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) our company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Shareholder Rights Plan

On November 23, 2007, our board of directors declared a dividend of one ordinary share purchase right (a "Right"), for each of our ordinary shares outstanding at the close of business on December 3, 2007 pursuant to a rights agreement. As long as the Rights are attached to the ordinary shares, we will issue one Right (subject to adjustment) with each new ordinary share so that all such ordinary shares will have attached Rights. When exercisable, each Right will entitle the registered holder, except the acquirer that triggers the exercise of the Rights to purchase from us one ordinary share at a price of US\$700 per ordinary share, subject to adjustment. As a result, the acquirer will be greatly diluted, and other existing shareholders who exercise the Rights will not be diluted, thereby effectively reducing the risk of a potential hostile takeover. On August 7, 2014, we entered into a First Amendment and, subsequently on the same day, a Second Amendment to the Rights Agreement dated as of November 23, 2007 between the Bank of New York Mellon and us. Through these two amendments, we (i) extended the term of our rights agreement for another ten years and the Rights will expire on August 6, 2024, subject to the right of our board of directors to extend the rights agreement for another ten years prior to its expiration; (ii) modified the trigger threshold of the Rights to allow more flexibility. Specifically, shareholders who file or are entitled to file beneficial ownership statement on Schedule 13G pursuant to Rule 13d-1(b)(1) of the Exchange Act, typically institutional investors with no intention to acquire control of the issuer, will be able to beneficially own up to 20% of our total outstanding shares before the Rights are triggered, while all other shareholders must maintain their beneficial ownership at a level below 10% of our total outstanding shares before the Rights are triggered, among other things; and (iii) included Booking Holdings Inc. (formerly known as the Priceline Group Inc.) ("Booking"), and its subsidiaries in the definition of "Exempt Person" under the then effective rights agreement as long as their beneficial ownership do not exceed 10% of our total outstanding shares. On May 29, 2015, October 26, 2015, and December 23, 2015, we entered into a Third Amendment, a Fourth Amendment, and a Fifth Amendment to the Rights Agreement with the Bank of New York Mellon, respectively, for the purposes of amending the definition of "Exempt Person." Accordingly, in so far as Booking and any of its subsidiaries are concerned in connection with the determination of Exempt Person, the term "Exempt Person" will be applied only to the extent that the number of ordinary shares beneficially owned by such Exempt Person (excluding the number of our ADSs or the ordinary shares that are beneficially owned by Booking and any of its subsidiaries due to any such entity's ownership or conversion of that certain note issued by us pursuant to a convertible note purchase agreement dated December 9, 2015 between a subsidiary of Booking and us) at all times does not exceed fifteen percent (15%) of the ordinary shares then outstanding in the aggregate and in so far as Baidu and any of its subsidiaries are concerned in connection with the determination of Exempt Person, the term "Exempt Person" will be applied only to the extent that the number of ordinary shares beneficially owned by such Exempt Person at all times does not exceed twenty-seven percent (27%) of the ordinary shares then outstanding in the aggregate. On August 30, 2019 and November 13, 2019, we entered into a Sixth Amendment and a Seventh Amendment to the Rights Agreement with the Bank of New York Mellon, respectively, for purposes of amending the definition of "Exempt Person." Accordingly, in connection with the share exchange transaction with Naspers, Naspers, MIH Internet SEA Private Limited, and their respective subsidiaries have been included in the definition of "Exempt Person" to the extent that the number of ordinary shares beneficially owned by such Exempt Person at all times does not exceed eleven percent (11%) of the ordinary shares then outstanding in the aggregate, and removed Booking and its subsidiaries from the definition of "Exempt Person."

Requirements to Change the Rights of Holders of Ordinary Shares (Item 10.B.4 of Form 20-F)

Variations of Rights of Shares. If at any time the share capital of our company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not our company is being wound-up and except where our articles of association or the Companies Act impose any stricter quorum, voting or procedural requirements in regard to the variation of rights attached to a specific class, be varied either with the consent in writing of the holders of 75% 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.

Limitations on the Rights to Own Ordinary Shares (Item 10.B.6 of Form 20-F)

There are no limitations under the laws of the Cayman Islands or under the Memorandum and Articles of Association that limit the right of non-resident or foreign owners to hold or vote ordinary shares, other than the provisions contained in the Memorandum and Articles of Association to limit the ability of others to acquire control of our company or cause our company to engage in change-of-control transactions.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Anti-Takeover Provisions in the Memorandum and Articles of Association. Some provisions of our current Memorandum and Articles of Association may discourage, delay or prevent a change in 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.

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

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions under Cayman Islands law applicable to our company, or under the Memorandum and Articles of Association, that require our company to disclose shareholder ownership above any particular ownership threshold.

Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments, and accordingly there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the comparable provisions of the laws applicable to companies incorporated in the United States and their shareholders.

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 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. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures set out in the Companies Act, subject to certain exceptions. 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. Court approval is not required for a merger or consolidation which is effected 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.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains, there are statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by a majority in number of each class of shareholders or creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are 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 Grand Court of the Cayman Islands 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 dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, 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 by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted, in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, save that objectors to a takeover offer may apply to the Grand Court of the Cayman Islands for various orders that the Grand Court of the Cayman Islands has a broad discretion to make, 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 ordinarily not be brought by a minority shareholder. However, based on English authority, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands courts can be expected (and have had occasion) to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a minority shareholder may be permitted to commence a class action against, or derivative actions in the name of, our company to challenge:

- an act which is ultra vires or illegal and is therefore incapable of ratification by the shareholders,
- act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and
- an act which requires a resolution with a qualified (or special) majority (i.e. more than a simple majority) which has not been obtained.

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. Our Memorandum and Articles of Association require us to indemnify our officers and directors for losses, damages or liabilities incurred or sustained in the execution or discharge of his duties, powers, authorities or discretions as such unless such losses, damages or liabilities arise from dishonesty, willful neglect or default or fraud of such directors or officers. 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 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 in good faith in the best interests of the company, a duty not to make a personal 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. Cayman Islands law and our Memorandum and Articles of Association provide that 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.

Cayman Islands law 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 Memorandum and Articles of Association allow our shareholders holding not less than ten per cent. in par value of the capital of the Company attaching to the issued and outstanding shares of our company entitled to vote at general meetings, for as long as our shares remain listed on The Stock Exchange of Hong Kong Limited, to requisition a shareholder's meeting, in which case our directors shall convene an extraordinary general meeting. Other than this right to requisition a shareholders' meeting, our Memorandum and Articles of Association do not provide our shareholders other right to put proposal before annual general meetings or extraordinary general meetings not called by such shareholders. As an exempted Cayman Islands company, 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 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 Memorandum and Articles of Association, directors may be removed with or without cause, by an ordinary resolution of our shareholders. A director's office shall be vacated if the director (i) gives notice to the Company that he resigns the office of director, (ii) if he absents himself (without being represented by proxy or an alternate director appointed by him) from three consecutive meetings of the board of directors without special leave of absence from the directors, and they pass a resolution that he has by reason of such absence vacated office, (iii) if he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally, or (iv) if he is found to be or becomes of unsound mind. Subject to the foregoing sentence, each director shall hold office until the expiration of his term and until his successor shall have been elected and qualified in accordance with the 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 the fiduciary duties which they owe to the Company under Cayman Islands law, including the duty to ensure that, in their opinion, any such transactions are bona fide in the best interests of the Company and are entered into for a proper purpose and not with the effect of constituting a fraud on the minority shareholders.

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.

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 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 holders of 75% 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, our Memorandum and Articles of Association may only be amended by a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares.

Changes in Capital (Item 10.B.10 of Form 20-F)

Our shareholders may from time to time by ordinary resolution:

- increase the share capital by such sum as the resolutions shall prescribe and with such rights, priorities and privileges annexed thereto, as our company in general meeting may determine;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- by subdivision of our existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount that is fixed by the Memorandum of Association or into shares without par value; or
- cancel any shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

Our shareholders may by special resolution, subject to confirmation by the Grand Court of the Cayman Islands on an application by our company for an order confirming such reduction, reduce our share capital or any capital redemption reserve in any manner permitted by law.

Debt Securities (Item 12.A of Form 20-F)

Not applicable.

Warrants and Rights (Item 12.B of Form 20-F)

Not applicable.

Other Securities (Item 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

The Bank of New York Mellon is acting as the depositary for the ADSs. The depositary's corporate trust office is at 240 Greenwich Street, New York, New York 10286. Each ADS represents an ownership interest of one ordinary share (or a right to receive one ordinary share). The ADSs will also any represent other securities, cash or other property that may be held by the depositary. The depositary appointed the Hong Kong office of The Hongkong and Shanghai Banking Corporation Limited as the custodian to safe keep the securities on deposit.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. The depositary will be the holder of the ordinary shares underlying your ADSs. However, as a holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary and you, as an ADS holder and the beneficial owners of ADSs set out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

We are providing ADS holders with this summary of the deposit agreement. As an ADS holder, you should read this summary together with the deposit agreement and the form of ADR. This summary does not purport to be complete and is subject to and qualified in its entirety by the registration statement on Form F-6 in relation to our ADSs, as amended, including the exhibits thereto. For directions on how to obtain copies of those documents, see “Item 10. Additional Information – H. Documents on Display” of the Form 20-F. We urge you to review the deposit agreement in its entirety as well as the form of ADR attached to the deposit agreement.

Dividends and other distributions

The depositary has agreed to pay to you, as an ADS holder, the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent.

- *Cash.* The depositary will convert any cash dividend or other cash distribution we pay on the ordinary shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any approval from any government is needed and cannot be obtained without excessively burdensome or otherwise unreasonable efforts, or there are foreign exchange controls in place that prohibit such transfer, the deposit agreement allows The depositary to distribute RMB only to those ADS holders to whom it is possible to do so. It will hold RMB it cannot convert for the account of the ADS holders who have not been paid. It will not invest RMB and it will not be liable for interest.

Before making a distribution, any withholding taxes that must be paid will be deducted. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. if the exchange rates fluctuate during a time when The depositary cannot convert RMB, you may lose some or all of the value of the distribution.

- *Shares.* The depositary may distribute additional ADSs representing any ordinary shares we may distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell ordinary shares which would require it to issue a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, each ADS will also represent the new ordinary shares.

- *Rights to purchase additional shares.* If we offer holders of our ordinary shares any rights to subscribe for additional ordinary shares or any other rights, the depositary may make these rights available to you. We must first instruct the depositary to do so and furnish it with satisfactory evidence that it is legal to do so. If we do not furnish this evidence and/or give these instructions, and the depositary decides it is practical to sell the rights, the depositary will sell the rights and distribute the proceeds, in the same way as it does with cash. The depositary may allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them.

If the depositary makes rights available to you, it will exercise the rights and purchase the ordinary shares on your behalf. The depositary will then deposit the ordinary shares and deliver the ADSs to you. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict the sale, deposit, cancellation and transfer of the ADSs issued after exercise of rights. Under the deposit agreement, the depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. We can give no assurance that we can establish an exemption from registration under the Securities Act and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. In this case, the depositary may deliver the ADSs under a separate restricted deposit agreement which will contain the same provisions as the deposit agreement, except for changes needed to put the restrictions in place.

- *Other distributions.* The depositary will send to you anything else we distribute on deposited securities by means it thinks are legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds in the same way as it does with cash or it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, ordinary shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to ADS holders. This means that you may not receive the distribution we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you.

Deposit, withdrawal and cancellation

The depositary will deliver ADSs if you or your broker deposits ordinary shares. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, The depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs at its corporate trust office to the persons you request.

As an ADS holder, you may turn in your ADSs at the depositary's office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the underlying ordinary shares to an account designated by you or at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its corporate trust office, if feasible.

Voting rights

As an ADS holder, you may instruct the depositary to vote the ordinary shares underlying your ADSs. Otherwise, you will not be able to exercise your right to vote unless you withdraw the ordinary shares and become registered as a shareholder of our company. However, you may not know about the meeting enough in advance to withdraw the ordinary shares.

If we ask for your instructions, the depositary will notify you of the upcoming vote and arrange to deliver our voting materials to you. The materials will:

- describe the matters to be voted on; and
- explain how you may instruct the depositary to vote the ordinary shares or other deposited securities underlying your ADSs as you direct. For instructions to be valid, the depositary must receive them on or before the date specified. the depositary will try, in compliance with Cayman Islands law and the provisions of our memorandum and articles of association, to vote or to have its agents vote the ordinary shares or other deposited securities as you instruct or as described below.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the ordinary shares underlying your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be nothing you can do if the ordinary shares underlying your ADSs are not voted as you requested.

If the depositary does not receive voting instructions from you by the specified date, it will consider you to have authorized and directed it to give a discretionary proxy to a person designated by us to vote the number of deposited securities represented by your ADSs. The depositary will give a discretionary proxy to such person in those circumstances to vote on all questions to be voted upon unless we notify the depositary that:

- we do not wish to receive a discretionary proxy;
- there is substantial shareholder opposition to the particular question; or
- the particular question would have a material and adverse impact on our shareholders.

Notices and reports

The depositary will make available for inspection by registered holders at its Corporate Trust Office any reports and communications, including any proxy soliciting material, received from our company, which are both (a) received by the depositary as the holder of the deposited securities, and (b) made generally available to the holders of such deposited securities by our company. The depositary will also, upon our written request, send to the registered holders copies of such reports when furnished by our company pursuant to the deposit agreement. Any such reports and communications, including any proxy soliciting material, furnished to the depositary by our company will be furnished in English.

Fees and expenses

Persons depositing or withdrawing shares

must pay:

US\$5.00 (or less) per 100 ADSs (or portion thereof)

US\$0.02 (or less) per ADS

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

US\$0.02(or less) per ADSs per calendar year

Registration or transfer fees

Expenses of the depositary

Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depositary or its agents for servicing the deposited securities

For:

- 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
- Any cash distribution to ADS holders
- Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS holders
- 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
- Converting foreign currency to U.S. dollars
- Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)
- As necessary
- 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 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 and / or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the deposit agreement, the depositary may use brokers, dealers or other service providers that are affiliates of the depositary and that may earn or share fees or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, 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 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 obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

Payment of taxes

As an ADS holder, you will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities underlying your ADSs. The depositary may refuse to transfer your ADSs or allow you to withdraw the deposited securities underlying your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities underlying your ADSs to pay any taxes owed and you will remain liable for any deficiency. If it sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any proceeds, or send to you any property remaining after it has paid the taxes.

If we:

- Changes the nominal or par value of our shares

- Reclassify, split up or consolidate any of the deposited securities

- Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action

Then:

The cash, shares or other securities received by the depositary will become deposited securities. Each ADS will automatically represent its equal share of the new deposited securities.

The depositary may, and will if we ask it to, deliver new ADSs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

Amendment and termination

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If the amendment will cause any of the following results, the amendment will become effective as to outstanding ADSs 30 days after the depositary notifies ADS holders of the amendment:

- adds or increases fees or charges, except for:
 - taxes and other governmental charges;
 - registration fees;
 - cable, telex or facsimile transmission costs;
 - delivery costs or other such expenses; or
 - prejudices any important right of ADS holders.

At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

The depositary will terminate the deposit agreement if we ask it to do so. In such case, the depositary must notify you at least 90 days before termination. The depositary may also terminate the deposit agreement if the depositary has told us that it would like to resign and we have not appointed a new depositary bank within 90 days.

After termination, the depositary and its agents will be required to do only the following under the deposit agreement:

- collect distributions on the deposited securities;
- sell rights and other property; and
- deliver shares and other deposited securities upon cancellation of ADSs.

One year after termination, the depositary may sell any remaining deposited securities. After that, the depositary will hold the proceeds of the sale, as well as any other cash it is holding under the deposit agreement for the pro rata benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and will have no liability for interest. The depositary's only obligations will be an indemnification obligation and an obligation to account for the proceeds of the sale and other cash. After termination, our only obligations will be an indemnification obligation and our obligation to pay specified amounts to the depositary.

Limitations on obligations and liability

The deposit agreement expressly limits our obligations and the obligations of the depositary, and it limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically provided for in the deposit agreement without negligence or bad faith;
- are not liable if either is prevented or delayed by law or circumstances beyond their control from performing our obligations under the deposit agreement;
- are not liable if either exercises discretion permitted under the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADRs or the deposit agreement on your behalf or on behalf of any other party; and
- may rely upon any documents they believe in good faith to be genuine and to have been signed or presented by the proper party.

In the deposit agreement, we and the depositary have agreed to indemnify each other under designated circumstances.

Requirements for depositary actions

The ADSs are transferable on the books of the depositary, provided that the depositary may close the transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. Before the depositary will deliver the underlying ordinary shares to an account designated by you or register transfer of ADS, make a distribution on ADSs, or process a withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if the depositary or we think it advisable to do so.

Your right to receive the ordinary shares underlying your ADSs

You have the right to surrender your ADSs and withdraw the underlying ordinary shares at any time except:

- when temporary delays arise because: (1) the depositary or we have closed its or our transfer books; (2) the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting or (3) we are paying a dividend on the ordinary shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

The right of withdrawal may not be limited by any other provision of the deposit agreement.

Inspection of register of holders of ADSs

You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is feature of DRSs that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/ Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Dealings and Settlement of Shares in Hong Kong

Our ordinary shares now trade on the Hong Kong Stock Exchange in board lots of 50 ordinary shares. Dealings in our ordinary shares on the Hong Kong Stock Exchange will be conducted in Hong Kong dollars.

The transaction costs of dealings in our Shares on the Hong Kong Stock Exchange include:

- Hong Kong Stock Exchange trading fee of 0.005% of the consideration of the transaction, charged to each of the buyer and seller;
- SFC transaction levy of 0.0027% of the consideration of the transaction, charged to each of the buyer and seller;
- Accounting and Financial Reporting Council of Hong Kong transaction levy of 0.00015% of the consideration of the transaction, charged to each of the buyer and seller;
- trading tariff of HK\$0.50 on each and every purchase or sale transaction. The decision on whether or not to pass the trading tariff onto investors is at the discretion of brokers;
- transfer deed stamp duty of HK\$5.00 per transfer deed (if applicable), payable by the seller;
- ad valorem stamp duty at a total rate of 0.26% of the value of the transaction, with 0.13% payable by each of the buyer and the seller;
- stock settlement fee, which is currently 0.002% of the gross transaction value, subject to a minimum fee of HK\$2.00 and a maximum fee of HK\$100.00 per side per trade;
- brokerage commission, which is freely negotiable with the broker (other than brokerage commissions for IPO transactions which are currently set at 1% of the subscription or purchase price and will be payable by the person subscribing for or purchasing the securities); and
- the Hong Kong share registrar will charge between HK\$2.50 to HK\$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of Shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

Investors must settle their trades executed on the Hong Kong Stock Exchange through their brokers directly or through custodians. For an investor who has deposited their ordinary shares in their stock account or in their designated CCASS participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to their broker or custodian before the settlement date.

Exchanges Between Shares Trading in Hong Kong and ADSs

In connection with the listing of our ordinary shares on the Hong Kong Stock Exchange, we have established a branch register of members in Hong Kong, or the Hong Kong Share Register, which is maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members, or the Cayman share register, continues to be maintained by our principal share registrar, Maples Fund Services (Cayman) Limited.

All ordinary shares offered in the initial public offering of our ordinary shares in Hong Kong are registered on the Hong Kong Share Register in order to be listed and traded on the Hong Kong Stock Exchange. As described in further detail below, holders of ordinary shares registered on the Hong Kong Share Register are able to exchange these shares into ADSs, and vice versa.

Our ADSs

ADSs representing our ordinary shares are traded on Nasdaq. Dealings in ADSs on Nasdaq are conducted in U.S. dollars.

ADSs may be held either:

- directly: (i) by having an American Depositary Receipt, or ADR, which is a certificate evidencing a specific number of ADSs registered in the holder's name; or (ii) by having uncertified ADSs registered in the holder's name; or
- indirectly, by holding a security entitlement in ADSs through a broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC.

The depository for the ADSs is The Bank of New York Mellon, whose principal executive office is located at 240 Greenwich Street, New York, New York 10286, United States.

Depositing ordinary shares trading in Hong Kong for delivery of ADSs

An investor who holds ordinary shares registered in Hong Kong and who intends to exchange them for ADSs to trade on Nasdaq must deposit or have his or her broker deposit the ordinary shares with the depository's Hong Kong custodian, The Hong Kong and Shanghai Banking Corporation Limited, Hong Kong, or the custodian, in exchange for ADSs.

A deposit of ordinary shares in exchange for ADSs involves the following procedures:

- If ordinary shares have been deposited with CCASS, the investor must transfer ordinary shares to the depositary's account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed ADS delivery form to the custodian via his or her broker.
- If ordinary shares are held outside CCASS, the investor must arrange for the deposit of his or her ordinary shares into CCASS and then proceed as described above.
- Upon payment of its fees and expenses and of any taxes or charges, such as stamp duties or stock transfer taxes or fees, if applicable, the depositary will register the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs as instructed in the ADS delivery form.

For ordinary shares deposited in CCASS, under normal circumstances, the above steps generally require two business days, provided that the investor has provided timely and complete instructions. For ordinary shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

Surrender of ADSs for delivery of ordinary shares trading in Hong Kong

An investor who holds ADSs and wishes to receive ordinary shares that trade on the Hong Kong Stock Exchange must surrender the ADSs the investor holds and withdraw ordinary shares from the ADS program and cause his or her broker or other financial institution to trade such ordinary shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker or other financial institution should follow the procedure of the broker or financial institution and instruct the broker to arrange for surrender of the ADSs, and transfer of the underlying ordinary shares from the depositary's account with the custodian within the CCASS system to the investor's Hong Kong stock account.

For investors holding ADSs directly, the following steps must be taken:

- To withdraw ordinary shares from the ADS program, an investor who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.
- Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp duties or stock transfer taxes or fees, if applicable, the depositary will instruct the custodian to deliver ordinary shares underlying the canceled ADSs to the CCASS account designated by an investor.
- If an investor prefers to receive Shares outside CCASS, he or she must so indicate in the instruction delivered to the depositary.

For ordinary shares to be received in CCASS, under normal circumstances, the above steps generally require two business days, provided that the investor has provided timely and complete instructions. For ordinary shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the ordinary shares on the Hong Kong Stock Exchange until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancellations.

Depositary requirements

Before the depositary delivers ADSs or permits withdrawal of ordinary shares, the depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with procedures it may establish, from time to time, consistent with the deposit agreement, including completion and presentation of transfer documents.

The depositary may refuse to deliver, transfer, or register issuances, transfers and cancellations of ADSs generally when the transfer books of the depositary or our Hong Kong share registrar are closed or at any time if the depositary or we determine it advisable to do so.

All costs attributable to the transfer of ordinary shares to effect a withdrawal from or deposit of ordinary shares into the ADS program will be borne by the investor requesting the transfer or deposit. In particular, holders of ordinary shares and ADSs should note that the Hong Kong Share Registrar will charge between HK\$2.50 to HK\$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of ordinary shares and ADSs must pay up to US\$5.00 per 100 ADSs (or portion thereof) for each issuance of ADSs and each cancellation of ADSs, as the case may be, in connection with the deposit of ordinary shares into, or withdrawal of ordinary shares from, the ADS facility.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of _____, 20____ by and between Trip.com Group Limited, an exempted company incorporated and existing under the laws of the Cayman Islands (the "Company") and _____ (Passport/ID Card No. _____) (the "Executive").

RECITALS

WHEREAS, the Company desires to employ the Executive and to assure itself of the services of the Executive during the term of Employment (as defined below) and under the terms and conditions of the Agreement;

WHEREAS, the Executive desires to be employed by the Company during the term of Employment and under the terms and conditions of the Agreement;

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the Company and the Executive agree as follows:

1. EMPLOYMENT

The Company hereby agrees to employ the Executive and the Executive hereby accepts such employment, on the terms and conditions hereinafter set forth (the "Employment").

2. TERM

Subject to the terms and conditions of the Agreement, the initial term of the Employment shall be _____ years, commencing on _____, 20____ (the "Effective Date") and ending on _____, _____ (the "Initial Term"), unless terminated earlier pursuant to the terms of the Agreement. Upon expiration of the Initial Term of the Employment, the Employment shall be automatically extended for successive periods of _____ months each (each, an "Extension Period") unless either party shall have given 60 days advance written notice to the other party, in the manner set forth in Section 19 below, prior to the end of the Initial Term or the Extension Period in question, as applicable, that the term of this Agreement that is in effect at the time such written notice is given is not to be extended or further extended, as the case may be (the period during which this Agreement is effective being referred to hereafter as the "Term").

3. POSITION AND DUTIES

- (a) During the Term, the Executive shall serve as _____ of the Company or in such other position or positions with a level of duties and responsibilities consistent with the foregoing with the Company and/or its subsidiaries and affiliates as the board of directors of the Company (the “Board”) may specify from time to time and shall have the duties, responsibilities and obligations customarily assigned to individuals serving in the position or positions in which the Executive serves hereunder and as assigned by the Board, or with the Board’s authorization, by the Company’s Chief Executive Officer.
- (b) The Executive agrees to serve without additional compensation, if elected or appointed thereto, as a director of the Company or any subsidiaries or affiliated entities of the Company (collectively, the “Group”) and as a member of any committees of the board of directors of any such entity, provided that the Executive is indemnified for serving in any and all such capacities on a basis no less favorable than is currently provided to any other director of any member of the Group.
- (c) The Executive agrees to devote all of his/her working time and efforts to the performance of his/her duties for the Company and to faithfully and diligently serve the Company in accordance with the Agreement and the guidelines, policies and procedures of the Company approved from time to time by the Board.

4. NO BREACH OF CONTRACT

The Executive hereby represents to the Company that: (i) the execution and delivery of the Agreement by the Executive and the performance by the Executive of the Executive’s duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any other agreement or policy to which the Executive is a party or by which the Executive is otherwise bound, except that the Executive does not make any representation with respect to agreements required to be entered into by and between the Executive and any member of the Group pursuant to the applicable law of the jurisdiction in which the Executive is based, if any; (ii) that the Executive is not in possession of any information (including, without limitation, confidential information and trade secrets) the knowledge of which would prevent the Executive from freely entering into the Agreement and carrying out his/her duties hereunder; and (iii) that the Executive is not bound by any confidentiality, trade secret or similar agreement with any person or entity other than any member of the Group.

5. LOCATION

The Executive will be based in _____, _____ or any other location as requested by the Company during the Term.

6. COMPENSATION AND BENEFITS

- (a) Cash Compensation. As compensation for the performance by the Executive of his/her obligations hereunder, during the Term, the Company shall pay the Executive cash compensation (inclusive of the statutory benefit contributions that the Company is required to set aside for the Executive under applicable law) pursuant to Schedule A hereto, subject to annual review and adjustment by the Board or any committee designated by the Board.
- (b) Equity Incentives. During the Term, the Executive shall be eligible to participate, at a level comparable to similarly situated executives of the Company, in such long-term compensation arrangements as may be authorized from time to time by the Board, including any share incentive plan the Company may adopt from time to time in its sole discretion.
- (c) Benefits. During the Term, the Executive shall be entitled to participate in all of the employee benefit plans and arrangements made available by the Company to its similarly situated executives, including, but not limited to, any retirement plan, medical insurance plan and travel/holiday policy, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements.

7. TERMINATION OF THE AGREEMENT

The Employment may be terminated as follows:

- (a) Death. The Employment shall terminate upon the Executive's death.
- (b) Disability. The Employment shall terminate if the Executive has a disability, including any physical or mental impairment which, as reasonably determined by the Board, renders the Executive unable to perform the essential functions of his/her position at the Company, even with reasonable accommodation that does not impose an undue burden on the Company, for more than 180 days in any 12-month period, unless a longer period is required by applicable law, in which case that longer period shall apply.
- (c) Cause. The Company may terminate the Executive's employment hereunder for Cause. The occurrence of any of the following, as reasonably determined by the Board, shall be a reason for Cause, provided that, if the Board determines that the circumstances constituting Cause are curable, then such circumstances shall not constitute Cause unless and until the Executive has been informed by the Company of the existence of Cause and given an opportunity of ten business days to cure, and such Cause remains uncured at the end of such ten-day period:
 - (1) continued failure by the Executive to satisfactorily perform his/her duties;
 - (2) willful misconduct or gross negligence by the Executive in the performance of his/her duties hereunder, including insubordination;
 - (3) the Executive's conviction or entry of a guilty or *nolo contendere* plea of any felony or any misdemeanor involving moral turpitude;

- (4) the Executive's commission of any act involving dishonesty that results in material financial, reputational or other harm, monetary or otherwise, to any member of the Group, including but not limited to an act constituting misappropriation or embezzlement of the property of any member of the Group as determined in good faith by the Board; or
 - (5) any material breach by the Executive of this Agreement.
- (d) Good Reason. The Executive may terminate his/her employment hereunder for "Good Reason" upon the occurrence, without the written consent of the Company, of an event constituting a material breach of this Agreement by the Company that has not been fully cured within ten business days after written notice thereof has been given by the Executive to the Company setting forth in sufficient detail the conduct or activities the Executive believes constitute grounds for Good Reason, including but not limited to:
- (1) the failure by the Company to pay to the Executive any portion of the Executive's current compensation or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within twenty (20) business days of the date such compensation is due; or
 - (2) any material breach by the Company of this Agreement.
- (e) Without Cause by the Company; Without Good Reason by the Executive. The Company may terminate the Executive's employment hereunder at any time without Cause upon 60-day prior written notice to the Executive. The Executive may terminate the Executive's employment voluntarily for any reason or no reason at any time by giving 60-day prior written notice to the Company.
- (f) Notice of Termination. Any termination of the Executive's employment under the Agreement shall be communicated by written notice of termination ("Notice of Termination") from the terminating party to the other party. The notice of termination shall indicate the specific provision(s) of the Agreement relied upon in effecting the termination.
- (g) Date of Termination. The "Date of Termination" shall mean (i) the date set forth in the Notice of Termination, or (ii) if the Executive's employment is terminated by the Executive's death, the date of his/her death.
- (h) Compensation upon Termination.
- (1) Death. If the Executive's employment is terminated by reason of the Executive's death, the Company shall have no further obligations to the Executive under this Agreement and the Executive's benefits shall be determined under the Company's retirement, insurance and other benefit and compensation plans or programs then in effect in accordance with the terms of such plans and programs.

- (2) By Company without Cause or by the Executive for Good Reason. If the Executive's employment is terminated by the Company other than for Cause or by the Executive for Good Reason, the Company shall (i) continue to pay and otherwise provide to the Executive, during any notice period, all compensation, base salary and previously earned but unpaid incentive compensation, if any, and shall continue to allow the Executive to participate in any benefit plans in accordance with the terms of such plans during such notice period; and (ii) pay to the Executive, in lieu of benefits under any severance plan or policy of the Company, any such amount as may be agreed between the Company and the Executive.
- (3) By Company for Cause or by the Executive other than for Good Reason. If the Executive's employment shall be terminated by the Company for Cause or by the Executive other than for Good Reason, the Company shall pay the Executive his/her base salary at the rate in effect at the time Notice of Termination is given through the Date of Termination, and the Company shall have no additional obligations to the Executive under this Agreement.
- (i) Return of Company Property. The Executive agrees that following the termination of the Executive's employment for any reason, or at any time prior to the Executive's termination upon the request of the Company, he/she shall return all property of the Group that is then in or thereafter comes into his/her possession, including, but not limited to, any Confidential Information (as defined below) or Intellectual Property (as defined below), or any other documents, contracts, agreements, plans, photographs, projections, books, notes, records, electronically stored data, and all copies, excerpts, or summaries of the foregoing, as well as any automobile or other materials or equipment supplied by the Group to the Executive, if any.
- (j) Requirement for a Release. Notwithstanding the foregoing, the Company's obligations to pay or provide any benefits shall (i) cease as of the date the Executive breaches any of the provisions of Sections 8, 9, and 11 hereof, and (ii) be conditioned on the Executive signing the Company's customary release of claims in favor of the Group and the expiration of any revocation period provided for in such release.

8. CONFIDENTIALITY AND NONDISCLOSURE

(a) Confidentiality and Non-Disclosure.

- (1) The Executive acknowledges and agrees that: (i) the Executive holds a position of trust and confidence with the Company and that his/her employment by the Company will require that the Executive have access to and knowledge of valuable and sensitive information, material, and devices relating to the Company and/or its business, activities, products, services, customers, business partners, suppliers, licensors, and vendors, including, but not limited to, the following, regardless of the form in which the same is accessed, maintained or stored: the identity of the Company's actual and prospective customers, business partners, suppliers, licensors, vendors and, as applicable, their representatives; prior, current or future research or development activities of the Company; the products and services provided or offered by the Company to customers or potential customers and the manner in which such services are performed or to be performed; the product and/or service needs of actual or prospective customers; pricing and cost information; information concerning the development, engineering, design, specifications, acquisition or disposition of products, and/or services of the Company; user base personal data, programs, software and source codes, licensing information, personnel information, advertising client information, vendor information, marketing plans and techniques, forecasts, and other trade secrets ("Confidential Information"); and (ii) the direct and indirect disclosure of any such Confidential Information would place the Company at a competitive disadvantage and would do damage, monetary or otherwise, to the Company's business.
- (2) During the Term and at all times thereafter, the Executive shall not, directly or indirectly, whether individually, as a director, stockholder, owner, partner, employee, consultant, principal or agent of any business, or in any other capacity, publish or make known, disclose, furnish, reproduce, make available, or utilize any of the Confidential Information without the prior express written approval of the Company, other than in the proper performance of the duties contemplated herein, unless and until such Confidential Information is or shall become general public knowledge through no fault of the Executive.
- (3) In the event that the Executive is required by law to disclose any Confidential Information, the Executive agrees to give the Company prompt advance written notice thereof and to provide the Company with reasonable assistance in obtaining an order to protect the Confidential Information from public disclosure.
- (4) The failure to mark any Confidential Information as confidential shall not affect its status as Confidential Information under this Agreement.

- (c) Third Party Information in the Executive's Possession. The Executive agrees that he/she shall not, during the Term, (i) improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity with which the Executive has an agreement or duty to keep in confidence information acquired by Executive, if any, or (ii) bring into the premises of Company any document or confidential or proprietary information belonging to such former employer, person or entity unless consented to in writing by such former employer, person or entity. The Executive will indemnify the Company and hold it harmless from and against all claims, liabilities, damages and expenses, including reasonable attorneys' fees and costs of litigation, arising out of or in connection with any violation of the foregoing.

- (d) Third Party Information in the Company's Possession. The Executive recognizes that the Company may have received, and in the future may receive, from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. The Executive agrees that the Executive owes the Company and such third parties, during the Term and thereafter, a duty to hold all such confidential or proprietary information in strict confidence and not to disclose such information to any person or firm, or otherwise use such information, in a manner inconsistent with the limited purposes permitted by the Company's agreement with such third party.

This Section 8 shall survive the termination of the Agreement for any reason. In the event the Executive breaches this Section 8, the Company shall have right to seek remedies permissible under applicable law.

9. INTELLECTUAL PROPERTY

- (a) Prior Inventions. The Executive has attached hereto, as Schedule B, a list describing all inventions, ideas, improvements, designs and discoveries, whether or not patentable and whether or not reduced to practice, original works of authorship and trade secrets made or conceived by or belonging to the Executive (whether made solely by the Executive or jointly with others) that (i) were developed by Executive prior to the Executive's employment by the Company (collectively, "Prior Inventions"), (ii) relate to the Company's actual or proposed business, products or research and development, and (iii) are not assigned to the Company hereunder; or, if no such list is attached, the Executive represents that there are no such Prior Inventions. Except to the extent set forth in Schedule B, the Executive hereby acknowledges that, if in the course of his/her service for the Company, the Executive incorporates into a Company product, process or machine a Prior Invention owned by the Executive or in which he/she has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide right and license (which may be freely transferred by the Company to any other person or entity) to make, have made, modify, use, sell, sublicense and otherwise distribute such Prior Invention as part of or in connection with such product, process or machine.
- (b) Assignment of Intellectual Property. The Executive hereby assigns to the Company or its designees, without further consideration and free and clear of any lien or encumbrance, the Executive's entire right, title, and interest (within the United States and all foreign jurisdictions) to any and all inventions, discoveries, improvements, developments, works of authorship, concepts, ideas, plans, specifications, software, formulas, databases, designees, processes and contributions to Confidential Information created, conceived, developed or reduced to practice by the Executive (alone or with others) during the Term which (i) are related to the Company's current or anticipated business, activities, products, or services, (ii) result from any work performed by Executive for the Company, or (iii) are created, conceived, developed or reduced to practice with the use of Company property, including any and all Intellectual Property (as defined below) therein ("Work Product"). Any Work Product which falls within the definition of "work made for hire," as such term is defined in the U.S. Copyright Act, shall be considered a "work made for hire," the copyright in which vests initially and exclusively in the Company. The Executive waives any rights to be attributed as the author of any Work Product and any "droit morale" (moral rights) in Work Product. The Executive agrees to immediately disclose to the Company all Work Product. For purposes of this Agreement, "Intellectual Property" shall mean any patent, copyright, trademark or service mark, trade secret, or any other proprietary rights protection legally available.

- (c) Patent and Copyright Registration. The Executive agrees to execute and deliver any instruments or documents and to do all other things reasonably requested by the Company in order to more fully vest the Company with all ownership rights in the Work Product. If any Work Product is deemed by the Company to be patentable or otherwise registrable, the Executive shall assist the Company (at the Company's expense) in obtaining letters of patent or other applicable registration therein and shall execute all documents and do all things, including testifying (at the Company's expense) as necessary or appropriate to apply for, prosecute, obtain, or enforce any Intellectual Property right relating to any Work Product. Should the Company be unable to secure the Executive's signature on any document deemed necessary to accomplish the foregoing, whether due to the Executive's disability or other reason, the Executive hereby irrevocably designates and appoints the Company and each of its duly authorized officers and agents as the Executive's agent and attorney-in-fact to act for and on the Executive's behalf and to take any of the actions required of Executive under the previous sentence, with the same effect as if executed and delivered by the Executive, such appointment being coupled with an interest.

This Section 9 shall survive the termination of the Agreement for any reason. In the event the Executive breaches this Section 9, the Company shall have right to seek remedies permissible under applicable law.

10. CONFLICTING EMPLOYMENT

The Executive hereby agrees that, during the Term, he/she will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the Term, nor will the Executive engage in any other activities that conflict with his/her obligations to the Company without the prior written consent of the Company.

11. NON-COMPETITION AND NON-SOLICITATION

- (a) Non-Competition. In consideration of the compensation provided to the Executive by the Company hereunder, the adequacy of which is hereby acknowledged by the parties hereto, the Executive agrees that during the Term and for a period of two years following the termination of the Employment for whatever reason, the Executive shall not engage in Competition (as defined below) with the Group. For purposes of this Agreement, "Competition" by the Executive shall mean the Executive's engaging in, or otherwise directly or indirectly being employed by or acting as a consultant or lender to, or being a director, officer, employee, principal, agent, stockholder, member, owner or partner of, or permitting the Executive's name to be used in connection with the activities of, any other business or organization which competes, directly or indirectly, with the Group in the Business; provided, however, it shall not be a violation of this Section 11(a) for the Executive to become the registered or beneficial owner of up to five percent (5%) of any class of the capital stock of a publicly traded corporation in Competition with the Group, provided that the Executive does not otherwise participate in the business of such corporation.

For purposes of this Agreement, "Business" means the provision of travel services of accommodation reservation, transportation ticketing, packaged tours and corporate travel management, and any other business which the Group engages in, or is preparing to become engaged in, during the Term.

- (b) Non-Solicitation; Non-Interference. During the Term and for a period of one year following the termination of the Executive's employment for any reason, the Executive agrees that he/she will not, directly or indirectly, for the Executive's benefit or for the benefit of any other person or entity, do any of the following:
- (1) solicit from any customer or business partner doing business with the Group during the Term business of the same or of a similar nature to the Business;
 - (2) solicit from any known potential customer of the Group business of the same or of a similar nature to that which has been the subject of a known written or oral bid, offer or proposal by the Group, or of substantial preparation with a view to making such a bid, proposal or offer;
 - (3) solicit the employment or services of, or hire or engage, any person who is known to be employed or engaged by the Group; or
 - (4) otherwise interfere with the business or accounts of the Group, including, but not limited to, with respect to any relationship or agreement between the Group and any vendor or supplier.
- (c) Injunctive Relief; Indemnity of Company. The Executive agrees that any breach or threatened breach of subsections (a) and (b) of this Section 11 would result in irreparable injury and damage to the Company for which an award of money to the Company would not be an adequate remedy. The Executive therefore also agrees that in the event of said breach or any reasonable threat of breach, the Company shall be entitled to seek an immediate injunction and restraining order to prevent such breach and/or threatened breach and/or continued breach by the Executive and/or any and all persons and/or entities acting for and/or with the Executive. The terms of this paragraph shall not prevent the Company from pursuing any other available remedies for any breach or threatened breach hereof, including, but not limited to, remedies available under this Agreement and the recovery of damages. The Executive and the Company further agree that the provisions of this Section 11 are reasonable. The Executive agrees to indemnify and hold harmless the Company from and against all reasonable expenses (including reasonable fees and disbursements of counsel) which may be incurred by the Company in connection with, or arising out of, any violation of this Agreement by the Executive. This Section 11 shall survive the termination of the Agreement for any reason.

12. WITHHOLDING TAXES

Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to the Agreement such national, state, provincial, local or any other income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

13. ASSIGNMENT

The Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer the Agreement or any rights or obligations hereunder; provided, however, that the Company may assign or transfer the Agreement or any rights or obligations hereunder to any member of the Group without such consent. If the Executive should die while any amounts would still be payable to the Executive hereunder if the Executive had continued to live, all such amounts unless otherwise provided herein shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate. The Company will require any and all successors (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Company had terminated the Executive's employment other than for Cause, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Section 13, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 13 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

14. SEVERABILITY

If any provision of the Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of the Agreement are declared to be severable.

15. ENTIRE AGREEMENT

The Agreement constitutes the entire agreement and understanding between the Executive and the Company regarding the terms of the Employment by the Company under the laws of the State of New York and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The Executive acknowledges that he/she has not entered into the Agreement in reliance upon any representation, warranty or undertaking which is not set forth in the Agreement. To the maximum permitted by the governing law, any agreements entered into by and between the Executive and any member of the Group pursuant to the applicable law of the jurisdiction in which the Executive is based shall remain the same effective and operative pursuant to the terms thereof.

16. GOVERNING LAW

The Agreement shall be governed by and construed in accordance with the laws of the State of New York.

17. AMENDMENT

The Agreement may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to the Agreement, which agreement is executed by both of the parties hereto.

18. WAIVER

Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under the Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

19. NOTICES

All notices, requests, demands, and other communications required or permitted under the Agreement shall be in writing and shall be deemed to have been duly given and made if (i) delivered by hand, (ii) otherwise delivered against receipt therefor, (iii) sent by a recognized courier with next-day or second-day delivery to the last known address of the other party; or (iv) sent by e-mail with confirmation of receipt.

20. COUNTERPARTS

The Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument. The Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

21. NO INTERPRETATION AGAINST DRAFTER

Each party recognizes that the Agreement is a legally binding contract and acknowledges that such party has had the opportunity to consult with legal counsel of choice. In any construction of the terms of the Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such terms.

[Remainder of the page intentionally left blank.]

IN WITNESS WHEREOF, the Agreement has been executed as of the date first written above.

COMPANY:

Trip.com Group Limited
a Cayman Islands exempted company

By: _____
Name:
Title:

EXECUTIVE:

Name:
Address:

Schedule A

Schedule B

Dated 2 December 2022

TRIP.COM GROUP LIMITED

攜程集團有限公司

as Borrower

CHINA CONSTRUCTION BANK CORPORATION HONG KONG BRANCH

DBS BANK LTD.

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

STANDARD CHARTERED BANK (HONG KONG) LIMITED

INDUSTRIAL AND COMMERCIAL BANK OF CHINA SHANGHAI CAO HE JING HI-TECH PARK SUB-BRANCH

as Mandated Lead Arrangers and Bookrunners

AGRICULTURAL BANK OF CHINA SHANGHAI BRANCH CHANGNING SUB-BRANCH

BANK OF COMMUNICATIONS CO., LTD. SHANGHAI MUNICIPAL BRANCH CHANGNING SUB-BRANCH

BANK OF COMMUNICATIONS (HONG KONG) LIMITED

CHINA CITIC BANK CORPORATION LIMITED, SHANGHAI BRANCH

CHINA ZHESHANG BANK CO., LTD. SHANGHAI BRANCH

SHANGHAI RURAL COMMERCIAL BANK CHANGNING BRANCH

MIZUHO BANK, LTD.

CHINA MERCHANTS BANK SHANGHAI BRANCH

NANYANG COMMERCIAL BANK, LIMITED

as Mandated Lead Arrangers

CHINA BOHAI BANK CO., LTD., HONG KONG BRANCH

CHINA EVERBRIGHT BANK COMPANY LIMITED SHANGHAI BRANCH

CHINA EVERBRIGHT BANK CO., LTD., HONG KONG BRANCH

CMB WING LUNG BANK LIMITED

CMB WING LUNG BANK LIMITED SHANGHAI BRANCH

as Lead Arrangers

CHINA MINSHENG BANKING CORP., LTD. HONG KONG BRANCH

SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., ACTING THROUGH ITS HONG KONG BRANCH

THE BANK OF EAST ASIA (CHINA) LIMITED SHANGHAI BRANCH 東亞銀行(中國)有限公司上海分行

CHONG HING BANK LIMITED

as Arrangers

THE FINANCIAL INSTITUTIONS LISTED IN SCHEDULE 1 HERETO

as Original Lenders

CHINA CONSTRUCTION BANK CORPORATION HONG KONG BRANCH

DBS BANK LTD.

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

STANDARD CHARTERED BANK (HONG KONG) LIMITED

INDUSTRIAL AND COMMERCIAL BANK OF CHINA SHANGHAI CAO HE JING HI-TECH PARK SUB-BRANCH

as Sustainability-linked Loan Coordinators

and

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

as Agent

FACILITY AGREEMENT

for a US\$1,488,000,000 and HK\$80,000,000 Dual Tranche Term Loan Facility

Contents

clause		Page
1	Definitions and Interpretation	2
2	The Facilities	24
3	Purpose	26
4	Conditions of Utilisation	26
5	Utilisation	27
6	Repayment	28
7	Prepayment and Cancellation	28
8	Interest	32
9	Interest Periods	33
10	Changes to the Calculation of Interest	34
11	Fees	36
12	FATCA	36
13	Increased Costs	38
14	Mitigation by the Lenders	39
15	Other Indemnities	40
16	Costs and Expenses	41
17	Representations	41
18	Information Undertakings	45
19	Financial Covenants	48
20	Sustainability-linked Loan Provisions	50
21	General Undertakings	53
22	Events of Default	59
23	Changes to the Lenders	61
24	Changes to the Borrower	66
25	Role of the Administrative Parties	66
26	Sharing among the Finance Parties	73

Table of Contents

27	Payment Mechanics	75
28	Set-off	77
29	Notices	77
30	Calculations and Certificates	79
31	Partial Invalidity	79
32	Remedies and Waivers	80
33	Amendments and Waivers	80
34	Confidential Information	82
35	Confidentiality of Funding Rates	85
36	Counterparts	86
37	Governing Law	86
38	Enforcement	86
	Schedule 1 Original Lenders	88
	Schedule 2 Conditions Precedent	89
	Schedule 3 Requests	90
	Schedule 4 Form of Transfer Certificate	91
	Schedule 5 Form of Assignment Agreement	92
	Schedule 6 Form of Compliance Certificate	93
	Schedule 7 Timetables	94
	Schedule 8 Sustainability Performance Targets	95
	Schedule 9 Form of Sustainability Performance Certificate	96
	Schedule 10 Form of Incremental Facility Notice	97
	Schedule 11 Banking (Exposure Limits) Rules	98
	Schedule 12 Compounded Rate Terms	99
	Schedule 13 Daily Non-Cumulative Compounded RFR Rate	100
	Schedule 14 Cumulative Compounded RFR Rate	101

THIS AGREEMENT is dated 2 December 2022 and made

BETWEEN:

- (1) **TRIP.COM GROUP LIMITED 攜程集團有限公司**, an exempted company with limited liability incorporated under the laws of the Cayman Islands with registration number 97668 and its registered office at P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands and registered as a non-Hong Kong company under part 16 of the Companies Ordinance with registration number F0029075 and dually listed on The Nasdaq Stock Market (the **NDAQ**) (Stock Code TCOM) and The Stock Exchange of Hong Kong Limited (the **HKEX**) (Stock Code 9961) (the **Borrower**);
- (2) **CHINA CONSTRUCTION BANK CORPORATION HONG KONG BRANCH (CHINA CONSTRUCTION BANK CORPORATION IS A COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY), DBS BANK LTD. (INCORPORATED IN SINGAPORE WITH LIMITED LIABILITY), THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, STANDARD CHARTERED BANK (HONG KONG) LIMITED and INDUSTRIAL AND COMMERCIAL BANK OF CHINA SHANGHAI CAO HE JING HI-TECH PARK SUB-BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)** as mandated lead arrangers and bookrunners (in this capacity, whether acting individually or together, the **Mandated Lead Arrangers and Bookrunners**);
- (3) **AGRICULTURAL BANK OF CHINA SHANGHAI BRANCH CHANGNING SUB-BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY), BANK OF COMMUNICATIONS CO., LTD. SHANGHAI MUNICIPAL BRANCH CHANGNING SUB-BRANCH (INCORPORATED IN PRC WITH LIMITED LIABILITY), BANK OF COMMUNICATIONS (HONG KONG) LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY), CHINA CITIC BANK CORPORATION LIMITED, SHANGHAI BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY), CHINA ZHESHANG BANK CO., LTD. SHANGHAI BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY), SHANGHAI RURAL COMMERCIAL BANK CHANGNING BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY), MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), CHINA MERCHANTS BANK SHANGHAI BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY) and NANYANG COMMERCIAL BANK, LIMITED** as mandated lead arrangers (in this capacity, whether acting individually or together, the **Mandated Lead Arrangers**);
- (4) **CHINA BOHAI BANK CO., LTD., HONG KONG BRANCH (INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY), CHINA EVERBRIGHT BANK COMPANY LIMITED SHANGHAI BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY), CHINA EVERBRIGHT BANK CO., LTD., HONG KONG BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY), CMB WING LUNG BANK LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY) and CMB WING LUNG BANK LIMITED SHANGHAI BRANCH (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)** as lead arrangers (in this capacity, whether acting individually or together, the **Lead Arrangers**);
- (5) **CHINA MINSHENG BANKING CORP., LTD. HONG KONG BRANCH (A JOINT STOCK LIMITED COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA), SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., ACTING THROUGH ITS HONG KONG BRANCH (A FINANCIAL INSTITUTION INCORPORATED UNDER THE LAWS OF THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY), THE BANK OF EAST ASIA (CHINA) LIMITED SHANGHAI BRANCH 東亞銀行(中國)有限公司上海分行 (INCORPORATED IN THE PRC WITH LIMITED LIABILITY) and CHONG HING BANK LIMITED** as arrangers (in this capacity, whether acting individually or together, the **Arrangers**);
- (6) **THE FINANCIAL INSTITUTIONS** listed in Schedule 1 (*Original Lenders*) as lenders (the **Original Lenders**);
- (7) **CHINA CONSTRUCTION BANK CORPORATION HONG KONG BRANCH (CHINA CONSTRUCTION BANK CORPORATION IS A COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY), DBS BANK LTD. (INCORPORATED IN SINGAPORE WITH LIMITED LIABILITY), THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, STANDARD CHARTERED BANK (HONG KONG) LIMITED and INDUSTRIAL AND COMMERCIAL BANK OF CHINA SHANGHAI CAO HE JING HI-TECH PARK SUB-BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)** as sustainability-linked loan coordinators (in this capacity, whether acting individually or together, the **Sustainability-linked Loan Coordinators**); and

Table of Contents

- (8) **THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED** as agent of the Finance Parties (other than itself) (the **Agent**).

IT IS AGREED as follows:

1 Definitions and Interpretation

1.1 Definitions

In this Agreement:

Additional Business Day means any day specified as such in the Compounded Rate Terms.

Adjusted Margin means, during any Margin Reduction Period and in respect of any relevant Facility, the percentage rate per annum set out in the column headed “Adjusted Margin (percentage rate per annum)” in the table set out in paragraph (a)(ii) or, as the case may be, paragraph (b) (ii) of the definition of **Margin**.

Administrative Party means each of the Agent, the Sustainability-linked Loan Coordinators, the Mandated Lead Arrangers and Bookrunners, the Mandated Lead Arrangers, the Lead Arrangers and the Arrangers.

Affiliate means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Anti-Bribery and Corruption Laws means all laws, rules, and regulations issued, administered or enforced by the United States of America, the United Kingdom, the European Union or any of its member states, or any other country or governmental agency, which are applicable to the Borrower or any other member of the Group from time to time concerning or relating to bribery or corruption, including:

- (a) the United States Foreign Corrupt Practices Act 1977; and
- (b) the United Kingdom Bribery Act 2010.

Anti-Terrorism Law means the US Patriot Act, the US Money Laundering Control Act of 1986 (18 USC sect. 1956), the US Executive Order No. 13224 on Terrorist Financing: Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, issued 23 September 2001, as amended by Order 13268 or any similar law enacted in the United States, any member nation of the European Union, the United Nations, the United Kingdom, the Cayman Islands, Hong Kong, the People’s Republic of China or other applicable jurisdictions.

APLMA means the Asia Pacific Loan Market Association Limited.

Assignment Agreement means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor, assignee and the Agent.

Authorisation means:

- (a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

[Table of Contents](#)

Availability Period means:

- (a) in relation to the Original Facility, the period from and including the date of this Agreement to and including the date falling six Months from the date of this Agreement; and
- (b) in relation to the Incremental Facility, the period from and including the Incremental Facility Establishment Date to and including the date falling six Months from the Incremental Facility Establishment Date.

Available Commitment means, in relation to a Facility, a Lender's Commitment *minus*:

- (a) the amount of its participation in any outstanding Loans under that Facility; and
- (b) in relation to any proposed Utilisation, the amount of its participation in any Loans that are due to be made under that Facility on or before the proposed Utilisation Date.

Available Facility means, in relation to a Facility, the aggregate for the time being of each Lender's Available Commitment in respect of that Facility.

Bail-In Action means the exercise of any Write-down and Conversion Powers.

Bail-In Legislation means in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and in relation to the United Kingdom, the UK Bail-In Legislation.

Base Currency Amount means, in relation to any amount of Incremental Facility Commitments that is not denominated in US dollars, such amount converted into US dollars utilising the Agent's spot rate of exchange (or, if the Agent does not have an available spot rate of exchange, any publicly available spot rate of exchange selected by the Agent (acting reasonably)) for the purchase of US dollars with that other currency at or about 11am on the date of the relevant Incremental Facility Notice.

Baseline Performance Figure means, in respect of each KPI, the baseline performance figure set out as such in Schedule 8 (*Sustainability Performance Targets*).

Break Costs means:

- (a) in relation to a Term Rate Loan, the amount (if any) by which:
 - (i) the interest (excluding Margin) which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount of that Loan or Unpaid Sum received been paid on the last day of that Interest Period

exceeds:

- (ii) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount in that Loan or Unpaid Sum received by it on deposit with a leading bank in the Relevant Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period; or
- (b) in relation to a Compounded Rate Loan, any amount specified as such in the Compounded Rate Terms.

Business Day means:

- (a) in relation to any date for the payment or purchase of US dollars or the determination of the first day or last day of an Interest Period of a Compounded Rate Loan or an Unpaid Sum under any Compounded Rate Loan, a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong, Beijing and New York and an Additional Business Day;

Table of Contents

- (b) in relation to any date for payment or purchase of Hong Kong dollars or for the purpose of the definition of **Quotation Day**, a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong and Beijing; and
- (c) in relation to any other matters, a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong and Beijing.

Central Bank Rate has the meaning given to that term in the Compounded Rate Terms.

Central Bank Rate Adjustment has the meaning given to that term in the Compounded Rate Terms.

Central Bank Rate Spread has the meaning given to that term in the Compounded Rate Terms.

Code means the US Internal Revenue Code of 1986.

Change of Control has the meaning given to it in clause 7.2 (*Change of Control*).

Co-founders means:

- (a) James Jianzhang Liang;
- (b) Min Fan;
- (c) Neil Nanpeng Shen; and
- (d) Qi Ji.

Commitment means an Original Facility Commitment or an Incremental Facility Commitment.

Compliance Certificate means a certificate delivered pursuant to clause 18.2 (*Compliance Certificate*) substantially in the form set out in Schedule 6 (*Form of Compliance Certificate*).

Compounded Rate Interest Payment means the aggregate amount of interest that:

- (a) is, or is scheduled to become, payable under any Finance Document; and
- (b) relates to a Compounded Rate Loan.

Compounded Rate Loan means any Loan or, if applicable, Unpaid Sum which is not a Term Rate Loan.

Compounded Rate Supplement means a document which:

- (a) is agreed in writing by the Borrower and the Agent (acting on the instructions of Majority Lenders);
- (b) specifies the relevant terms which are expressed in this Agreement to be determined by reference to Compounded Rate Terms; and
- (c) has been made available to the Borrower and each Finance Party.

Compounded Rate Terms means the terms set out in Schedule 12 (*Compounded Rate Terms*) or in any Compounded Rate Supplement.

Compounded Reference Rate means, in relation to any RFR Banking Day during the Interest Period of a Compounded Rate Loan, the Daily Non-Cumulative Compounded RFR Rate for that RFR Banking Day.

Compounding Methodology Supplement means, in relation to the Daily Non-Cumulative Compounded RFR Rate or the Cumulative Compounded RFR Rate, a document which:

- (a) is agreed in writing by the Borrower, the Agent (in its own capacity) and the Agent (acting on the instructions of Majority Lenders);

Table of Contents

- (b) specifies a calculation methodology for that rate; and
- (c) has been made available to the Borrower and each Finance Party.

Confidential Information means all information relating to the Borrower, the Group, any Finance Party, the Finance Documents or a Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facilities from:

- (a) any member of the Group or any of its advisers;
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers; or
- (c) (in relation to the information relating to any Finance Party) another Finance Party,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes:

- (i) information that:
 - (A) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of clause 34 (*Confidential Information*);
 - (B) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers (other than information in relation to any Finance Party); or
 - (C) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraph (a), (b) or (c) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, in the case of paragraph (a) or (b) above, unconnected with the Group or, in the case of paragraph (c) above, unconnected with such other Finance Party and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality; and
- (ii) any Funding Rate.

Confidentiality Undertaking means a confidentiality undertaking substantially in a recommended form of the APLMA or in any other form agreed between the Borrower and the Agent.

Consolidated Total Assets has the meaning given to that term in clause 19.1 (*Financial definitions*).

Control means where one person (either directly or indirectly and whether by share capital, voting power, contract or otherwise) has the power to appoint and/or remove the majority of the members of the governing body of another person or otherwise controls or has the power to control the affairs and policies of that other person and that other person is taken to be “Controlled” by the first person.

Cumulative Compounded RFR Rate means, in relation to an Interest Period for a Compounded Rate Loan, the percentage rate per annum determined by the Agent (or by any other Finance Party which agrees to determine that rate in place of the Agent) in accordance with the methodology set out in Schedule 14 (*Cumulative Compounded RFR Rate*) or in any relevant Compounding Methodology Supplement.

Current Interest Period has the meaning given to it in clause 9.3(b) (*Consolidation of Loans*).

Daily Non-Cumulative Compounded RFR Rate means in relation to any RFR Banking Day during an Interest Period for a Loan, the percentage rate per annum determined by the Agent (or by any other Finance Party which agrees to determine that rate in place of the Agent) in accordance with the methodology set out in Schedule 13 (*Daily Non-Cumulative Compounded RFR Rate*) or in any relevant Compounding Methodology Supplement.

[Table of Contents](#)

Daily Rate means the rate specified as such in the Compounded Rate Terms.

Default means an Event of Default or any event or circumstance specified in clause 22 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

Disruption Event means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with a Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; and
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
 - (i) from performing its payment obligations under the Finance Documents; or
 - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

EEA Member Country means any member state of the European Union, Iceland, Liechtenstein and Norway.

Environmental Claim means any claim, proceeding or investigation by any person in respect of any Environmental Law.

Environmental Law means any applicable law in any jurisdiction in which any member of the Group conducts business which relates to the pollution or protection of the environment or harm to or the protection of human health or the health of animals or plants.

Environmental Permits means any Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by the relevant member of the Group.

EU Bail-In Legislation Schedule means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

Event of Default means any event or circumstance specified as such in clause 22 (*Events of Default*).

Excluded Existing Facility means the “Original Tranche C Facility” of the USD1,000,000,000 transferable term and revolving loan facility agreement dated 3 April 2020 and entered into between, amongst others, the Borrower as borrower and Standard Chartered Bank (Hong Kong) Limited as facility agent.

Existing Facilities means the USD1,000,000,000 transferrable term and revolving loan facilities (together with any subsequent incremental facility entered into thereunder) under the facility agreement dated 3 April 2020 and entered into between, amongst others, the Borrower as borrower and Standard Chartered Bank (Hong Kong) Limited as facility agent, excluding the Excluded Existing Facility.

External Verification Provider means the SPC Verification Provider or the SPO Provider.

External Verification Provider Replacement Consultation Period has the meaning given to that term in clause 20.3(b) (*External Verification Provider*).

[Table of Contents](#)

External Verification Provider Replacement Event means an External Verification Provider notifying the Borrower (or the Borrower otherwise becoming aware) that the relevant External Verification Provider:

- (a) will no longer issue the Second Party Opinion, Sustainability Performance Certificate or (as the case may be) the relevant opinion, document or report certifying achievement of the Sustainability Performance Targets for the Relevant Sustainability Performance Period; and/or
- (b) will terminate or cancel its appointment as External Verification Provider.

Facility means an Original Facility or the Incremental Facility.

Facility Office means the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

FATCA means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraph (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

FATCA Application Date means:

- (a) in relation to a "withholdable payment" described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014; or
- (b) in relation to a "passthru payment" described in section 1471(d)(7) of the Code not falling within paragraph (a) above, the first date from which such payment may become subject to a deduction or withholding required by FATCA.

FATCA Deduction means a deduction or withholding from a payment under a Finance Document required by FATCA.

FATCA Exempt Party means a Party that is entitled to receive payments free from any FATCA Deduction.

Fee Letter means any letter or letters referring to this Agreement between one or more Administrative Parties and the Borrower setting out any of the fees referred to in clause 11 (*Fees*).

Final Repayment Date means the date falling 36 Months from the first Utilisation Date.

Finance Document means:

- (a) this Agreement;
- (b) any Fee Letter;
- (c) any Utilisation Request;
- (d) the Incremental Facility Notice;
- (e) any Compounded Rate Supplement;
- (f) any Compounding Methodology Supplement; and

Table of Contents

(g) any other document designated as such by the Agent and the Borrower.

Finance Party means the Agent, a Sustainability-linked Loan Coordinator, a Mandated Lead Arranger and Bookrunner, a Mandated Lead Arranger, a Lead Arranger, an Arranger or a Lender.

Financial Close means the date on which the Agent gives notice to the Borrower under paragraph (a) of clause 4.1 (*Initial conditions precedent*).

Financial Indebtedness means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

Financial Stability Board means the Financial Stability Board established by Charter dated 25 September 2009 and endorsed by the Heads of State and Government of the G20.

Foreign Public Official means an individual who:

- (a) holds a legislative, administrative or judicial position of any kind, whether appointed or elected, of a country or territory outside the United Kingdom (or any subdivision of such a country or territory);
- (b) exercises a public function:
 - (i) for or on behalf of a country or territory outside the United Kingdom (or any subdivision of such a country or territory), or
 - (ii) for any public agency or public enterprise of that country or territory (or subdivision), or
- (c) is an official or agent of a public international organisation.

Funding Rate means any individual rate notified by a Lender to the Agent pursuant to clause 10.4(a)(ii) (*Cost of funds*).

GAAP means generally accepted accounting principles in the US, including IFRS.

[Table of Contents](#)

Governmental Agency means any government or any governmental agency, semi-governmental or judicial entity or authority (including any stock exchange or any self-regulatory organisation established under statute).

Group means the Borrower and its Subsidiaries from time to time.

Group Structure Chart means:

- (a) the structure chart for the Group disclosed in Form 20-F submitted by or on behalf of the Borrower to the US Securities and Exchange Commission for the year 2021, and which is to be delivered under clause 4.1 (*Initial conditions precedent*); or
- (b) (as the case may be) such updated structure chart delivered under clause 18.2 (*Compliance Certificate*), which is (if applicable) disclosed in Form 20-F submitted by or on behalf of the Borrower to the US Securities and Exchange Commission for subsequent years.

HIBOR means, in relation to any Term Rate Loan:

- (a) the applicable Screen Rate as of the Specified Time for Hong Kong dollars and for a period equal in length to the Interest Period of that Term Rate Loan; and
 - (b) as otherwise determined pursuant to clause 10.2 (*Unavailability of Screen Rate*),
- and if, in either case, that rate is less than zero, HIBOR shall be deemed to be zero.

Holding Company means, in relation to a person, any other person in respect of which it is a Subsidiary.

HSBC Group means HSBC Holdings PLC together with its subsidiary undertakings from time to time.

IFRS means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

Illegality Event has the meaning given to it in clause 7.1 (*Illegality*).

Incremental Facility Commitment means:

- (a) in relation to an Initial Incremental Facility Lender, the amount set out opposite its name under the heading **Incremental Facility Commitment** in the Incremental Facility Notice and the amount of any other Incremental Facility Commitment it acquires under this Agreement; and
- (b) in relation to any other Lender, the amount of any Incremental Facility Commitment it acquires under this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement.

Incremental Facility Establishment Date means the later of:

- (a) the proposed Incremental Facility Establishment Date specified in the Incremental Facility Notice; and
- (b) the date on which the Agent executes the Incremental Facility Notice.

Incremental Facility Notice means a notice substantially in the form set out in Schedule 10 (*Form of Incremental Facility Notice*).

Incremental Facility means the term loan facility that may be established and made available under this Agreement as described under clause 2.2 (*Incremental Facility*).

Incremental Facility Lender means:

- (a) an Initial Incremental Facility Lender; or

[Table of Contents](#)

(b) any person which becomes a Lender under the Incremental Facility in accordance with clause 23 (*Changes to the Lenders*), which in each case has not ceased to be a Party as such in accordance with the terms of this Agreement.

Incremental Loan means a loan made or to be made under the Incremental Facility or the principal amount outstanding for the time being of that loan.

Indirect Tax means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

Information Memorandum means the document in the form approved by the Borrower concerning the Group which, at the Borrower's request and on its behalf, was prepared in relation to this transaction and distributed by the Mandated Lead Arrangers and Bookrunners to selected financial institutions before the date of this Agreement.

Initial Incremental Facility Lender means each of the lenders and other financial institutions listed in the Incremental Facility Notice as Initial Incremental Facility Lenders.

Initial Compounded Rate Loan Margin has the meaning given to that term in paragraph (a)(i) of the definition of **Margin**.

Initial Margin means the Initial Compounded Rate Loan Margin or the Initial Term Rate Loan Margin, as the context may require.

Initial Term Rate Loan Margin has the meaning given to that term in paragraph (b)(i) of the definition of **Margin**.

Interest Payment means the aggregate amount of interest that:

- (a) is, or is scheduled to become, payable under any Finance Document; and
- (b) relates to a Loan.

Interest Payment Date means the date on which an interest payment is due and payable by the Borrower under clause 8.3 (*Payment of interest*).

Interest Period means, in relation to a Loan, each period determined in accordance with clause 9 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with clause 8.4 (*Default interest*).

Interpolated Screen Rate means, in relation to any Term Rate Loan, the rate (rounded upwards to four decimal places) which results from interpolating on a linear basis between:

- (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Term Rate Loan; and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Term Rate Loan,

each as of the Specified Time for Hong Kong dollars.

KPI 1 has the meaning given to that term in Schedule 8 (*Sustainability Performance Targets*).

KPI 2 has the meaning given to that term in Schedule 8 (*Sustainability Performance Targets*).

KPIs means, collectively, KPI 1 and KPI 2 and **KPI** means any or a specific one of them, as the context may require.

Lender means an Original Lender or an Incremental Facility Lender.

[Table of Contents](#)

Listing Event has the meaning given to it in clause 7.3(b) (*Listing Event*).

LMA means The Loan Market Association.

Loan means an Original Facility A Loan, an Original Facility B Loan or an Incremental Loan and **Loans** means two or more of them, as the context may require.

Lookback Period means the number of days specified as such in the Compounded Rate Terms.

LSTA means the Loan Syndications and Trading Association.

Majority Lenders means at any time, a Lender or Lenders:

- (a) whose participation in the outstanding Loans and whose Available Commitments then aggregate $66\frac{2}{3}$ per cent. or more of the aggregate of all the outstanding Loans and the Available Commitments of all the Lenders;
- (b) if there is no Loan then outstanding, whose Commitments then aggregate $66\frac{2}{3}$ per cent. or more of the Total Commitments; or
- (c) if there is no Loan then outstanding and the Total Commitments have been reduced to zero, whose Commitments aggregated $66\frac{2}{3}$ per cent. or more of the Total Commitments immediately before the reduction,

provided that where (as specified in this Agreement or if the Agent so determines (acting reasonably)) any matter affects only one Facility, the references in this definition of Majority Lenders shall be construed as referring only to those Lenders with participations in the relevant Facility.

Margin means:

- (a) in respect of a Compounded Rate Loan:
 - (i) 1.40 per cent. per annum (the **Initial Compounded Rate Loan Margin**); or
 - (ii) following classification of the Facilities as Sustainability-linked Facilities under clause 20.1 (*Classification and publicity*) and so long as the Facilities have not been declassified as such under clause 20.5 (*Declassification*) on or before the commencement of the applicable Margin Reduction Period and (subject to the provisos below) depending upon the number of Sustainability Performance Targets achieved in respect of the Relevant Sustainability Performance Period as determined pursuant to clause 20.2(b) (*Sustainability Performance Certificate*), the applicable Adjusted Margin as set out below opposite that number:

No. of Sustainability Performance Targets achieved for the Relevant Sustainability Performance Period	Adjusted Margin (percentage rate per annum)
0	Initial Compounded Rate Loan Margin
1	Initial Compounded Rate Loan Margin minus 0.01%
2	Initial Compounded Rate Loan Margin minus 0.02%

- (b) in respect of a Term Rate Loan:
 - (i) 1.15 per cent. per annum (the **Initial Term Rate Loan Margin**); or

- (ii) following classification of the Facilities as Sustainability-linked Facilities under clause 20.1 (*Classification and publicity*) and so long as the Facilities have not been declassified as such under clause 20.5 (*Declassification*) on or before the commencement of the applicable Margin Reduction Period and (subject to the provisos below) depending upon the number of Sustainability Performance Targets achieved in respect of the Relevant Sustainability Performance Period as determined pursuant to clause 20.2(b) (*Sustainability Performance Certificate*), the applicable Adjusted Margin as set out below opposite that number:

No. of Sustainability Performance Targets achieved for the Relevant Sustainability Performance Period	Adjusted Margin (percentage rate per annum)
0	Initial Term Rate Loan Margin
1	Initial Term Rate Loan Margin minus 0.01%
2	Initial Term Rate Loan Margin minus 0.02%

- (c) Paragraphs (a) and (b) above are subject to the following provisos:

- (i) subject to paragraph (ii) below, any applicable Adjusted Margin for any Interest Period of a Loan commencing within the relevant Margin Reduction Period shall only take effect following:
- (A) the receipt by the Agent of the relevant Sustainability Performance Certificate in accordance with clause 20.2(a) (*Sustainability Performance Certificate*); and
- (B) the determination by the Agent (acting on the instruction of the Majority Lenders) of the number of Sustainability Performance Targets achieved in the Relevant Sustainability Performance Period based on the Sustainability Performance Certificate delivered under clause 20.2(a) (*Sustainability Performance Certificate*) pursuant to clause 20.2(b) (*Sustainability Performance Certificate*)

and for the avoidance of doubt shall apply to the entire Interest Period of a Loan notwithstanding that the last day of such Interest Period ends on a date falling after the last day of the relevant Margin Reduction Period;

- (ii) if a Sustainability Performance Certificate Inaccuracy Event occurs, any applicable Adjusted Margin for any Interest Period of a Loan commencing within the relevant Margin Reduction Period and after the date of the Agent's determination (acting on the instruction of the Majority Lenders (acting reasonably)) of the number of Sustainability Performance Targets achieved based on the reissued Sustainability Performance Certificate delivered under clause 20.2(d) (*Sustainability Performance Certificate*) pursuant to clause 20.2(b) (*Sustainability Performance Certificate*) (**the New Decision**) shall be determined with reference to the New Decision, provided that the Adjusted Margin of any Interest Period of a Loan commencing before the date of the New Decision shall not be affected in any way by the New Decision notwithstanding that the last day of such Interest Period ends on a date falling after the date of the New Decision;
- (iii) if the Borrower fails to procure the delivery of a Sustainability Performance Certificate in accordance with clause 20.2 (*Sustainability Performance Certificate*), then the applicable Margin for any Interest Period of a Loan commencing within the relevant Margin Reduction Period which commences after the date on which the Borrower should have so delivered such Sustainability Performance Certificate shall be the relevant Initial Margin; and

[Table of Contents](#)

- (iv) the applicable Margin shall be the relevant Initial Margin for each day following (x) the Declassification Date or (y) the occurrence of an Event of Default for so long as the same is continuing. For the purpose of this paragraph (c)(iv), the Agent will rely on instructions from the Majority Lenders as to (A) the date from which the Initial Margin applies (**provided** that such date shall not precede the first day of the then current Interest Period), (B) the date from which the Initial Margin ceases to apply and (C) (in case of (B) only) the applicable Margin upon such cessation.

Margin Reduction Date means:

- (a) if the Agent receives a Sustainability Performance Certificate from the Borrower on or before the date falling five Business Days prior to the end of an Interest Period, the first date of the next Interest Period; or
- (b) if the Agent receives a Sustainability Performance Certificate from the Borrower within four Business Days prior to the end of an Interest Period, the first date of the Interest Period after the next Interest Period,

and in each case, **provided that** the Agent has not received objection from the Majority Lenders on such Sustainability Performance Certificate within five Business Days from the date of receipt of such Sustainability Performance Certificate by the Agent.

Margin Reduction Period means each period of twelve months commencing on a Margin Reduction Date.

Material Adverse Effect means a material adverse effect on:

- (a) the business, operations, property or financial condition of the Group taken as a whole;
- (b) the ability of the Borrower to perform its obligations under the Finance Documents; or
- (c) the validity or enforceability of, or the rights or remedies of any Finance Party under, the Finance Documents.

Month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that in relation to any Interest Period for any Loan (or any other period for the accrual of commission or fees) for which there are rules specified as “Business Day Conventions” in the Compounded Rate Terms, those rules shall apply.

The above rules will only apply to the last Month of any period.

NDRC means National Development and Reform Commission of the PRC (国家发展和改革委员会) or its competent local branch or any other authority succeeding to its functions.

NDRC Circular 2044 means the Circular on Promoting the Reform of the Filing and Registration Regime for Issuance of Foreign Debt by Corporate Entities (Fa Gai Wai Zi [2015] No 2044) (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》(發改外資[2015] 2044號)) issued by NDRC on 14 September 2015 and its implementation rules and interpretations, as amended, supplemented and/or replaced by applicable PRC laws and regulations relating to foreign debt promulgated by NDRC and other Governmental Agencies in the PRC from time to time.

New Decision has the meaning given to that term in paragraph (c)(ii) of the definition of Margin.

New Lender has the meaning given to that term in clause 23 (*Changes to the Lenders*).

[Table of Contents](#)

Original Commitment means an Original Facility A Commitment or an Original Facility B Commitment.

Original Financial Statements means the audited consolidated financial statements of the Borrower for the financial year ended 31 December 2021.

Original Facilities means, collectively, the Original Facility A and the Original Facility B and an **Original Facility** means any or a specific one of them, as the context may require.

Original Facility A means the US dollar term loan facility made available under this Agreement as described in clause 2.1(a) (*The Original Facilities*).

Original Facility A Commitment means:

- (a) in relation to an Original Facility A Lender as at the date of this Agreement, the amount set out opposite its name under the heading "Original Facility A Commitment (US\$)" in Schedule 1 (*Original Lenders*) and the amount of any other Original Facility A Commitment it acquires under this Agreement; and
- (b) in relation to any other Lender, the amount of any Original Facility A Commitment it acquires under this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement.

Original Facility A Lender means:

- (a) an Original Lender which holds any Original Facility A Commitment as at the date of this Agreement; or
- (b) any person which becomes a Lender under the Original Facility A in accordance with clause 23 (*Changes to the Lenders*), which in each case has not ceased to be a Party as such in accordance with the terms of this Agreement.

Original Facility A Loan means a loan made or to be made under the Original Facility A or the principal amount outstanding for the time being of that loan.

Original Facility A Total Commitments means, at any time, the aggregate of the Original Facility A Commitments (being US\$1,488,000,000 at the date of this Agreement).

Original Facility B means the Hong Kong dollar term loan facility made available under this Agreement as described in clause 2.1 (*The Original Facilities*).

Original Facility B Commitment means:

- (a) in relation to an Original Facility B Lender as at the date of this Agreement, the amount set out opposite its name under the heading "Original Facility B Commitment (HK\$)" in Schedule 1 (*Original Lenders*) and the amount of any other Original Facility B Commitment it acquires under this Agreement; and
- (b) in relation to any other Lender, the amount of any Original Facility B Commitment it acquires under this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement.

Original Facility B Lender means:

- (a) an Original Lender which holds any Original Facility B Commitment as at the date of this Agreement; or
- (b) any person which becomes a Lender under the Original Facility B in accordance with clause 23 (*Changes to the Lenders*), which in each case has not ceased to be a Party as such in accordance with the terms of this Agreement.

[Table of Contents](#)

Original Facility B Loan means a loan made or to be made under the Original Facility B or the principal amount outstanding for the time being of that loan.

Original Facility B Total Commitments means, at any time, the aggregate of the Original Facility B Commitments (being HK\$80,000,000 at the date of this Agreement).

Original Lender means:

- (a) an Original Lender which holds any Original Facility Commitment as at the date of this Agreement; or
- (b) any person which becomes a Lender under the Original Facility in accordance with clause 23 (*Changes to the Lenders*), which in each case has not ceased to be a Party as such in accordance with the terms of this Agreement.

Original Loan means an Original Facility A Loan or an Original Facility B Loan.

Party means a party to this Agreement.

PRC means the People's Republic of China, but excluding Hong Kong, the Macau Special Administrative Region and Taiwan.

PRC Working Day means a day (other than a Saturday, Sunday or a public holiday) on which banks are open for general business in the PRC.

Pro Rata Share means, at any time:

- (a) for the purpose of determining a Lender's participation in a Utilisation, the proportion which its Available Commitment then bears to the Available Facility of a Facility; and
- (b) for any other purpose:
 - (i) the proportion which a Lender's participation in the Loans then bears to all the Loans;
 - (ii) if there is no Loan then outstanding, the proportion which its Commitment then bears to the Total Commitments;
 - (iii) if there is no Loan then outstanding and the Total Commitments have been reduced to zero, the proportion which its Commitment bore to the Total Commitments immediately before the reduction; and
 - (iv) when the term is used in relation to a Facility, the above proportions, but applied only to the Utilisations and Commitments in respect of that Facility.

Published Rate means:

- (a) an RFR; or
- (b) the Screen Rate for any Quoted Tenor.

Published Rate Replacement Event means, in relation to a Published Rate:

- (a) the methodology, formula or other means of determining that Published Rate has, in the opinion of the Majority Lenders and the Borrower, materially changed;
- (b) (i) (A) the administrator of that Published Rate or its supervisor publicly announces that such administrator is insolvent; or

- (B) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Published Rate is insolvent,
provided that, in each case, at that time, there is no successor administrator to continue to provide that Published Rate;
- (ii) the administrator of that Published Rate publicly announces that it has ceased or will cease, to provide that Published Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Published Rate;
- (iii) the supervisor of the administrator of that Published Rate publicly announces that such Published Rate has been or will be permanently or indefinitely discontinued;
- (iv) the administrator of that Published Rate or its supervisor announces that that Published Rate may no longer be used;
- (v) in the case of the Screen Rate for any Quoted Tenor for Hong Kong dollars, the supervisor of the administrator of that Screen Rate makes a public announcement or publishes information:
 - (A) stating that that Screen Rate for that Quoted Tenor is no longer, or as of a specified future date will no longer be, representative of the underlying market or the economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); and
 - (B) with awareness that any such announcement or publication will engage certain triggers for fallback provisions in contracts which may be activated by any such pre-cessation announcement or publication; or
- (c) the administrator of that Published Rate (or the administrator of an interest rate which is a constituent element of that Published Rate) determines that that Published Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:
 - (i) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Majority Lenders and the Borrower) temporary; or
 - (ii) that Published Rate is calculated in accordance with any such policy or arrangement for a period no less than one month; or
- (d) in the opinion of the Majority Lenders and the Borrower, that Published Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

Quotation Day means, in respect of an Interest Period of a Term Rate Loan or an Unpaid Sum under a Term Rate Loan:

- (a) in relation to any period for which an interest rate is to be determined the first day of that period, unless market practice differs in the Relevant Market in which case the Quotation Day will be determined by the Agent in accordance with market practice in the Relevant Market (and if quotations would normally be given on more than one day, the Quotation Day will be the last of those days); and
- (b) in relation to any Interest Period the duration of which is selected by the Agent pursuant to clause 8.4 (*Default interest*), such date as may be determined by the Agent (acting reasonably).

Quoted Tenor means, in relation to the Screen Rate for a Term Rate Loan, any period other than 1 week or 2 months for which that Screen Rate is customarily displayed on the relevant page or screen of an information service.

[Table of Contents](#)

Related Fund, in relation to a fund (the **first fund**), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

Relevant Market means:

- (a) in relation to any Compounded Rate Loan, the market specified as such in the Compounded Rate Terms; or
- (b) in relation to any Term Rate Loan, the Hong Kong interbank market.

Relevant Nominating Body means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

Relevant Sustainability Performance Period means, with respect to any Margin Reduction Period, the Sustainability Performance Period which ends most recently prior to the commencement of such Margin Reduction Period.

Repeating Representations means each of the representations set out in clause 17 (*Representations*) (other than clause 17.7 (*Deduction of Tax*), clause 17.8 (*No filing or stamp taxes*), clause 17.11(c) (*Financial statements*), clause 17.19 (*Group Structure Chart*) and clause 17.20 (*Existing Facilities*)).

Replacement Benchmark means a benchmark rate which is:

- (a) formally designated, nominated or recommended as the replacement for the Published Rate by:
 - (i) the administrator of that Published Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by that Published Rate); or
 - (ii) any Relevant Nominating Body,and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Benchmark" will be the replacement under paragraph (ii) above;
- (b) in the opinion of the Majority Lenders and the Borrower, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Published Rate; or
- (c) in the opinion of the Majority Lenders and the Borrower, an appropriate successor to a Published Rate.

Reporting Day means the day specified as such in the Compounded Rate Terms.

Reporting Time means the relevant time (if any) specified as such in the Compounded Rate Terms.

Representative means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

Resolution Authority means any body which has the authority to exercise any Write-down and Conversion Powers.

Restricted Party means a person that is:

- (a) listed on, or owned or Controlled by a person listed on, or acting on behalf of a person listed on, any Sanctions List;
- (b) located in, incorporated under the laws of, or owned or (directly or indirectly) Controlled by, or acting on behalf of, a person located in or organised under the laws of a country or territory that is the target of country-wide or territory-wide Sanctions; or

[Table of Contents](#)

- (c) otherwise a target of Sanctions (“**target of Sanctions**” signifying a person with whom a US person or other national of a Sanctions Authority would be prohibited or restricted by law from engaging in trade, business or other activities).

RFR means the rate specified as such in the Compounded Rate Terms.

RFR Banking Day means any day specified as such in the Compounded Rate Terms.

RMB means the lawful currency of PRC from time to time.

Sanctions means the economic sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by the Sanctions Authorities.

Sanctions Authorities means:

- (a) the United States government;
- (b) the United Nations;
- (c) the European Union;
- (d) the United Kingdom;
- (e) Hong Kong;
- (f) PRC;
- (g) the Commonwealth of Australia; and
- (h) the respective Governmental Agencies of any of the foregoing, including without limitation, the US Department of the Treasury’s Office of Foreign Assets Control (**OFAC**), the US Department of State, the United Nations Security Council, His Majesty’s Treasury (**HMT**), the Department of Foreign Affairs and Trade of Australia, the US Department of Commerce Bureau of Industry Security and the Hong Kong Monetary Authority.

Sanctions List means the “Specially Designated Nationals and Blocked Persons” list maintained by OFAC, the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by HMT, or any similar list maintained by, or public announcement of Sanctions designation made by, any of the Sanctions Authorities.

Screen Rate means the Hong Kong interbank offered rate administered by the Treasury Markets Association (or any other person which takes over the administration of that rate) for Hong Kong dollars for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page HKABHIBOR of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Borrower.

Second Party Opinion means an opinion, document or report issued by the SPO Provider confirming, inter alia, the conformity of this Agreement to the Sustainability-linked Loan Principles, in form and substance satisfactory to the Agent (acting on the instructions of the Majority Lenders) and the Sustainability-linked Loan Coordinators.

Security means a mortgage charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Selection Notice means a notice substantially in the form set out in Part 2 of Schedule 3 (*Requests*) given in accordance with clause 9 (*Interest Periods*).

Significant Subsidiary shall have the meaning ascribed thereto under Rule 1-02(w) of Regulation S-X (17 CFR § 210-02(w)) of the United States Securities Act of 1933, provided that for the purposes of clause 22.6 (*Insolvency*) and clause 22.7 (*Insolvency proceedings*), all references to “10 percent” in such definition shall be replaced by “5 percent”.

SPC Verification Provider means any consultant and/or institution with recognised expertise in environmental and social sustainability or other aspects of the administration of a sustainability-linked loan facility for the purpose of issuing the Sustainability Performance Certificates or an opinion, document or report certifying achievement of the Sustainability Performance Targets, (in each case) appointed at the cost of the Borrower pursuant to clause 20.3 (*External Verification Provider*).

Specified Time means a day or time determined in accordance with Schedule 7 (*Timetables*).

SPO Provider means any consultant and/or institution with recognised expertise in environmental and social sustainability or other aspects of the administration of a sustainability-linked loan facility for the purpose of issuing the Second Party Opinion, (in each case) appointed at the cost of the Borrower pursuant to clause 20.3 (*External Verification Provider*).

Subsidiary means with respect to any person, each other person in which the first person:

- (a) owns or Controls, directly or indirectly, share capital or other equity interests representing more than 50 per cent. of the outstanding voting stock or other equity interests;
- (b) holds the rights to more than 50 per cent. of the economic interest of such other person, including any interest held through any VIE or other contractual arrangements; or
- (c) has a relationship such that the financial statements of the other person are consolidated into the financial statements of the first person under applicable accounting conventions.

Sustainability-linked Facilities means the Facilities as so classified pursuant to clause 20.1 (*Classification and publicity*) until so declassified pursuant to clause 20.5 (*Declassification*) and **Sustainability-linked Facility** means any or a specific one of them, as the context may require.

Sustainability-linked Loan Principles means the edition of the document with that title issued by the APLMA, the LMA and the LSTA in March 2022, as updated from time to time.

Sustainability-linked Loans means the Loans as so classified pursuant to clause 20.1 (*Classification and publicity*) until so declassified pursuant to clause 20.5 (*Declassification*) and **Sustainability-linked Loan** means any or a specific one of them, as the context may require.

Sustainability Performance Certificate means a certificate either:

- (a) signed by one authorised signatory of the Borrower with an opinion, document or report of the SPC Verification Provider appended to that certificate certifying the achievement of the Sustainability Performance Targets for the Relevant Sustainability Performance Period; or
- (b) signed by the SPC Verification Provider certifying the achievement of the Sustainability Performance Targets for the Relevant Sustainability Performance Period and (in each case) delivered by the Borrower in accordance with clause 20.2 (*Sustainability Performance Certificate*) substantially in the form set out in Schedule 9 (*Form of Sustainability Performance Certificate*).

Sustainability Performance Certificate Inaccuracy Event means either the Borrower or the SPC Verification Provider notifying the Agent that a previously issued Sustainability Performance Certificate was inaccurate in any material respect (specifying the inaccuracy in question) or, as the case may be, the Agent (acting on the instructions of the Majority Lenders) notifying the Borrower of a manifest error in a previously issued Sustainability Performance Certificate.

Sustainability Performance Period means each financial year of the Borrower, commencing on 1 January of each calendar year and ending on and including 31 December of that calendar year, with the first Sustainability Performance Period ending on 31 December 2022.

Sustainability Performance Target means any or a specific one of the annual performance targets for each KPI and Relevant Sustainability Performance Period for the Borrower as set out in Schedule 8 (*Sustainability Performance Targets*), as the context may require.

Sustainability Review Event means the occurrence of any of the following:

- (a) the Borrower or the Agent (acting on the instructions of the Majority Lenders (acting reasonably)) determines that any Sustainability Performance Target is no longer an appropriate sustainability performance target. In making such a determination, each of the Borrower and the Lenders must act reasonably, have regard to the Group's business lines and the then current market standards and best industry practice for sustainability objectives and provide evidence that the relevant Sustainability Performance Target is considered no longer relevant for the purpose of defining and steering the sustainability strategy of the Group;
- (b) the Borrower determines that one or more of the Sustainability Performance Targets can no longer be measured or reported. In making such a determination, the Borrower must act reasonably, have regard to the Group's business lines and the then current market standards and best industry practice for sustainability objectives and provide evidence that the relevant Sustainability Performance Target(s) can no longer be measured or reported; or
- (c) the Borrower determines that the methodology for calculating, assuring or reporting of the performance of any Sustainability Performance Target materially changes or the ability to report any Sustainability Performance Target is impaired by external causes. In forming such determination, the Borrower must act reasonably and provide evidence that the methodology or ability to report against the relevant Sustainability Performance Target has been altered, or that the ability to report the relevant Sustainability Performance Target has been so impaired.

Sustainability Review Event Consultation Period has the meaning given to such term in clause 20.4(b) (*Sustainability Review Event Consultation*).

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

Term Rate Loan means any Original Facility B Loan or Incremental Loan which is denominated in Hong Kong dollars or, if applicable, Unpaid Sum denominated in Hong Kong dollars.

Third Parties Ordinance means the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong).

Total Commitments means at any time the aggregate of the Total Original Facility Commitments and the Total Incremental Facility Commitments.

Total Incremental Facility Commitments means the aggregate of the Incremental Facility Commitments.

Total Original Facility Commitments means the aggregate of the Original Facility A Total Commitments and the Original Facility B Total Commitments.

Transfer Certificate means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Borrower.

Transfer Date means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate.

Unpaid Sum means any sum due and payable but unpaid by the Borrower under the Finance Documents.

UK Bail-In Legislation means Part I of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

US means the United States of America.

US Tax Obligor means:

- (a) the Borrower, if it is resident for tax purposes in the US; or
- (b) the Borrower some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

Utilisation means a utilisation of a Facility.

Utilisation Date means the date of a Utilisation, being the date on which the relevant Loan is to be made.

Utilisation Request means a notice substantially in the form set out in Part 1 of Schedule 3 (*Requests*).

VIE means any arrangement where any person that is established in the PRC and in respect of which the Borrower does not, directly or indirectly, hold or own a majority of its issued shares or equity interests (and/or any or all of the shareholder(s) of such person) enters into contractual arrangements with any member of the Group which enable such member of the Group to exercise effective control over such person or consolidate the financial condition or results of operation of such person in accordance with GAAP for the purposes of the consolidated financial statements of the Group.

Write-down and Conversion Powers means:

- (a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule; and
- (b) in relation to the UK Bail-In Legislation, any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that UK Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Construction

- (a) Unless a contrary indication appears, any reference in this Agreement to:
 - (i) any **Administrative Party**, the **Agent**, any **Sustainability-linked Loan Coordinator**, any **Mandated Lead Arranger and Bookrunner**, any **Finance Party**, any **Lender** or any **Party** shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;
 - (ii) **assets** includes present and future properties, revenues and rights of every description;
 - (iii) a **Finance Document** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;

Table of Contents

- (iv) **including** shall be construed as “including without limitation” (and cognate expressions shall be construed similarly);
 - (v) a **group of Lenders** includes all the Lenders;
 - (vi) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (vii) a Lender’s **participation** in a Loan or Unpaid Sum includes an amount (in the currency of such Loan or Unpaid Sum) representing the fraction or portion (attributable to such Lender by virtue of the provisions of this Agreement) of the total amount of such Loan or Unpaid Sum and the Lender’s rights under this Agreement in respect thereof;
 - (viii) a **person** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);
 - (ix) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation, including, where applicable, those issued, promulgated or published by NDRC;
 - (x) a provision of law is a reference to that provision as amended or re-enacted;
 - (xi) a time of day is a reference to Hong Kong time; and
 - (xii) **technical reason** in the context of suspension of trading means any reason that is not related to or in connection with any deficiency or delinquency of the Borrower, including any suspension of trading that is pending, or is otherwise a prelude to, any voluntary withdrawal of listing from any relevant Exchange.
- (b) Section, clause and Schedule headings are for ease of reference only.
- (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- (d) A Default (other than an Event of Default) is **continuing** if it has not been remedied or waived and an Event of Default is **continuing** if it has not been waived.
- (e) Where this Agreement specifies an amount in a given currency (the **specified currency**) or **its equivalent**, the **equivalent** is a reference to the amount of any other currency which, when converted into the specified currency utilising the Agent’s spot rate of exchange (or, if the Agent does not have an available spot rate of exchange, any publicly available spot rate of exchange selected by the Agent (acting reasonably)) for the purchase of the specified currency with that other currency at or about 11am on the relevant date, is equal to the relevant amount in the specified currency.
- (f) A reference in this Agreement to a page or screen of an information service displaying a rate shall include:
- (i) any replacement page of that information service which displays that rate; and
 - (ii) the appropriate page of such other information service which displays that rate from time to time in place of that information service,
- and, if such page or service ceases to be available, shall include any other page or service displaying that rate specified by the Agent after consultation with the Borrower.
- (g) A reference in this Agreement to a Central Bank Rate shall include any successor rate to, or replacement rate for, that rate.

Table of Contents

- (h) a Lender's "cost of funds" in relation to its participation in a Loan is a reference to the average cost (determined either on an actual or a notional basis) which that Lender would incur if it were to fund, from whatever source(s) it may reasonably select, an amount equal to the amount of that participation in that Loan for a period equal in length to the Interest Period of that Loan and to the Agent's "cost of funds" is a reference to the average cost (determined either on an actual or notional basis) which the Agent would incur if it were to fund, from whatever source(s) it may reasonably select, an amount equal to the amount referred to in paragraph (b) of Clause 27.4 (*Clawback and pre-funding*).
- (i) Any Compounded Rate Supplement overrides anything in:
 - (i) Schedule 12 (*Compounded Rate Terms*); or
 - (ii) any earlier Compounded Rate Supplement,provided that a Compounded Rate Supplement may not effect any reduction in the Margin.
- (j) A Compounding Methodology Supplement relating to the Daily Non-Cumulative Compounded RFR Rate or the Cumulative Compounded RFR Rate overrides anything relating to that rate in:
 - (i) Schedule 13 (*Daily Non-Cumulative Compounded RFR Rate*) or Schedule 14 (*Cumulative Compounded RFR Rate*), as the case may be; or
 - (ii) any earlier Compounding Methodology Supplement.

1.3 Currency symbols and definitions

- (a) **US dollars, US\$ and USD** denote the lawful currency of the US.
- (b) **HK\$ and Hong Kong dollars** denote the lawful currency of Hong Kong.

1.4 Third party rights

- (a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Third Parties Ordinance to enforce or to enjoy the benefit of any term of this Agreement.
- (b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

1.5 Contractual recognition of bail-in

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of any Party to any other Party under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

- (a) any Bail-In Action in relation to any such liability, including (without limitation):
 - (i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;
 - (ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and
 - (iii) a cancellation of any such liability; and
- (b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

2 The Facilities

2.1 The Original Facilities

Subject to the terms of this Agreement:

- (a) the Original Facility A Lenders make available to the Borrower a US dollar term loan facility in an aggregate amount equal to the Original Facility A Total Commitments; and
- (b) the Original Facility B Lenders make available to the Borrower a Hong Kong dollar term loan facility in an aggregate amount equal to the Original Facility B Total Commitments.

2.2 Incremental Facility

- (a) Subject to the terms of this Agreement, one Incremental Facility (which may be denominated in US dollars or Hong Kong dollars) may be established and made available to the Borrower.
- (b) The Borrower and each Initial Incremental Facility Lender may request the establishment of the Incremental Facility by the Borrower delivering to the Agent a duly completed Incremental Facility Notice not later than ten Business Days prior to the proposed Incremental Facility Establishment Date specified in the Incremental Facility Notice (or by such later date as the Agent may agree).
- (c) Only one Incremental Facility Notice may be delivered by the Borrower.
- (d) The Borrower may not deliver the Incremental Facility Notice in respect of the Incremental Facility unless the Agent has received evidence that the filing and registration requirement of the Incremental Facility with the NDRC in accordance with NDRC Circular 2044 and any implementation rule or regulation in connection with the NDRC Circular 2044 has been duly completed. The Agent shall notify the Borrower and the Lenders as soon as reasonably practicable upon receiving such documents and other evidence.
- (e) Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification in paragraph (d) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.
- (f) The Incremental Facility Establishment Date must occur on or prior to the date which falls five Months after the date of this Agreement.
- (g) The Incremental Facility Notice is irrevocable and will not be regarded as having been duly completed if the aggregate of (i) the Incremental Facility Commitments or (if the Incremental Facility is to be established in Hong Kong dollars) the Base Currency Amount of the Incremental Facility Commitments to be established under that Incremental Facility Notice and (ii) the Total Commitments as at the date of such Incremental Facility Notice would exceed US\$1,500,000,000.
- (h) Only one Incremental Facility may be requested in the Incremental Facility Notice.
- (i) The establishment of the Incremental Facility will only be effected in accordance with paragraphs (j), (k) and (l) below if, on the date of the Incremental Facility Notice and on the Incremental Facility Establishment Date:
 - (i) no Default is continuing or would result from the establishment of the proposed Incremental Facility; and
 - (ii) the Repeating Representations are correct in all material respects (in the case of any representation or warranty which is not already qualified by materiality or Material Adverse Effect).
- (j) If the conditions set out in this Agreement have been met, the establishment of the Incremental Facility will be effected in accordance with paragraph (l) below when the Agent executes an otherwise duly completed Incremental Facility Notice. The Agent shall, subject to paragraph (k) below, as soon as reasonably practicable after receipt by it of a duly completed Incremental Facility Notice appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute the Incremental Facility Notice.

Table of Contents

- (k) The Agent shall only be obliged to execute the Incremental Facility Notice delivered to it by the Borrower once it is satisfied it has complied with all necessary “know your customer” checks or other similar checks required under any applicable law or regulation in connection with the establishment of the Incremental Facility.
- (l) On the Incremental Facility Establishment Date:
 - (i) subject to the terms of this Agreement the Initial Incremental Facility Lenders make available to the Borrower a term loan facility in an aggregate amount equal to the Total Incremental Facility Commitments specified in the Incremental Facility Notice;
 - (ii) each Initial Incremental Facility Lender shall assume all the obligations of a Lender corresponding to the relevant Incremental Facility Commitment (the **Assumed Incremental Facility Commitment**) specified opposite its name in the Incremental Facility Notice as if it was an Original Lender with respect to that Incremental Facility Commitment;
 - (iii) the Borrower and each Initial Incremental Facility Lender shall assume obligations towards one another and/or acquire rights against one another as the Borrower and that Initial Incremental Facility Lender would have assumed and/or acquired had that Initial Incremental Facility Lender been an Original Lender with respect to the Assumed Incremental Facility Commitment;
 - (iv) each Initial Incremental Facility Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Initial Incremental Facility Lender and those Finance Parties would have assumed and/or acquired had the Initial Incremental Facility Lender been an Original Lender with respect to the Assumed Incremental Facility Commitment; and
 - (v) each Initial Incremental Facility Lender shall become a Party as a **Lender**.
- (m) The Agent shall, as soon as reasonably practicable after the establishment of the Incremental Facility, notify the Borrower and the Lenders of that establishment and the Incremental Facility Establishment Date of the Incremental Facility.
- (n) Each Initial Incremental Facility Lender, by executing the Incremental Facility Notice, confirms for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the establishment of the Incremental Facility requested in that Incremental Facility Notice became effective.
- (o) clause 23.4 (*Limitation of responsibility of Existing Lenders*) shall apply *mutatis mutandis* in this clause 2.2 in relation to any Initial Incremental Facility Lender as if references in clause 23.4 to:
 - (i) an **Existing Lender** were references to all the Lenders immediately prior to the Incremental Facility Establishment Date;
 - (ii) the **New Lender** were references to an Initial Incremental Facility Lender; and
 - (iii) a **re-transfer** and **re-assignment** were references respectively to a transfer and assignment.

2.3 Finance Parties’ rights and obligations

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

Table of Contents

- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from the Borrower is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights in accordance with paragraph (c) below. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and, for the avoidance of doubt, any part of a Loan or any other amount owed by the Borrower which relates to a Finance Party's participation in a Facility or its role under a Finance Document (including any such amount payable to the Agent on its behalf) is a debt owing to that Finance Party by the Borrower.
- (c) A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

3 Purpose

3.1 Purpose

The Borrower shall apply all amounts borrowed by it under the Facilities towards:

- (a) firstly, the refinancing of the Existing Facilities; and
- (b) then, the general corporate purposes of the Group (including, but not limited to, funding the working capital needs of the Group and the financing payment of any associated fees and expenses in relation to the Facilities).

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4 Conditions of Utilisation

4.1 Initial conditions precedent

- (a) The Borrower may not deliver a Utilisation Request in respect of any Facility unless the Agent has received all of the documents listed in and appearing to comply with the requirements of Schedule 2 (*Conditions Precedent*). The Agent shall notify the Borrower and the Lenders promptly upon receiving such documents and other evidence.
- (b) Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.
- (c) No Utilisation Request in respect of the Incremental Facility may be given unless the Agent is satisfied that all the requirements set out in the Incremental Facility Notice appears to have been complied with. The Agent must notify the Borrower and the Lenders promptly on being so satisfied.
- (d) Except to the extent that the Majority Lenders notify the Agent to the contrary before the Agent gives the notification described in paragraph (c) above, each Lender authorises (but does not require) the Agent to give that notification. The Agent will not be liable for any cost, loss or liability whatsoever any person incurs as a result of the Agent giving any such notification.

4.2 Further conditions precedent

Each Lender will only be obliged to comply with clause 5.4 (*Lenders' participation*) if on the date of the Utilisation Request and on the proposed Utilisation Date:

- (a) no Default is continuing or would result from the proposed Loan;

Table of Contents

- (b) the Repeating Representations to be made by the Borrower are true in all material respects (in the case of any representation or warranty which is not already qualified by materiality or Material Adverse Effect); and
- (c) there is (i) no Illegality Event in respect of such Lender, (ii) no Change of Control and (iii) no Listing Event.

4.3 Maximum number of Utilisation Requests

The Borrower may not deliver more than:

- (a) 10 Utilisation Requests in respect of the Original Facility; and
- (b) five Utilisation Requests in respect of the Incremental Facility.

5 Utilisation

5.1 Delivery of a Utilisation Request

The Borrower may borrow a Loan by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time.

5.2 Completion of a Utilisation Request

- (a) Subject to the provisions of clause 4.1 (*Initial conditions precedent*), a Utilisation Request for a Loan is irrevocable and will not be regarded as having been duly completed unless:
 - (i) it identifies the Facility under which the Loan is to be made;
 - (ii) in respect of the first Utilisation Request, such Utilisation must be for the purpose set out in clause 3.1(a) (*Purpose*);
 - (iii) the proposed Utilisation Date is a Business Day within the Availability Period;
 - (iv) the currency and amount of the Loan comply with clause 5.3 (*Currency and amount*); and
 - (v) the proposed first Interest Period complies with clause 9 (*Interest Periods*).
- (b) Only one Loan may be requested in each Utilisation Request.

5.3 Currency and amount

- (a) The currency specified in a Utilisation Request:
 - (i) a Compounded Rate Loan must be US dollars; and
 - (ii) a Term Rate Loan must be Hong Kong dollars.
- (b) The amount of the proposed Compounded Rate Loan must be a minimum of US\$50,000,000 and an integral multiple of US\$10,000,000 or, if less, the Available Facility.
- (c) The amount of the proposed Term Rate Loan must be a minimum of HK\$500,000,000 and an integral multiple of HK\$100,000,000 or, if less, the Available Facility.

5.4 Lenders' participation

- (a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office to the Agent.
- (b) The amount of each Lender's participation in each Loan will be its Pro Rata Share immediately prior to making the Loan.

Table of Contents

- (c) No Lender is obliged to participate in a Loan if, as a result:
 - (i) its participation in the Loans would exceed its Commitment; or
 - (ii) the Loans would exceed the Total Commitments.
- (d) Upon a Lender having made available its share in a Loan to the Agent for the Borrower through its Facility Office on a Utilisation Date under this clause, that Lender's Original Facility Commitment or Incremental Facility Commitment (as the case may be) will be reduced by an amount equal to the amount of the requested Loan that that Lender has made available pursuant to this clause.
- (e) The Agent shall notify each Lender of the details of each proposed Loan and the amount of its participation in that Loan by the Specified Time.

5.5 Cancellation of Available Facility

The Commitments which, at that time, are unutilised shall be immediately cancelled at 5pm on the last day of the Availability Period.

6 Repayment

6.1 Repayment of Loans

The Borrower must repay all outstanding Loans in full on the Final Repayment Date.

6.2 Reborrowing

The Borrower may not reborrow any part of a Facility which is repaid.

7 Prepayment and Cancellation

7.1 Illegality

If, at any time, it is or will become unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Loan or it is or will become unlawful for any Affiliate of a Lender for that Lender to do so (an **Illegality Event**):

- (a) that Lender shall promptly notify the Agent upon becoming aware of that event;
- (b) upon the Agent notifying the Borrower, that Lender will not be obliged to fund a Utilisation and the Available Commitment of that Lender will be immediately cancelled; and
- (c) to the extent that the Lender's participation has not been transferred pursuant to paragraph (d) of clause 7.7 (*Right of prepayment and cancellation in relation to a single Lender*), the Borrower shall repay that Lender's participation in the Loans on the last day of the Interest Period for each Loan occurring after the Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law) and that Lender's corresponding Commitment shall be cancelled in the amount of the participation repaid.

7.2 Change of control

If the Co-founders (in their capacity as directors), together with the persons identified as directors by any of the Co-founders in the list most recently delivered by the Borrower to the Agent pursuant to clause 4.1 (*Initial conditions precedent*) or clause 18.2 (*Compliance Certificate*) (as the case may be), cease to make up more than 50 per cent. of the board of directors of the Borrower (**Change of Control**):

- (a) Borrower shall promptly notify the Agent upon becoming aware of that event;
- (b) with immediate effect, no Lender shall be obliged to fund a Utilisation; and

- (c) if a Lender so requires and notifies the Agent within five Business Days of the Borrower notifying the Agent of the event, the Agent shall, by not less than ten Business Days' prior notice to the Borrower, cancel the Commitment of that Lender and declare the participation of that Lender in all outstanding Loans, together with accrued interest, and all other amounts accrued under the Finance Documents in relation to that Lender's participation(s) immediately due and payable, whereupon the Commitment of that Lender will be cancelled and all such outstanding Loans and amounts will become immediately due and payable.

7.3 Listing Event

- (a) If a Listing Event occurs:
 - (i) the Borrower shall promptly notify the Agent upon becoming aware of that event;
 - (ii) with immediate effect, no Lender shall be obliged to fund a Utilisation; and
 - (iii) if a Lender so requires and notifies the Agent within five Business Days of the Borrower notifying the Agent of the event, the Agent shall, by not less than ten Business Days' prior notice to the Borrower, cancel the Commitment of that Lender and declare the participation of that Lender in all outstanding Loans, together with accrued interest, and all other amounts accrued under the Finance Documents in relation to that Lender's participation(s) immediately due and payable, whereupon the Commitment of that Lender will be cancelled and all such outstanding Loans and amounts will become immediately due and payable.
- (b) For the purpose of clause 7.3(a), **Listing Event** means:
 - (i) the shares of the Borrower cease to be listed on all of The New York Stock Exchange (the **NYSE**), the HKEX, the NDAQ, The Shanghai Stock Exchange (the **SSE**), The Shenzhen Stock Exchange (the **SZSE**), The Tokyo Stock Exchange (the **TSE**) or The Singapore Exchange (the **SGX**, together with the NYSE, the HKEX, the NDAQ, the SSE, the SZSE and the TSE, the **Exchanges**); or
 - (ii) the trading of shares of the Borrower is suspended for more than 10 consecutive trading days in any of the relevant Exchange(s) on which trading is carried out on the relevant Exchange(s) generally other than as a result of purely technical reasons.

7.4 Banking (Exposure Limits) Rules

- (a) If, at any time, the Exposure Limits Event occurs:
 - (i) the Borrower shall promptly notify the Agent upon becoming aware of that event;
 - (ii) (A) upon the Agent notifying the Borrower that an Exposure Limits Event has occurred, or that Borrower has become aware of an Exposure Limits Event but has failed to notify the Agent, and (B) if as a result of such Exposure Limits Event, funding its participation in a Utilisation would result in the failure of the Relevant Lender (as defined in paragraph (b) below) to comply with the Exposure Limits Rules, such Relevant Lender will not be obliged to fund a Utilisation; and
 - (iii) if, as a result of the Exposure Limits Event, maintaining its participation in the outstanding Loans would result in the failure of the Relevant Lender to comply with the Exposure Limits Rules, such Relevant Lender may require its participation in all outstanding Loans to be prepaid by written notification to the Agent within five days of the Borrower notifying the Agent of the Exposure Limits Event, or the Agent notifying the Borrower under sub-paragraph (ii) above, whichever is earlier, in which case the Agent shall, by not less than ten Business Days' notice to the Borrower, cancel the Commitment of that Relevant Lender and declare the participation of that Relevant Lender in all outstanding Loans, together with accrued interest, and all other amounts accrued under the Finance Documents in relation to that Relevant Lender's participation(s) immediately due and payable, whereupon the Commitment of that Relevant Lender will be cancelled and all such outstanding Loans and amounts will become immediately due and payable.

[Table of Contents](#)

- (b) For the purpose of this clause 7.4:
- Exposure Limits Event** means, at any time, the Borrower is or becomes in any way related or connected to any Lender (such Lender, a **Relevant Lender**), its subsidiaries, related bodies corporate, associated entities and undertakings and any of their branches within the meaning of the Exposure Limits Rules; and
- Exposure Limits Rules** means Banking (Exposure Limits) Rules (Cap. 155S of the Laws of Hong Kong).
- (c) The Borrower may refer to Schedule 11 (*Banking (Exposure Limits) Rules*) for an explanation of when it may be considered related or connected to the Lenders or the HSBC Group for the purposes hereof.

7.5 Voluntary cancellation

- (a) The Borrower may, if it gives the Agent not less than 10 days' (or such shorter period as the Majority Lenders may agree) prior written notice, cancel the whole or any part of the Available Facility in respect of any Facility.
- (b) Any partial cancellation of Commitment of a Facility under this clause must be:
- (i) in the case of any Facility which is denominated in US dollars, in a minimum of US\$50,000,000 and an integral multiple of US\$10,000,000; or
- (ii) in the case of any Facility which is denominated in Hong Kong dollars, in a minimum of HK\$500,000,000 and an integral multiple of HK\$100,000,000.
- (c) The Borrower should cancel each Facility (to the extent each such Facility is not fully utilised or cancelled or prepaid) on a pro rata basis.
- (d) Any cancellation in part under this clause 7.5 shall reduce the Commitments of the Lenders under each Facility rateably.

7.6 Voluntary prepayment of Loans

- (a) The Borrower may, if it gives the Agent not less than:
- (i) in the case of a Term Rate Loan, 10 Business Days' (or such shorter period as the Majority Lenders may agree) prior written notice; or
- (ii) in the case of a Compounded Rate Loan, 10 RFR Banking Days' (or such shorter period as the Majority Lenders may agree provided that such shorter period shall not be less than five RFR Banking Days) prior written notice,
- prepay on the last day of an Interest Period applicable thereto the whole or any part of any Loan.
- (b) The prepayment of part of each Loan must be in a minimum amount of:
- (i) in the case of a Compounded Rate Loan, US\$50,000,000 and an integral multiple of US\$10,000,000; or
- (ii) in the case of a Term Rate Loan, HK\$500,000,000 and an integral multiple of HK\$100,000,000.
- (c) The Borrower should prepay each Facility (to the extent each such Facility is not fully utilised or cancelled or prepaid) on a pro rata basis.
- (d) Any prepayment of a Loan in respect of a Facility under this clause 7.6 shall be applied pro rata to each Lender's participation in that Loan of that Facility.

7.7 Right of prepayment and cancellation in relation to a single Lender

- (a) If:
- (i) any Lender claims indemnification from the Borrower under clause 13.1 (*Increased costs*) and the circumstance giving rise to the requirement for that indemnification continues; or
 - (ii) the Borrower receives a notification from an Original Facility B Lender in relation to a particular Interest Period under clause 10.3 (*Market Disruption – Term Rate Loan*),
- the Borrower may, give the Agent notice of cancellation of the Commitment of that Lender and its intention to procure the prepayment of that Lender’s participation in the Loans or give the Agent notice of its intention to replace that Lender in accordance with paragraph (d) below.
- (b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Borrower has given notice of cancellation under paragraph (a) above (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall prepay that Lender’s participation in that Loan.
- (d) If:
- (i) any of the circumstances set out in paragraph (a) above apply to a Lender; or
 - (ii) the Borrower becomes obliged to pay any amount in accordance with clause 7.1 (*Illegality*) to any Lender,
- the Borrower may, on 10 Business Days’ prior written notice to the Agent and that Lender, replace that Lender by requiring that Lender to (and, to the extent permitted by law, that Lender shall) transfer pursuant to clause 23 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under the Finance Documents to a Lender or other bank, financial institution, trust, fund or other entity selected by the Borrower which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with clause 23 (*Changes to the Lenders*) for a purchase price in cash payable at the time of the transfer in an amount equal to the outstanding principal amount of such Lender’s participation in the outstanding Loans and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents.
- (e) The replacement of a Lender pursuant to paragraph (d) above shall be subject to the following conditions:
- (i) the Borrower shall have no right to replace the Agent;
 - (ii) neither the Agent nor any Lender shall have any obligation to find a replacement Lender;
 - (iii) in no event shall the Lender replaced under paragraph (d) above be required to pay or surrender any of the fees received by such Lender pursuant to the Finance Documents; and
 - (iv) no Lender shall be obliged to execute a Transfer Certificate unless it is satisfied that it has completed all “know your customer” and other similar procedures that it is required (or deems desirable) to conduct in relation to the transfer to such replacement Lender.
- (f) A Lender shall perform the procedures described in paragraph (e)(iv) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (d) above and shall notify the Agent and the Borrower when it is satisfied that it has completed those checks.

7.8 Restrictions

- (a) Any notice of cancellation or prepayment given by any Party under this clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.
- (b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs in the case of any Term Rate Loan which prepayment is not made on the last day of an Interest Period for that Term Rate Loan, without premium or penalty.
- (c) The Borrower may not reborrow any part of a Facility which is prepaid.
- (d) The Borrower shall not repay or prepay all or any part of the Loans or cancel all or any part of the Commitment except at the times and in the manner expressly provided for in this Agreement.
- (e) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.
- (f) If the Agent receives a notice under this clause 7 it shall promptly forward a copy of that notice to either the Borrower or the affected Lender, as appropriate.
- (g) If all or part of any Lender's participation in a Loan is repaid or prepaid an amount of that Lender's Commitment (equal to the amount of the participation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.

7.9 Application of prepayments

Any prepayment of a Loan pursuant to clause 7.6 (*Voluntary prepayment of Loans*) shall be applied pro rata to each Lender's participation in that Loan.

8 Interest

8.1 Calculation of interest – Compounded Rate Loans

- (a) The rate of interest on each Compounded Rate Loan for any day during an Interest Period is the percentage rate per annum which is the aggregate of the applicable:
 - (i) Margin; and
 - (ii) Compounded Reference Rate for that day.
- (b) If any day during an Interest Period for a Compounded Rate Loan is not an RFR Banking Day, the rate of interest on that Compounded Rate Loan for that day will be the rate applicable to the immediately preceding RFR Banking Day.

8.2 Calculation of interest – Term Rate Loans

The rate of interest on each Term Rate Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- (a) Margin; and
- (b) HIBOR.

8.3 Payment of interest

The Borrower shall pay accrued interest on each Loan on the last day of each Interest Period.

8.4 Default interest

- (a) If the Borrower fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to clause 8.4(b) below, is two per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this clause 8.4 shall be immediately payable by the Borrower on demand by the Agent.
- (b) If any overdue amount consists of all or part of a Term Rate Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
 - (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
 - (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be two per cent. per annum higher than the rate which would have applied if the overdue amount had not become due.
- (c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

8.5 Notification of rates of interest

- (a) The Agent shall promptly notify the relevant Lenders and the Borrower of the determination of a rate of interest relating to a Term Rate Loan.
- (b) The Agent shall promptly upon a Compounded Rate Interest Payment being determinable notify:
 - (i) the Borrower of that Compounded Rate Interest Payment;
 - (ii) each relevant Lender of the proportion of that Compounded Rate Interest Payment which relates to that Lender's participation in the relevant Compounded Rate Loan; and
 - (iii) the relevant Lenders and the Borrower of each applicable rate of interest relating to the determination of that Compounded Rate Interest Payment.
- (c) The Agent shall promptly notify the Borrower of each Funding Rate relating to a Loan.
- (d) The Agent shall promptly notify the Lenders and the Borrower of the determination of a rate of interest relating to a Compounded Rate Loan to which clause 10.4 (*Cost of funds*) applies.
- (e) This clause 8.5 shall not require the Agent to make any notification to any Party on a day which is not a Business Day.

9 Interest Periods

9.1 Selection of Interest Periods

- (a) The Borrower may select an Interest Period for a Loan in the applicable Utilisation Request or (if the Loan has already been borrowed) in a Selection Notice.
- (b) Each Selection Notice for a Loan is irrevocable and must be delivered to the Agent by the Borrower not later than the Specified Time.
- (c) If the Borrower fails to deliver a Selection Notice to the Agent in accordance with paragraph (b) above, the relevant Interest Period will be the period adopted for the immediately preceding Interest Period.

Table of Contents

- (d) Subject to this clause 9, the Borrower may select an Interest Period of:
 - (i) in the case of a Compounded Rate Loan, any period specified in the Compounded Rate Terms; or
 - (ii) in the case of a Term Rate Loan, one or three Months,or any other period agreed between the Borrower, the Agent and all the Lenders. In addition, the Borrower may select an Interest Period of any other duration not exceeding six Months, if necessary to ensure subsequent Loans have an Interest Period ending on an existing Interest Payment Date.
- (e) An Interest Period for a Loan shall not extend beyond the Final Repayment Date.
- (f) Each Interest Period for a Loan shall start on the Utilisation Date or (if a Loan has already been made) on the last day of the preceding Interest Period of such Loan.
- (g) No Interest Period for a Loan shall be longer than six Months.

9.2 Non-Business Days

- (a) Other than where paragraph (b) below applies, if an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) If there are rules specified as “Business Day Conventions” in the Compounded Rate Terms, those rules shall apply to each Interest Period for a Loan.

9.3 Consolidation of Loans

- (a) If two or more Interest Periods:
 - (i) relate to Loans in the same currency or under the same Facility; and
 - (ii) end on the same date,those Loans will, unless the Borrower specifies to the contrary in the Selection Notice for the next Interest Period, be consolidated into, and treated as, a single Loan on the last day of the Interest Period.
- (b) If a Loan is already outstanding, then the first Interest Period for each subsequent Loan must end on the last day of the current Interest Period for such outstanding Loan (the **Current Interest Period**) and on the last day of the Current Interest Period, the new Loan will be consolidated with all other Loans then outstanding so that together they form the Loan on the last day of the Interest Period. The next following Interest Period will then be applicable to the Loan in accordance with the terms of clause 9.1(d) (*Selection of Interest Periods*).

10 Changes to the Calculation of Interest

10.1 Interest calculation if no RFR or Central Bank Rate

- If:
- (a) there is no applicable RFR or Central Bank Rate for the purposes of calculating the Daily Non-Cumulative Compounded RFR Rate for an RFR Banking Day during an Interest Period for a Compounded Rate Loan; and
 - (b) “**Cost of funds will apply as a fallback**” is specified in the Compounded Rate Terms,
- clause 10.4 (
- Cost of funds*
-) shall apply to that Compounded Rate Loan for that Interest Period.

10.2 Unavailability of Screen Rate

- (a) *Interpolated Screen Rate*: If no Screen Rate is available for HIBOR for the Interest Period of a Term Rate Loan, the applicable HIBOR shall be the Interpolated Screen Rate for a period equal in length to the Interest Period of that Term Rate Loan.
- (b) *Cost of funds*: If no Screen Rate is available for HIBOR for:
 - (i) Hong Kong dollars; or
 - (ii) the Interest Period of a Term Rate Loan and it is not possible to calculate the Interpolated Screen Rate,there shall be no HIBOR for that Term Rate Loan and clause 10.4 (*Cost of funds*) shall apply to that Term Rate Loan for that Interest Period.

10.3 Market disruption – Term Rate Loan

If before 5 pm in Hong Kong on the Business Day immediately following the Quotation Day for the relevant Interest Period the Agent receives notifications from a Lender or Lenders (whose participations in a Term Rate Loan exceed 35 per cent of that Term Rate Loan) that the cost to it of funding its participation in that Term Rate Loan from whatever source it may reasonably select would be in excess of HIBOR then clause 10.4 (*Cost of funds*) shall apply to that Term Rate Loan for the relevant Interest Period.

10.4 Cost of funds

- (a) If this clause 10.4 applies to a Loan for an Interest Period neither clause 8.1 (*Calculation of interest – Compounded Rate Loans*) nor clause 8.2 (*Calculation of interest – Term Rate Loans*) shall apply to that Loan for that Interest Period and the rate of interest on each Lender's share of that Loan for that Interest Period shall be the percentage rate per annum which is the sum of:
 - (i) the applicable Margin; and
 - (ii) the rate notified to the Agent by that Lender as soon as practicable and in any event by (in the case of a Compounded Rate Loan) the Reporting Time or (in the case of a Term Rate Loan) within five Business Days of the first day of that Interest Period (or, if earlier, on the date falling five Business Days before the date on which interest is due to be paid in respect of that Interest Period), to be that which expresses as a percentage rate per annum the cost to the relevant Lender of funding its participation in that Loan from whatever source it may reasonably select.
- (b) If this clause 10.4 applies and the Agent (acting on the instructions of the Majority Lenders) or the Borrower so requires, the Agent (acting on the instruction of the Majority Lenders) and the Borrower shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest.
- (c) Any alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties.
- (d) If this clause 10.4 applies pursuant to clause 10.3 (*Market disruption – Term Rate Loan*) and:
 - (i) the Funding Rate of an Original Facility B Lender or an Incremental Facility Lender of a Term Rate Loan is less than HIBOR; or
 - (ii) an Original Facility B Lender or an Incremental Facility Lender of a Term Rate Loan does not supply a quotation by the time specified in clause 10.4(a)(ii),

the cost to that Original Facility B Lender or Incremental Facility Lender of a Term Rate Loan (as the case may be) of funding its participation in that Term Rate Loan for that Interest Period shall be deemed, for the purposes of clause 10.4(a), to be HIBOR.

Table of Contents

- (e) If this clause 10.4 applies the Agent shall, as soon as is practicable, notify the Borrower.

10.5 Break Costs – Compounded Rate Loan

- (a) If an amount is specified as Break Costs in the Compounded Rate Terms, the Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs (if any) attributable to all or any part of a Compounded Rate Loan or Unpaid Sum thereunder being paid by the Borrower on a day prior to the last day of an Interest Period for that Compounded Rate Loan or Unpaid Sum.
- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in respect of which they become, or may become, payable.

10.6 Break Costs – Term Rate Loan

- (a) The Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Term Rate Loan or Unpaid Sum thereunder being paid by the Borrower on a day other than the last day of an Interest Period for that Term Rate Loan or Unpaid Sum.
- (b) Each Original Facility B Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

11 Fees

11.1 Arrangement Fee

The Borrower shall pay to the Agent (for the account of the Mandated Lead Arrangers and Bookrunners specified in the relevant Fee Letter) an arrangement fee in the amount and at the times agreed in a Fee Letter.

11.2 Agency Fee

The Borrower shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

12 FATCA

12.1 FATCA information

- (a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:
 - (i) confirm to that other Party whether it is:
 - (A) a FATCA Exempt Party; or
 - (B) not a FATCA Exempt Party;
 - (ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and
 - (iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.

Table of Contents

- (b) If a Party confirms to another Party pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party as soon as reasonably practicable.
- (c) Paragraph (a) above shall not oblige any Finance Party to do anything, and paragraph (a)(iii) above shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:
 - (i) any law or regulation;
 - (ii) any fiduciary duty; or
 - (iii) any duty of confidentiality.
- (d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (a)(i) or (a)(ii) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.
- (e) If a Lender fails to supply any withholding certificate, withholding statement, document, authorisation, waiver or information in accordance with paragraph (a) above, or any withholding certificate, withholding statement, document, authorisation, waiver or information provided by a Lender to the Agent is or becomes materially inaccurate or incomplete, then such Lender shall indemnify the Agent, within three Business Days of demand, against any cost, loss, Tax or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent (including any related interest and penalties) in acting as Agent under the Finance Documents as a result of such failure.
- (f) Without prejudice to any other term of this Agreement, if, in accordance with paragraph (a) above, the Agent provides the Borrower with sufficient information to determine its withholding obligations under FATCA, but the Borrower fails to withhold as required by FATCA, the Borrower shall indemnify the Agent, within three Business Days of demand, against any cost, loss, Tax or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent (including any related interest and penalties) in acting as Agent under the Finance Documents as a result of such failure.

12.2 FATCA Deduction

- (a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- (b) Each Party shall as soon as reasonably practicable, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify the Borrower and the Agent and the Agent shall notify the other Finance Parties.
- (c) For the avoidance of doubt, the Agent is not obliged to:
 - (i) make any FATCA Deduction in respect of any amount it receives from another Party;
 - (ii) verify whether any amount it receives from another Party has been, or should be, subject to a FATCA Deduction; or
 - (iii) increase any payment it receives under the Finance Documents for another Party in order to compensate the Party entitled to receive such payment for any FATCA Deduction made by the Party which transferred such payment to the Agent.

- (d) The Agent may assume that any FATCA Deduction that is required by FATCA to be made in respect of any amount it receives from a Party has been made.

13 Increased Costs

13.1 Increased costs

- (a) Subject to clause 13.3 (*Exceptions*) the Borrower shall, within three Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement. The terms “law” and “regulation” in this paragraph (a) shall include any law or regulation concerning capital adequacy, prudential limits, liquidity, reserve assets or Tax.

- (b) In this Agreement,

Increased Costs means:

- (i) a reduction in the rate of return from a Facility or on a Finance Party’s (or its Affiliate’s) overall capital (including as a result of any reduction in the rate of return on capital brought about by more capital being required to be allocated by such Finance Party);
- (ii) an additional or increased cost; or
- (iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to the undertaking, funding or performance by such Finance Party of any of its obligations under any Finance Document or any participation of such Finance Party in any Loan or Unpaid Sum.

Basel III means:

- (i) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;
 - (ii) the rules for global systemically important banks contained in “Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text” published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
 - (iii) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”,
- in each case, in the form existing on the date of this Agreement.

13.2 Increased cost claims

- (a) A Finance Party (other than the Agent) intending to make a claim pursuant to clause 13.1 (*Increased costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Borrower.
- (b) Each Finance Party (other than the Agent) shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

13.3 Exceptions

Clause 13.1 (*Increased costs*) does not apply to the extent any Increased Cost which is:

- (a) attributable to a Tax Deduction required by law to be made by the Borrower;
- (b) attributable to a FATCA Deduction required to be made by a Party;
- (c) attributable to any payment which a Finance Party is required to make of or on account of Tax on or in relation to any sum received or receivable under the Finance Documents;
- (d) attributable to any stamp duty, registration or similar taxes or any Indirect Tax;
- (e) attributable to compliance by the relevant Finance Party or its Affiliates with the reserve requirement ratio or any similar measures imposed by the People's Bank of China;
- (f) attributable to any penalty having been imposed by the relevant central bank or monetary or fiscal authority upon the Finance Party (or any Affiliate of it) by virtue of its having exceeded any country or sector borrowing limits or breached any directives imposed upon it;
- (g) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or
- (h) attributable to the implementation or application or compliance with Basel III or any other law or regulation which implements Basel III (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates or otherwise).

14 Mitigation by the Lenders

14.1 Mitigation

- (a) Each Finance Party shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of clause 7.1 (*Illegality*), clause 12 (*FATCA*) or clause 13 (*Increased Costs*), including:
 - (i) providing such information as the Borrower may reasonably request in order to permit the Borrower to determine its entitlement to claim any exemption or other relief (whether pursuant to a double taxation treaty or otherwise) from any obligation to make a Tax Deduction; and
 - (ii) in relation to any circumstances which arise following the date of this Agreement, transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of the Borrower under the Finance Documents.

14.2 Limitation of liability

- (a) The Borrower shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under clause 14.1 (*Mitigation*).
- (b) A Finance Party is not obliged to take any steps under clause 14.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

14.3 Conduct of business by the Finance Parties

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

Table of Contents

- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

15 Other Indemnities

15.1 Currency indemnity

- (a) If any sum due from the Borrower under the Finance Documents (a **Sum**), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the **First Currency**) in which that Sum is payable into another currency (the **Second Currency**) for the purpose of:
 - (i) making or filing a claim or proof against the Borrower; or
 - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,the Borrower shall as an independent obligation, within three Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.
- (b) The Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

15.2 Other indemnities

The Borrower shall, within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

- (a) the occurrence of any Event of Default;
- (b) the Information Memorandum or any other information produced or approved by the Borrower being or being alleged to be misleading and/or deceptive in any respect;
- (c) any enquiry from, investigation by, subpoena (or similar order) from or litigation in, in each case, any court or governmental agency with competent jurisdiction with respect to the Borrower or with respect to the transactions financed under this Agreement;
- (d) a failure by the Borrower to pay any amount due under a Finance Document on its due date or in the relevant currency, including any cost, loss or liability arising as a result of clause 26 (*Sharing among the Finance Parties*);
- (e) funding, or making arrangements to fund, its participation in a Loan requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or
- (f) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

15.3 Indemnity to the Agent

- (a) The Borrower shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:
 - (i) investigating any event which it reasonably believes is a Default;

Table of Contents

- (ii) entering into or performing any foreign exchange contract for the purposes of clause 27.9(b) (*Change of currency*);
 - (iii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or
 - (iv) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement.
- (b) The indemnity given by a Party under or in connection with a Finance Document is a continuing obligation, independent of the party's other obligations under or in connection with that or any other Finance Document and survives after that Finance Document is terminated. It is not necessary for a Finance Party to pay any amount or incur any expense before enforcing an indemnity under or in connection with this Agreement or any other Finance Document.

16 Costs and Expenses

16.1 Transaction expenses

The Borrower shall, within three Business Days of demand, pay the Administrative Parties the amount of all costs and expenses (including without limitation legal fees in such amounts agreed by the Borrower) reasonably incurred by any of them in connection with the negotiation, preparation, printing, execution of any other Finance Documents executed after the date of this Agreement.

16.2 Amendment costs

Subject to clause 16.4 (*Reference Rate transition cost*), if:

- (a) the Borrower requests an amendment, waiver or consent; or
- (b) an amendment is required pursuant to clause 27.9 (*Change of currency*),

the Borrower shall, within three Business Days of demand, reimburse the Agent for the amount of all costs and expenses (including legal fees in such amounts agreed by the Borrower) reasonably incurred by the Agent in responding to, evaluating, negotiating or complying with or implementing that request, requirement or actual or contemplated agreement.

16.3 Enforcement costs

The Borrower shall, within three Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

16.4 Reference Rate transition costs

The Borrower shall, within three Business Days of demand, reimburse the Agent for the amount of all costs and expenses (including legal fees in such amounts agreed by the Borrower) reasonably incurred by the Agent in responding to, evaluating, negotiating or complying with any amendment or waiver requested, made, contemplated or agreed pursuant to clause 33.4 (*Replacement of Rate*).

17 Representations

The Borrower makes the representations and warranties set out in this clause 17 to each Finance Party on the date of this Agreement.

17.1 Status

- (a) It is a corporation, duly incorporated, validly existing and in good standing under the law of its jurisdiction of incorporation.

Table of Contents

- (b) It and each other member of the Group has the power to own its assets and carry on its business as it is being conducted.
- (c) It is acting as principal for its own account and not as agent or trustee in any capacity on behalf of any party in relation to the Finance Documents.
- (d) It is not a US Tax Obligor.

17.2 Binding obligations

The obligations expressed to be assumed by it in each Finance Document are, subject to any general principles of law limiting its obligations which are specifically referred to in any legal opinion delivered in accordance with clause 4 (*Conditions of Utilisation*), legal, valid, binding and enforceable obligations.

17.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) its or any other member of the Group's constitutional documents; or
- (c) any agreement or instrument binding upon it or any other member of the Group or any of its or any other member of the Group's assets.

17.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

17.5 Validity and admissibility in evidence

All Authorisations required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party;
- (b) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and
- (c) for it and each other member of the Group to carry on their business, and which are material, have been obtained or effected and are in full force and effect.

17.6 Governing law and enforcement

- (a) The choice of Hong Kong law as the governing law of the Finance Documents will be recognised and enforced in its jurisdiction of incorporation.
- (b) Any judgment obtained in Hong Kong in relation to a Finance Document will be recognised and enforced in its jurisdiction of incorporation.

17.7 Deduction of Tax

It is not required under the law applicable where it is incorporated or resident or at the address specified in this Agreement to make any Tax Deduction from any payment it may make under any Finance Document.

17.8 No filing or stamp taxes

Under the law of its jurisdiction of incorporation it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents except that stamp duty will be payable in the Cayman Islands in respect of any original Finance Document that is executed in the Cayman Islands, brought into the Cayman Islands or produced before a court of the Cayman Islands.

17.9 No default

- (a) No Event of Default is continuing or might reasonably be expected to result from the making of any Utilisation.
- (b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any other member of the Group or to which its (or any of other member of the Group's) assets are subject which might have a Material Adverse Effect.

17.10 No misleading information

- (a) Any factual information contained in or provided by any member of the Group for the purposes of the Information Memorandum was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (b) Any financial projections contained in the Information Memorandum have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.
- (c) Nothing has occurred or been omitted from the Information Memorandum and no information has been given or withheld that results in the information contained in the Information Memorandum being untrue or misleading in any material respect.
- (d) All information (other than the Information Memorandum) supplied by any member of the Group was true, complete and accurate in all material respects as at the date it was given and was not misleading in any respect.

17.11 Financial statements

- (a) Its financial statements most recently supplied to the Agent (which, at the date of this Agreement, are its Original Financial Statements) were prepared in accordance with GAAP consistently applied save to the extent expressly disclosed in such financial statements.
- (b) Its financial statements most recently supplied to the Agent (which, at the date of this Agreement, are its Original Financial Statements) give a true and fair view of (if audited) or fairly represent (if unaudited) its consolidated financial condition and operations for the period to which they relate, save to the extent expressly disclosed in such financial statements.
- (c) There has been no material adverse change in the business or consolidated financial condition of the Group since 31 December 2021.

17.12 Pari passu ranking

Its payment obligations under the Finance Documents rank at least *pari passu* with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

17.13 No proceedings

- (a) No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect has or have (to the best of its knowledge and belief) been started or threatened against it or any other member of the Group.

Table of Contents

- (b) No judgment or order of a court, arbitral body or agency which might reasonably be expected to have a Material Adverse Effect has (to the best of its knowledge and belief) been made against it or any other member of the Group.

17.14 Environmental Laws

- (a) It and each other member of the Group is in compliance with clause 21.8 (*Environmental compliance*) and no circumstances have occurred which would prevent such compliance.
- (b) No Environmental Claim has been started or threatened against any member of the Group which would reasonably be expected to have a Material Adverse Effect.

17.15 Authorised signatures

Any person specified as its authorised signatory under Schedule 2 (*Conditions Precedent*) or clause 18.4(f) (*Information: miscellaneous*) is authorised to sign Utilisation Requests and other notices on its behalf.

17.16 Sanctions

None of the Borrower, any of its Subsidiaries or joint ventures, any director or officer, or any employee, agent, or Affiliate of the Borrower or any of its Subsidiaries:

- (a) is a person that is, or is owned or controlled by persons that are:
 - (i) the target or subject of any Sanctions;
 - (ii) located, organised or resident in a country or territory that is, or whose government is, the target or subject of Sanctions, including, without limitation, currently, the Crimea region, Donetsk and Luhansk regions of Ukraine, Cuba, Iran, North Korea and Syria; or
- (b) has received notice of or is aware of any claim, action, suit, proceeding or investigation against it with respect to Sanctions by any Sanctions Authority.

17.17 Anti-bribery and Corruption Law

None of the Borrower, nor to the knowledge of the Borrower, any director, officer, agent, employee, Affiliate or other person acting on behalf of the Borrower or any of its Subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of any applicable Anti-Bribery and Corruption Laws. Furthermore, the Borrower and, to the knowledge of the Borrower, its Affiliates have conducted their businesses in compliance with Anti-Bribery and Corruption Laws and have instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with Anti-Bribery and Corruption Laws.

17.18 Anti-money laundering

The operations of the Borrower, each of its Subsidiaries and its and their Affiliates (each such person, a **Relevant Person**) are and have been conducted at all times in material compliance with applicable financial recordkeeping and reporting requirements and the money laundering statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency having jurisdiction over any Relevant Person (collectively, the **Money Laundering Laws**) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving any Relevant Person or any of their respective directors, officers, agents or employees with respect to the Money Laundering Laws is pending or, to the best knowledge of the Borrower, threatened.

17.19 Group Structure Chart

The Group Structure Chart delivered to the Agent pursuant to clause 4.1 (*Initial conditions precedent*) or, as the case may be, clause 18.2 (*Compliance Certificate*) is true, complete and accurate in all material respects and shows the Borrower and each of its Significant Subsidiaries, including its current name and jurisdiction of incorporation as at the date of this Agreement or (in the case of a Group Structure Chart delivered pursuant to clause 18.2 (*Compliance Certificate*)) the date on which such Group Structure Chart is delivered to the Agent.

Table of Contents

17.20 Existing Facilities

Subject to the Existing Facilities having been fully prepaid no later than the first Utilisation Date, the Borrower has no obligation to prepay any of the Existing Facilities as a result of the entry by the Borrower into the Finance Documents and the transactions completed hereunder.

17.21 Repetition

- (a) The Repeating Representations are deemed to be made by the Borrower by reference to the facts and circumstances then existing on:
 - (i) the date of each Utilisation Request and the first day of each Interest Period; and
 - (ii) the date of the Incremental Facility Notice and the Incremental Facility Establishment Date.
- (b) The representation set out in clause 17.19 (*Group Structure Chart*) are deemed to be made by the Borrower on each date such Group Structure Chart is provided to the Agent.

18 Information Undertakings

The undertakings in this clause 18 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

18.1 Financial statements

The Borrower shall supply to the Agent in sufficient copies for all the Lenders:

- (a) as soon as the same become available, but in any event within 180 days after the end of each of its financial years, its audited consolidated financial statements for that financial year accompanied with unqualified opinions from the auditors; and
- (b) as soon as the same become available, but in any event within 120 days after the end of each quarter of each of its financial years, its consolidated financial statements for that financial quarter.

The Borrower may satisfy its obligation to deliver such financial statements by providing a link to a website where the same are publicly available, provided that the Agent is able to open the link and download a copy of such financial statements.

18.2 Compliance Certificate

- (a) The Borrower shall supply to the Agent, with each set of financial statements delivered pursuant to clause 18.1(a) or 18.1(b) (*Financial statements*) which relate to a period ending on the last day of a Relevant Period (as defined in clause 19.1 (*Financial definitions*)), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with clause 19 (*Financial Covenants*) as at the date as at which those financial statements were drawn up
- (b) The Compliance Certificate, accompanying the financial statements delivered pursuant to clause 18.1(a) (*Financial statements*) for that Relevant Period, shall have attached to it an updated Group Structure Chart. The Borrower may satisfy its obligation to deliver such updated Group Structure Chart by providing a link to a website where the same are publicly available, provided that the Agent is able to open the link and download a copy of such Group Structure Chart.
- (c) Each Compliance Certificate delivered pursuant to paragraph (a) above shall be signed by one director or an authorised signatory of the Borrower.

18.3 Requirements as to financial statements

- (a) Each set of financial statements delivered by the Borrower pursuant to clause 18.1 (*Financial statements*) shall be certified by a director of the Borrower as giving a true and fair view of (in the case of any such financial statements which are audited) or fairly representing (in the case of any such financial statements which are unaudited) its financial condition as at the date as at which those financial statements were drawn up.
- (b) The Borrower shall procure that each set of financial statements delivered pursuant to clause 18.1 (*Financial statements*) is prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements unless, in relation to any set of financial statements, it notifies the Agent that there has been a change in GAAP, the accounting practices or reference periods and its auditors deliver to the Agent:
 - (i) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements were prepared; and
 - (ii) sufficient information, in form and substance as may be reasonably required by the Agent, to enable the Lenders to determine whether clause 19 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

18.4 Information: miscellaneous

The Borrower shall supply to the Agent (in sufficient copies for all the Finance Parties, if the Agent so requests):

- (a) all documents dispatched by the Borrower to its shareholders (or any class of them) or its creditors generally at the same time as they are despatched;
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group, and which might, if adversely determined, have a Material Adverse Effect;
- (c) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body or agency which is made against any member of the Group, and which might have a Material Adverse Effect;
- (d) promptly, such further information regarding the financial condition, business and operations of any member of the Group as any Finance Party (through the Agent) may reasonably request;
- (e) as soon as reasonably practicable, (in respect of any notice of a Sustainability Performance Certificate Inaccuracy Event issued by the Borrower) a copy of that notice or (in respect of any notice of a Sustainability Performance Certificate Inaccuracy Event issued by the SPC Verification Provider) following receipt, a copy of that notice received from the SPC Verification Provider; and
- (f) promptly, notice of any change in authorised signatories of the Borrower signed by a director or company secretary accompanied by specimen signatures of any new authorised signatories.

18.5 Notification of default

- (a) The Borrower shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

Table of Contents

- (b) Promptly upon a request by the Agent, the Borrower shall supply to the Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

18.6 Use of websites

- (a) The Borrower may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the **Website Lenders**) who accept this method of communication by posting this information onto an electronic website designated by the Borrower and the Agent (the **Designated Website**) if:
 - (i) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
 - (ii) both the Borrower and the Agent are aware of the address of and any relevant password specifications for the Designated Website; and
 - (iii) the information is in a format previously agreed between the Borrower and the Agent.

If any Lender (a **Paper Form Lender**) does not agree to the delivery of information electronically then the Agent shall notify the Borrower accordingly and the Borrower shall supply the information to the Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event the Borrower shall supply the Agent with at least one copy in paper form of any information required to be provided by it.

- (b) The Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Borrower and the Agent.
- (c) The Borrower shall promptly upon becoming aware of its occurrence notify the Agent if:
 - (i) the Designated Website cannot be accessed due to technical failure;
 - (ii) the password specifications for the Designated Website change;
 - (iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;
 - (iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or
 - (v) the Borrower becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If the Borrower notifies the Agent under paragraph (c)(i) or paragraph (c)(v) above, all information to be provided by the Borrower under this Agreement after the date of that notice shall be supplied in paper form unless and until the Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

- (d) Any Website Lender may request, through the Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Borrower shall comply with any such request within ten Business Days.

18.7 “Know your customer” checks

- (a) The Borrower shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender (including for any Lender on behalf of any prospective new Lender)) in order for the Agent, such Lender or any prospective new Lender to conduct all “know your customer” and other similar procedures that it is required (or deems desirable) to conduct.

Table of Contents

- (b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to conduct all “know your customer” and other similar procedures that it is required (or deems desirable) to conduct.

19 Financial Covenants

The undertakings in this clause 19 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

19.1 Financial definitions

In this clause 19:

Consolidated Cash means, at any time, the aggregate of:

- (a) such cash and cash equivalents which have been treated as “cash and cash equivalents” in the latest published consolidated balance sheet of the Borrower; and
- (b) such bank deposits which have been treated as “restricted cash” in the latest published consolidated balance sheet of the Borrower.

Consolidated EBITDA means, for any Relevant Period, the consolidated operating profits of the Borrower for that Relevant Period before taxation:

- (a) before deducting any Consolidated Finance Charges;
- (b) before deducting any amount attributable to amortisation of intangible assets, land use rights and right of use assets or depreciation of tangible assets;
- (c) before taking into account any items treated as exceptional or extraordinary items;
- (d) before taking into account any share-based compensation to the extent included in the related operating expense categories in accordance with the applicable accounting principles; and
- (e) before taking into account any gains or losses (whether realised or unrealised) deriving from any Treasury Transaction (to the extent such Treasury Transaction has been accounted for on hedge accounting basis),

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining the profits of the Borrower on a consolidated basis from ordinary activities before taxation.

Consolidated Finance Charges means, for any Relevant Period, the aggregate amount of interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of Consolidated Total Borrowings whether accrued, paid or payable and whether or not capitalised by any member of the Group in respect of that Relevant Period:

- (a) excluding any such obligations owed to any other member of the Group;
- (b) including the interest element of leasing and hire purchase payments; and
- (c) including any amounts paid, payable or accrued by any member of the Group to counterparties under any interest rate hedging instrument.

Consolidated Net Finance Charges means at any time the Consolidated Finance Charges excluding:

- (a) any amounts paid, payable or accrued by counterparties to any member of the Group under any interest rate hedging instrument; and
- (b) any interest paid, payable to or accrued to the benefit of any member of the Group on any deposit or bank account.

Consolidated Net Interest-bearing Liabilities means at any time the Consolidated Total Borrowings less Consolidated Cash, short term investment and long-term held to maturity debt securities.

Consolidated Total Assets means, at any time, the aggregate of:

- (a) the amount of those assets of the Borrower on a consolidated basis which have been treated as Total Non-current Assets; and
- (b) the amount of those assets of the Borrower on a consolidated basis which have been treated as “total current assets” in the latest published consolidated balance sheet of the Borrower.

Consolidated Total Borrowings means, at any time, the aggregate outstanding principal, capital or nominal amount and any fixed or minimum premium payable on prepayment or redemption of any indebtedness for or in respect of Financial Indebtedness (other than in respect of paragraph (g) of the definition of Financial Indebtedness) of the Borrower on a consolidated basis.

Consolidated Total Liabilities means, at any time, the aggregate of the total liabilities of the Borrower on a consolidated basis in the latest published consolidated balance sheet of the Borrower.

Relevant Period means each period of 12 months ending on the last day of the Borrower’s financial year and each period of 12 months ending on the last day of the first half of the Borrower’s financial year.

Total Non-current Asset means, in respect of any Relevant Period, the “total assets” as shown in the latest published consolidated balance sheet of the Borrower in respect of that Relevant Period minus the “total current assets” as shown in the latest published consolidated balance sheet of the Borrower in respect of that Relevant Period.

Treasury Transaction means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

19.2 Financial condition

The Borrower shall ensure that:

- (a) Consolidated Total Assets shall be maintained at all times at a minimum of RMB100,000,000,000;
- (b) Consolidated Total Liabilities shall at all times not exceed 80 per cent. of its Consolidated Total Assets;
- (c) Consolidated Net Interest-bearing Liabilities in respect of any Relevant Period shall not be more than 5 times the Consolidated EBITDA for that Relevant Period; and
- (d) Consolidated EBITDA in respect of any Relevant Period shall not be less than 3 times the Consolidated Net Finance Charges for that Relevant Period, **provided that** this clause 19.2(d) shall be deemed to have been satisfied if the Consolidated Finance Charges in respect of any Relevant Period is less than the interest income for that Relevant Period.

19.3 Financial testing

The financial covenants set out in clause 19.2 (*Financial condition*) shall be tested half-yearly by reference to the financial statements submitted by the Borrower under clause 18.1 (*Financial statements*):

- (a) (in respect of any testing to be conducted at the end of the financial half-year of the Borrower) the financial statements delivered pursuant to clause 18.1(b) (*Financial statements*); and
- (b) (in respect of any testing to be conducted at the end of the financial year of the Borrower) the financial statements delivered pursuant to clause 18.1(a) (*Financial statements*),

and, in each case, the Compliance Certificate delivered pursuant to clause 18.2 (*Compliance Certificate*) in respect of the Relevant Period.

20 Sustainability-linked Loan Provisions

20.1 Classification and publicity

- (a) The Facilities and the Loans may be classified or referred to as sustainability-linked facilities and loans on and from the date which the Agent receives a copy of the Second Party Opinion, subject to any declassification of the same in accordance with clause 20.5 (*Declassification*).
- (b) Subject to classification of the Facilities and the Loans in accordance with clause 20.1(a) and prior to any declassification of the same in accordance with clause 20.5 (*Declassification*), the Facilities and the Loans may be described as sustainability-linked facilities and loans aligned with the Sustainability-linked Loan Principles in any announcements or publicity issued by the Finance Parties (or any of them) or the Borrower.
- (c) The Borrower shall promptly notify the Agent in writing if at any time it becomes aware of any actual or potential challenge by any person outside the Group or the Finance Parties that this Agreement is or may no longer be in compliance with the Sustainability-linked Loan Principles.

20.2 Sustainability Performance Certificate

- (a) The Borrower shall, on or before 30 June of each calendar year, procure the delivery to the Agent (in sufficient copies for all the Finance Parties) of a Sustainability Performance Certificate dated no earlier than one Month prior to such date of delivery setting out the performance of the Borrower with respect to the Sustainability Performance Targets for the Relevant Sustainability Performance Period ending immediately prior to such date of delivery. For the avoidance of doubt, the first Sustainability Performance Certificate will be so delivered on or before 30 June 2023 and will be provided to the Lenders via the Agent.
- (b) The Borrower shall procure that each Sustainability Performance Certificate (including, for the avoidance of doubt, each Sustainability Performance Certificate reissued pursuant to clause 20.2(d)) shall provide updated performance of the Borrower with respect to each Sustainability Performance Target and the Borrower shall provide such assistance and sufficient information as may be requested by the Agent (acting on the instructions of the Majority Lenders, acting reasonably), to enable the Agent and/or the Lenders to:
 - (i) review the contents of that Sustainability Performance Certificate;
 - (ii) determine the number of Sustainability Performance Targets achieved for the Relevant Sustainability Performance Period or (as the case may be) such relevant Sustainability Performance Period referred therein; and
 - (iii) make an accurate comparison between the performance for each KPI indicated in that Sustainability Performance Certificate and the relevant Baseline Performance Figures.

The Agent (acting on the instructions of the Majority Lenders) shall, as soon as reasonably practicable but in any event on or before:

- (A) (in respect of each Sustainability Performance Certificate delivered pursuant to clause 20.2(a)) the Margin Reduction Date; or
- (B) (in respect of each Sustainability Performance Certificate delivered pursuant to clause 20.2(d)) the date falling three Months after the date of the notice of the relevant Sustainability Performance Certificate Inaccuracy Event,

notify the Borrower of the completion and the outcome of such review, comparison and determination. Any determination of the number of Sustainability Performance Targets achieved for the Relevant Sustainability Performance Period or (as the case may be) such relevant Sustainability Performance Period made (or deemed to have been made) and notified to the Borrower in relation to any Sustainability Performance Certificate under this clause 20.2(b) shall be conclusive.

Table of Contents

- (c) Each Party hereby agrees that none of the Agent and the Sustainability-linked Loan Coordinators shall have any responsibility for (or any liability in respect of) independently verifying, auditing or otherwise evaluating any statement or calculation set forth in any Sustainability Performance Certificate (or any of the data or computations that are part of or related to any such statement or calculation) or any information provided pursuant to clause 20.2(b) and each of the Agent and the Sustainability-linked Loan Coordinators may rely conclusively on each Sustainability Performance Certificate and any such information without further enquiry.
- (d) If a Sustainability Performance Certificate Inaccuracy Event occurs, the Borrower shall, within 2.5 Months after the date of the notice of the relevant Sustainability Performance Certificate Inaccuracy Event, procure the delivery to the Agent of a re-issued Sustainability Performance Certificate for the relevant Sustainability Performance Period.

20.3 External Verification Provider

- (a) The Borrower shall, at its own cost and after consultation with the Sustainability-linked Loan Coordinators, appoint each of the SPO Provider and the SPC Verification Provider by no later than:
 - (i) (in respect of the appointment of the SPO Provider) the Financial Close; and
 - (ii) (in respect of the appointment of the SPC Verification Provider) the date falling three Months after the date of this Agreement, and, in the case of the SPC Verification Provider only, its scope of work shall be reasonably satisfactory to the Agent (acting on the instructions of the Majority Lenders after consultation with the Sustainability-linked Loan Coordinators) and shall include verifying the achievement or otherwise by the Borrower of the Sustainability Performance Targets and issuing each Sustainability Performance Certificate or issuing each opinion, document or report certifying the achievement of the Sustainability Performance Targets for the Relevant Sustainability Performance Period.
- (b) If an External Verification Provider Replacement Event occurs, the Borrower shall promptly notify the Agent in writing and the Borrower and the Agent (acting on the instructions of the Majority Lenders), after consultation with the Sustainability-linked Loan Coordinators, will enter into negotiations for a period of no less than five Business Days and no longer than 30 Business Days (or such longer period as the Borrower and the Agent (acting on the instructions of the Majority Lenders) may agree) (such period being an **External Verification Provider Replacement Consultation Period**) to agree a replacement External Verification Provider and its scope of work and the form of the Second Party Opinion or (as the case may be) the Sustainability Performance Certificate to be issued by any such replacement.
- (c) If at the end of an External Verification Provider Replacement Consultation Period, the Borrower and the Agent (acting on the instructions of the Majority Lenders), after consultation with the Sustainability-linked Loan Coordinators, have agreed on a replacement External Verification Provider and its scope of work, the Borrower shall, at its own cost, promptly take all steps reasonably necessary to appoint such replacement (and, if applicable, to terminate the appointment of the existing External Verification Provider) within five Business Days after the expiry of the relevant External Verification Provider Replacement Consultation Period (or such longer period as the Borrower and the Agent (acting on the instructions of the Majority Lenders) may agree) and will notify the Agent within five Business Days of such appointment (and termination, as applicable) and provide the Agent with an excerpt of the appointment letter documenting the scope of work relating thereto (and such scope of work shall be consistent with the agreement reached in relation thereto at the end of the External Verification Provider Replacement Consultation Period).

20.4 Sustainability Review Event Consultation

If a Sustainability Review Event occurs:

- (a) the Borrower shall notify the Agent in writing promptly upon making the relevant determination or, where the determination thereof is made by the Agent (acting on the instructions of the Majority Lenders), the Agent (acting on the instructions of the Majority Lenders) shall as soon as reasonably practicable notify the Borrower thereof; and
- (b) the Borrower and the Agent (acting on the instructions of the Majority Lenders) will thereafter consult for a period of no less than five Business Days and no longer than 30 Business Days (or such longer period as the Borrower and the Agent (acting on the instructions of the Majority Lenders) may agree) after the date of notification referred to in paragraph (a) above (such period being a **Sustainability Review Event Consultation Period**) with a view to agreeing if any adjustments are to be made to the Sustainability Performance Targets, the KPIs, the form and content of the Sustainability Performance Certificates or the determination of the Margin in the light of the Sustainability Review Event and any consequential amendments to the Finance Documents.

In the event that agreement as referred to in paragraph 20.4(b) above is reached within the Sustainability Review Event Consultation Period then the Borrower shall, at its own cost, promptly take such action as the Agent (acting on the instructions of the Majority Lenders) may reasonably require including entering into an amendment agreement to this Agreement and/or any other Finance Document to implement such course of action.

20.5 Declassification

If:

- (a) the Borrower fails to procure the delivery to the Agent of a Sustainability Performance Certificate in accordance with clause 20.2(a) (*Sustainability Performance Certificate*);
- (b) no replacement External Verification Provider is agreed upon at the expiry of an External Verification Provider Replacement Consultation Period or a replacement is not duly appointed within the timeframe specified in clause 20.3(c) (*External Verification Provider*);
- (c) no agreement as referred to in clause 20.4 (*Sustainability Review Event Consultation*) can be reached between the Borrower and the Agent (acting on the instructions of the Majority Lenders) by the expiry of a Sustainability Review Event Consultation Period or if such an agreement is reached but not implemented as provided in clause 20.4 (*Sustainability Review Event Consultation*) within 20 Business Days of the expiry of a Sustainability Review Event Consultation Period; or
- (d) the Agent (acting on the instructions of the Majority Lenders (acting reasonably)) determines that:
 - (i) the Borrower has failed to perform or comply with this clause 20; or
 - (ii) this Agreement is no longer in compliance with the Sustainability-linked Loan Principles,

then,

- (i) the Agent (acting on the instructions of the Majority Lenders) may determine that each outstanding Loan and each Facility be declassified as a Sustainability-linked Loan and a Sustainability-linked Facility from the date which falls on the last day of the then current Margin Reduction Period for all subsequent Margin Reduction Periods and the Margin of each Loan for the next succeeding Margin Reduction Period shall be the applicable Initial Margin. The Agent shall notify the Borrower as soon as reasonably practicable after making such a determination; and

- (ii) the Borrower shall:
 - (A) as soon as reasonably practicable after the Borrower's receipt of the notification from the Agent referred to in paragraph (i) above (the date of the Borrower's receipt of such notification, the **Declassification Date**):
 - (1) cease representing in all internal and/or external communications, marketing or publications published or disseminated on or at any time after the Declassification Date that the Facilities are Sustainability-linked Facilities or any Loan is a Sustainability-linked Loan; and
 - (2) ensure that all materials, publications and information relating to the Facilities and the Loans published or disseminated on or at any time after the Declassification Date no longer refer to them as Sustainability-linked Facilities or Sustainability-linked Loans; and
 - (B) as soon as reasonably practicable after the Declassification Date, remove:
 - (1) any communication, marketing or publication published prior to the Declassification Date which represents the Facilities as Sustainability-linked Facilities or any Loan as a Sustainability-linked Loan; or
 - (2) any material, publication and information relating to the Facilities and the Loans published prior to the Declassification Date which refers to them as Sustainability-linked Facilities or Sustainability-linked Loans,

(in each case) from the Group's website (other than any formal announcement, notice or other document that the Borrower is required to publish on its website by the HKEX, SSE, NYSE, SZSE, TSE, SGX or other stock exchange on which shares or other securities of the Borrower are listed).

20.6 No Default (Sustainability-linked provisions)

For the avoidance of doubt, no Event of Default shall occur as a result of:

- (a) any non-compliance with any provision of this clause 20 except that the Borrower's failure to comply with clause 20.5(ii) (*Declassification*) will constitute an Event of Default under clause 22.3 (*Other obligations*);
- (b) any failure to procure the delivery of a Sustainability Performance Certificate;
- (c) any failure to meet a Sustainability Performance Target; or
- (d) the occurrence of any Sustainability Review Event or any Sustainability Performance Certificate Inaccuracy Event or External Verification Provider Replacement Event.

21 General Undertakings

The undertakings in this clause 21 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

21.1 Authorisations

The Borrower shall promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) supply certified copies to the Agent of,

any Authorisation required to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Finance Document.

21.2 Compliance with laws

- (a) The Borrower shall comply in all respects with all laws and regulations (including, but not limited to, the Money Laundering Laws, Anti-Bribery and Corruption Laws, Anti-Terrorism Laws and Sanctions) to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under the Finance Documents.
- (b) The Borrower shall, at any time at the request of any Finance Party (through the Agent), at its own cost take whatever actions (including, executing any documents, obtaining any approval and completing any registration, filing or recording) that any such Finance Party may reasonably require in order to ensure that all and any legal and regulatory requirements applicable to the transactions contemplated under the Finance Documents are duly complied with, without prejudice to any Borrower's other representations and warranties or covenants relating to its compliance with laws and regulations in the Finance Documents, including the requirement of filing under NDRC Circular 2044 with the NDRC of the PRC.

21.3 Pari passu ranking

The Borrower shall ensure that its payment obligations under the Finance Documents will constitute its direct, unconditional, unsecured and unsubordinated obligations and will rank and continue to rank at least *pari passu* with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

21.4 Negative pledge

In this clause 21.4, **Quasi-Security** means an arrangement or transaction described in paragraph (b) below.

- (a) The Borrower shall not (and the Borrower shall ensure that no other member of the Group will) create or permit to subsist any Security over any of its assets, or over any shares or any other form of equity and economic interests in, or assets of, any other member of the Group.
- (b) The Borrower shall not (and the Borrower shall ensure that no other member of the Group will):
 - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by the Borrower or any other member of the Group;
 - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (iii) enter into or permit to subsist any title retention arrangement;
 - (iv) enter into or permit to subsist any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - (v) enter into or permit to subsist any other preferential arrangement having a similar effect,in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.
- (c) Paragraphs (a) and (b) above do not apply to:
 - (i) any Security or Quasi-Security over or affecting any asset, shares or any other form of equity and economic interests of any member of the Group existing as at the date of this Agreement except to the extent the principal amount secured by that Security or Quasi-Security exceeds the amount outstanding as at the date of this Agreement;
 - (ii) any Security or Quasi-Security created over the assets of the Borrower or the shares or any other form of equity and economic interests in, or assets of, any other member of the Group, which is extended equally and rateably to the Finance Parties to the satisfaction of the Agent (acting on the instructions of the Majority Lenders);

- (iii) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (iv) any lien arising by operation of law and in the ordinary course of trading **provided that** the debt which is secured thereby is paid when due or contested in good faith by appropriate proceedings and properly provisioned;
- (v) any Security or Quasi-Security created pursuant to any Finance Document;
- (vi) any Security or Quasi-Security arising in the ordinary course of day-to-day business of the Group and not arising as a result of any default or omission by any member of the Group;
- (vii) any Security or Quasi-Security created in relation to any exchangeable senior notes issued or to be issued by the Borrower;
- (viii) any Security or Quasi-Security over any assets securing indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness which has the benefit of Security or Quasi-Security given by any member of the Group other than any permitted under paragraphs (i) to (vii) above) does not exceed an amount equal to 7.5 per cent. of Consolidated Total Assets set out in the most recent Compliance Certificate delivered pursuant to clause 18.2 (*Compliance Certificate*) or, if a Compliance Certificate has not yet been delivered thereunder, in the Original Financial Statements; or
- (ix) any Security or Quasi-Security created over the assets of the Borrower or over the shares or any other form of equity and economic interests in, or assets of any other member of the Group with the prior written consent of the Agent (acting on the instructions of the Majority Lenders).

21.5 Disposals

- (a) The Borrower shall not (and the Borrower shall ensure that no other member of the Group will), enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset or revenues, or enter into any agreement or arrangement to sell, lease, transfer or otherwise dispose of any assets or revenues.
- (b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal, or the entry into any agreement or arrangement in respect of a sale, lease, transfer or other disposal:
 - (i) made in the ordinary course of trading of the disposing entity at arm's length and on normal commercial terms;
 - (ii) of assets in exchange for other assets comparable or superior as to type, value and quality and for a similar purpose (other than an exchange of a non-cash asset for cash) on arm's length terms;
 - (iii) of assets by a member of the Group to any other member of the Group (the **Transferee**) on arm's length terms **provided that** that the Transferee will remain a member of the Group after that sale, lease, transfer or disposal; or
 - (iv) made on normal commercial terms where the higher of the market value or consideration receivable (whether alone or when aggregated with the higher of the market value or consideration receivable for any other sale, lease, transfer or other disposal by members of the Group, other than any permitted under paragraphs (i) to (iv) above) does not exceed 10 per cent. of the Consolidated Total Assets set out in the most recent Compliance Certificate delivered pursuant to clause 18.2 (*Compliance Certificate*) or, if a Compliance Certificate has not yet been delivered thereunder, in the Original Financial Statements.

21.6 Mergers

The Borrower shall not (and the Borrower shall ensure that no other member of the Group will) enter into any amalgamation, demerger, merger or corporate reconstruction (each a **Merger**) except:

- (a) mergers between Subsidiaries of the Borrower, which, in the opinion of the Lenders, will not impair the ability of the Borrower to fulfil its obligations under the Finance Documents; or
- (b) mergers provided in each case that:
 - (i) such Merger is in respect of assets or businesses in the same nature and of the same scope as the Group's business as conducted on the date of this Agreement;
 - (ii) the member of the Group involved in the Merger is the surviving entity; and
 - (iii) there is no Material Adverse Effect at the time or, or arising out of, such Merger.

21.7 Change of business

The Borrower shall procure that no substantial change is made to the general nature of the business of the Borrower or the Group from that carried on at the date of this Agreement save to the extent the Group is permitted to acquire unrelated businesses pursuant to clause 21.10 (*Acquisitions*).

21.8 Environmental compliance

The Borrower shall (and the Borrower shall ensure that each member of the Group will) comply in all material respects with all Environmental Law, obtain and maintain any Environmental Permits and take all reasonable steps in anticipation of known or expected future changes to or obligations under Environmental Law or any Environmental Permits save where such non-compliance could not reasonably be expected to have a Material Adverse Effect.

21.9 Environmental Claims

The Borrower shall inform the Agent in writing as soon as reasonably practicable upon becoming aware of:

- (a) any Environmental Claim which has been commenced or (to the best of the Borrower's knowledge and belief) is threatened against any member of the Group; or
- (b) any facts or circumstances which will or might reasonably be expected to result in any Environmental Claim being commenced or threatened against any member of the Group,
in each case where such Environmental Claim might reasonably be expected, if determined against that member of the Group, to have a Material Adverse Effect.

21.10 Acquisitions

- (a) The Borrower shall not (and shall procure that no member of the Group will) acquire any company, business, assets or undertaking or make any investment.
- (b) Paragraph (a) above does not apply to an acquisition or investment:
 - (i) (A) which is in respect of assets or businesses in the same nature and of the same scope as the Group's business as conducted on the date of this Agreement; and
(B) where there is no Material Adverse Effect at the time or, or arising out of, such acquisition or investment; or
 - (ii) the value of which acquisition or investment (when aggregated with the value of all other acquisitions and investments permitted under this paragraph (ii) and made in the same financial year) does not exceed an amount equal to 7.5 per cent. of the Consolidated Total Assets set out in the most recent Compliance Certificate delivered pursuant to clause 18.2 (*Compliance Certificate*) or, if a Compliance Certificate has not yet been delivered thereunder, in the Original Financial Statements.

21.11 Loans and guarantees

- (a) The Borrower shall not (and shall ensure that no other member of the Group will) make or allow to subsist any loans, grant any credit (save in the ordinary course of business) or give or allow to remain outstanding any guarantee or indemnity (except as required under any of the Finance Documents) to or for the benefit of any person other than a member of the Group or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any person.
- (b) Paragraph (a) above does not apply to any loan made or credit granted or guarantee or indemnity outstanding, so long as the aggregate principal amount of any such loans made or credit granted or in respect of which the guarantee or indemnity is given does not exceed an amount equal to 5.0 per cent. of the Consolidated Total Assets set out in the most recent Compliance Certificate delivered pursuant to clause 18.2 (*Compliance Certificate*) or, if a Compliance Certificate has not yet been delivered thereunder, in the Original Financial Statements.

21.12 Financial Indebtedness

- (a) The Borrower shall not (and shall ensure that no other member of the Group will) incur or permit to remain outstanding any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to:
 - (i) any Financial Indebtedness incurred pursuant to any Finance Documents; and
 - (ii) any Financial Indebtedness incurred by a member of the Group provided that following the incurrence of such Financial Indebtedness, the Borrower will remain in compliance with the obligations under clause 19 (*Financial Covenants*).

21.13 Use of Proceeds

- (a) The Borrower will not and shall not permit or authorise any other person to, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person:
 - (i) to fund any activities or business of or with any person, or in any country or territory, that, at the time of such funding, is, or whose government is, the target or subject of Sanctions; or
 - (ii) in any other manner that would result in a violation of Sanctions by any person (including any person participating in the Loans, whether as underwriter, advisor, investor or otherwise).
- (b) No part of the proceeds of the Loans will be used, directly or indirectly, for any payments that could constitute a violation of any applicable Anti-Bribery and Corruption Laws.
- (c) No part of the proceeds of the Loans will be used to finance any securities dealings or real estate investment, or for any other purposes in conflict with any applicable laws or regulations.

21.14 Anti-corruption law

- (a) The Borrower shall not (and the Borrower shall ensure that no other member of the Group will) directly or indirectly use the proceeds of the Facilities for any purpose which would breach the applicable Anti-Bribery and Corruption Laws or other similar applicable legislation in other jurisdictions.
- (b) The Borrower shall (and the Borrower shall ensure that each other member of the Group will):

Table of Contents

- (i) conduct its businesses in compliance with the applicable Anti-Bribery and Corruption Laws; and
 - (ii) maintain policies and procedures designed to promote and achieve compliance with such laws.
- (c) In connection with the transactions contemplated by this Agreement, the Borrower will not (and the Borrower shall ensure that no other member of the Group will), directly or indirectly, authorize, offer, promise, or make payments of anything of value, including but not limited to cash, cheques, wire transfers, tangible and intangible gifts, favors, services, and those entertainment and travel expenses that go beyond what is reasonable and customary and of modest value to:
- (i) an executive, official, employee or agent of a governmental department, agency or instrumentality;
 - (ii) a director, officer, employee or agent of a wholly or partially government-owned or controlled company or business;
 - (iii) a political party or official thereof, or candidate for political office;
 - (iv) a Foreign Public Official; or
 - (v) any other person; while knowing or having a reasonable belief that all or some portion will be used for the purpose of:
 - (A) influencing any act, decision or failure to act by any such person in his or her official capacity;
 - (B) inducing any such person to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity; or
 - (C) securing an unlawful advantage; in order to obtain, retain or direct business.

21.15 Application of FATCA

The Borrower shall ensure that it does not become a US Tax Obligor.

21.16 Further assurances

If the Finance Parties (acting through the Agent) consider this to be required, the Borrower shall immediately, at its own cost and expense take whatever actions (including without limitation, executing any documents, obtaining any approval and completing any registration, filing or recording) that any such Finance Party considers necessary in order to ensure that all and any legal and regulatory requirement applicable to the transactions contemplated under the Finance Documents are duly complied with, without prejudice to the Borrower's other representations and warranties or covenants relating to its compliance with laws and regulations in the Finance Documents.

21.17 Conditions subsequent

The Borrower shall, within 10 PRC Working Days (or any other period as required by NDRC from time to time) after each Utilisation Date, provide the Agent with a copy of the information reporting table for foreign borrowings of enterprises (企业发行外债信息报送表) (the **Information Reporting Table**) filed with the NDRC and the relevant upload confirmation, both affixed with the company chop (公章) of the entity of the Group making the NDRC filing, evidencing that the report of information in respect of that Utilisation required under NDRC Circular 2044 has been submitted to the NDRC. The Information Reporting Table shall be in form and substance satisfactory to the Agent (acting on the instructions of the Majority Lenders).

Table of Contents

22 Events of Default

Each of the events or circumstances set out in the following subclauses of this clause 22 (other than clause 22.15 (*Acceleration*)) is an Event of Default.

22.1 Non-payment

The Borrower does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

- (a) its failure to pay is caused by:
 - (i) administrative or technical error; or
 - (ii) a Disruption Event; or
 - (iii) the failure of the Agent to notify the Borrower of the relevant Interest Payment no less than two RFR Banking Days prior to the relevant Interest Payment Date; and
- (b) in the case of paragraphs (a)(i) and (a)(ii), payment is made within three Business Days of its due date, or in the case of paragraph (a)(iii) above, payment is made within two Business Days after the Agent notifies the Borrower of the relevant Interest Payment.

22.2 Financial covenants and conditions subsequent

Any requirement of clause 19 (*Financial Covenants*) and clause 21.17 (*Conditions subsequent*) is not satisfied.

22.3 Other obligations

- (a) Subject to clause 20.6 (*No Default (Sustainability-linked provisions)*), the Borrower does not comply with any provision of the Finance Documents (other than those referred to in clause 22.1 (*Non-payment*) and clause 22.2 (*Financial covenants and conditions subsequent*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within ten Business Days of the earlier of (A) the Agent giving notice to the Borrower; and (B) the Borrower becoming aware of the failure to comply.

22.4 Misrepresentation

Any representation or statement made or deemed to be made by the Borrower in the Finance Documents or any other document delivered by or on behalf of the Borrower under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made, unless the circumstances giving rise to the misrepresentation or misstatement:

- (a) are capable of remedy; and
- (b) are remedied within ten Business Days of the earlier of (A) the Agent giving notice of the misrepresentation or misstatement to the Borrower; and (B) the Borrower becoming aware of the misrepresentation or misstatement.

For the avoidance of doubt, this clause 22.4 shall not extend to any representation or statement made or deemed to be made by the Borrower in relation to or in connection with clause 20 (*Sustainability-linked Loan Provisions*), in the Second Party Opinion, in any Sustainability Performance Certificate or any other relevant opinion, document or report of the SPC Verification Provider delivered in conjunction therewith, or otherwise in relation to any Sustainability Performance Target.

22.5 Cross default

- (a) Any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period.

Table of Contents

- (b) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).
- (d) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) No Event of Default will occur under this clause 22.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than US\$50,000,000 (or its equivalent in any other currency or currencies).

22.6 Insolvency

- (a) The Borrower or any Significant Subsidiary of the Borrower is or is presumed or deemed to be unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (excluding any Finance Party in its capacity as such) with a view to rescheduling any of its indebtedness.
- (b) The value of the assets of the Borrower or any Significant Subsidiary of the Borrower is less than its liabilities (taking into account contingent and prospective liabilities).
- (c) A moratorium is declared in respect of any indebtedness of the Borrower or any Significant Subsidiary of the Borrower.

22.7 Insolvency proceedings

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Borrower or any Significant Subsidiary of the Borrower other than a solvent liquidation or reorganisation of any member of the Group which is not the Borrower;
- (b) a composition or arrangement with any creditor of the Borrower or any Significant Subsidiary of the Borrower, or an assignment for the benefit of creditors generally of the Borrower or any Significant Subsidiary of the Borrower or a class of such creditors;
- (c) the appointment of a liquidator (other than in respect of a solvent liquidation of a member of the Group which is not the Borrower), receiver, administrator, administrative receiver, compulsory manager, provisional supervisor or other similar officer in respect of the Borrower or any Significant Subsidiary of the Borrower or any of its assets; or
- (d) enforcement of any Security over any assets of the Borrower or any Significant Subsidiary of the Borrower,

or any analogous procedure or step is taken in any jurisdiction.

Paragraph (a) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement.

22.8 Creditors' process

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of a member of the Group which has or is reasonably likely to have a Material Adverse Effect

[Table of Contents](#)

22.9 Unlawfulness

It is or becomes unlawful for the Borrower to perform any of its obligations under the Finance Documents.

22.10 Repudiation

The Borrower repudiates a Finance Document or evidences an intention to repudiate a Finance Document.

22.11 Cessation of business

The Borrower suspends or ceases to carry on all or a material part of its business or of the business of the Group taken as a whole.

22.12 Change of business

Any substantial change is made to the general nature of the business of the Borrower or the Group from that carried on at the date of this Agreement, except to the extent permitted by clause 21.7 (*Change of business*).

22.13 Material adverse change

Any event or circumstance (including disruption or continuation of such circumstance) has or is reasonably likely to have a Material Adverse Effect.

22.14 Material litigation or proceedings

Any litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect are commenced or threatened in writing against any member of the Group or its assets.

22.15 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower:

- (a) without prejudice to the participations of any Lender in any Loans then outstanding:
 - (i) cancel the Commitments (and reduce them to zero), whereupon they shall immediately be cancelled (and reduced to zero); or
 - (ii) cancel any part of any Commitment (and reduce such Commitment accordingly), whereupon the relevant part shall immediately be cancelled (and the relevant Commitment shall be immediately reduced accordingly); and/or
- (b) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (c) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders.

23 Changes to the Lenders

23.1 Assignments and transfers by the Lenders

Subject to this clause 23, a Lender (the **Existing Lender**) may:

- (a) assign any of its rights; or

- (b) transfer by novation any of its rights and obligations,

under the Finance Documents to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the **New Lender**).

23.2 Conditions of assignment or transfer

- (a) The consent of the Borrower is not required for any assignment or transfer by a Lender pursuant to this clause 23.
- (b) A transfer will be effective only if the procedure set out in clause 23.5 (*Procedure for transfer*) is complied with.
- (c) An assignment will be effective on:
- (i) receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will, in relation to the assigned rights, assume obligations to the other Parties equivalent to those it would have been under if it had been an Original Lender; and
 - (ii) performance by the Agent of any “know your customer” checks or other similar checks required under any applicable law or regulation in relation to such assignment to a New Lender, the completion of which the Agent must notify to the Existing Lender and the New Lender promptly,
- and only if the procedure and conditions set out in clause 23.6 (*Procedure for assignment*) are complied with.
- (d) If:
- (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents; and
 - (ii) as a result of circumstances existing at the date the assignment or transfer occurs, the Borrower would be obliged to make a payment to the New Lender under clause 13 (*Increased Costs*),
- then the New Lender is only entitled to receive payment under that clause to the same extent as the Existing Lender would have been if the assignment or transfer had not occurred.

23.3 Assignment or transfer fee

The New Lender shall, on the date falling five Business Days prior to the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of US\$3,500.

23.4 Limitation of responsibility of Existing Lenders

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
- (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;
 - (ii) the financial condition of the Borrower;
 - (iii) the performance and observance by the Borrower of its obligations under the Finance Documents or any other documents; or
 - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,
- and any representations or warranties implied by law are excluded.

- (b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:
 - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of the Borrower and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and
 - (ii) will continue to make its own independent appraisal of the creditworthiness of the Borrower and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
 - (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this clause 23; or
 - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by the Borrower of its obligations under the Finance Documents or otherwise.

23.5 Procedure for transfer

- (a) Subject to the conditions set out in clause 23.2 (*Conditions of assignment or transfer*), a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement at least five Business Days prior to the proposed Transfer Date, execute that Transfer Certificate.
- (b) The Agent shall not be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender unless it is satisfied that it has completed all “know your customer” and other similar procedures that it is required (or deems desirable) to conduct in relation to the transfer to such New Lender.
- (c) On the Transfer Date:
 - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents each of the Borrower and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the **Discharged Rights and Obligations**);
 - (ii) each of the Borrower and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as the Borrower and the New Lender have assumed and/or acquired the same in place of the Borrower and the Existing Lender;
 - (iii) each Administrative Party, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent each Administrative Party and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
 - (iv) the New Lender shall become a Party as a “Lender”.
- (d) The procedure set out in this clause 23.5 shall not apply to any right or obligation under any Finance Document (other than this Agreement) if and to the extent its terms, or any laws or regulations applicable thereto, provide for or require a different means of transfer of such right or obligation or prohibit or restrict any transfer of such right or obligation, unless such prohibition or restriction shall not be applicable to the relevant transfer or each condition of any applicable restriction shall have been satisfied.

23.6 Procedure for assignment

- (a) Subject to the conditions set out in clause 23.2 (*Conditions of assignment or transfer*), an assignment may be effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement at least five Business Days prior to the proposed Transfer Date, execute that Assignment Agreement.
- (b) The Agent shall not be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender unless it is satisfied that it has completed all “know your customer” and other similar procedures that it is required (or deems desirable) to conduct in relation to the assignment to such New Lender.
- (c) On the Transfer Date:
 - (i) the Existing Lender will assign absolutely to the New Lender the rights under the Finance Documents expressed to be the subject of the assignment in the Assignment Agreement;
 - (ii) the Existing Lender will be released by the Borrower and the other Finance Parties from the obligations owed by it (the **Relevant Obligations**) and expressed to be the subject of the release in the Assignment Agreement;
 - (iii) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations;
 - (iv) if the assignment relates only to part of the Existing Lender’s participation in the outstanding Loans that part will be separated from the Existing Lender’s participation in the outstanding Loans, made an independent debt and assigned to the New Lender as a whole debt; and
 - (v) the Agent’s execution of the Assignment Agreement as agent for the Borrower will constitute notice to the Borrower of the assignment.
- (d) Lenders may utilise procedures other than those set out in this clause 23.6 to assign their rights under the Finance Documents (but not, without the consent of the Borrower or unless in accordance with clause 23.5 (*Procedure for transfer*), to obtain a release by the Borrower from the obligations owed to the Borrower by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in clause 23.2 (*Conditions of assignment or transfer*).
- (e) The procedure set out in this clause 23.6 shall not apply to any right or obligation under any Finance Document (other than this Agreement) if and to the extent its terms, or any laws or regulations applicable thereto, provide for or require a different means of assignment of such right or release or assumption of such obligation or prohibit or restrict any assignment of such right or release or assumption of such obligation, unless such prohibition or restriction shall not be applicable to the relevant assignment, release or assumption or each condition of any applicable restriction shall have been satisfied.

23.7 Copy of Transfer Certificate or Assignment Agreement to Borrower

The Agent shall, within three Business Days from the Transfer Date, send to the Borrower a copy of that Transfer Certificate or Assignment Agreement.

23.8 Existing consents and waivers

A New Lender shall be bound by any consent, waiver, election or decision given or made by the relevant Existing Lender under or pursuant to any Finance Document prior to the coming into effect of the relevant assignment or transfer to such New Lender.

23.9 Exclusion of Agent's liability

In relation to any assignment or transfer pursuant to this clause 23, each Party acknowledges and agrees that the Agent shall not be obliged to enquire as to the accuracy of any representation or warranty made by a New Lender in respect of its eligibility as a Lender.

23.10 Universal Succession (Assignments and Transfers)

If a Lender is to be merged with any other person by universal succession, such Lender shall, at its own cost within 45 days of that merger provide to the Agent:

- (a) an original or certified true copy of a legal opinion issued by a qualified legal counsel practising law in its jurisdiction of incorporation confirming that all such Lender's assets, rights and obligations generally have been duly vested in the succeeding entity who has succeeded to all relationships as if those assets, rights and obligations had been originally acquired, incurred or entered into by the succeeding entity; and
- (b) an original or certified true copy of a written confirmation by either the Lender's legal counsel or such other legal counsel acceptable to the Agent and for the benefit of the Agent (in its capacity as agent of the Lenders) that the laws of Hong Kong and of the jurisdiction in which the Facility Office of such Lender is located recognise such merger by universal succession under the relevant foreign laws,

whereupon a transfer and novations of all such Lender's assets, rights and obligations to its succeeding entity shall have been, or be deemed to have been, duly effected as at the date of the said merger.

If such Lender, in a universal succession, does not comply with the requirements under this clause 23.10, the Agent has the right to decline to recognise the succeeding entity and demand such Lender and the succeeding entity to either sign and deliver a Transfer Certificate to the Agent evidencing the disposal of all rights and obligations of such Lender to that succeeding entity, or provide or enter into such documents, or make such arrangements acceptable to the Agent (acting on the advice of the Lender's legal counsel (any legal costs so incurred shall be borne by the relevant Lender)) in order to establish that all rights and obligations of the relevant Lender under this Agreement have been transferred to and assumed by the succeeding entity.

23.11 Security over Lenders' rights

In addition to the other rights provided to Lenders under this clause 23, each Lender may without consulting with or obtaining consent from the Borrower, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or

Table of Contents

- (ii) require any payments to be made by the Borrower other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents.

24 Changes to the Borrower

24.1 Assignments and transfers by Borrower

The Borrower may not assign any of its rights or transfer any of its rights or obligations under the Finance Documents, except with the prior written consent of all the Lenders.

25 Role of the Administrative Parties

25.1 Appointment of the Agent

- (a) Each Finance Party (other than the Agent) appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each Finance Party (other than the Agent) authorises the Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

25.2 Instructions

- (a) The Agent shall:
 - (i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by:
 - (A) all Lenders if the relevant Finance Document stipulates the matter is an all-Lender decision; and
 - (B) in all other cases, the Majority Lenders; and
 - (ii) not be liable for any act (or omission) if it relies on any such instruction or acts (or refrains from acting) in accordance with paragraph (i) above (or, if this Agreement stipulates the matter is a decision for any other Lender or group of Lenders, from that Lender or group of Lenders (as applicable)).
- (b) The Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Lender or group of Lenders, from that Lender or group of Lenders) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion. The Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.
- (c) Save in the case of decisions stipulated to be a matter for any other Lender or group of Lenders under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.
- (d) The Agent may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.
- (e) In the absence of instructions, the Agent may act (or refrain from acting) as it considers in its discretion to be appropriate.

Table of Contents

- (f) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

25.3 Duties of the Agent

- (a) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) Subject to paragraph (c) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.
- (c) Without prejudice to clause 23.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), paragraph (b) above shall not apply to any Transfer Certificate or any Assignment Agreement.
- (d) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (e) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (f) If the Agent is aware of the non-payment of any principal, interest, arrangement fee or other fee payable to a Finance Party (other than to any Administrative Party) under this Agreement, it shall promptly notify the other Finance Parties.
- (g) The Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

25.4 Role of the Mandated Lead Arrangers and Bookrunners, the Mandated Lead Arrangers, the Lead Arrangers, the Arrangers and the Sustainability-linked Loan Coordinators

Except as specifically provided in the Finance Documents, none of the Mandated Lead Arrangers and Bookrunners, the Mandated Lead Arrangers, the Lead Arrangers, the Arrangers and the Sustainability-linked Loan Coordinators has obligations of any kind to any other Party under or in connection with any Finance Document.

25.5 No fiduciary duties

- (a) Nothing in any Finance Document constitutes any Administrative Party as a trustee or fiduciary of any other person.
- (b) No Administrative Party shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

25.6 Regulatory position

Nothing in this Agreement shall require the Agent to carry on an activity of the kind specified by any provision of Part 1 of Schedule 5 of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong, or to lend money to the Borrower in its capacity as the Agent.

25.7 Money held as banker

The Agent shall be entitled to deal with money paid to it by any person for the purposes of this Agreement in the same manner as other money paid to a banker by its customers except that it shall not be liable to account to any person for any interest or other amounts in respect of the money.

25.8 Business with the Group

Any Administrative Party may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

25.9 Abatement of fees

The fees, commissions and expenses payable to the Agent for services rendered and the performances of its obligations under this Agreement shall not be abated by any remuneration or other amounts or profits receivable by the Agent (or by any of its associates) in connection with any transaction effected by the Agent with or for the Lenders or the Borrower.

25.10 Rights and discretions of the Agent

- (a) The Agent may:
 - (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;
 - (ii) assume that:
 - (A) any instructions received by it from the Majority Lenders, any Lender or any group of Lenders are duly given in accordance with the terms of the Finance Documents; and
 - (B) unless it has received notice of revocation, those instructions have not been revoked; and
 - (iii) rely on a certificate from any person:
 - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
 - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing, as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.
- (b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
 - (i) no Default has occurred (unless it has actual knowledge of a Default arising under clause 22.1 (*Non-payment*)); and
 - (ii) any right, power, authority or discretion vested in any Party or any group of Lenders has not been exercised.
- (c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Agent (and so separate from any lawyers instructed by the Lenders) if the Agent in its reasonable opinion deems this to be necessary.
- (e) The Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (f) The Agent may act in relation to the Finance Documents through its officers, employees and agents.

Table of Contents

- (g) Unless a Finance Document expressly provides otherwise the Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (h) Notwithstanding any other provision of any Finance Document to the contrary, no Administrative Party is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- (i) Notwithstanding any provision of any Finance Document to the contrary, the Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

25.11 Responsibility for documentation

No Administrative Party is responsible or liable for:

- (a) the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by any Administrative Party, the Borrower or any other person given in or in connection with any Finance Document or the Information Memorandum or the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; or
- (c) any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

25.12 No duty to monitor

The Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or
- (c) whether any other event specified in any Finance Document has occurred.

25.13 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Agent), the Agent will not be liable for:
 - (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct;
 - (ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document, other than by reason of its gross negligence or wilful misconduct; or
 - (iii) without prejudice to the generality of paragraphs (i) and (ii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including for negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of:
 - (A) any act, event or circumstance not reasonably within its control; or

- (B) the general risks of investment in, or the holding of assets in, any jurisdiction, including (in each case) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.
- (b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent may rely on this clause 25 subject to clause 1.3 (*Third party rights*) and the provisions of the Third Parties Ordinance.
- (c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) Nothing in this Agreement shall oblige any Administrative Party to conduct:
- (i) any “know your customer” or other procedures in relation to any person; or
- (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Lender or for any Affiliate of any Lender,
- on behalf of any Lender and each Lender confirms to each Administrative Party that it is solely responsible for any such procedures or check it is required to conduct and that it shall not rely on any statement in relation to such procedures or check made by any Administrative Party.
- (e) Without prejudice to any provision of any Finance Document excluding or limiting the Agent’s liability, any liability of the Agent arising under or in connection with any Finance Document shall be limited to the amount of actual loss which has been suffered (as determined by reference to the date of default of the Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Agent at any time which increase the amount of that loss. In no event shall the Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Agent has been advised of the possibility of such loss or damages.
- (f) The provisions of this clause 25.13 shall survive the termination or expiry of this Agreement or the resignation or removal of the Agent.

25.14 Lenders’ indemnity to the Agent

- (a) Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent, within three Business Days of demand, against any cost, loss or liability (including for negligence or any other category of liability whatsoever) incurred by the Agent (otherwise than by reason of the Agent’s gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to clause 27.10 (*Disruption to payment systems etc.*), notwithstanding the Agent’s negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by the Borrower pursuant to a Finance Document).

- (b) The indemnity given by a Party under or in connection with a Finance Document is a continuing obligation, independent of the party's other obligations under or in connection with that or any other Finance Document and survives after that Finance Document is terminated. It is not necessary for a Finance Party to pay any amount or incur any expense before enforcing an indemnity under or in connection with this Agreement or any other Finance Document.

25.15 Resignation of the Agent

- (a) The Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Lenders and the Borrower.
- (b) Alternatively, the Agent may resign by giving 30 days' notice to the other Lenders and the Borrower, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor Agent.
- (c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within 30 days after notice of resignation was given, the retiring Agent (after consultation with the Borrower) may appoint a successor Agent.
- (d) [reserved]
- (e) The retiring Agent shall make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation notice shall only take effect upon the appointment of a successor.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (d) above) but shall remain entitled to the benefit of clause 15.3 (*Indemnity to the Agent*) and this clause 25 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations among themselves as they would have had if such successor had been an original Party.
- (h) After consultation with the Borrower, the Majority Lenders may, by notice to the Agent, require it to resign in accordance with paragraph (b) above. In this event, the Agent shall resign in accordance with paragraph (b) above and all costs and expenses incurred as a result of such resignation shall be borne by the Lenders who required the Agent's resignation under this paragraph (h).
- (i) The Agent shall resign in accordance with paragraph (b) above if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents:
 - (i) the Agent fails to respond to a request under clause 12.1 (*FATCA information*) and the Borrower or a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
 - (ii) the information supplied by the Agent pursuant to clause 12.1 (*FATCA information*) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
 - (iii) the Agent notifies the Borrower and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date,

and (in each case) the Borrower or a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and the Borrower or that Lender, by notice to the Agent, requires it to resign.

25.16 Confidentiality

- (a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.
- (c) The Agent shall not be obliged to disclose to any Finance Party any information supplied to it by the Borrower or any Affiliates of the Borrower on a confidential basis and for the purpose of evaluating whether any waiver or amendment is or may be required or desirable in relation to any Finance Document.

25.17 Relationship with the Lenders

- (a) The Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:
 - (i) entitled to or liable for any payment due under any Finance Document on that day; and
 - (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.
- (b) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under clause 29.5 (*Electronic communication*)) electronic mail address and/or any other information required to enable the transmission of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address (or such other information), department and officer by that Lender for the purposes of clause 29.2 (*Addresses*) and clause 29.5(a)(ii) (*Electronic communication*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

25.18 Credit appraisal by the Lenders

Without affecting the responsibility of the Borrower for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to each Administrative Party that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (c) whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

Table of Contents

- (d) the adequacy, accuracy and/or completeness of the Information Memorandum and any other information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

25.19 Agent's management time

Any amount payable to the Agent under clause 15.3 (*Indemnity to the Agent*), clause 16 (*Costs and Expenses*) and clause 25.14 (*Lenders' indemnity to the Agent*) shall include the cost of utilising the Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Borrower and the Lenders, and is in addition to any fee paid or payable to the Agent under clause 11 (*Fees*).

25.20 Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

25.21 Amounts paid in error

- (a) If the Agent pays an amount to another Party and the Agent notifies that Party reasonably promptly that such payment was an Erroneous Payment then the Party to whom that amount was paid by the Agent shall on demand refund the same to the Agent.
- (b) Neither:
 - (i) the obligations of any Party to the Agent; nor
 - (ii) the remedies of the Agent,(whether arising under this clause 25.21 or otherwise) which relate to an Erroneous Payment will be affected by any act, omission, matter or thing which, but for this clause 25.21(b), would reduce, release or prejudice any such obligation or remedy (whether or not known by the Agent or any other Party).
- (c) All payments to be made by a Party to the Agent (whether made pursuant to this clause 25.21 or otherwise) which relate to an Erroneous Payment shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.
- (d) In this Agreement, "**Erroneous Payment**" means a payment of an amount by the Agent to another Party which the Agent determines (in its sole discretion) was made in error.

26 Sharing among the Finance Parties

26.1 Payments to Finance Parties

If a Finance Party (a **Recovering Finance Party**) receives or recovers (whether by set-off or otherwise) any amount from the Borrower other than in accordance with clause 27 (*Payment Mechanics*) (a **Recovered Amount**) and applies that amount to a payment due under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery to the Agent;
- (b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with clause 27 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

[Table of Contents](#)

- (c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the **Sharing Payment**) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with clause 27.5 (*Partial payments*).

26.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the Borrower and distribute it between the Finance Parties (other than the Recovering Finance Party) (the **Sharing Finance Parties**) in accordance with clause 27.5 (*Partial payments*) towards the obligations of the Borrower to the Sharing Finance Parties.

26.3 Recovering Finance Party's rights

- (a) On a distribution by the Agent under clause 26.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from the Borrower, as between the Borrower and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by the Borrower.
- (b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the Borrower shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

26.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the **Redistributed Amount**); and
- (b) at the time of the request by the Agent under paragraph (a) above, the Sharing Finance Party will be subrogated to the rights of the Recovering Finance Party in respect of the relevant Redistributed Amount; and
- (c) if and to the extent that the Sharing Finance Party is not able to rely on its rights under paragraph (b) above as between the Borrower and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by the Borrower.

26.5 Exceptions

- (a) This clause 26 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this clause 26 have a valid and enforceable claim against the Borrower.
- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (i) it notified that other Finance Party of the legal or arbitration proceedings; and
 - (ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

[Table of Contents](#)

27 Payment Mechanics

27.1 Payments to the Agent

- (a) On each date on which a Party is required to make a payment under a Finance Document, that Party shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in the principal financial centre of the country of that currency and with such bank as the Agent, in each case, specifies.

27.2 Distributions by the Agent

- (a) Each payment received by the Agent under the Finance Documents for another Party shall, subject to clause 27.3 (*Distributions to the Borrower*) and clause 27.4 (*Clawback and pre-funding*) be made available by the Agent as soon as reasonably practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency.
- (b) The Agent shall distribute payments received by it in relation to all or any part of a Loan to the Lender indicated in the records of the Agent as being so entitled on that date **provided that** the Agent is authorised to distribute payments to be made on the date on which any transfer becomes effective pursuant to clause 23 (*Changes to the Lenders*) to the Lender so entitled immediately before such transfer took place regardless of the period to which such sums relate.

27.3 Distributions to the Borrower

The Agent may (with the consent of the Borrower or in accordance with clause 28 (*Set-off*)) apply any amount received by it for the Borrower in or towards payment (on the date and in the currency and funds of receipt) of any amount due from the Borrower under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

27.4 Clawback and pre-funding

- (a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) Unless paragraph (c) below applies, if the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.
- (c) If the Agent has notified the Lenders that it is willing to make available amounts for the account of the Borrower before receiving funds from the Lenders then if and to the extent that the Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Borrower:
 - (i) the Agent shall notify the Borrower of that Lender's identity and the Borrower shall on demand refund it to the Agent; and
 - (ii) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Borrower shall on demand pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

Table of Contents

27.5 Partial payments

- (a) If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under the Finance Documents, the Agent shall apply that payment towards the obligations of the Borrower under the Finance Documents in the following order:
 - (i) **first**, in or towards payment pro rata of any unpaid amount owing to any Administrative Party under the Finance Documents;
 - (ii) **secondly**, in or towards payment pro rata of any accrued interest, fee (other than as provided in paragraph (i) above) or commission due but unpaid under the Finance Documents;
 - (iii) **thirdly**, in or towards payment pro rata of any principal due but unpaid under this Agreement; and
 - (iv) **fourthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.
- (b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (a)(iv) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by the Borrower.

27.6 No set-off by Borrower

All payments to be made by the Borrower under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

27.7 Business Days

- (a) Any payment under the Finance Documents which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement, interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

27.8 Currency of account

- (a) Subject to clauses 27.8(b) and 27.8(c) below, US dollars is the currency of account and payment for any sum due from the Borrower under any Finance Document.
- (b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (c) Any amount expressed to be payable in a currency other than US dollars shall be paid in that other currency.

27.9 Change of currency

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Borrower); and

Table of Contents

- (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Market and otherwise to reflect the change in currency.

27.10 Disruption to payment systems etc.

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Borrower that a Disruption Event has occurred:

- (a) the Agent may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Facilities as the Agent may deem necessary in the circumstances;
- (b) the Agent shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (d) any such changes agreed upon by the Agent and the Borrower shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of clause 33 (*Amendments and Waivers*);
- (e) the Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this clause 27.10; and
- (f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

28 Set-off

A Finance Party may set off any matured obligation due from the Borrower under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

29 Notices

29.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax, letter or subject to clause 29.5 (*Electronic communication*) email.

29.2 Addresses

The address, fax number and email (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (a) in the case of each of the Borrower, the Mandated Lead Arrangers and Bookrunners, the Mandated Lead Arrangers, the Lead Arrangers, the Arrangers and the Sustainability-linked Loan Coordinators, that identified with its name below;

Table of Contents

- (b) in the case of each Lender, that notified in writing to the Agent on or prior to the date on which it becomes a Party; and
 - (c) in the case of the Agent, that identified with its name below,
- or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

29.3 Delivery

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will be effective:
 - (i) if by way of fax, only when received in legible form; or
 - (ii) if by way of letter, only when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;and, if a particular department or officer is specified as part of its address details provided under clause 29.2 (*Addresses*), if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to the Agent will be effective only when actually received by the Agent and then only if it is sent to the correct email address(es) or, in the case of a fax or a letter, expressly marked for the attention of the department or officer identified with the Agent's signature below (or any substitute department or officer as the Agent shall specify for this purpose).
- (c) All notices from or to the Borrower shall be sent through the Agent.
- (d) Any communication or document which becomes effective, in accordance with paragraphs (a) to (c) above, after 5p.m. in the place of receipt shall be deemed only to become effective on the following day.

29.4 Notification of address and fax number

Promptly upon changing its address or fax number, the Agent shall notify the other Parties (other than the Sustainability-linked Loan Coordinators, the Mandated Lead Arrangers and Bookrunners, the Mandated Lead Arrangers, the Lead Arrangers and the Arrangers) provided that the Agent shall not be obliged to notify any other Party of any change in the address or fax number of any other Party.

29.5 Electronic communication

- (a) Any communication or document to be made or delivered by one Party to another under or in connection with the Finance Documents may be made or delivered by electronic mail or other electronic means (including by way of posting to a secure website) if those two Parties:
 - (i) notify each other in writing of their electronic mail address and/or any other information required to enable the transmission of information by that means; and
 - (ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.
- (b) Any such electronic communication or delivery as specified in paragraph (a) above to be made between the Borrower and a Finance Party may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication or delivery.

Table of Contents

- (c) Any such electronic communication or delivery as specified in paragraph (a) above made or delivered by one Party to another will be effective only when actually received (or made available) in readable form and in the case of any electronic communication or document made or delivered by a Party to the Agent only if it is addressed in such a manner as the Agent shall specify for this purpose.
- (d) Any electronic communication or document which becomes effective, in accordance with paragraph (c) above, after 5 p.m. in the place in which the Party to whom the relevant communication or document is sent or made available has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.
- (e) Any reference in a Finance Document to a communication being sent or received or a document being delivered shall be construed to include that communication or document being made available in accordance with this clause 29.5.

29.6 English language

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
 - (i) in English; or
 - (ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

30 Calculations and Certificates

30.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

30.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

30.3 Day count convention and interest calculation

- (a) Any interest, commission or fee accruing under a Finance Document will accrue from day to day and the amount of any such interest, commission or fee is calculated:
 - (i) on the basis of the actual number of days elapsed and (in the case of a Compounded Rate Loan) a year of 360 days or (in the case of a Term Rate Loan) a year of 365 days (or, in any case where the practice in the Relevant Market differs, in accordance with that market practice); and
 - (ii) subject to paragraph (b) below, without rounding.
- (b) The aggregate amount of any accrued interest, commission or fee which is, or becomes, payable by the Borrower under a Finance Document shall be rounded to 2 decimal places.

31 Partial Invalidity

If, at any time, any provision of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

32 Remedies and Waivers

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under a Finance Document shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the Finance Documents. No election to affirm any Finance Document on the part of any Finance Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law and may be waived only in writing and specifically.

33 Amendments and Waivers

33.1 Required consents

- (a) Subject to clause 33.2 (*All-Lender matters*) and clause 33.3 (*Other exceptions*), any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Borrower and any such amendment or waiver will be binding on all Parties.
- (b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this clause 33.

33.2 All-Lender matters

An amendment or waiver of any term of any Finance Document that has the effect of changing or which relates to:

- (a) the definition of **Majority Lenders** in clause 1.1 (Definitions);
- (b) the receipt of the documents and other evidence specified in clause 4.1 (*Initial conditions precedent*);
- (c) an extension to the date of payment of any amount under the Finance Documents;
- (d) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;
- (e) a change in currency of payment of any amount under the Finance Documents;
- (f) an increase in any Commitment, an extension of the Availability Period or any requirement that a cancellation of Commitments reduces the Commitments of the Lenders rateably under the relevant Facility;
- (g) any provision which expressly requires the consent of all the Lenders; or
- (h) clause 2.3 (*Finance Parties' rights and obligations*), clause 5.1 (*Delivery of a Utilisation Request*), clause 7.1 (*Illegality*), clause 7.2 (*Change of control*), clause 7.9 (*Application of prepayments*), clause 23 (*Changes to the Lenders*), clause 24 (*Changes to the Borrower*), clause 26 (*Sharing among the Finance Parties*), this clause 33, clause 37 (*Governing Law*), or clause 38.1 (*Jurisdiction of Hong Kong courts*),

shall not be made without the prior consent of all the Lenders.

33.3 Other exceptions

An amendment or waiver which relates to the rights or obligations of an Administrative Party may not be effected without the consent of that Administrative Party.

33.4 Replacement of Rate

- (a) Notwithstanding clause 33.2 (*All-Lender matters*) and subject to clause 33.3 (*Other exceptions*), if a Published Rate Replacement Event has occurred in relation to any Published Rate for a currency which can be selected for a Loan, any amendment or waiver which relates to:
- (i) providing for the use of a Replacement Benchmark in relation to that currency in place of that Published Rate;
 - (ii) (A) aligning any provision of any Finance Document to the use of that Replacement Benchmark;
 - (B) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);
 - (C) implementing market conventions applicable to that Replacement Benchmark;
 - (D) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or
 - (E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),
- may be made with the consent of the Agent (acting on the instructions of the Majority Lenders) and the Borrower.
- (b) An amendment or waiver that relates to, or has the effect of, aligning the means of calculation of interest on a Compounded Rate Loan under this Agreement to any recommendation of a Relevant Nominating Body which:
- (i) relates to the use of the RFR on a compounded basis in the international or any relevant domestic syndicated loan markets; and
 - (ii) is issued on or after the date of this Agreement,
- may be made with the consent of the Agent (acting on the instructions of the Majority Lenders) and the Borrower.

33.5 Excluded Commitments

If any Lender fails to respond to a request for a consent, waiver, amendment of or in relation to any term of any Finance Document (other than a consent, waiver, amendment referred to in paragraphs (c), (d) or (f) of clause 33.2 (*All-Lender matters*)) or any other vote of Lenders under the terms of this Agreement within 15 Business Days of that request being made, unless the Borrower and the Agent agree to a longer time period in relation to such request:

- (a) its Commitment(s) shall not be included for the purpose of calculating the Total Commitments under the relevant Facility when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments has been obtained to approve that request; and
- (b) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

34 Confidential Information

34.1 Confidentiality

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by clause 34.2 (*Disclosure of Confidential Information*) and clause 34.3 (*Disclosure to numbering service providers*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

34.2 Disclosure of Confidential Information

Any Finance Party may disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, partners, insurers, insurance brokers, service providers and Representatives, head office and branch offices such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is made aware in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;
- (b) to any person:
 - (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Agent and, in each case, to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
 - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or the Borrower and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
 - (iii) appointed by any Finance Party or by a person to whom paragraph (i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including any person appointed under paragraph (b) of clause 25.17 (*Relationship with the Lenders*));
 - (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (i) or (ii) above;
 - (v) to whom information is required or requested to be disclosed by any court or tribunal of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
 - (vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
 - (vii) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to clause 23.11 (*Security over Lenders' rights*);
 - (viii) who is a Party; or
 - (ix) (other than in the case of Confidential Information in relation to any Finance Party) with the consent of the Borrower or (in the case of Confidential Information in relation to a Finance Party) with the consent of such relevant Finance Party;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to paragraphs (i), (ii) and (iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
 - (B) in relation to paragraph (iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information; or
 - (C) in relation to paragraphs (v), (vi) and (vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;
- (c) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrower and the relevant Finance Party; and
- (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Borrower if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

34.3 Disclosure to numbering service providers

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facilities and/or the Borrower the following information:
- (i) name of the Borrower;
 - (ii) country of domicile of the Borrower;
 - (iii) place of incorporation of the Borrower;
 - (iv) date of this Agreement;
 - (v) clause 37 (*Governing Law*);
 - (vi) the names of the Agent, the Mandated Lead Arrangers and Bookrunners, the Mandated Lead Arrangers, the Lead Arrangers and the Arrangers;
 - (vii) date of each amendment and restatement of this Agreement;
 - (viii) amounts of, and names of, the Facilities (and any tranches);
 - (ix) amount of Total Commitments;
 - (x) currency of the Facilities

- (xi) type of Facilities;
 - (xii) ranking of Facilities;
 - (xiii) Final Repayment Date for Facilities;
 - (xiv) changes to any of the information previously supplied pursuant to paragraphs (i) to (xiii) above; and
 - (xv) such other information agreed between such Finance Party and the Borrower,
to enable such numbering service provider to provide its usual syndicated loan numbering identification services.
- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facilities and/or the Borrower by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) The Borrower represents that none of the information set out in paragraphs (a)(i) to (a)(xv) above is, nor will at any time be, unpublished price-sensitive information.
- (d) The Agent shall notify the Borrower and the other Finance Parties of:
- (i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facilities and/or the Borrower; and
 - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facilities and/or the Borrower by such numbering service provider.

34.4 Data privacy

The Agent may collect, use and disclose personal data about the Borrower and other Finance Parties (if it is an individual) or individuals associated with the Borrower and/or Finance Parties (whether or not it is an individual), so that the Agent can carry out its obligations to the Borrower and/or, as the case may be, Finance Party and for other related purposes, including auditing, monitoring and analysis of its business, fraud and crime prevention, money laundering, legal and regulatory compliance, and the marketing by the Agent or members of HSBC Group of other services. The Agent may also transfer the personal data to any country (including countries outside where the Agent provides the services to be provided under the terms of this Agreement where there may be less stringent data protection laws) to process information on the Agent's behalf. Where it is processed by the Agent of its agents or delegates within the HSBC Group, the personal data will be protected by security measures and a degree of care to which all members of the HSBC Group and their staff are subject and will only be used in accordance with the Agent's instructions.

34.5 Entire agreement

This clause 34 constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

34.6 Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

34.7 Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrower:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of clause 34.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that Confidential Information has been disclosed in breach of this clause 34.

34.8 Continuing obligations

The obligations in this clause 34 are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

- (a) the date on which all amounts payable by the Borrower under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- (b) the date on which such Finance Party otherwise ceases to be a Finance Party.

35 Confidentiality of Funding Rates

35.1 Confidentiality and disclosure

- (a) The Agent and the Borrower agree to keep each Funding Rate confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b) and (c) below.
- (b) The Agent may disclose:
 - (i) any Funding Rate to the Borrower pursuant to clause 8.5 (*Notification of rates of interest*); and
 - (ii) any Funding Rate to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Agent and the relevant Lender.
- (c) The Agent and the Borrower may disclose any Funding Rate to:
 - (i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives if any person to whom that Funding Rate is to be given pursuant to this paragraph (i) is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or is otherwise bound by requirements of confidentiality in relation to it;
 - (ii) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the Borrower, as the case may be, it is not practicable to do so in the circumstances;
 - (iii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Funding Rate is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the Borrower, as the case may be, it is not practicable to do so in the circumstances; and

- (iv) any person with the consent of the relevant Lender.

35.2 Related obligations

- (a) The Agent and the Borrower acknowledge that each Funding Rate is or may be price-sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Agent and the Borrower undertake not to use any Funding Rate for any unlawful purpose.
- (b) The Agent and the Borrower agree (to the extent permitted by law and regulation) to inform the relevant Lender:
 - (i) of the circumstances of any disclosure made pursuant to paragraph (c)(ii) of clause 35.1 (*Confidentiality and disclosure*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
 - (ii) upon becoming aware that any information has been disclosed in breach of this clause 35.

35.3 No Event of Default

No Event of Default will occur under clause 22.3 (*Other obligations*) by reason only of the Borrower's failure to comply with this clause 35.

36 Counterparts

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

37 Governing Law

This Agreement is governed by the laws of Hong Kong.

38 Enforcement

38.1 Jurisdiction of Hong Kong courts

- (a) The courts of Hong Kong have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including any dispute regarding the existence, validity or termination of this Agreement) (a **Dispute**).
- (b) The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This clause 38.1 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

38.2 Waiver of immunities

The Borrower irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:

- (a) suit;
- (b) jurisdiction of any court;

[Table of Contents](#)

- (c) relief by way of injunction or order for specific performance or recovery of property;
- (d) attachment of its assets (whether before or after judgment); and
- (e) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction (and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any immunity in any such proceedings).

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

Schedule 1
Original Lenders

Schedule 2
Conditions Precedent

**Schedule 3
Requests**

Schedule 4
Form of Transfer Certificate

Schedule 5
Form of Assignment Agreement

**Schedule 6
Form of Compliance Certificate**

**Schedule 7
Timetables**

Schedule 8
Sustainability Performance Targets

Schedule 9
Form of Sustainability Performance Certificate

Schedule 10
Form of Incremental Facility Notice

Schedule 11
Banking (Exposure Limits) Rules

Schedule 12
Compounded Rate Terms

Schedule 13
Daily Non-Cumulative Compounded RFR Rate

Schedule 14
Cumulative Compounded RFR Rate

SIGNATORIES

The Borrower

TRIP.COM GROUP LIMITED

攜程集團有限公司

/s/ Danmin Chen

By: Danmin Chen

Title: VP Finance

Contact Details

Address:

Attention:

Telephone:

Fax:

E-mail address:

[Table of Contents](#)

The Mandated Lead Arranger and Bookrunner

For and on behalf of:

CHINA CONSTRUCTION BANK CORPORATION HONG KONG BRANCH (CHINA CONSTRUCTION BANK CORPORATION IS A COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY)

/s/ Alias Leung

By: Alias Leung

Title: Head of Risk Management Division

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

[Table of Contents](#)

The Mandated Lead Arranger and Bookrunner

For and on behalf of:

DBS BANK LTD. (INCORPORATED IN SINGAPORE WITH LIMITED LIABILITY)

/s/ Andy Yung

By: Andy Yung

Title: Senior Vice President

Contact Details (for credit matters):

Address:

Attention:

Telephone:

Fax:

E-mail:

Contact Details (for operations matters):

Address:

Attention:

Telephone:

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E-mail:

[Table of Contents](#)

The Mandated Lead Arranger and Bookrunner

For and on behalf of:

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

/s/ Jeff Lim

By: Jeff Lim

Title: Head of Loans Origination, Hong Kong
Leveraged & Acquisition Finance
Global Banking

Contact Details:

Address:

Fax:

Attention:

[Table of Contents](#)

The Mandated Lead Arranger and Bookrunner

For and on behalf of:

STANDARD CHARTERED BANK (HONG KONG) LIMITED

/s/ Amit Lakhwani

By: Amit Lakhwani

Title: Managing Director

Head of Loan Syndicate, Asia-Pacific

Financing Risk, Global Credit Markets

Contact Details:

Address:

Fax:

Email:

Attention:

[Table of Contents](#)

The Mandated Lead Arranger and Bookrunner

For and on behalf of:

INDUSTRIAL AND COMMERCIAL BANK OF CHINA SHANGHAI CAO HE JING HI-TECH PARK SUB-BRANCH

INDUSTRIAL AND COMMERCIAL BANK OF CHINA SHANGHAI CAO HE JING HI-TECH PARK SUB-BRANCH (seal)

/s/ Wang Heng

By: Wang Heng

Title: The President

Contact Details (for credit matters):

Address:

Attention:

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E-mail:

Contact Details (for operations matters):

Address:

Attention:

Telephone:

Fax:

E-mail:

[Table of Contents](#)

The Mandated Lead Arranger

For and on behalf of:

AGRICULTURAL BANK OF CHINA SHANGHAI BRANCH CHANGNING SUB-BRANCH

AGRICULTURAL BANK OF CHINA SHANGHAI BRANCH CHANGNING SUB-BRANCH (seal)

/s/ Li Yonghui

By: Li Yonghui

Title: President

Notice details

For credit matters:

Address:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Telephone:

Email:

Attention (Name/Department):

[Table of Contents](#)

The Mandated Lead Arranger

For and on behalf of:

BANK OF COMMUNICATIONS CO., LTD. SHANGHAI MUNICIPAL BRANCH CHANGNING SUB-BRANCH (INCORPORATED IN PRC WITH LIMITED LIABILITY)

BANK OF COMMUNICATIONS CO., LTD. SHANGHAI MUNICIPAL BRANCH CHANGNING SUB-BRANCH (seal)

/s/ Zhu Mu

By: Zhu Mu

Title: Deputy General Manager

Notice details

For credit matters:

Address:

Fax:

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Attention (Name/Department):

For operations matters:

Address:

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Email:

Attention (Name/Department):

[Table of Contents](#)

The Mandated Lead Arranger

For and on behalf of:

BANK OF COMMUNICATIONS (HONG KONG) LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

/s/ Chen Bun, Carmen

By: Chen Bun, Carmen (AS096)

Title: General Manager

Structured and Capital Finance Department

/s/ LO LOK KI

LO LOK KI (AS114)

Section Head

Documentation (Commercial)

Notice details

For credit matters:

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Attention (Name/Department):

For operations matters:

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Fax:

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Email:

Attention (Name/Department):

[Table of Contents](#)

The Mandated Lead Arranger

For and on behalf of:

CHINA CITIC BANK CORPORATION LIMITED, SHANGHAI BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)

CHINA CITIC BANK CORPORATION LIMITED, SHANGHAI BRANCH (seal)

/s/ ZHAO YUAN XIN

By: ZHAO YUAN XIN

Title: HEAD OF CHINA CITIC BANK CORPORATION LIMITED, SHANGHAI
BRANCH

Notice details

For credit matters:

Address:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Telephone:

Email:

Attention (Name/Department):

[Table of Contents](#)

The Mandated Lead Arranger

For and on behalf of:

CHINA ZHESHANG BANK CO., LTD. SHANGHAI BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)

CHINA ZHESHANG BANK CO., LTD. SHANGHAI BRANCH (seal)

/s/ Xu Zhengfang

By: Xu Zhengfang

Title: Authorized Signatory

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

[Table of Contents](#)

The Mandated Lead Arranger

For and on behalf of:

SHANGHAI RURAL COMMERCIAL BANK CHANGNING BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)

/s/ Li Bin

By: Li Bin

Title: GM of Branch

Notice details

For credit matters:

Address:

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Address:

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Email:

Attention (Name/Department):

[Table of Contents](#)

The Mandated Lead Arranger

For and on behalf of:

MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY)

/s/ Emily Lim

By: Emily Lim

Title: Head of Loan Origination

[Table of Contents](#)

The Mandated Lead Arranger

For and on behalf of:

CHINA MERCHANTS BANK SHANGHAI BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)

CHINA MERCHANTS BANK SHANGHAI BRANCH (seal)

/s/ Shi Shunhua

By: Shi Shunhua

Title: Authorized Signatory

Notice details

For credit matters:

Address:

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Attention (Name/Department):

For operations matters:

Address:

Telephone:

Email:

Attention (Name/Department):

[Table of Contents](#)

The Mandated Lead Arranger

For and on behalf of:

NANYANG COMMERCIAL BANK, LIMITED

/s/ Lee Tsz Kin, Eddy

By: Lee Tsz Kin, Eddy

Title: Assistant Chief Executive

/s/ Law Chun Chung, John

Law Chun Chung, John

Head of Corporate Business Division One

Notice details

For credit matters:

Address:

Fax:

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For operations matters:

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Email:

Attention (Name/Department):

[Table of Contents](#)

The Lead Arranger

For and on behalf of:

CHINA BOHAI BANK CO., LTD., HONG KONG BRANCH (INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY)

/s/ Tony Gao/ Brian Wang

By: Tony Gao/ Brian Wang

Title: Assistant Chief Executive Officer/General Manager

Notice details

For credit matters:

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Attention (Name/Department):

For operations matters:

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Telephone:

Email:

Attention (Name/Department):

[Table of Contents](#)

The Lead Arranger

For and on behalf of:

CHINA EVERBRIGHT BANK COMPANY LIMITED SHANGHAI BRANCH

CHINA EVERBRIGHT BANK COMPANY LIMITED SHANGHAI BRANCH (seal)

/s/ Ma Ning

By: Ma Ning

Title: Authorized Signatory

Notice details

For credit matters:

Address:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Telephone:

Email:

Attention (Name/Department):

[Table of Contents](#)

The Lead Arranger

For and on behalf of:

CHINA EVERBRIGHT BANK CO., LTD., HONG KONG BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)

/s/ Stephen Lau

By: Stephen Lau 劉耀杰

Title: Head of Corporate Banking II

/s/ Nancy Wu

Nancy Wu 武楠

Deputy Chief Executive Officer

Notice details

For credit matters:

Address:

Fax:

Telephone:

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Attention (Name/Department):

For operations matters:

Address:

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Email:

Attention (Name/Department):

[Table of Contents](#)

The Lead Arranger

For and on behalf of:

CMB WING LUNG BANK LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

/s/ Fan Fei

By: Fan Fei

Title: Head of New Economy Sector
Strategic Department

/s/ Liu Haitao

Liu Haitao

Head of Global
Financing Department

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

[Table of Contents](#)

The Lead Arranger

For and on behalf of:

CMB WING LUNG BANK LIMITED SHANGHAI BRANCH (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

CMB WING LUNG BANK LIMITED SHANGHAI BRANCH (seal)

/s/ Xin Haiyan

By: Xin Haiyan

Title: Branch Manager

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

[Table of Contents](#)

The Arranger

For and on behalf of:

CHINA MINSHENG BANKING CORP., LTD. HONG KONG BRANCH (A JOINT STOCK LIMITED COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA)

/s/ LI MING

By: LI MING

Title: Deputy CEO

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

[Table of Contents](#)

The Arranger

For and on behalf of:

SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., ACTING THROUGH ITS HONG KONG BRANCH

/s/ Zhu Jun

By: Zhu Jun

Title: Deputy Chief Executive Officer

/s/ Wu Yue

Wu Yue

General Manager of Investment Banking Department II

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

[Table of Contents](#)

The Arranger

For and on behalf of:

THE BANK OF EAST ASIA (CHINA) LIMITED SHANGHAI BRANCH 東亞銀行(中國)有限公司上海分行 (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)

/s/ Xu, Summer Hui

By: Xu, Summer Hui

Title: GM of Shanghai Branch

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

[Table of Contents](#)

The Arranger

For and on behalf of:
CHONG HING BANK LIMITED

/s/ Chin Yee Man

By: Chin Yee Man
Title: Authorized Signatory

/s/ Cheung Sing Shing, Sunderland

Cheung Sing Shing, Sunderland
Senior Vice President

Notice details

For credit matters:

Address:
Fax:
Telephone:
Email:
Attention (Name/Department):

For operations matters:

Address:
Fax:
Telephone:
Email:
Attention (Name/Department):

[Table of Contents](#)

The Original Lender

For and on behalf of:

CHINA CONSTRUCTION BANK CORPORATION HONG KONG BRANCH (CHINA CONSTRUCTION BANK CORPORATION IS A COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY)

/s/ Alias Leung

By: Alias Leung

Title: Head of Risk Management Division

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (USD)

Correspondent Bank:

Swift Code:

Beneficiary:

Swift Code:

Account No.:

Reference:

Payment Details (HKD)

Beneficiary:

Swift Code:

Bank Code:

Branch Code:

Reference:

[Table of Contents](#)

The Original Lender

For and on behalf of:
DBS BANK (HONG KONG) LIMITED

/s/ Chang Yen Lian

By: Chang Yen Lian
Specimen Signature No. 010934
Title: Authorized Signatory

Notice details

For credit matters:

Address:
Fax:
Telephone:
Email:
Attention (Name/Department):

For operations matters:

Address:
Fax:
Telephone:
Email:
Attention (Name/Department):

Payment Details (USD)

Correspondent Bank:
Swift Code:
Reference:

Payment Details (HKD)

Beneficiary:
Swift Code:
Bank Code:
Branch Code:
Account No.:
Reference:

[Table of Contents](#)

The Original Lender

For and on behalf of:
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

/s/ Owen T J Lun

By: Owen T J Lun
17096

Title: Authorized Signatory

/s/ Monique W M Wong

Monique W M Wong
062356

Authorized Signatory

Notice details

For credit matters:

Address:
Fax:
Telephone:
Email:
Attention (Name/Department):

For operations matters:

Address:
Fax:
Telephone:
Email:
Attention (Name/Department):

Payment Details (USD)

Correspondent Bank:
Swift Code:
Beneficiary:
Swift Code:
Account No.:
Reference:

Payment Details (HKD)

Receiving Bank Name:
Swift Code:
Account Name:
Account No.:
Reference:

[Table of Contents](#)

The Original Lender

For and on behalf of:
STANDARD CHARTERED BANK (HONG KONG) LIMITED

/s/ Gao Ying

By: Gao Ying

Title: Managing Director

Client Coverage

Corporate, Commercial and Institutional Banking

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (USD)

Correspondent Bank:

Swift Code:

Beneficiary:

Swift Code:

Account No.:

Payment Details (HKD)

Beneficiary:

Swift Code:

Bank Code:

Account No.:

[Table of Contents](#)

The Original Lender

For and on behalf of:

INDUSTRIAL AND COMMERCIAL BANK OF CHINA SHANGHAI CAO HE JING HI-TECH PARK SUB-BRANCH

INDUSTRIAL AND COMMERCIAL BANK OF CHINA SHANGHAI CAO HE JING HI-TECH PARK SUB-BRANCH (seal)

/s/ Wang Heng

By: Wang Heng

Title: The President

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (USD)

Correspondent Bank:

Swift Code:

Beneficiary:

Swift Code:

Account No.:

Payment Details (HKD)

Correspondent Bank:

Swift Code:

Beneficiary:

Swift Code:

Account No.:

[Table of Contents](#)

The Original Lender

For and on behalf of:

AGRICULTURAL BANK OF CHINA SHANGHAI BRANCH CHANGNING SUB-BRANCH

AGRICULTURAL BANK OF CHINA SHANGHAI BRANCH CHANGNING SUB-BRANCH (seal)

/s/ Li Yonghui

By: Li Yonghui

Title: President

Notice details

For credit matters:

Address:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Telephone:

Email:

Attention (Name/Department):

Payment Details (HKD/USD)

Account Bank:

Swift Code:

Account Name:

Account No.:

[Table of Contents](#)

The Original Lender

For and on behalf of:

BANK OF COMMUNICATIONS CO., LTD. SHANGHAI MUNICIPAL BRANCH CHANGNING SUB-BRANCH (INCORPORATED IN PRC WITH LIMITED LIABILITY)

BANK OF COMMUNICATIONS CO., LTD. SHANGHAI MUNICIPAL BRANCH CHANGNING SUB-BRANCH (seal)

/s/ Zhu Mu

By: Zhu Mu

Title: Deputy General Manager

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (USD)

Correspondent Bank:

Swift Code:

Account Bank:

Swift Code:

Account Name:

Account No.:

Payment Details (HKD)

Correspondent Bank:

Swift Code:

Account Bank:

Swift Code:

Account Name:

Account No.:

[Table of Contents](#)

The Original Lender

For and on behalf of:

BANK OF COMMUNICATIONS (HONG KONG) LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

/s/ Chen Bun, Carmen

By: Chen Bun, Carmen (AS096)

Title: General Manager

Structured and Capital Finance Department

/s/ LO LOK KI

LO LOK KI (AS114)

Section Head

Documentation (Commercial)

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (HKD/USD)

Bank:

Bank Code:

Swift Code:

Account No.:

Account Name:

[Table of Contents](#)

The Original Lender

For and on behalf of:

CHINA CITIC BANK CORPORATION LIMITED, SHANGHAI BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)

CHINA CITIC BANK CORPORATION LIMITED, SHANGHAI BRANCH (seal)

/s/ ZHAO YUAN XIN

By: ZHAO YUAN XIN

Title: HEAD OF CHINA CITIC BANK CORPORATION LIMITED, SHANGHAI BRANCH

Notice details

For credit matters:

Address:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Telephone:

Email:

Attention (Name/Department):

Payment Details (USD)

Correspondent Bank:

Swift Code:

Account Bank:

Swift Code:

Account Name:

Account No.:

Reference:

Payment Details (HKD)

Correspondent Bank:

Swift Code:

Account Bank:

Swift Code:

Account Name:

Account No.:

Reference:

[Table of Contents](#)

The Original Lender

For and on behalf of:

CHINA ZHESHANG BANK CO., LTD. SHANGHAI BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)

CHINA ZHESHANG BANK CO., LTD. SHANGHAI BRANCH (seal)

/s/ Xu Zhengfang

By: Xu Zhengfang

Title: Authorized Signatory

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (HKD/USD)

Correspondent Bank:

Swift Code:

Account Name:

Account No.:

[Table of Contents](#)

The Original Lender

For and on behalf of:

SHANGHAI RURAL COMMERCIAL BANK CHANGNING BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)

/s/ Li Bin

By: Li Bin

Title: GM of Branch

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (HKD/USD)

Swift Code:

Account Name:

Account No.:

[Table of Contents](#)

The Original Lender

For and on behalf of:

MIZUHO BANK, LTD. (INCORPORATED IN JAPAN WITH LIMITED LIABILITY), HONG KONG BRANCH

/s/ Micky Gu

By: Micky Gu

Title: Managing Director

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (USD)

Receiving Bank:

Swift Code:

Account Name:

Swift Code:

Account No.:

Reference:

[Table of Contents](#)

The Original Lender

For and on behalf of:

CHINA MERCHANTS BANK SHANGHAI BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)

CHINA MERCHANTS BANK SHANGHAI BRANCH (seal)

/s/ Shi Shunhua

By: Shi Shunhua

Title: Authorized Signatory

Notice details

For credit matters:

Address:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Telephone:

Email:

Attention (Name/Department):

Payment Details (HKD/USD)

Correspondent Bank:

Swift Code:

Account Name:

Account No.:

Reference:

[Table of Contents](#)

The Original Lender

For and on behalf of:
NANYANG COMMERCIAL BANK, LIMITED

/s/ Lee Tsz Kin, Eddy

By: Lee Tsz Kin, Eddy
Title: Assistant Chief Executive

/s/ Law Chun Chung, John

Law Chun Chung, John
Head of Corporate Business Division One

Notice details

For credit matters:

Address:
Fax:
Telephone:
Email:
Attention (Name/Department):

For operations matters:

Address:
Fax:
Telephone:
Email:
Attention (Name/Department):

Payment Details

For RTGS (HKD/USD)

Beneficiary:
Swift Code:
Bank Code:
Account No.:
Reference:

For SWIFT (USD)

Correspondent Bank:
Swift Code:
Beneficiary:
Swift Code:
Account No.:
Reference:

[Table of Contents](#)

The Original Lender

For and on behalf of:

CHINA BOHAI BANK CO., LTD., HONG KONG BRANCH (INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY)

/s/ Tony Gao/ Brian Wang

By: Tony Gao/ Brian Wang

Title: Assistant Chief Executive Officer/General Manager

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (USD)

VIA SWIFT

Correspondent Bank:

Swift Code:

Account Name:

Swift Code:

Account No.:

Reference:

VIA RTGS

Bank Code:

Beneficiary Bank:

Swift Code:

Reference:

[Table of Contents](#)

The Original Lender

For and on behalf of:

CHINA EVERBRIGHT BANK COMPANY LIMITED SHANGHAI BRANCH

CHINA EVERBRIGHT BANK COMPANY LIMITED SHANGHAI BRANCH (seal)

/s/ Ma Ning

By: Ma Ning

Title: Authorized Signatory

Notice details

For credit matters:

Address:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Telephone:

Email:

Attention (Name/Department):

Payment Details (USD)

Correspondent Bank:

Swift Code:

Account Bank:

Swift Code:

Beneficiary:

Swift Code:

Account No.:

[Table of Contents](#)

The Original Lender

For and on behalf of:

CHINA EVERBRIGHT BANK CO., LTD., HONG KONG BRANCH (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)

/s/ Stephen Lau

By: Stephen Lau 劉耀杰

Title: Head of Corporate Banking II

/s/ Nancy Wu

Nancy Wu 武楠

Deputy Chief Executive Officer

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (USD)

Correspondent Bank:

Swift Code:

Beneficiary:

Swift Code:

Account No.:

Reference:

Payment Details (HKD)

Correspondent Bank:

Swift Code:

Beneficiary:

Swift Code:

Reference:

[Table of Contents](#)

The Original Lender

For and on behalf of:

CMB WING LUNG BANK LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

/s/ Fan Fei

By: Fan Fei

Title: Head of New Economy Sector
Strategic Department

/s/ Liu Haitao

Liu Haitao

Head of Global
Financing Department

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (USD)

VIA RTGS

Beneficiary:

Swift Code:

Bank Code:

Account No.:

Reference:

VIA SWIFT

Correspondent Bank:

Swift Code:

Beneficiary:

Swift Code:

Reference:

[Table of Contents](#)

The Original Lender

For and on behalf of:

CMB WING LUNG BANK LIMITED SHANGHAI BRANCH (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

CMB WING LUNG BANK LIMITED SHANGHAI BRANCH (seal)

/s/ Xin Haiyan

By: Xin Haiyan

Title: Branch Manager

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (HKD/ USD)

Correspondent Bank:

Swift Code:

Account Name:

Swift Code:

Account No.:

[Table of Contents](#)

The Original Lender

For and on behalf of:

CHINA MINSHENG BANKING CORP., LTD. HONG KONG BRANCH (A JOINT STOCK LIMITED COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA)

/s/ LI MING

By: LI MING

Title: Deputy CEO

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (USD (RTGS))

Account Name:

Swift Code:

Account No.:

Reference:

Payment Details (USD (SWIFT))

Account Bank:

Swift Code:

Account Name:

Swift Code:

Account No.:

Reference:

[Table of Contents](#)

The Original Lender

For and on behalf of:

SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., ACTING THROUGH ITS HONG KONG BRANCH

/s/ Zhu Jun

By: Zhu Jun

Title: Deputy Chief Executive Officer

/s/ Ambrose Wong

Ambrose Wong

General Manager of Corporate Banking I

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (USD)

Correspondent Bank:

Swift Code:

Beneficiary:

Swift Code:

Account No.:

Reference:

Payment Details (HKD)

Beneficiary:

Bank Code:

Swift Code:

Account No.:

[Table of Contents](#)

The Original Lender

For and on behalf of:

THE BANK OF EAST ASIA (CHINA) LIMITED SHANGHAI BRANCH 東亞銀行(中國)有限公司上海分行 (INCORPORATED IN THE PRC WITH LIMITED LIABILITY)

/s/ Xu, Summer Hui

By: Xu, Summer Hui

Title: GM of Shanghai Branch

Notice details

For credit matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

For operations matters:

Address:

Fax:

Telephone:

Email:

Attention (Name/Department):

Payment Details (USD)

Correspondent Bank:

Swift Code:

Account Name:

Swift Code:

Account No.:

Reference:

Payment Details (HKD)

Correspondent Bank:

Swift Code:

Account Name:

Swift Code:

Account No.:

Reference:

[Table of Contents](#)

The Original Lender

For and on behalf of:
CHONG HING BANK LIMITED

/s/ Chin Yee Man

By: Chin Yee Man (A-36)
Title: Authorized Signatory

/s/ Cheung Sing Shing, Sunderland

Cheung Sing Shing, Sunderland
Senior Vice President

Notice details

For credit matters:

Address:
Fax:
Telephone:
Email:
Attention (Name/Department):

For operations matters:

Address:
Fax:
Telephone:
Email:
Attention (Name/Department):

Payment Details (HKD)

By CHATS/RTGS

Beneficiary:
Swift Code:
Bank Code:
Account Name:
Account No.:
Reference:

By SWIFT

Correspondent Bank:
Swift Code:
Beneficiary:
Swift Code:
Account No.:
Reference:

The Sustainability-linked Loan Coordinator

For and on behalf of:

CHINA CONSTRUCTION BANK CORPORATION HONG KONG BRANCH (CHINA CONSTRUCTION BANK CORPORATION IS A COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY)

/s/ Jimmy Li

By: Jimmy Li

Title: Acting Division Head

Transaction Banking & Capital Market

[Table of Contents](#)

The Sustainability-linked Loan Coordinator

For and on behalf of:

DBS BANK LTD. (INCORPORATED IN SINGAPORE WITH LIMITED LIABILITY)

/s/ Chang Yen Lian

By: Chang Yen Lian

Specimen Signature No. 010934

Title: Authorized Signatory

[Table of Contents](#)

The Sustainability-linked Loan Coordinator

For and on behalf of:

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

/s/ Jeff Lim

By: Jeff Lim

Title: Head of Loans Origination, Hong Kong

Leveraged & Acquisition Finance

Global Banking

S-50

The Sustainability-linked Loan Coordinator

For and on behalf of:

STANDARD CHARTERED BANK (HONG KONG) LIMITED

/s/ Tracy Tsui Chi Wong Harris

By: Tracy Tsui Chi Wong Harris

Title: Managing Director, Head of Sustainable Finance Asia

The Sustainability-linked Loan Coordinator

For and on behalf of:

INDUSTRIAL AND COMMERCIAL BANK OF CHINA SHANGHAI CAO HE JING HI-TECH PARK SUB-BRANCH

INDUSTRIAL AND COMMERCIAL BANK OF CHINA SHANGHAI CAO HE JING HI-TECH PARK SUB-BRANCH (seal)

/s/ Wang Heng

By: Wang Heng

Title: The President

[Table of Contents](#)

The Agent

For and on behalf of:

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

/s/ Helen MOK

By: Helen MOK

Title: Vice President

Contact Details:

Address:

Fax:

Attention:

Trip.com Group Limited**List of Significant Consolidated Entities****Significant Subsidiaries***

C-Travel International Limited, a Cayman Islands company
Ctrip.com (Hong Kong) Limited, a Hong Kong company
Trip.com Travel Singapore Pte. Ltd., a Singapore company
Qunar Cayman Islands Limited, a Cayman Islands company
Ctrip Computer Technology (Shanghai) Co., Ltd., a PRC company
Ctrip Travel Information Technology (Shanghai) Co., Ltd., a PRC company
Ctrip Travel Network Technology (Shanghai) Co., Ltd., a PRC company
Beijing Qunar Software Technology Co., Ltd., a PRC company
Wancheng (Shanghai) Travel Service Co., Ltd., a PRC company
Shanghai Hecheng International Travel Agency Co., Ltd., a PRC company
Skyscanner Holdings Limited, a UK company
Shanghai Ctrip International Travel Agency Co., Ltd., a PRC company
Chengdu Ctrip International Travel Agency Co., Ltd., a PRC company
Chengdu Ctrip Information Technology Co., Ltd., a PRC company

Significant Variable Interest Entities*

Shanghai Ctrip Commerce Co., Ltd., a PRC company
Chengdu Ctrip Travel Agency Co., Ltd., a PRC company
Shanghai Huacheng Southwest International Travel Agency Co., Ltd., a PRC company
Beijing Qu Na Information Technology Co., Ltd., a PRC company

*Other consolidated entities of Trip.com Group Limited. have been omitted from this list since, considered in the aggregate as a single entity, they would not constitute a significant subsidiary.

**Certification by the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jane Jie Sun, certify that:

1. I have reviewed this annual report on Form 20-F of Trip.com Group 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 (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: March 27, 2023

By: /s/ Jane Jie Sun

Name: Jane Jie Sun

Title: Chief Executive Officer

**Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Cindy Xiaofan Wang, certify that:

1. I have reviewed this annual report on Form 20-F of Trip.com Group 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 (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: March 27, 2023

By: /s/ Cindy Xiaofan Wang

Name: Cindy Xiaofan Wang

Title: Chief Financial Officer

**Certification by the Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Trip.com Group Limited (the "Company") on Form 20-F for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jane Jie Sun, 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: March 27, 2023

By: /s/ Jane Jie Sun

Name: Jane Jie Sun

Title: Chief Executive Officer

**Certification by the Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Trip.com Group Limited (the “Company”) on Form 20-F for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Cindy Xiaofan Wang, 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: March 27, 2023

By: /s/ Cindy Xiaofan Wang

Name: Cindy Xiaofan Wang

Title: Chief Financial Officer



Our ref
Direct tel
Email

Trip.com Group Limited
968 Jin Zhong Road
Shanghai 200335
People's Republic of China

27 March 2023

Dear Sirs

Trip.com Group Limited (the “Company”)

We consent to the reference to our firm under the headings “Item 6. Directors, Senior Management and Employees — Enforceability of Civil Liabilities” and “Item 10. Additional Information — E. Taxation” in the Company’s Annual Report on Form 20-F for the year ended 31 December 2022, which will be filed with the Securities and Exchange Commission in the month of March 2023 and further consent to the incorporation by reference of the summary of our opinion under this heading into the Company’s registration statements on Form S-8 (No. 333-116567, No. 333-136264, No. 333-146761, No. 333-218899, No. 333-230297 and No. 333-257784) that were filed on 17 June 2004, 3 August 2006, 17 October 2007, 22 June 2017, 15 March 2019 and 9 July 2021, respectively.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP
Maples and Calder (Hong Kong) LLP

Maples and Calder (Hong Kong) LLP

26th Floor Central Plaza 18 Harbour Road Wanchai Hong Kong
Tel +852 2522 9333 Fax +852 2537 2955 maples.com

Resident Hong Kong Partners: Everton Robertson (Cayman Islands), Michelle Lloyd (Ireland), Aisling Dwyer (British Virgin Islands)
Ann Ng (Victoria (Australia)), John Trehey (New Zealand), Matthew Roberts (Western Australia (Australia)), Nick Harrold (England and Wales)
Terence Ho (New South Wales (Australia)), L.K. Kan (England and Wales), W.C. Pao (England and Wales), Richard Spooner (England and Wales), Sharon Yap (New Zealand)
Nick Stern (England and Wales), Juno Huang (Queensland (Australia)), Karen Paliaras (Victoria (Australia)), Joscelyne Ainley (England and Wales), Andrew Wood (England and Wales)

Non-Resident Partners: Jonathan Green (Cayman Islands), Kieran Walsh (Cayman Islands)

Cayman Islands Attorneys at Law | British Virgin Islands Solicitors | Irish Solicitors

通商律師事務所

COMMERCE & FINANCE LAW OFFICES

中国北京建国门外大街1号国贸写字楼2座12-14层100004

12-14th Floor, China World Office 2, No. 1 Jianguomenwai Avenue, Beijing 100004, China

电话 Tel: +86 10 6563 7181 传真 Fax: +86 10 6569 3838

电邮 Email: beijing@tongshang.com 网址 Web: www.tongshang.com

March 27, 2023

Trip.com Group Limited
968 Jin Zhong Road
Shanghai 200335
People's Republic of China

Dear Sirs,

We consent to the reference to our firm under the headings “Item 3. Key Information,” “Item 4. Information on the Company — B. Business Overview — PRC Government Regulations,” “Item 6. Directors, Senior Management and Employees — Enforceability of Civil Liabilities,” “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions” and “Financial Statements — Notes to the Consolidated Financial Statements” in Trip.com Group Limited’s Annual Report on Form 20-F for the year ended December 31, 2022, which will be filed with the Securities and Exchange Commission in the month of March 2023, and further consent to the incorporation by reference of the summaries of our opinions under these captions into Trip.com Group Limited’s Registration Statements on Form S-8 (No. 333-116567, No. 333-136264, No. 333-146761, No. 333-218899, No. 333-230297 and No. 333-257784) that were filed on June 17, 2004, August 3, 2006, October 17, 2007, June 22, 2017, March 15, 2019 and July 9, 2021, respectively.

Yours faithfully,

/s/ **Commerce & Finance Law Offices**
Commerce & Finance Law Offices

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-116567, No. 333-136264, No. 333-146761, No. 333-218899, No. 333-230297 and No. 333-257784) of Trip.com Group Limited of our report dated March 27, 2023 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China
March 27, 2023