





## Appendix A

On December 4, 2017 (the “Record Date”), each holder of ordinary shares and/or American Depositary Share (“ADSs”) of China Lodging Group, Ltd. (the “Company”) that was recorded as a holder of the Company’s ordinary shares or ADSs became entitled to a cash dividend in amount of \$0.16 per ordinary share or \$0.64 per ADS. Citibank, N.A., depositary bank for the Company’s ADS program has paid out such cash dividends to ADS holders on December 15, 2017. The cash dividend resulted in an increase in the conversion rate of the 0.375% Convertible Senior Notes due 2022 issued by the Company (the “Convertible Notes”) and a deemed distribution under Section 301 of the Internal Revenue Code of 1986, as amended (the “Code”) by reason of Section 305(b)(2) and (c) of the Code. Section 6045B of the Code and the underlying Treasury Regulations (the “Regulations”) require the Company to file an information return (above, Form 8937) with the Internal Revenue Service (the “IRS”) describing, among other things, the action and the action’s quantitative effect and to send a statement that includes necessary information to each holder of the Convertible Notes. As an alternative to filing this information return with the IRS and the statement to each holder of the Convertible Notes, the Company may post the information return to its public website. The filing requirements apply to the Company if certain holders of the Convertible Notes are United States persons.

The information contained in the attached Form 8937 and this Appendix A thereto is intended to satisfy the requirements of public reporting under Section 6045B of the Code and Sections 1.6045B-1(a)(3) and (b)(4) of the Regulations by the Company. The information contained in the Form 8937 and this Appendix A is intended to provide only a general summary of certain U.S. federal income tax consequences of the conversion rate adjustment and is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the conversion rate adjustment. You should consult your own tax advisor to determine the particular U.S. federal, state, local or non-U.S. income, reporting or other tax consequences of the conversion rate adjustment to you.

The Company does not believe that it was treated as a passive foreign investment company for each of 2015, 2016 and 2017 taxable years and the remainder of the statement assumes that the Company’s belief is correct.

Line 14 – Description of Organizational Action	On the Record Date, each holder of the Company’s ordinary shares or ADSs that was listed as a holder of record become entitled to a cash dividend in amount of \$0.16 per ordinary share or \$0.64 per ADS. Pursuant to Section 14.04(d) of the Indenture, the conversion rate on the Convertible Notes was increased on the Record Date to take into account such cash dividend. Such adjustment to the conversion rate on the Record Date is treated as a deemed distribution of property to the holders of the Convertible Notes to which Section 301 of the
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	Code applies by reason of Section 305(b)(2) and Section 305(c) of the Code.
Line 15 – Quantitative Effect of Organizational Action	Because there was a cash dividend declared and paid with respect to the Company’s ADSs, such increase in conversion rate of the Convertible Notes constitutes a deemed distribution of ADSs to the holders of the Convertible Notes to which Section 301 of the Code applies. The Company expects that it has sufficient current and accumulated earnings and profits (as determined for U.S. federal income tax purposes) to treat the deemed distribution of ADSs resulting from increase in conversion rate as a dividend for U.S. federal income tax purposes. The holders of the Convertible Notes are required to include the dividend in gross income for U.S. federal income tax purposes and increase the basis of the Convertible Notes by the fair market value of the deemed distribution. Accordingly, as a result of the increase in the conversion rate of the Convertible Notes, each holder of a Convertible Note is required to include \$3.53 in gross income as a dividend per \$1,000 face amount of Convertible Notes and increase the basis in such Convertible Notes by the same amount.
Line 16 – Calculation of the Change in Basis	Sample Calculation: A holder of a Convertible Note has \$1,000 basis in a \$1,000 Convertible Note. A holder of such Convertible Note will increase its basis in such Convertible Note by \$3.53 (so the basis as of the Record Date is \$1,003.53) as a result of the inclusion of the dividend in gross income for U.S. federal income tax purposes.
Line 17 – Code Sections Upon Which Tax Treatment Applies	Sections 301, 305(b)(2), 305(c) and 316 of the Code.
Line 18 – Recognition of any Resulting Loss	This is not a loss transaction.
Line 19 – Reportable Tax Year	2017 for taxpayer reporting taxable income on a calendar year basis.