

**Report of Organizational Actions
Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name			2 Issuer's employer identification number (EIN)		
Huazhu Group Limited (Formerly Known as China Lodging Group, Limited)			N/A		
3 Name of contact for additional information		4 Telephone No. of contact		5 Email address of contact	
Investor Relations		(86)(21) 6195 9561		ir@huazhu.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact			7 City, town, or post office, state, and ZIP code of contact		
2266 Hongqiao Road, Changning District			Shanghai, P.R. China 200336		
8 Date of action		9 Classification and description			
January 2, 2019		0.375% Convertible Senior Notes of Huazhu Group Limited			
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)		
G21182AA1	N/A	HTHT4560212	N/A		

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ See attached Form 8937 Appendix A

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See attached Form 8937 Appendix A

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See attached Form 8937 Appendix A

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached Form 8937

Appendix A

Blank lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See attached Form 8937 Appendix A

Blank lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached Form 8937 Appendix A

Blank lines for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ January 18, 2019

Print your name ▶ **Teo Nee Chuan** Title ▶ **CFO**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Appendix A

At the close of trading on January 2, 2019 (the “Record Date”), each recorded holder of ordinary shares and/or American Depositary Shares (“ADSs”) of Huazhu Group Limited (formerly known as China Lodging Group, Limited; hereinafter the “Company”) became entitled to a cash dividend in amount of \$0.34 per ordinary share or ADS. Citibank, N.A., depositary bank for the Company’s ADS program expects to pay out such cash dividends to ADS holders on or around January 15, 2019. 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.

Please note that the Company changed the ADS to ordinary share ratio that is equivalent to a four-for-one ADS split effected on May 25, 2018. This change affected the conversion rate of the Convertible Notes but should not affect a holder’s tax basis in the Convertible Notes.

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 (“PFIC”) for each of 2015, 2016, 2017 and 2018 taxable years and does not expect to become a PFIC in 2019. The remainder of the statement assumes that the Company’s belief is correct and the final determination of the company’s PFIC status for 2019 is not contrary to the expectation.

<p>Line 14 — Description of Organizational Action</p>	<p>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 \$0.34 per ordinary share or 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 Code applies by reason of Section 305(b)(2) and Section 305(c) of the Code.</p>
<p>Line 15 — Quantitative Effect of Organizational Action</p>	<p>Because there was a cash dividend declared and expects to be paid with respect to the Company’s ADSs, a corresponding 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. Distributions paid on ordinary shares or ADSs, other than certain pro rata distributions of ordinary shares or ADSs, will be treated as dividends to the extent paid out of the Company’s current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because the Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to holder as dividends. 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 subject to U.S. federal income tax is required to include \$7.59 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.</p>
<p>Line 16 — Calculation of the Change in Basis</p>	<p>Sample Calculation: A holder of a Convertible Note has \$1,003.53 basis in a \$1,000 Convertible Note after the basis adjustment for dividends paid in December 2017. A holder of such Convertible Note subject to U.S. federal income tax will increase its basis in such Convertible Note by \$7.59 (so the basis as of the Record Date</p>

	is \$1,011.12) 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	2019 for taxpayer reporting taxable income on a calendar year basis.