



# China Lodging Group, Limited

Investor Presentation  
November 2011





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## Safe Harbor Statement

Statements in this presentation contain "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, including, among others, those relating to China Lodging Group, Limited (the "Company")'s beliefs as to the growth of the Chinese economy and the hotel industry and the factors driving expected growth, the Company's growth strategy and expansion plan, and the competitive advantage and expected execution of its hotel pipeline development and business model. These forward-looking statements are not historical facts but instead represent only the Company's belief regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company's control. The Company's actual results and financial condition and other circumstances may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. In particular, the Company's operating results for any period are impacted significantly by the mix of leased-and-operated hotels and franchised-and-managed hotels in its chain, causing the Company's operating results to fluctuate and making them difficult to predict.

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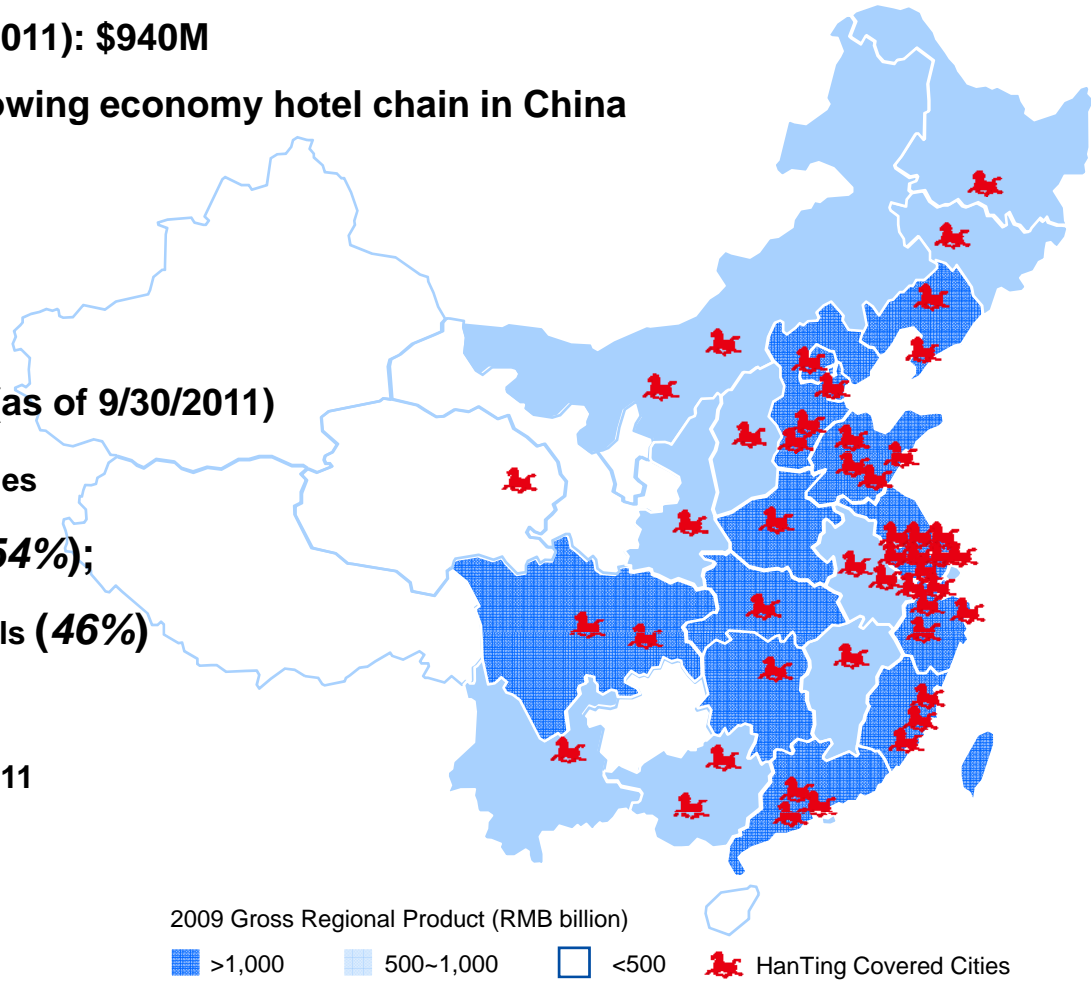
Financial and Operating Performance



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# A Leader in China's Economy Hotel Sector

- **NASDAQ: HTHT, Market Cap (11/09/2011): \$940M**
- **Our Business: a leading and fast-growing economy hotel chain in China**
  - **No. 1** in RevPAR
  - **No. 1** in Revenue Growth
  - **2<sup>nd</sup>** largest by revenue <sup>(1)</sup>
- **Our Network: a nationwide network (as of 9/30/2011)**
  - **580** hotels, **65,524** rooms, **92** cities
  - **314** Leased-and-operated hotels (**54%**);
  - **266** Franchised-and-managed hotels (**46%**)
- **Our Expansion**
  - Added **142** net new hotels in 9M 2011
  - **233** hotels under development
  - To open **200** new hotels in 2011
  - To exceed **1,000** hotels by 2013



(1) Among U.S.-listed peers



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# A Sizeable Market with Enormous Opportunity for Growth and Consolidation

## China



## United States



<b>Sizeable Market</b>	<ul style="list-style-type: none"> <li>2008 total market size = RMB 495.5 billion (US\$ 76.6 billion)</li> </ul>	<b>x 1.5</b>	<ul style="list-style-type: none"> <li>2008 total market size = US\$ 118.8 billion</li> </ul>
<b>Better Demographics</b>	<ul style="list-style-type: none"> <li>Large population base               <ul style="list-style-type: none"> <li>2009 urban population: 616 mm, 46% of total population</li> </ul> </li> </ul>	<b>x 0.4</b>	<ul style="list-style-type: none"> <li>Small population base               <ul style="list-style-type: none"> <li>2009 urban population: 251 mm, 82% of total population</li> </ul> </li> </ul>
<b>Low Market Penetration</b>	<ul style="list-style-type: none"> <li>Under-penetrated market               <ul style="list-style-type: none"> <li>0.67 branded economy hotel room per 1,000 urban residents</li> </ul> </li> </ul>	<b>x 12.4</b>	<ul style="list-style-type: none"> <li>Saturated market               <ul style="list-style-type: none"> <li>8.3 branded economy hotel rooms per 1,000 urban residents</li> </ul> </li> </ul>

Source: Inttie, Euromonitor International, Smith Travel Research, National Bureau of Statistics of China, CBRE.

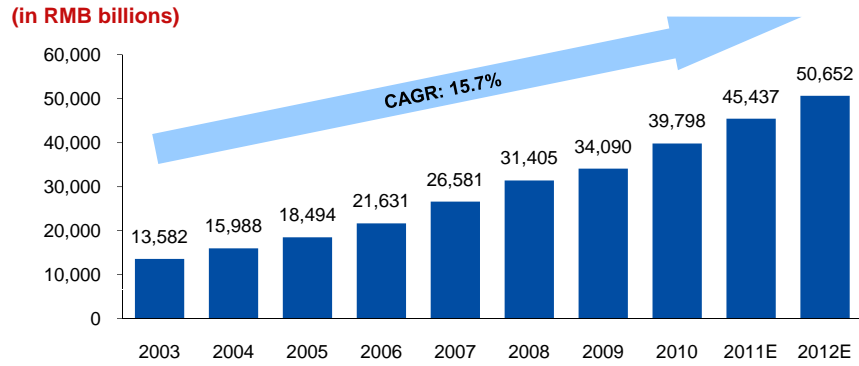


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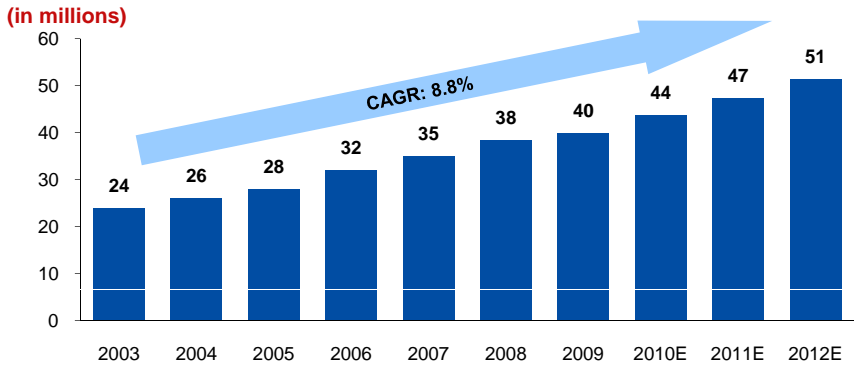
# Travel Demand Grows Fast in China

## Growth of the economy fueled rapid domestic business travel

### GDP Growth

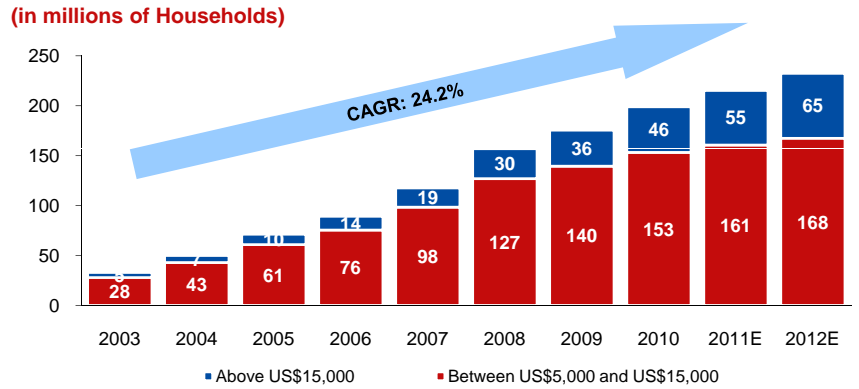


### SME Growth

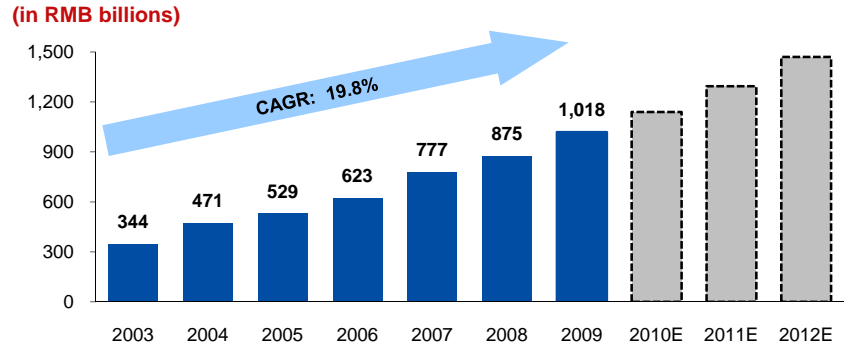


## Higher disposable income and evolving lifestyle resulted in increased domestic leisure travel

### Household Growth by Annual Disposable Income



### Domestic Tourism Expenditures Growth



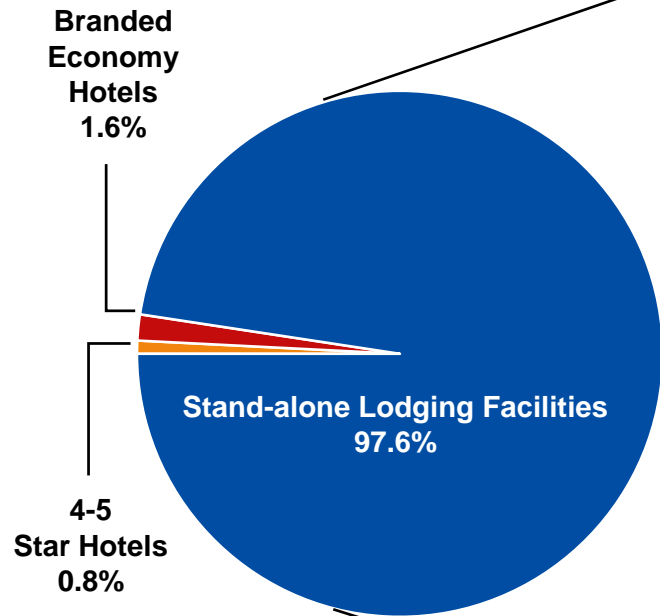
Source: IMF, iResearch, Euromonitor International, National Bureau of Statistics of China.



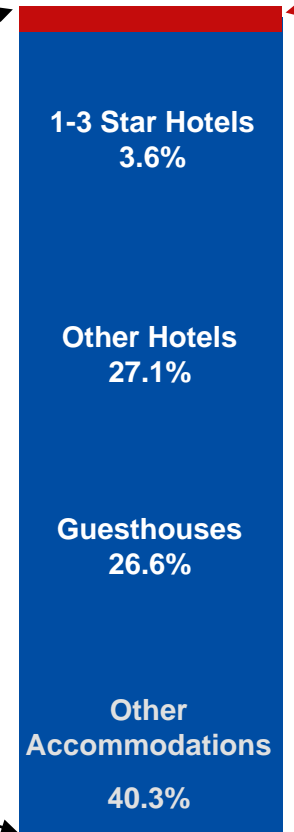
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# Huge Potential for Economy Hotels to Take Shares from Other Segments

**2010 Travel Accommodation in China**  
(Total outlets = 328,007)



**Addressable Market**



**Branded Economy Hotels**  
1.6%



Source: InnTie, Euromonitor International, China National Bureau of Statistics, CNTA



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# Investment Highlights

## A High-Quality Company...

1. **Attractive Positioning as An Economy Hotel with Quality: Product, Customers and RevPAR**
2. **Fast-growing, High-quality Franchise Business**
3. **Sophisticated Management Team**

## ... With High Growth

4. **Fast Revenue Growth Driven by Network Expansion**
5. **Multi-brand Strategy to Sustain Long-term Growth**



# 1 Products Designed to Better Satisfy Customer Needs

## Lobby

- Functional and spacious lobby design
- Expanded public areas with facilities such as Internet cafe etc. (HanTing Hi Inn only)



## Business Center

- Business centers with free Internet access, printing and copying
- Conference room facilities at some hotels



## Rooms

- Modern and sleek room decoration
- High quality mattress
- User friendly amenities



## Bathroom Facilities

- Contemporary design
- 24-hour standard hot-water temperature setting



## Work Station

- Free dual broadband Internet outlets
- Universal and uninterruptable power socket
- Functional desk and chair

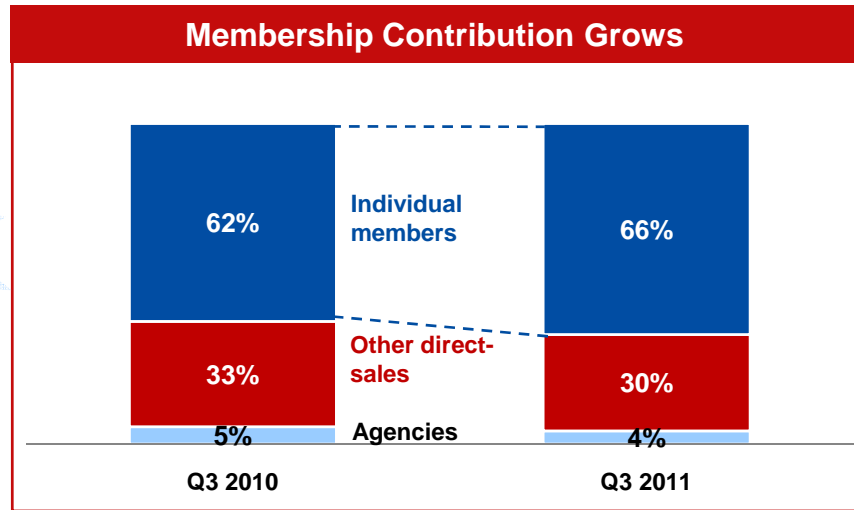
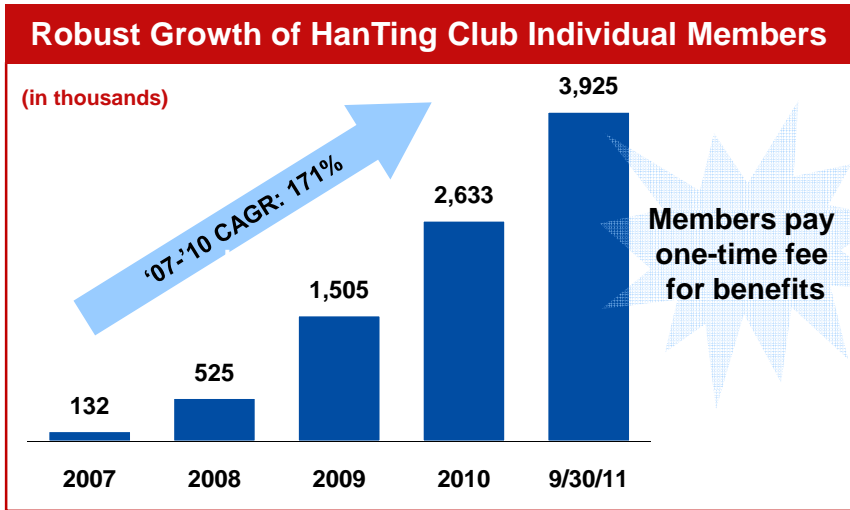




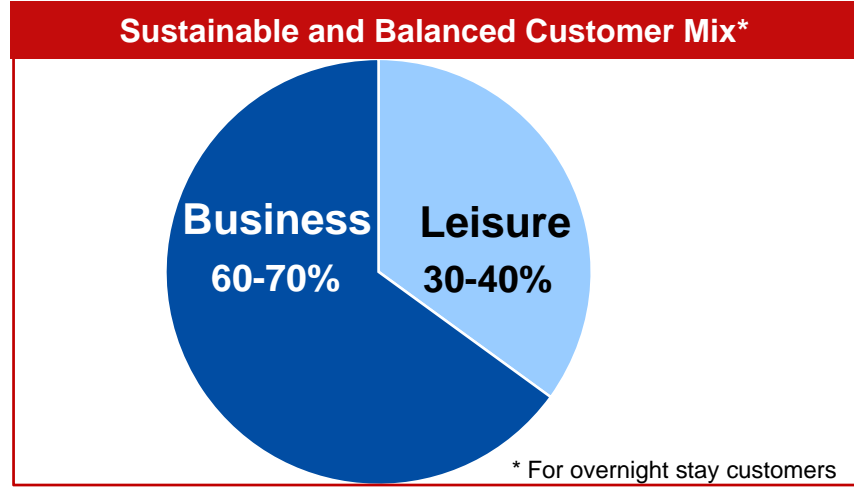
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# 1 Fast-growing, High-quality Customer Base Sustains Long-term Growth and Profitability



- ### High-quality HanTing Club Member Profiles
- 75%** are managers, directors and above
  - 87%** are college graduates
  - 68%** have annual income over RMB 40,000



# 1 Established Quality Image among Customers

## Recognition by Customers



### Best Economy Hotel

– *China Tourism Gold List by Traveler magazine, 2011*



### Best Economy Hotel Chain Brand in China

– *The 6th China Hotel Starlight Awards, 2011*



### Top 10 Best Hotels

– *Hotels China, 2010*



### Best Loyalty Program

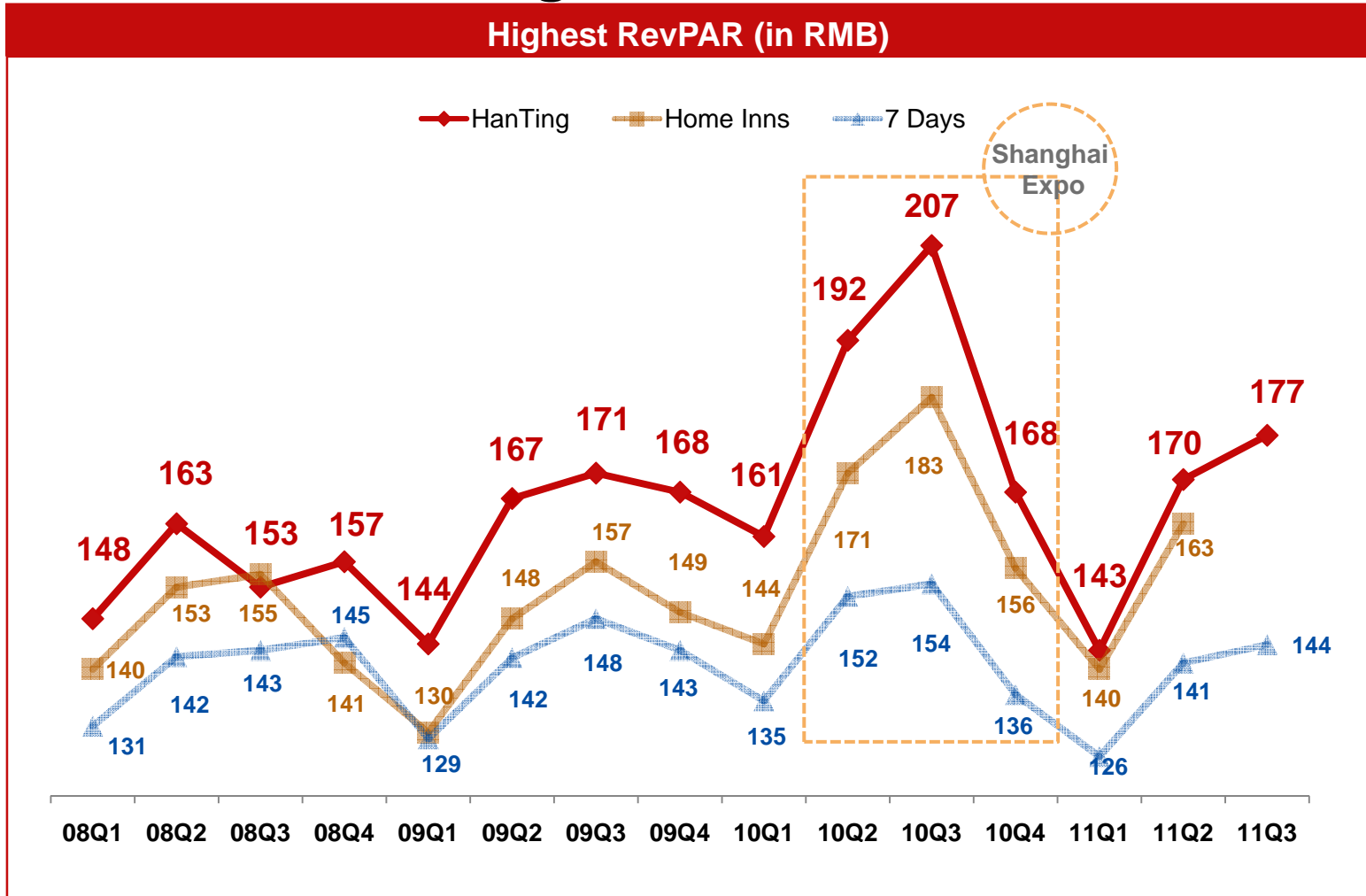
– *Qunar.com, 2010*



### Best Hotel Product Design

– *Air China, 2010*

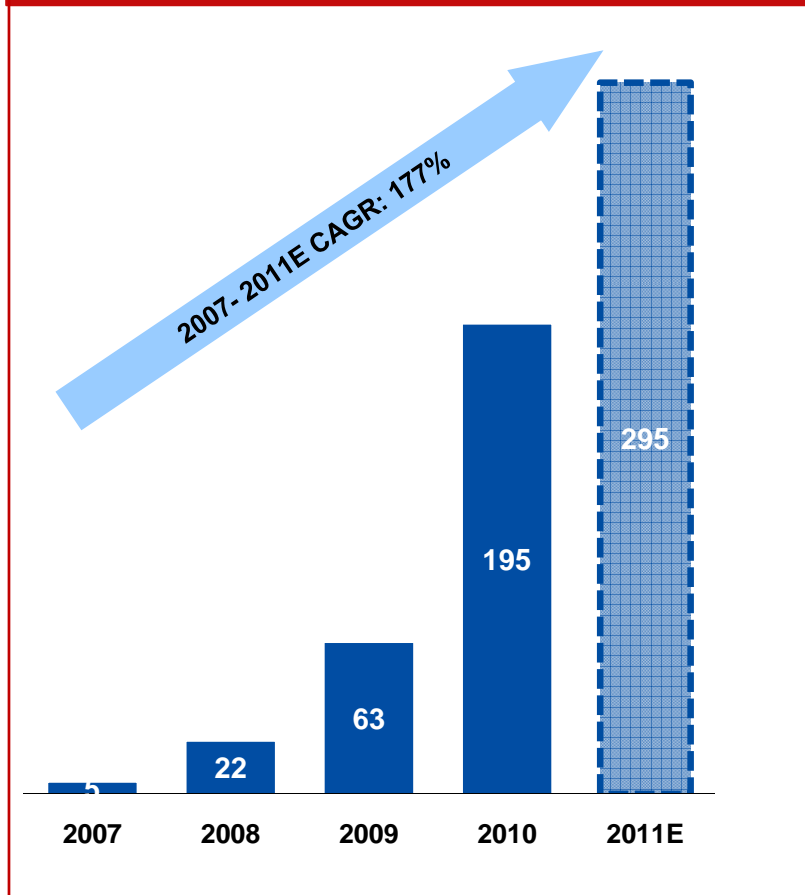
# 1 Leading RevPAR With High Quality Brand Positioning



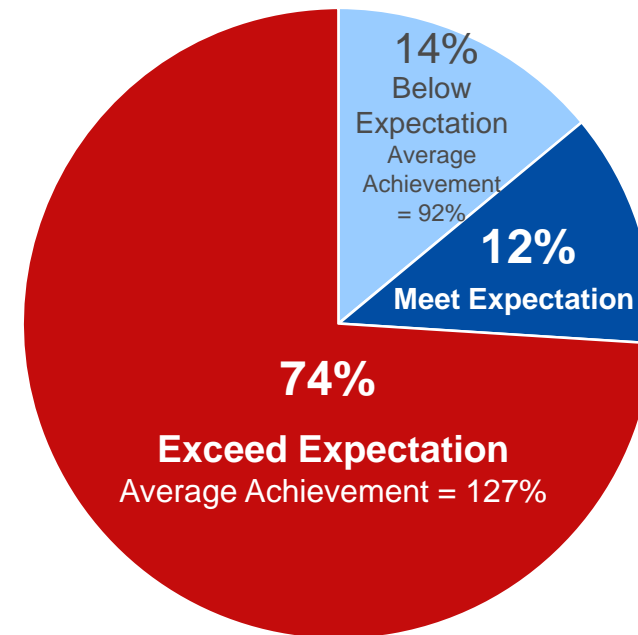
Source: Public filing

## 2 Fast-growing, High-quality Franchise Business

F.M. Hotels Grew Quickly



Most F.M. Hotels RevPAR Exceeded or Met Expectation



*Company analysis: Actual RevPAR versus franchisees' expected RevPAR upon joining; for mature F.M. Hotels in operation by 12/31/2010.*

### 3 Sophisticated Management Team

#### Legacy of Strategic Leadership and Innovation



Qi Ji  
Founder and  
Executive Chairman

- Successful serial entrepreneur
  - Founder, Executive Chairman of HanTing (“HTHT”)
  - Co-founder and former CEO of Home Inns (“HMIN”)
  - Co-founder, former CEO and President of Ctrip.com (“CTRP”)
- M.S. and B.S. from Shanghai Jiao Tong University



#### Multinational Corporation Management Experience



Matthew Zhang  
CEO

- Joined HanTing in 2007
- Over 15 years of experience of operations and IT management in the consumer chains & retail industry
- B.S. from Shanghai Jiao Tong University



Jenny Zhang  
CFO

- Joined HanTing in 2007
- Over 10 years of finance and consulting experience
- M.B.A from Harvard Business School

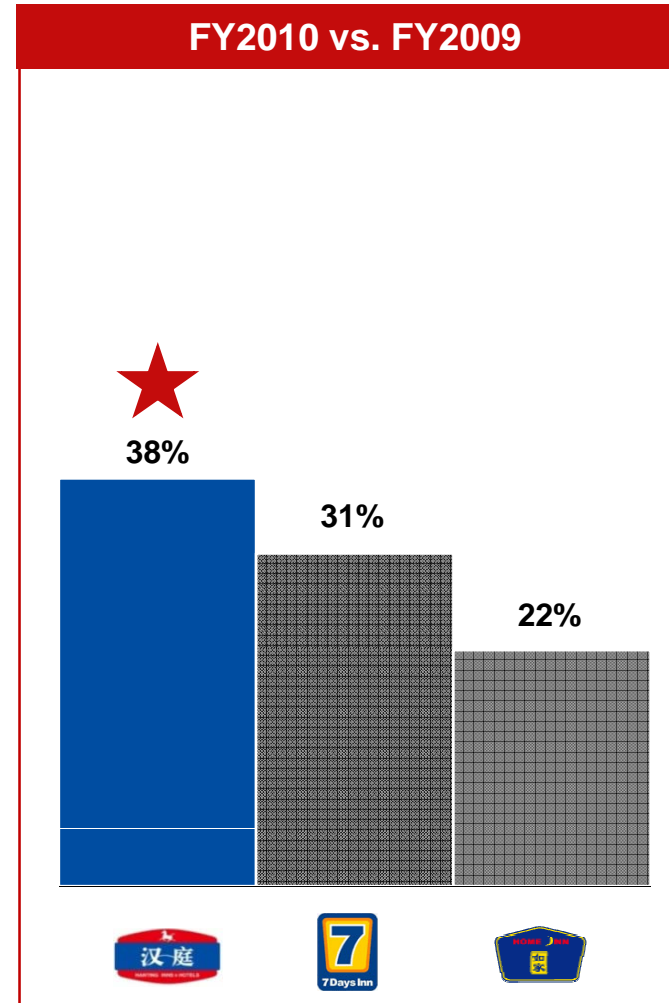
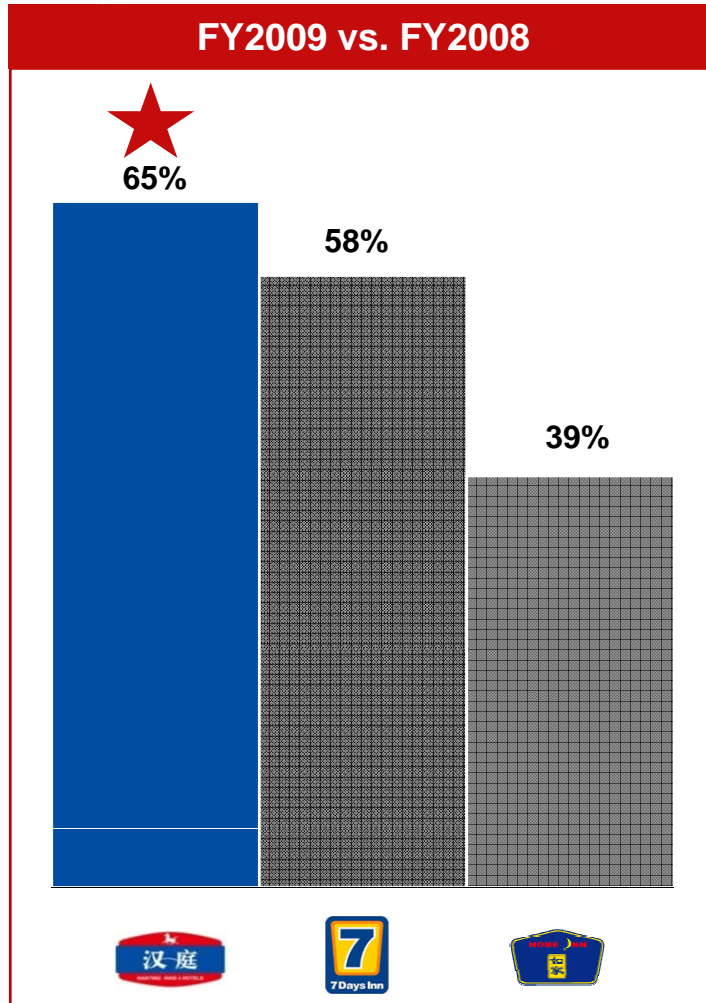


Haijun Wang  
Executive VP

- Joined HanTing in 2005
- Over 10 years of hotel management experience in China
- E. M.B.A. from China Europe International Business School



## 4 Highest Revenue Growth Among Peers



Source: public filing

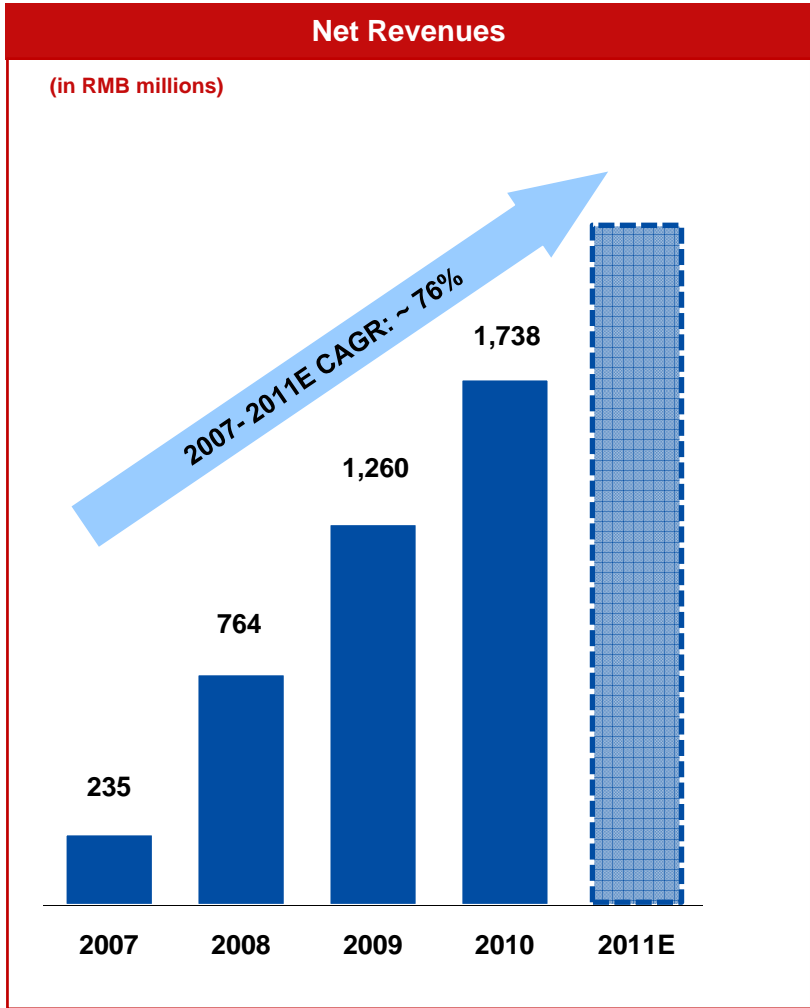
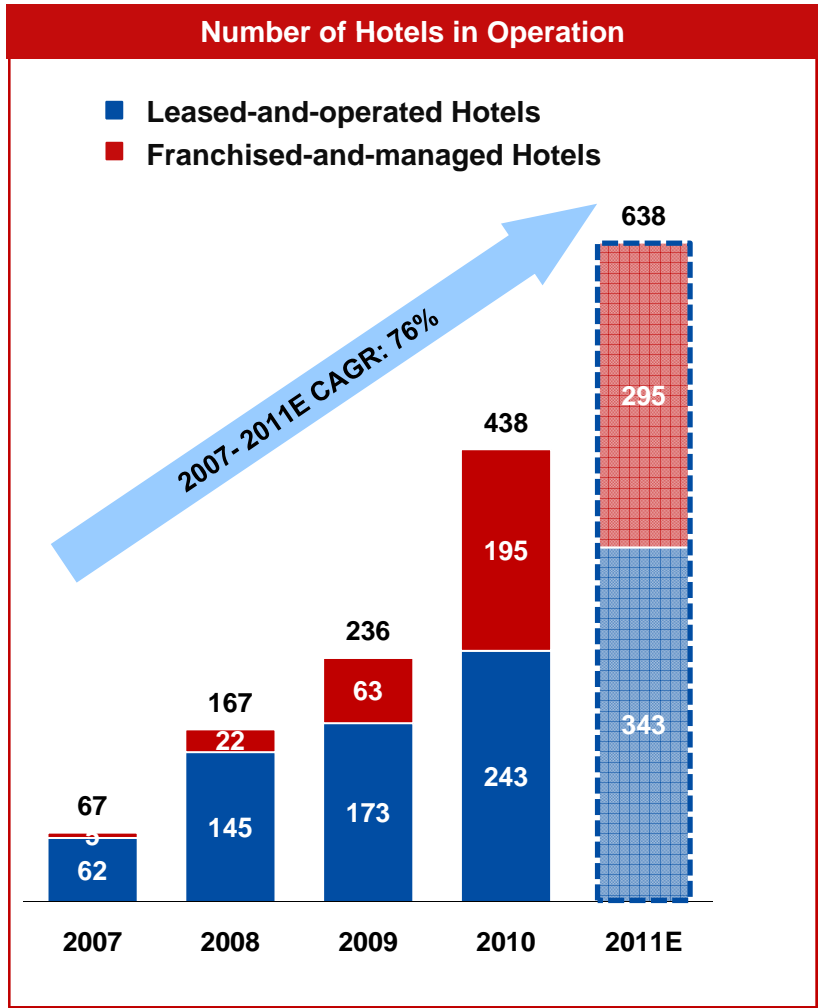




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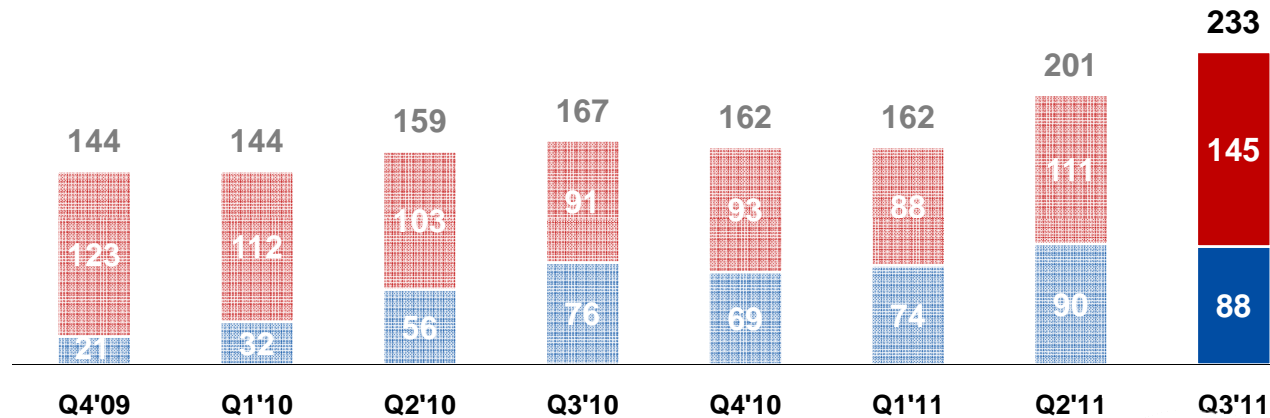
High Growth

## 4 Unit Expansion Drives Fast Revenue Growth

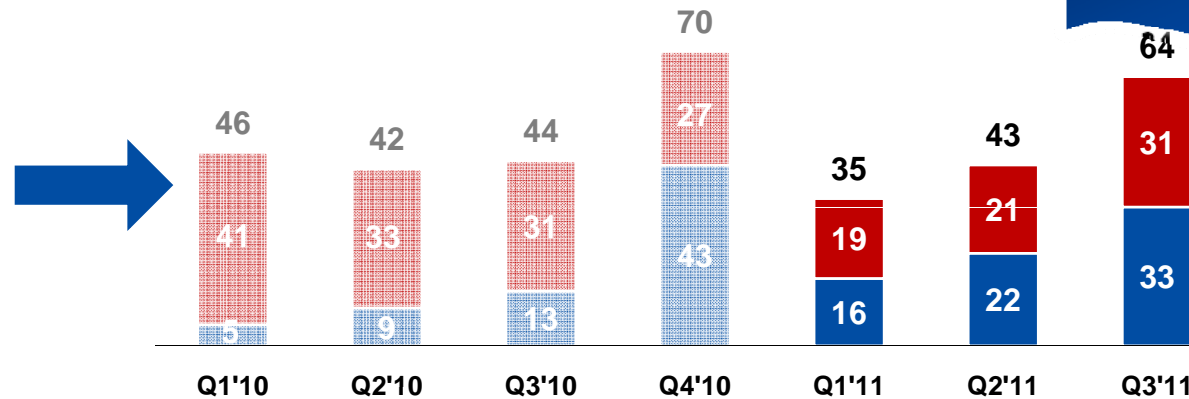


## 4 Solid Execution of Expansion Plan

Number of Hotels Contracted for Development (as end of the period)



Number of Hotels Opened (net, as for the period)



On Track to Open 200  
New Hotels in 2011

■ Leased-and-operated Hotels

■ Franchised-and-managed Hotels





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High Growth

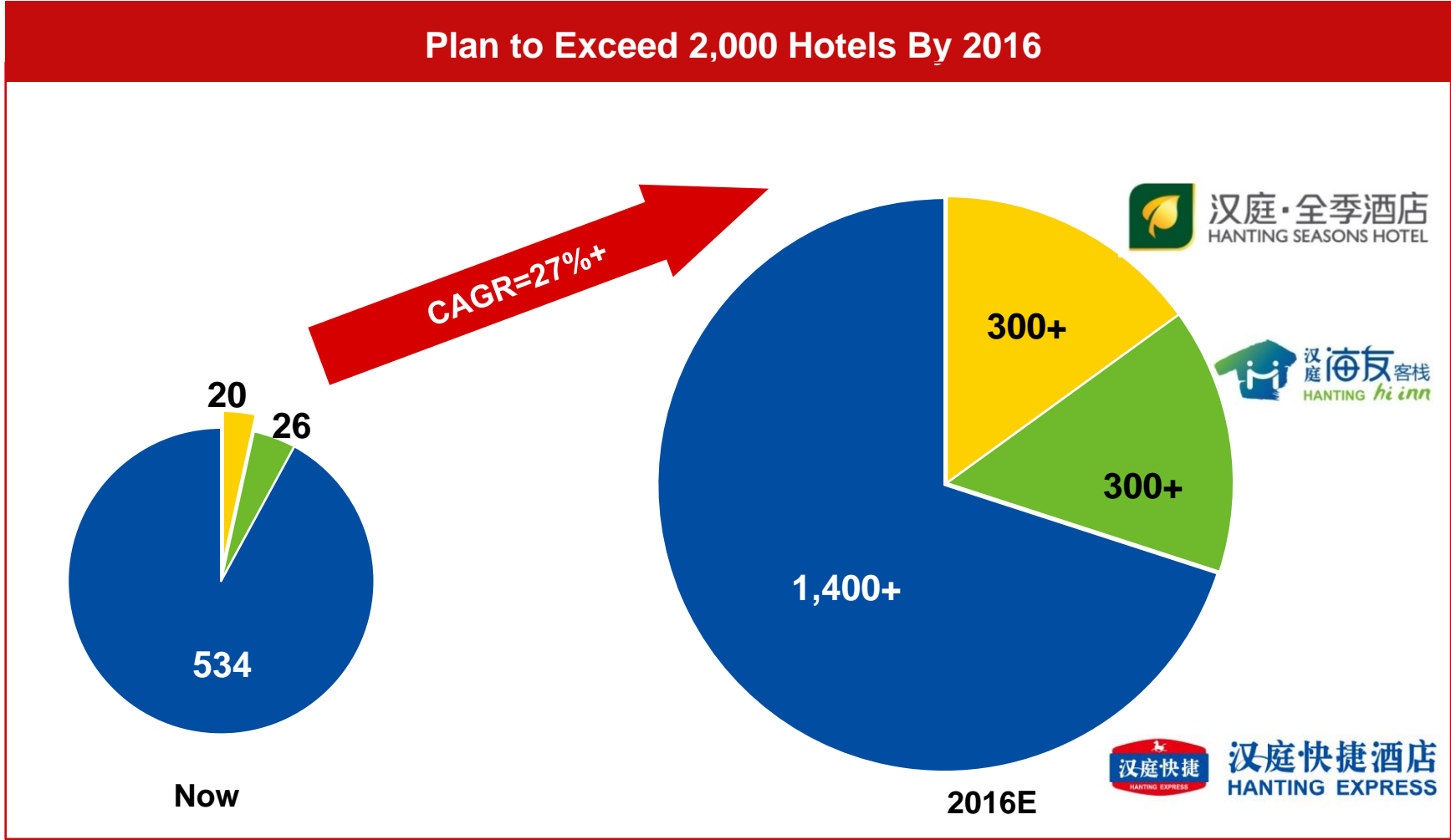
# 5 Multiple Products Target Broader Customer Segments



<p>Typical Room Night Price Range (RMB)</p>	<p>250 - 400</p>	<p>160 - 300</p>	<p>99 - 150</p>
<p>Number of Hotels</p>	<p>20</p>	<p>534</p>	<p>26</p>
<p>Target Customers</p>			

Note: figures as of 9/30/2011

**5 Sustainable Fast Growth Fueled by Multiple Brands**





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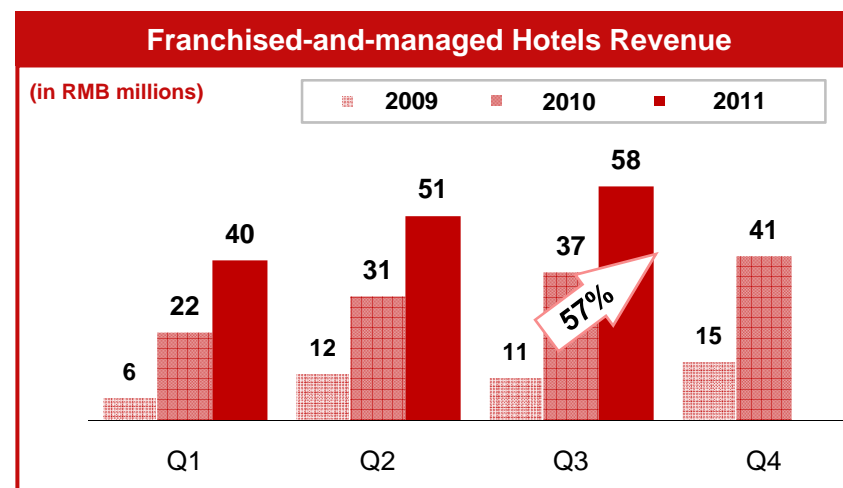
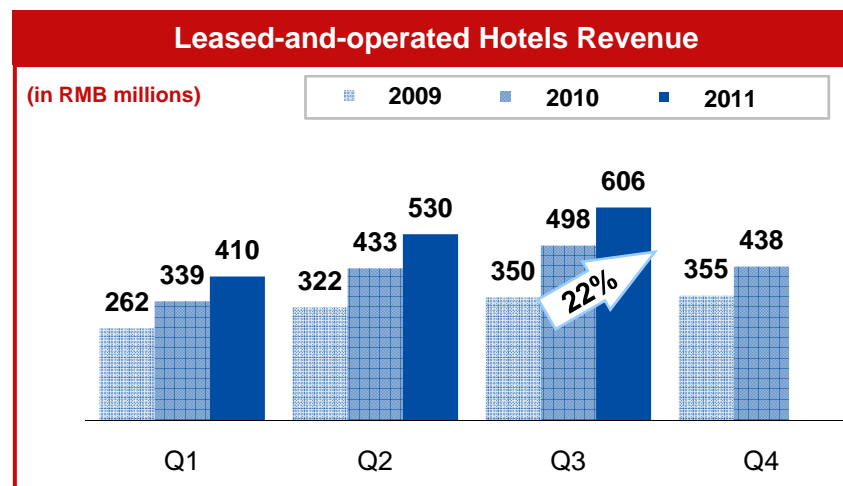
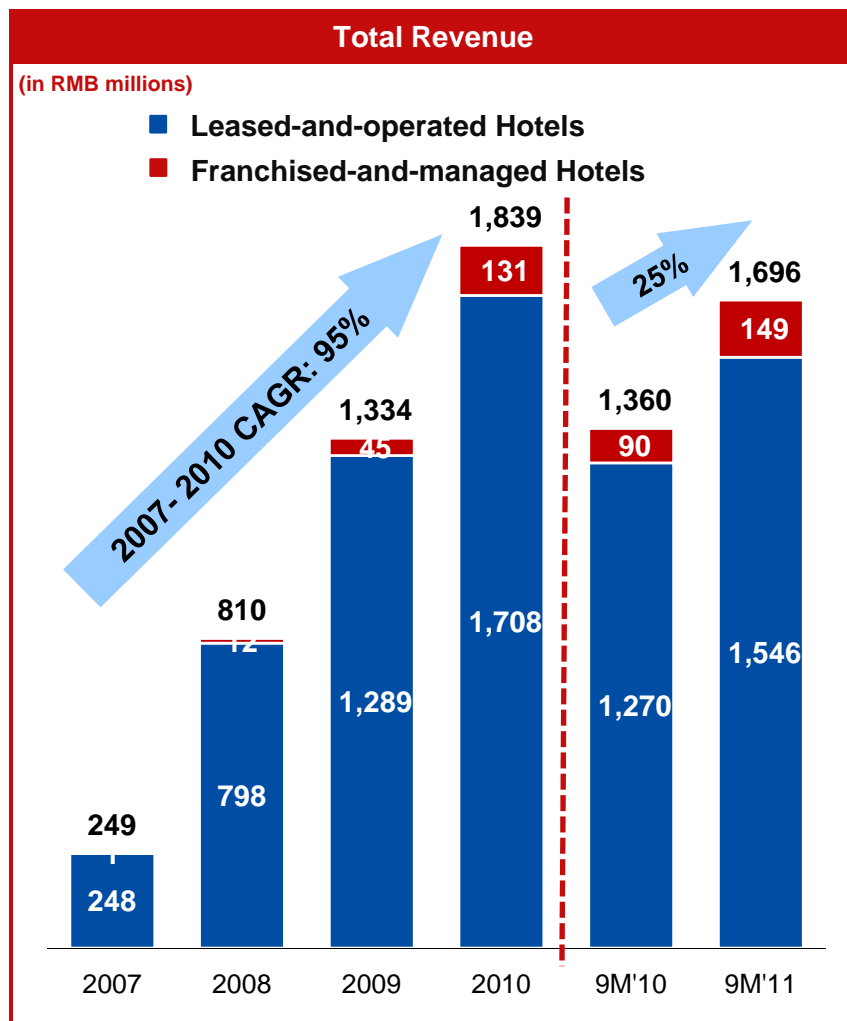
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# High Revenue Growth for Both Models

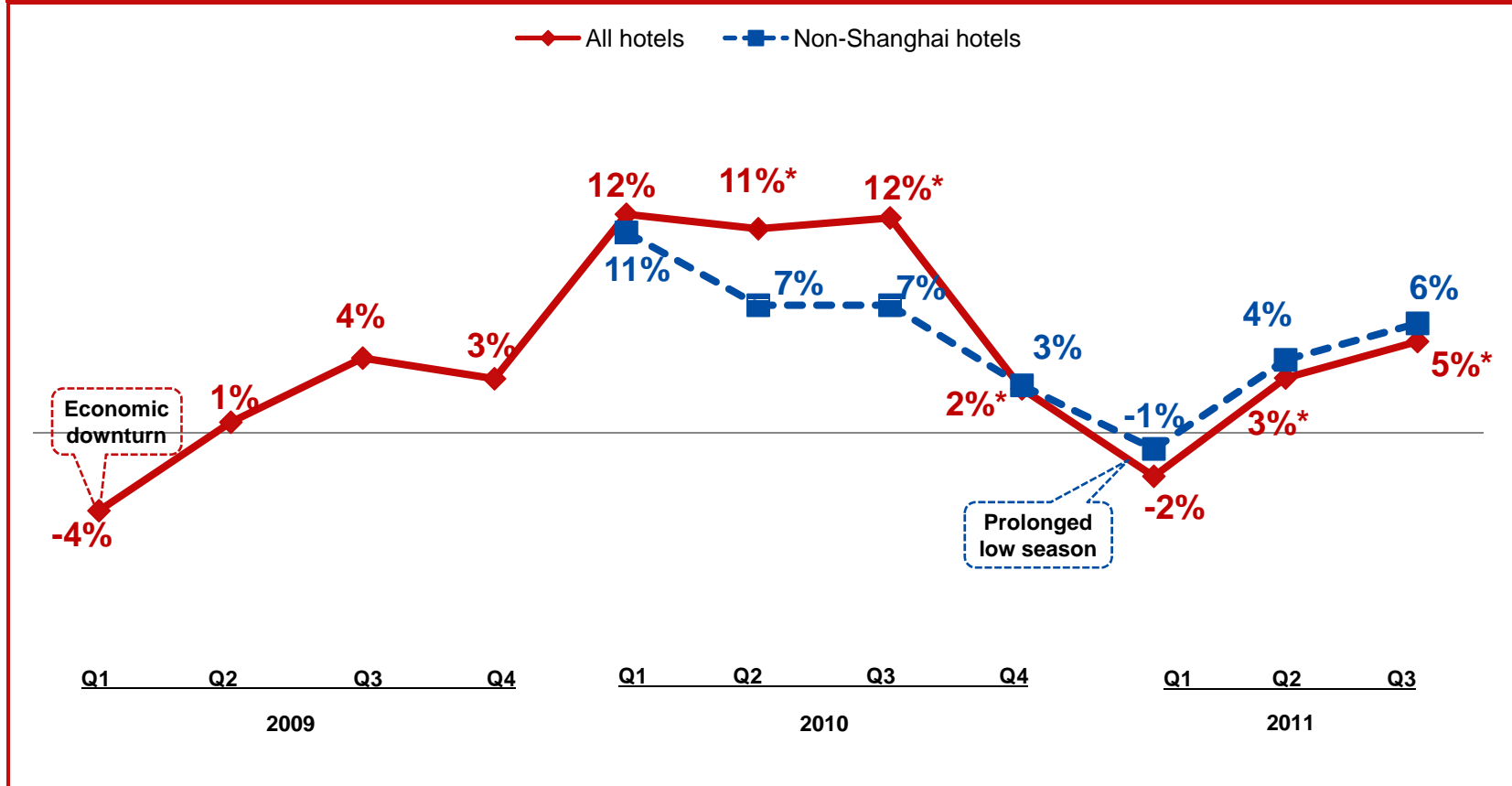




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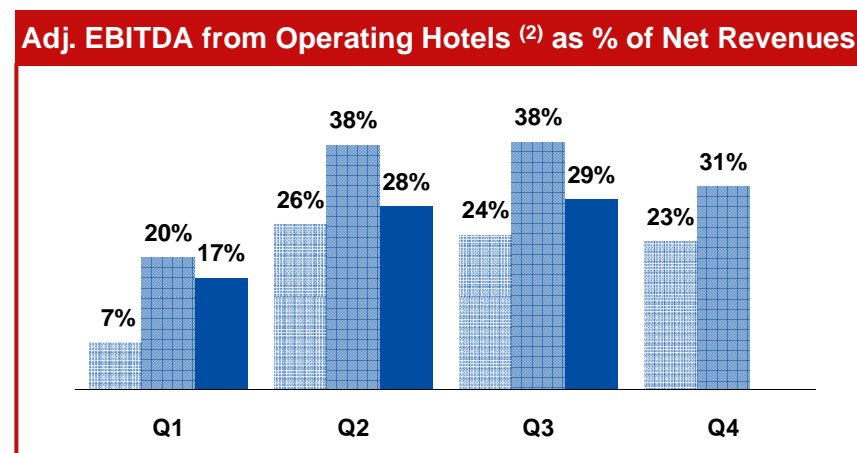
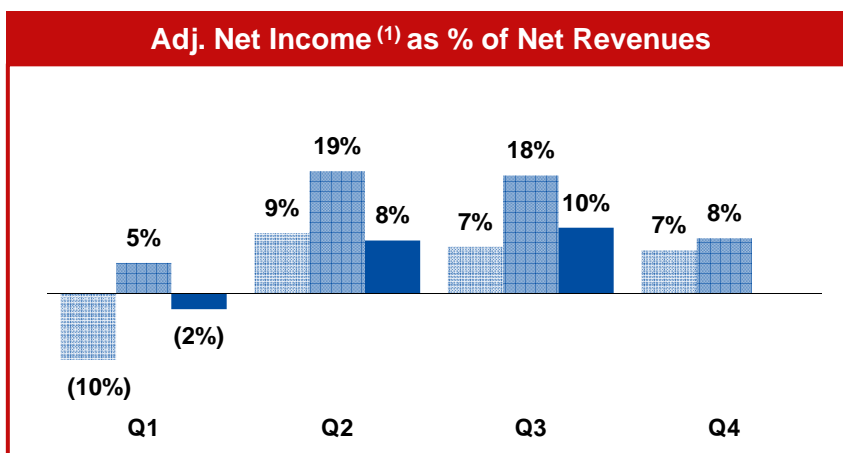
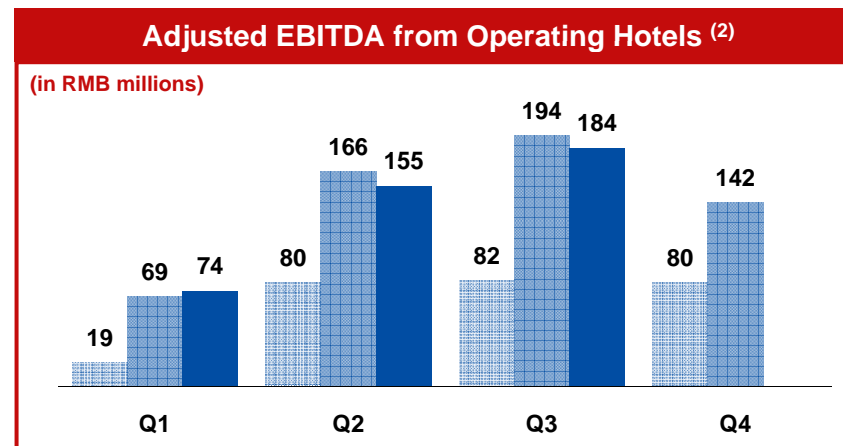
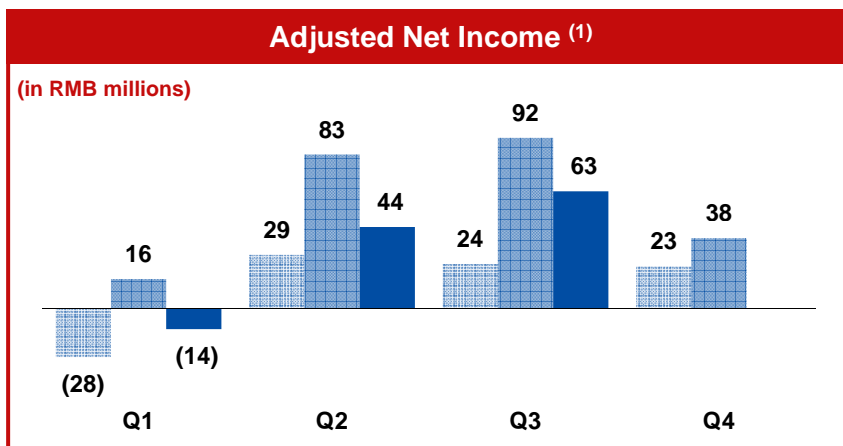
# Same-Hotel RevPAR Increase Resumed In Q3 2011

Like-for-like RevPAR Growth (%) for Hotels in Operation for at Least 18 Months



\* Normalized for Shanghai Expo

# Long-term Margin Upward, with Near-term Margin Contraction Due to ...



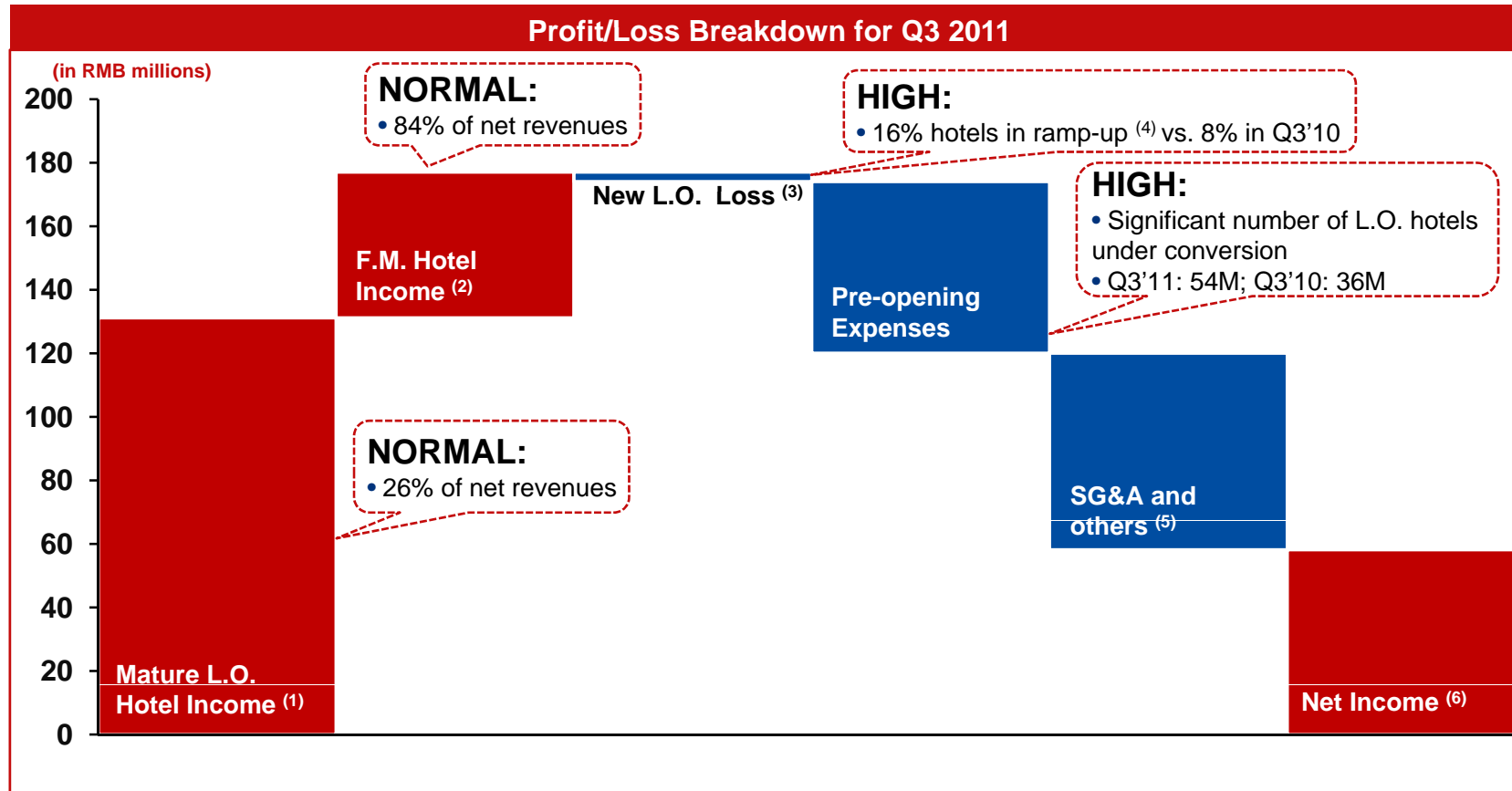
■ 2009 ■ 2010 ■ 2011

(1): Attributable to the Company and excluding share-based compensation.

(2): Excluding pre-opening expenses and share-based compensation.



## ... High Ramp-up Loss and Pre-opening Expenses



(1): Hotel income from leased-and-operated hotels in operation more than 6 months

(2): Hotel income from franchised-and-managed hotels in operation

(3): Hotel loss from leased-and-operated hotels in operation less than 6 months

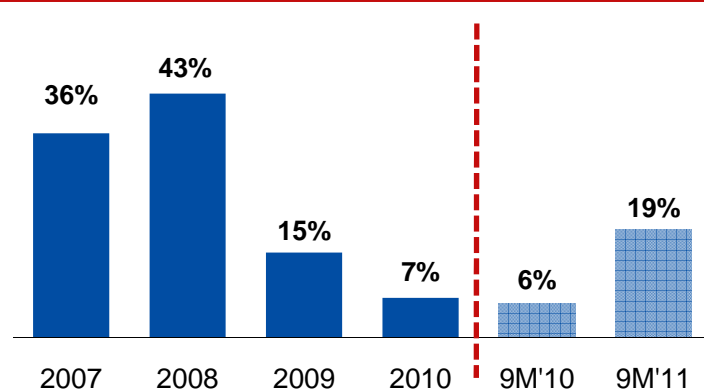
(4): Room nights available for sale from L.O. hotels < 6 months as of total

(5): Including net interest expense, foreign exchange gain, other income, income tax benefit, and minority interest

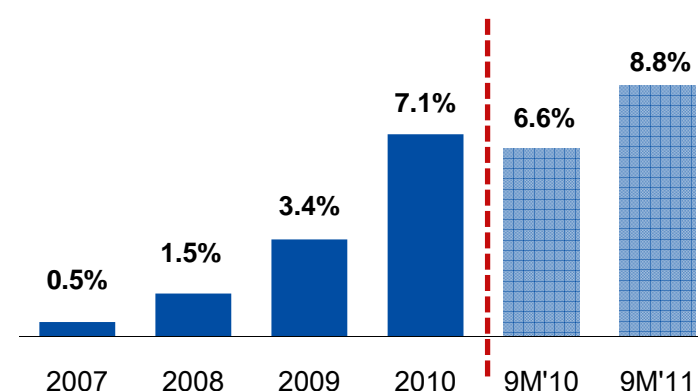
(6): Attributable to the Company

# Margin Outlook: Key Drivers

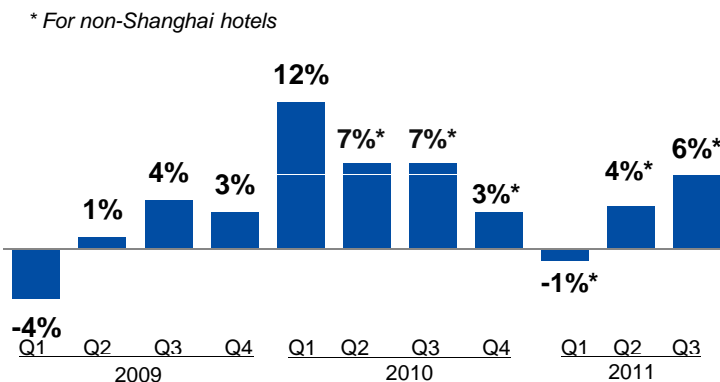
**Weight of New L.O. Hotels (1):  
High in near term**



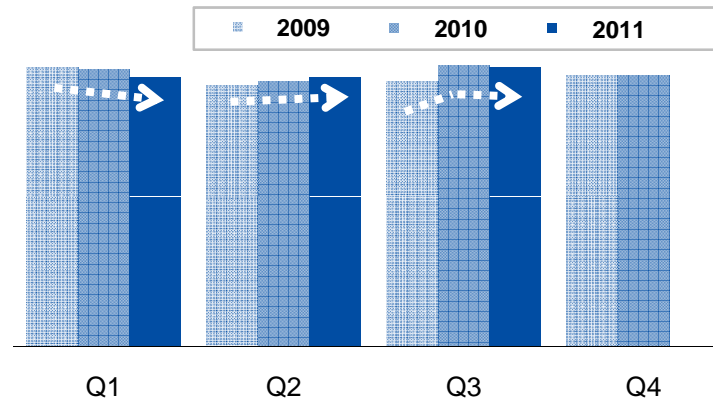
**F.M. Hotels Revenue as % of Total Revenues:  
Increase gradually**



**RevPAR Growth for Hotels > 18 Months:  
Expected to grow in long term, despite of near-term contraction**

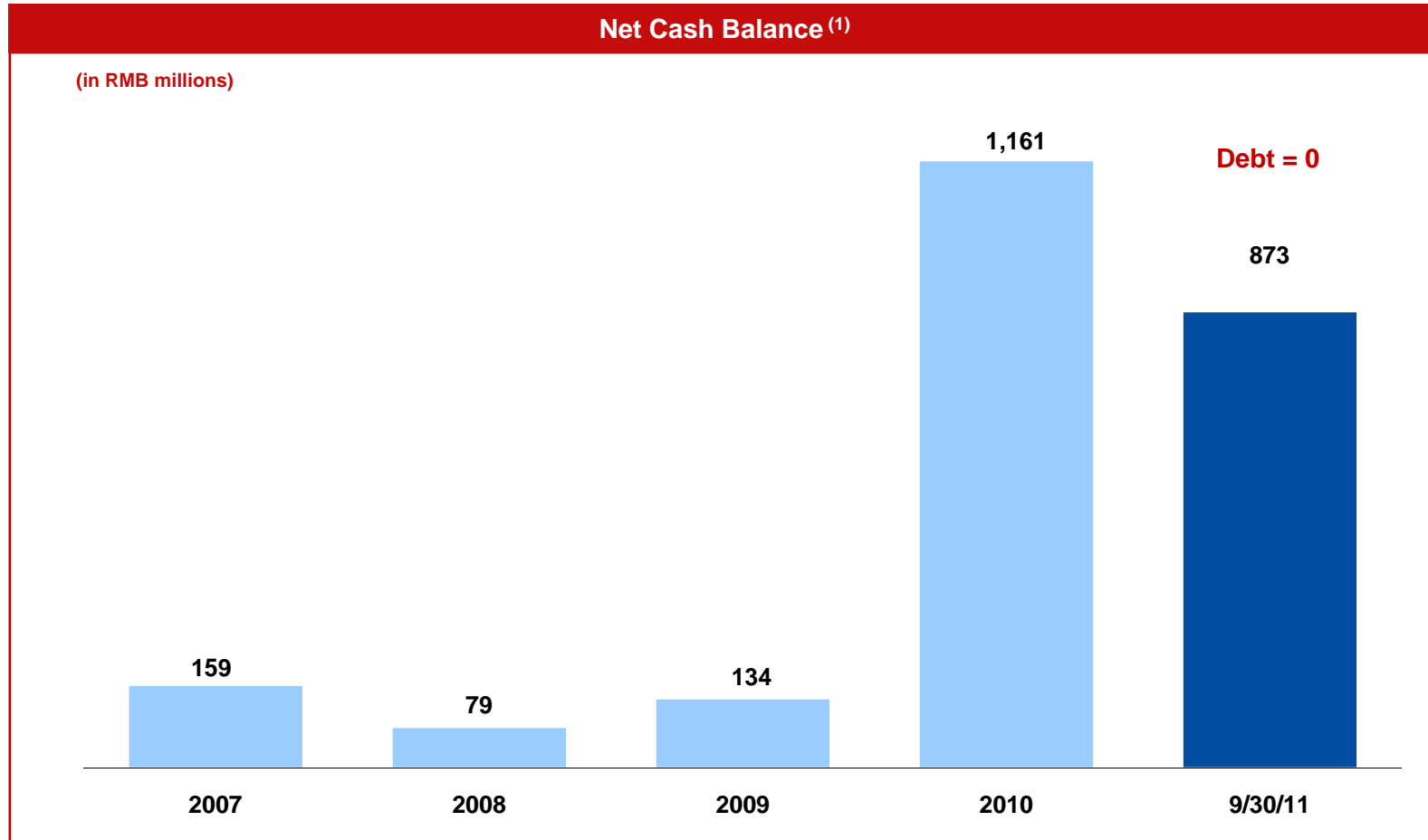


**Blended L.O. Hotel Operating Cost Per Room Night:  
Stable**



(1): Room nights available for sale from leased-and-operated hotels < 6 months as of total

## Strong Net Cash Balance

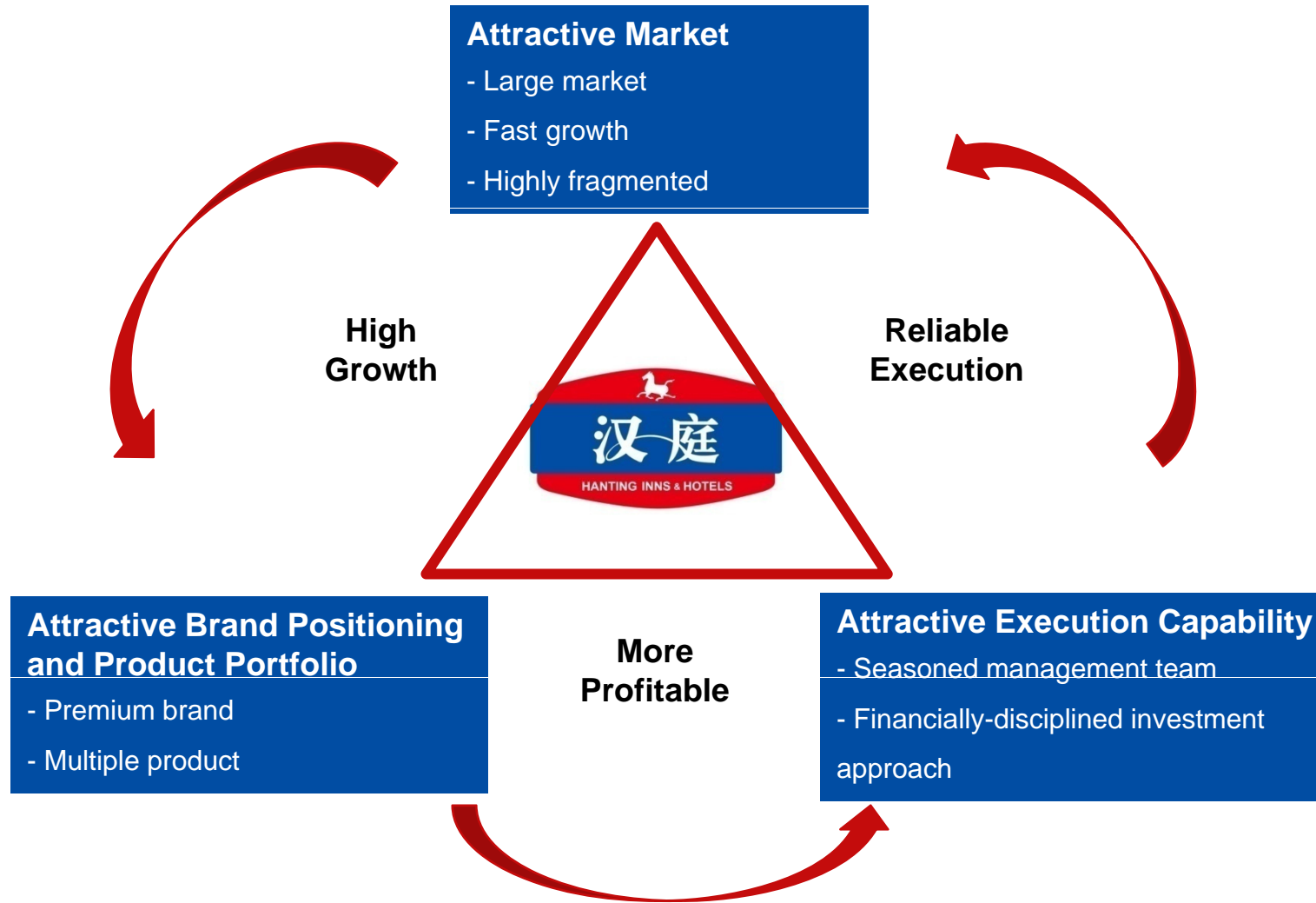


(1): Calculated as Cash and Cash Equivalent, Restricted Cash, Short-term Investment less total debt as of period end.



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# HanTing Presents an Attractive Investment Opportunity





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# We Are HanTing!





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