

**Press Release**

Paris, December 14<sup>th</sup>, 2014

## **Groundbreaking alliance between Accor and Huazhu (China Lodging) creates a hotel giant in China**

- *Combined access to over 2,000 hotels in China with long-term path for growth in the world's largest travel market*
- *Connected distribution and loyalty programs with over 47 million loyalty members worldwide and a combined access to 5,600 hotels*
- *ibis, ibis Styles, Mercure, Novotel and Grand Mercure hotels in China to become part of Huazhu under a master-franchise for China, with a plan to develop 350 to 400 new Accor branded hotels in the midterm*
- *Accor to take a 10% stake in Huazhu with a seat at the Board*

Accor (CAC 40 – AC.FR) and Huazhu Hotels Group (also known as China Lodging Group – Nasdaq: HTHT) today sealed an extensive and long-term alliance to create the most prominent and diversified hotel company in China, with more than 2,000 hotels and the strongest pipeline in the country.

“This ground-breaking collaboration will leverage the strengths of Accor’s global brands with a leading player in Chinese hospitality,” said Sebastien Bazin, Chairman and CEO of Accor. “Joining Huazhu’s unparalleled local expertise with our brands will create a hospitality powerhouse which will deliver unprecedented value to both groups and to our customers.”

Huazhu founder, Chairman and CEO, Ji Qi, said the collaboration was an unequivocal alliance in the global hospitality industry. “With an extensive brand portfolio, and strong distribution and loyalty platforms, Accor and Huazhu share a lot of common values. By combining forces we can facilitate growth and attract more customers to the expanded network,” said Ji Qi.

### **Strategic alliance signals new era in hospitality**

This major alliance will rapidly accelerate both groups’ expansion in what is today one of the largest and fastest-growing domestic travel markets and the world’s largest outbound travel market.

The objective of the alliance is to bring together the best of the two respective groups, combining Accor’s internationally recognized brands and powerful global distribution network with the extensive coverage, local reputation and strong development capability of Huazhu Hotels Group in China.

Together the groups have more than 500 hotels in the pipeline in the region and the alliance is expected to further accelerate development to new levels and see faster expansion of Accor's brands in China.

### **Similar goals, similar vision**

Huazhu is a leading and fast-growing hotel group in China, with a portfolio of over 1,900 hotels. It is the 13<sup>th</sup> largest hotel group globally in 2013<sup>(1)</sup>. Huazhu's hotel brands cover the full spectrum of the market from Upscale (Joya, Manxin) to midscale (JI Hotels, Starway) and Economy (Hanting, Elan and Hi Inn), making the group a perfect match with Accor. Huazhu has the strongest pipeline of any hotel group in China to fuel future growth.

Accor currently has 144 hotels in China across eight brands including Luxury/Upscale (Sofitel, Pullman, MGallery, Grand Mercure); Midscale (Novotel, Mercure) and Economy (ibis, ibis Styles). The group has been present in China for more than three decades and is the leading hotel group in Europe, Latin America, Africa and the Middle-East, as well as Australasia.

Pursuant to the transaction, Accor's economy and midscale platform in China will become part of Huazhu. Under the arrangement, Huazhu will become Accor's exclusive master-franchisee operating and developing in Mainland China, Mongolia and Taiwan for the economy (ibis, ibis Styles,) and midscale segments (Novotel and Mercure), as well as the upscale Grand Mercure brand.

Accor will continue to lead the ownership and development of all its Luxury and other Upscale brands in China, including Sofitel, Pullman, MGallery and The Sebel. Huazhu will become a minority shareholder in Accor's Luxury and Upscale business in China (10%) and will help support future development in the country, thanks to its in-depth relationships with key Chinese real estate investors.

All Accor's existing hotels in China will continue to be operated under their current international brand standards, benefitting from current global distribution and loyalty platforms, together with the added support of Huazhu's networks and domestic reputation. They will maintain their identities, specificities and international standards, while benefitting from Huazhu's extensive on-the-ground support capabilities and local expertise.

Under the arrangement, Accor will take a 10% stake in Huazhu and will have a seat at Huazhu's board of directors.

### **Together: accelerated expansion, unrivalled distribution, powerful loyalty**

This strategic alliance aims at accelerating expansion by leveraging Huazhu's strength in development, real estate investor relations and experience in operating a sizable hotel network in China. Huazhu plans to open 350 to 400 new hotels under the Accor brands in the next five years.

The agreement will offer the customers of both loyalty programs (together 47 million card holders) the opportunity to access a network of over 5,600 hotels globally.

"This major step is key to our digital transformation as the agreement will link the power of both groups' reservation and loyalty platforms, providing an expanded distribution capability," said Sebastien Bazin. "This agreement will provide travelers and loyal members more access and more choice of hotels.

<sup>[1]</sup> Source: annual ranking of the world's biggest hotel companies by *HOTELS* in 2014

“China is today the largest outbound tourism market in the world; in that context, creating one of the largest hotel groups in China will lead to growth globally as those travelers come to recognize Accor and Huazhu’s brands and expand their travel internationally,” said Sebastien Bazin. “This agreement will also help us better anticipate customers’ expectations and strengthen our leadership in the Chinese market over the long term.”

“We are thrilled that our long-time friendship with Accor matures into a long-lasting alliance,” said Ji Qi. “We believe the collaboration will become the largest hotel business in China, and make the Accor-Huazhu alliance an unprecedented success.”

*The conditions to the closing of this transaction include the obtaining of requisite governmental approvals and the completion of certain corporate restructuring. Both Accor and Huazhu will use due efforts to achieve the closing conditions in an expedited manner.*

### **About Accor**

Accor is the world’s leading hotel operator, with **470,000 rooms** in **3,700 hotels** across **14 trusted brands** in **92 countries**. The company is organized around two distinct divisions, **HotelServices**, which operates and franchises the hotels and **HotelInvest**, which is a hotel owner and investor. The Accor hotels sit in three segments from budget to luxury which are constantly reinventing their concept to satisfy the needs of business and leisure customers around the globe. Accor brands include in luxury-upscale; **Sofitel, Pullman, MGallery and Grand Mercure, The Sebel**, midscale; **Novotel, Suite Novotel, Mercure and Adagio** and economy; **ibis, ibis Styles, ibis budget, adagio access and hotelF1**. The Group boasts a powerful digital ecosystem, notably its booking portal **accorhotels.com**, its brand websites and its loyalty program **Le Club Accorhotels**.

The Group’s **170,000 employees** benefit from working for a company that believes in progression and has an industry leading training program, the Accor Académie. Since its creation 45 years ago, Accor is making innovation and sustainable hospitality the focus of its strategic vision as well as of its customer-centric approach development and innovation process.

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### **About Huazhu Hotels Group**

HUAZHU Hotels Group Ltd., a leading and fast-growing multi-brand hotel group in China, was ranked as the 13th largest hotel group by Hotels and listed in the Brand Top 100 Most Valuable Chinese Brands in 2014. Founded in 2005, HUAZHU keeps satisfying business and leisure guests with impressive and cost-effective accommodation experiences together with more than 40,000 employees nationwide. On Mar. 26, 2010, the Group had successfully been listed on NASDAQ (NASDAQ:HTHT). Nowadays, HUAZHU provides high-quality, and conveniently-located hotel products under 7 brands, namely, Joya Hotel, Manxin Hotels & Resorts, Ji Hotel, Starway Hotel, HanTing Hotel, Elan Hotel and Hi Inn, ranging from upscale hotels to economical hotels. Up till Sep.30, 2014, HUAZHU has been operating in more than 280 cities in China with 1,849 hotels and 197,672 rooms.

The founder Ji Qi is also recognised as one of the most successful entrepreneurs in the world, having established three Nasdaq-listed companies in six years including C-trip (Nasdaq:CTRP) and Home Inns & Hotels (Nasdaq: HMIN).

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