

China Lodging Group, Ltd
Form 20-F
April 17, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (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, 2013

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: 001-34656

China Lodging Group, Limited
(Exact name of Registrant as specified in its charter)

Edgar Filing: China Lodging Group, Ltd - Form 20-F

Not Applicable

(Translation of Registrant's name into English)

CAYMAN ISLANDS

(Jurisdiction of incorporation or organization)

No. 2266 Hongqiao Road

Changning District

Shanghai 200336

People's Republic of China

(86) 21 6195-2011

(Address of principal executive offices)

Min (Jenny) Zhang

Chief Financial Officer

Telephone: +86-21-6076-0606

E-mail: zhangmin@huazhu.com

Facsimile: +86-21-6195-9586

No. 2266 Hongqiao Road

Changning District

Shanghai 200336

People's Republic of China

(Name, Telephone, E-mail 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	Name of each exchange on which registered
American Depositary Shares, each representing four ordinary shares, par value US\$0.0001 per share	NASDAQ Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Edgar Filing: China Lodging Group, Ltd - Form 20-F

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.

247,551,999 Ordinary Shares.

Edgar Filing: China Lodging Group, Ltd - Form 20-F

Table of Contents

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

Edgar Filing: China Lodging Group, Ltd - Form 20-F

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 Section 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

TABLE OF CONTENTS

	Page
<u>CERTAIN CONVENTIONS</u>	1
<u>PART I</u>	2
<u>ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS</u>	2
<u>ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE</u>	2
<u>ITEM 3. KEY INFORMATION</u>	2
<u>3.A. Selected Financial Data</u>	2
<u>3.B. Capitalization and Indebtedness</u>	4
<u>3.C. Reason for the Offer and Use of Proceeds</u>	4
<u>3.D. Risk Factors</u>	4
<u>ITEM 4. INFORMATION ON THE COMPANY</u>	25
<u>4.A. History and Development of the Company</u>	25
<u>4.B. Business Overview</u>	26
<u>4.C. Organizational Structure</u>	43
<u>4.D. Property, Plants and Equipment</u>	44
<u>ITEM 4A. UNRESOLVED STAFF COMMENTS</u>	44
<u>ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u>	44
<u>5.A. Operating Results</u>	44
<u>5.B. Liquidity and Capital Resources</u>	62
<u>5.C. Research and Development, Patents and Licenses, etc.</u>	65
<u>5.D. Trend Information</u>	65
<u>5.E. Off-Balance Sheet Arrangements</u>	66
<u>5.F. Tabular Disclosure of Contractual Obligations</u>	66
<u>5.G. Safe Harbor</u>	66
<u>ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</u>	67
<u>6.A. Directors and Senior Management</u>	67
<u>6.B. Compensation</u>	69
<u>6.C. Board Practices</u>	71
<u>6.D. Employees</u>	73
<u>6.E. Share Ownership</u>	73
<u>ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS</u>	75
<u>7.A. Major Shareholders</u>	75
<u>7.B. Related Party Transactions</u>	75
<u>7.C. Interests of Experts and Counsel</u>	77
<u>ITEM 8. FINANCIAL INFORMATION</u>	77
<u>8.A. Consolidated Statements and Other Financial Information</u>	77
<u>8.B. Significant Changes</u>	78
<u>ITEM 9. THE OFFER AND LISTING</u>	78
<u>9.A. Offering and Listing Details</u>	78
<u>9.B. Plan of Distribution</u>	78
<u>9.C. Markets</u>	78
<u>9.D. Selling Shareholders</u>	79
<u>9.E. Dilution</u>	79
<u>9.F. Expenses of the Issue</u>	79
<u>ITEM 10. ADDITIONAL INFORMATION</u>	79
<u>10.A. Share Capital</u>	79
<u>10.B. Memorandum and Articles of Association</u>	79
<u>10.C. Material Contracts</u>	79
<u>10.D. Exchange Controls</u>	79

<u>10.E. Taxation</u>	79
<u>10.F. Dividends and Paying Agents</u>	84
<u>10.G. Statement by Experts</u>	84
<u>10.H. Documents on Display</u>	84
<u>10.I. Subsidiary Information</u>	85

Table of Contents

<u>ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	85
<u>ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	86
<u>12.A. Debt Securities</u>	86
<u>12.B. Warrants and Rights</u>	86
<u>12.C. Other Securities</u>	86
<u>12.D. American Depositary Shares</u>	86
<u>PART II</u>	88
<u>ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	88
<u>ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	88
<u>ITEM 15. CONTROLS AND PROCEDURES</u>	88
<u>ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT</u>	89
<u>ITEM 16B. CODE OF ETHICS</u>	89
<u>ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	89
<u>ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES</u>	89
<u>ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS</u>	89
<u>ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT</u>	90
<u>ITEM 16G. CORPORATE GOVERNANCE</u>	90
<u>ITEM 16H. MINE SAFETY DISCLOSURE</u>	90
<u>PART III</u>	90
<u>ITEM 17. FINANCIAL STATEMENTS</u>	90
<u>ITEM 18. FINANCIAL STATEMENTS</u>	90
<u>ITEM 19. EXHIBITS</u>	90

Table of Contents

CERTAIN CONVENTIONS

Unless otherwise indicated, all translations from U.S. dollars to RMB in this annual report were made at a rate of US\$1.00 to RMB6.0537, the exchange rate as set forth in the H.10 statistical release of the U.S. Federal Reserve Board on December 31, 2013. No representation is made that the RMB amounts referred to herein could have been or could be converted into U.S. dollars at any particular rate or at all. On April 11, 2014, the exchange rate was US\$1.00 to RMB6.2111. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

Unless otherwise indicated, in this annual report,

- *ADRs* are to the American depositary receipts that may evidence our ADSs;
- *ADSs* are to our American depositary shares, each representing four ordinary shares;
- *China* or the *PRC* are to the People's Republic of China, excluding, for purposes of this annual report, Hong Kong, Macau and Taiwan;
- *Ordinary shares* are to our ordinary shares, par value US\$0.0001 per share;
- *RMB* and *Renminbi* are to the legal currency of China;
- *US\$* and *U.S. dollars* are to the legal currency of the United States; and
- *We, us, our company, our, and China Lodging* are to China Lodging Group, Limited, a Cayman Islands company, and its predecessor entities and subsidiaries.

Table of Contents**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**3.A. Selected Financial Data**

The selected consolidated statements of comprehensive income data and selected consolidated cash flow data for the years ended December 31, 2011, 2012 and 2013 and the selected consolidated balance sheet data as of December 31, 2012 and 2013 are derived from our audited consolidated financial statements included herein, which were prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The selected consolidated statements of comprehensive income data and selected consolidated cash flow data for the years ended December 31, 2009 and 2010 and the selected consolidated balance sheet data as of December 31, 2009, 2010 and 2011 are derived from our audited consolidated financial statements that have not been included herein and were prepared in accordance with U.S. GAAP. The selected financial data set forth below should be read in conjunction with Item 5. Operating and Financial Review and Prospects and the consolidated financial statements and the notes to those statements included herein. The historical results presented below are not necessarily indicative of financial results to be achieved in future periods.

	2009 (RMB)	2010 (RMB)	Year Ended December 31, 2011 2012 (RMB) (RMB)		2013 (RMB)	(US\$)
	(In thousands, except per share and per ADS data)					
Consolidated Statement of Comprehensive Income Data:						
Net revenues	1,260,191	1,738,493	2,249,597	3,224,527	4,168,629	688,608
Operating costs and expenses(1)	1,186,223	1,486,627	2,150,031	3,011,517	3,815,835	630,331
Income from operations	76,414	256,306	107,146	219,733	380,544	