

PRESS RELEASE

Hotel Industry Leaders Show Optimism – 2011 to be Another Record Year for China

2011 China Hotel Development and Financing Conference, Beijing, China

Beijing, March 24, 2011

At the 7th Annual China Hotel Development and Financing Conference that started today, hotel industry leaders expressed continued optimism for the tourism sector and believe that 2011 will be yet another record year. The conference, organized by Horwath HTL, STR Global and the China Tourist Hotels Association (CTHA), is held at the Crowne Plaza Sun Palace in Beijing, China and attracted about 600 participants this year.

The conference kicked off with a Hotel Leaders Panel this morning, consisting of Mr. Keith Barr, CEO of InterContinental Hotels Group (IHG) Greater China; Mr. Brett Butcher, CEO of Langham Hospitality Group; Mr. Patrick Imbardelli, CEO of Pan Pacific Hotels Group (PPHG); Mr. Miguel Ko, Chairman & President of Starwood Asia Pacific Hotels and Resorts; and Mr. Thomas Monahan, Executive Vice President of International Development, Wyndham Hotel Group. The panel was moderated by Mr. Nigel Summers, Director of Horwath HTL, based in Hong Kong.

Given the robust economic growth of China, the hotel leaders are positive about the growth of the hotel industry and that 2011 will be a record year for hotels and resorts in the country. The panel was in agreement that the Chinese domestic market, powered by the increasing affluence of the middle class, will continue to drive demand at hotels. The MICE market was identified to be a key market segment moving forward.

The panel, however, displayed mixed opinions about the potential impact of the Japan Disaster. Some are wary that the Japanese outbound market will be severely affected, particularly in the next 12 months, as Japanese travellers reduce travel due to a multitude of reasons; while some believe that the new generation of Japanese may not be as predictable as their predecessors. Starwood reported full occupancy at the Sheraton Hiroshima, which had to open ahead of schedule to accommodate demand from Tokyo and other cities.

IHG reported the strongest growth in their midscale brand – Holiday Inn Express, and revealed plans to launch a new product to be specially designed for the Chinese market. According to Barr, extensive research has been conducted on domestic consumer preferences, and the new product will be launched in due time. Starwood, with 8 out of their 9 brands currently present in China, will also be introducing the “Element” brand to the Chinese market, and are looking into potentially entering the midscale segment as well.

In light of rising energy costs and environmental demands, the leaders also discussed the importance of sustainability in the design and operations of their hotels. It is recognized that sustainable practices contribute towards the protection of the environment, and typically



translate into cost savings. Wyndham pointed out that this may involve some upfront development cost during the design of the property, but is proven to deliver savings in the long run.

About Horwath HTL

Horwath HTL (Hotels Tourism and Leisure) is one of the world's pre-eminent consulting specialists in the hotel, tourism and leisure industries, providing unequalled experience and expertise for client projects around the world through a combination of detailed local knowledge and international understanding. Horwath HTL is currently the world's largest consulting organisation specialised in hospitality, with 50 offices in 39 countries. Very well established in China, Horwath HTL has completed numerous hospitality-related consulting projects in the country and works closely with the China Tourist Hotels Association in its annual publication of the China Hotel Industry Survey of Operations.

Horwath HTL is a member of Crowe Horwath International, a professional association of accounting and management consulting firms founded in New York in 1915. Crowe Horwath International is currently ranked among the top ten international professional service groups with offices in close to 586 cities in 108 countries.

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