



## Shanghai Jin Jiang Capital Company Limited

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 02006



## Interim Report 2020

# Global Hotel Deployment



**China**  
Number of hotels: **7,619**

**Europe**  
Number of hotels: **1,001**

**Africa**  
Number of hotels: **43**

**Asia (excluding China)**  
Number of hotels: **226**

**Americas**  
Number of hotels: **17**

**Total**  
Number of hotels: **8,906**

Note: Above figures are owned or managed hotels in operation around the world.

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## CORPORATE INFORMATION

### THE FIFTH SESSION OF THE BOARD

#### EXECUTIVE DIRECTORS

Mr. Yu Minliang (*Chairman*)  
 Ms. Guo Lijuan (*Vice Chairman*)  
 Mr. Chen Liming (*Vice Chairman*)  
 Mr. Ma Mingju  
 Ms. Zhou Wei  
 Mr. Sun Yu

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ji Gang  
 Dr. Rui Mingjie  
 Mr. Shen Liqiang

### THE FIFTH SESSION OF THE SUPERVISORY COMMITTEE SUPERVISORS

Mr. Wang Guoxing  
*(Chairman of Supervisory Committee)*  
 Mr. Kuang Ke  
 Mr. Zhao Feng

#### AUTHORIZED REPRESENTATIVES

Ms. Guo Lijuan  
 Ms. Zhang Jue

#### JOINT COMPANY SECRETARIES

Ms. Zhang Jue  
 Ms. So Lai Shan

#### QUALIFIED ACCOUNTANT

Dr. Ai Gengyun

#### NOMINATION COMMITTEE

Mr. Yu Minliang (*Chairman*)  
 Dr. Rui Mingjie  
 Mr. Ji Gang

#### AUDIT AND RISK CONTROL COMMITTEE

Mr. Shen Liqiang (*Chairman*)  
 Mr. Ji Gang  
 Dr. Rui Mingjie

#### REMUNERATION AND APPRAISAL COMMITTEE

Mr. Ji Gang (*Chairman*)  
 Ms. Guo Lijuan  
 Mr. Shen Liqiang

#### STRATEGIC INVESTMENT COMMITTEE

Mr. Chen Liming (*Chairman*)  
 Mr. Ma Mingju  
 Dr. Rui Mingjie

#### INTERNATIONAL AUDITOR

PricewaterhouseCoopers

#### PRC AUDITOR

PricewaterhouseCoopers Zhong Tian LLP

#### LEGAL ADVISERS

*As to Hong Kong law & US law:*  
 Baker & McKenzie

*As to PRC law:*

King & Wood Mallesons

#### CHINESE NAME OF THE COMPANY

上海錦江資本股份有限公司

#### ENGLISH NAME OF THE COMPANY

Shanghai Jin Jiang Capital Company Limited

#### H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
 17M Floor  
 Hopewell Centre  
 183 Queen's Road East  
 Wanchai, Hong Kong

#### INVESTOR AND MEDIA RELATIONS CONSULTANT

iPR Ogilvy & Mather

#### PRINCIPAL BANKERS

Industrial and Commercial Bank of China  
 Bank of China

#### LEGAL ADDRESS

Room 316-318  
 No. 24 Yang Xin Dong Road  
 Shanghai  
 The People's Republic of China  
 (the "PRC")

#### PRINCIPAL PLACES OF BUSINESS IN THE PRC

26/F., Union Building  
 No. 100 Yan'an East Road  
 Shanghai, the PRC

#### PRINCIPAL PLACES OF BUSINESS IN HONG KONG

Room 3203, 32nd Floor  
 Shun Tak Centre, West Tower  
 200 Connaught Road Central  
 Hong Kong Special Administrative Region of the PRC ("Hong Kong")

#### STOCK EXCHANGE ON WHICH H SHARES OF THE COMPANY ("H SHARES") ARE LISTED

Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

Abbreviation of H Shares:

JINJIANGCAPITAL 錦江資本

Stock code: 02006

Website: www.jinjiangcapital.com

Tel: (86-21) 6326 4000

Fax: (86-21) 6323 8221

## INFORMATION ON HOTELS OF THE GROUP

### INFORMATION ON HOTELS OF THE GROUP

	Full Service Hotels		Select Service Hotels		Total	
	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms
China	87	27,003	7,532	762,906	7,619	789,909
Asia (excluding China)	—	—	226	25,434	226	25,434
Europe	—	—	1,001	71,170	1,001	71,170
Americas	—	—	17	3,198	17	3,198
Africa	—	—	43	6,222	43	6,222
<b>Total</b>	<b>87</b>	<b>27,003</b>	<b>8,819</b>	<b>868,930</b>	<b>8,906</b>	<b>895,933</b>

Note:

- As at 30 June 2020, the Group owned or managed 8,906 hotels in operation with a total of 895,933 guest rooms located in 66 countries around the world, including 7,619 hotels in operation with a total of 789,909 guest rooms owned or managed in the PRC.

## INFORMATION ON HOTELS OF THE GROUP

### INFORMATION ON HOTELS OF THE GROUP 1 – STATISTICS OF ALL HOTELS

All hotels (As at 30 June 2020)	Hotels in which the Group held hotel interests and managed by the Group		Hotels in which the Group held hotel interests but managed by third parties		Hotels owned by third parties but managed by the Group		Hotels owned by third parties but operated under franchises granted by the Group		Total number of hotels	
	Total		Total		Total		Total		Total	
	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms
<b>Hotel Category</b>										
Full Service Hotels										
– 5-star Luxury Hotels	5	2,250	2	964	43	14,815	–	–	50	18,029
– 4-star Luxury Hotels	10	3,323	2	671	35	7,768	–	–	47	11,762
Sub-total	15	5,573	4	1,635	78	22,583	–	–	97	29,791
Commercial Hotels	2	274	–	–	1	56	–	–	3	330
Total Number of Full Service Hotels	17	5,847	4	1,635	79	22,639	–	–	100	30,121
Select Service Hotels										
– Middle-end hotels	125	22,249	–	–	–	–	7,183	835,477	7,308	857,726
– Budget hotels	850	87,495	–	–	–	–	5,564	424,357	6,414	511,852
Total Number of Select Service Hotels	975	109,744	–	–	–	–	12,747	1,259,834	13,722	1,369,578
<b>Total</b>	<b>992</b>	<b>115,591</b>	<b>4</b>	<b>1,635</b>	<b>79</b>	<b>22,639</b>	<b>12,747</b>	<b>1,259,834</b>	<b>13,822</b>	<b>1,399,699</b>

## INFORMATION ON HOTELS OF THE GROUP

### INFORMATION ON HOTELS OF THE GROUP 2 – STATISTICS OF HOTELS IN OPERATION

In operation (As at 30 June 2020)	Hotels in which the Group held hotel interests and managed by the Group		Hotels in which the Group held hotel interests but managed by third parties		Hotels owned by third parties but managed by the Group		Hotels owned by third parties but operated under franchises granted by the Group		Total number of hotels	
	Total		Total		Total		Total		Total	
	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms
<b>Hotel Category</b>										
Full Service Hotels										
– 5-star Luxury Hotels	5	2,250	2	964	36	12,955	–	–	43	16,169
– 4-star Luxury Hotels	10	3,323	2	671	29	6,510	–	–	41	10,504
Sub-total	15	5,573	4	1,635	65	19,465	–	–	84	26,673
Commercial Hotels	2	274	–	–	1	56	–	–	3	330
Total Number of Full Service Hotels	17	5,847	4	1,635	66	19,521	–	–	87	27,003
Select Service Hotels										
– Middle-end hotels	122	21,971	–	–	–	–	3,793	436,422	3,915	458,393
– Budget hotels	825	84,637	–	–	–	–	4,079	325,900	4,904	410,537
Total Number of Select Service Hotels	947	106,608	–	–	–	–	7,872	762,322	8,819	868,930
Total	964	112,455	4	1,635	66	19,521	7,872	762,322	8,906	895,933

## INFORMATION ON HOTELS OF THE GROUP

### INFORMATION ON HOTELS OF THE GROUP 3 – STATISTICS OF HOTELS UNDER DEVELOPMENT

Under development (As at 30 June 2020)	Hotels in which the Group held hotel interests and managed by the Group		Hotels in which the Group held hotel interests but managed by third parties		Hotels owned by third parties but managed by the Group		Hotels owned by third parties but operated under franchises granted by the Group		Total number of hotels	
	Total		Total		Total		Total		Total	
	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms
<b>Hotel Category</b>										
Full Service Hotels										
– 5-star Luxury Hotels	–	–	–	–	7	1,860	–	–	7	1,860
– 4-star Luxury Hotels	–	–	–	–	6	1,258	–	–	6	1,258
Sub-total	–	–	–	–	13	3,118	–	–	13	3,118
Commercial Hotels										
Total Number of Full Service Hotels	–	–	–	–	13	3,118	–	–	13	3,118
Select Service Hotels										
– Middle-end hotels	3	278	–	–	–	–	3,390	399,055	3,393	399,333
– Budget hotels	25	2,858	–	–	–	–	1,485	98,457	1,510	101,315
Total Number of Select Service Hotels	28	3,136	–	–	–	–	4,875	497,512	4,903	500,648
<b>Total</b>	<b>28</b>	<b>3,136</b>	<b>–</b>	<b>–</b>	<b>13</b>	<b>3,118</b>	<b>4,875</b>	<b>497,512</b>	<b>4,916</b>	<b>503,766</b>



## OPERATIONAL STATISTICS

	<b>January to June 2020</b>	January to June 2019
<b>Average Occupancy Rate</b>		
Full Service Hotels		
– 5-star Luxury Hotels	<b>22%</b>	71%
– 4-star Luxury Hotels	<b>29%</b>	61%
Select Service Hotels in the PRC	<b>47%</b>	73%
– Middle-end hotels	<b>52%</b>	77%
– Budget hotels	<b>40%</b>	71%
Select Service Hotels outside the PRC	<b>35%</b>	64%
– Middle-end hotels	<b>37%</b>	57%
– Budget hotels	<b>34%</b>	66%
<b>Average Room Rate (RMB/room)</b>		
Full Service Hotels		
– 5-star Luxury Hotels	<b>963</b>	881
– 4-star Luxury Hotels	<b>442</b>	536
Select Service Hotels in the PRC	<b>187</b>	207
– Middle-end hotels	<b>222</b>	261
– Budget hotels	<b>137</b>	159
Select Service Hotels outside the PRC (EUR/room)	<b>55</b>	57
– Middle-end hotels (EUR/room)	<b>65</b>	65
– Budget hotels (EUR/room)	<b>51</b>	54
<b>Rev PAR (RMB/room)</b>		
Full Service Hotels		
– 5-star Luxury Hotels	<b>212</b>	624
– 4-star Luxury Hotels	<b>128</b>	329
Select Service Hotels in the PRC	<b>87</b>	152
– Middle-end hotels	<b>116</b>	200
– Budget hotels	<b>55</b>	112
Select Service Hotels outside the PRC (EUR/room)	<b>19</b>	36
– Middle-end hotels (EUR/room)	<b>24</b>	38
– Budget hotels (EUR/room)	<b>17</b>	35

## OPERATIONAL STATISTICS

### Notes:

1. 5-star Luxury Hotels include: Jin Jiang Hotel, Peace Hotel, Wuhan Jin Jiang International Hotel, Beijing Kunlun Hotel, Jin Jiang Tower, Jin Jiang Tomson Hotel and Shanghai Yangtze Hotel Limited (“Yangtze Hotel”).
2. 4-star Luxury Hotels include: Park Hotel, Jian Guo Hotel, Cypress Hotel, Holiday Inn Downtown Shanghai, Golden Tulip Shanghai Rainbow, Shanghai Hotel, Shanghai Jing An Hotel, Shanghai Sofitel Hotel, Jiangsu Nanjing Hotel, Wuxi Jin Jiang Grand Hotel, West Capital International Hotel and Kunming Jin Jiang Hotel.
3. Under the Select Service Hotels in the PRC, the middle-end hotels include the operational data of all operating chain hotels under the brands of, among others, “Jin Jiang Metropolo”, “Campanile (康铂)”, “Lavande”, “James Joyce Coffetel”, “Xana”, “Venus Royal”, “Vienna International”, “Vienna Classic”, “Vienna Hotels” and “Vienna 3 Best”; the budget hotels include the operational data of all operating chain hotels under the brands of, among others, “Jin Jiang Inn”, “Jinguang Inn”, “Bestay Hotels Express”, “IU”, “7 Days Inn” and “Pai”.
4. Under the Select Service Hotels outside the PRC, the middle-end hotels include the operational data of all operating chain hotels under the brands of, among others, “Golden Tulip”; the budget hotels include the operational data of all operating chain hotels under the brands of, among others, “Premiere Classe”, “Campanile”, “Kyriad” and “Sarovar”.

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“ADR”	room revenue divided by rooms in use
“Audit and Risk Control Committee”	the audit and risk control committee of the Company
“Available Rooms”	number of rooms available of each hotel after deducting Permanent House Use
“Board”	the board of Directors of the Company
“China” or “PRC”	The People’s Republic of China
“Company”	Shanghai Jin Jiang Capital Company Limited
“Director(s)”	the director(s) of the Company
“EUR”	Euro, the lawful currency of the European Union
“Finance Company”	Jin Jiang International Finance Company Limited
“Full Service Hotels”	hotels which are based on comprehensive hotel functions and facilities, and provide all rounded quality services for guests
“GDL”	Groupe du Louvre, a société par actions simplifiée incorporated under the laws of France
“Group”	the Company and its subsidiaries or, where the context so requires, in respect of the period prior to the date of incorporation of the Company, those entities and businesses which were consolidated into and operated by the Company upon its establishment
“JHJ Transportation”	JHJ International Transportation Co., Ltd.
“Jin Jiang Automobile”	Shanghai Jin Jiang Automobile Services Co., Ltd.
“Jin Jiang Cold”	Shanghai Jin Jiang International Cold Logistics Development Co., Ltd.
“Jin Jiang GDL Asia”	Jin Jiang GDL Asia Co., Ltd. (上海錦江盧浮亞洲酒店管理有限公司), formerly known as Shanghai Jin Jiang Metropolo Hotel Management Company Limited
“Jin Jiang Hotel”	Shanghai Jin Jiang Hotel Company Limited, a wholly-owned subsidiary of the Company
“Jin Jiang Hotels”	Shanghai Jin Jiang International Hotels Company Limited, formerly known as “Shanghai Jin Jiang International Hotels Development Company Limited”

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Jin Jiang Inn”	Jin Jiang Inn Company Limited
“Jin Jiang International”	Jin Jiang International Holding Company Limited
“Jin Jiang Investment”	Shanghai Jin Jiang International Industrial Investment Company Limited
“Jin Jiang Travel”	Shanghai Jin Jiang International Travel Co., Ltd.
“Jin Ya Catering”	Shanghai Jin Ya Catering Management Co., Ltd.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Occupancy Rate”	rooms in use divided by Available Rooms for a given period
“Plateno Group”	Keystone Lodging Holdings Limited and its subsidiaries
“Radisson Hotel Group”	Radisson Hotel Group (麗笙酒店集團)
“Reporting Period”	the period from 1 January 2020 to 30 June 2020
“RevPAR”	room revenue per Available Room
“RMB”	Renminbi, the lawful currency of the PRC
“Select Service Hotels”	hotels providing guests with basic professional services which are suitable for mass consumption with emphasis on the core function of accommodation
“Shanghai SASAC”	Shanghai Municipal State-owned Assets Supervision and Administration Commission
“Star-rating” or “Star-rated”	number of star(s) conferred by the National Tourism Administration of the PRC to a hotel according to the Star-rating Standard Manual and a Star-rated hotel refers to a hotel with Star-rating conferred as mentioned above
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supplies Company”	Shanghai Jin Jiang International Hotel Supplies Company Limited (上海錦江國際酒店物品有限公司)
“Tongcheng-Elong”	Tongcheng-Elong Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 00780.HK)

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Total Number of Rooms”	number of Available Rooms per hotel
“Vienna Hotels”	Vienna Hotels Group Co., Ltd. (維也納酒店有限公司), a limited liability company established in the PRC
“WeHotel”	Shanghai Qi Cheng Network Technology Co., Ltd. (上海齊程網絡科技有限公司)

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the first half of 2020, facing the challenges brought by the COVID-19 epidemic and changes in the external environment and in accordance with the strategy of “intensive domestic business development, global deployment and multinational operations”, the Group focused on optimising the allocation of the Company’s hotel assets and resources, enhancing its operational efficiency and expediting industry upgrades through deepening the reform and focusing on the development of main business. A “horse-racing mechanism” for the hotel management companies for each brand in respect of its frontline operations was implemented and a “one-centre, three-platform” (namely, Jin Jiang Hotel Global Innovation Centre, WeHotel Global Shared Hotel Platform, Jin Jiang Global Shared Procurement Platform and Jin Jiang Global Shared Financial Platform) structure for its back office operations was jointly constructed. Emphatic efforts in brand restatement, quality upgrades and efficiency enhancement were made through in-depth resource integration and the construction of shared platforms.

For the Reporting Period, the Group recorded revenue of approximately RMB5,921,948,000, representing a decrease of approximately 40.5% as compared to the same period of last year. Operating profit of the Group amounted to approximately RMB135,219,000, representing a decrease of approximately 91.9% as compared to the same period of last year. Loss attributable to shareholders of the Company amounted to approximately RMB238,456,000, representing a decrease of approximately RMB740,250,000 as compared to the profit attributable to shareholders of the Company of approximately RMB501,794,000 of the same period of last year.

As at the end of the Reporting Period, the Group owned or managed 8,906 hotels in operation throughout the world, with a Total Number of Rooms of approximately 900,000 in 66 countries, amongst which approximately 7,619 hotels in operation with approximately 790,000 rooms were owned or managed by the Group in the PRC. Moreover, 4,916 hotels with approximately 500,000 rooms of the Group were under construction over the world. In terms of the number of hotel guest rooms in operation, the Group together with the guest rooms in operation of Radisson Hotel Group under Jin Jiang International ranked 2nd in the global hotel group ranking as published by HOTELS Magazine, the official publication of The International Hotel & Restaurant Association, in July 2020.

During the Reporting Period, Shanghai Guanglv Enterprise Management Company Limited acquired 100% equity interests in Xi’an Jin Jiang Inn Company Limited and Zhengzhou Jin Jiang Inn Company Limited; and Shanghai Jin Jiang International Investment and Management Company Limited acquired 70% equity interests in Shanghai Jin Jiang Da Hua Hotel Company Limited. Through the series of equity interest transactions mentioned above, the Company was able to realise gains on the appreciation of asset value, while aligning with the light-asset investment and development strategy of Jin Jiang Hotels, thereby further advancing the innovative business model of hotel industry fund.

During the Reporting Period, the Group supported anti-epidemic measures with its full effort, as it timely provided accommodation, transportation and other supplies and daily necessities to the Shanghai medical groups dispatched to Hubei, so that frontline medical staff could feel the warmth and strong support from hometown Shanghai. The Group provided hotel rooms to support anti-epidemic aid in accordance with the local governments’ arrangements for anti-epidemic measures and expropriation. More than 800 hotels under the Group with over 140,000 rooms were expropriated to provide assistance. Currently, many of them are still under expropriation.

## MANAGEMENT DISCUSSION AND ANALYSIS

In order to support the Group's anti-epidemic operations, Jin Jiang International entered into various buyout agreements for hotel room, car rental and relevant services with Holiday Inn Downtown Shanghai, Wuhan Jin Jiang International Hotel, Jin Jiang Hotels and Jin Jiang Automobile, respectively, during the Reporting Period to procure stable and healthy business development of the Group and its subsidiaries. In the meantime, the Group offered rental concessions to tenants during the epidemic in active support of the policy of rental concessions for small-to-medium and micro private enterprises announced by the government and the Shanghai SASAC.

During the Reporting Period, Jin Jiang Hotels, the subsidiary of the Company, announced the establishment of Jin Jiang Hotels China Company, which was the first organisational restructuring of the frontline brands by the Group following the successive acquisitions of GDL, Plateno Group and Vienna Hotels Group in recent years. The establishment of Jin Jiang Hotels China Company represents a crucial measure of the Group for the advancement of the strategy of "intensive domestic business development, global deployment and multinational operations" in active response to the unprecedented epidemic and evolving global landscapes, in order to seize opportunities amidst the crisis.

During the Reporting Period, the Company, Jin Jiang International, Jin Jiang Hotel and Finance Company entered into a capital increase agreement, pursuant to which the registered capital of Finance Company was proposed to be increased from RMB500 million to RMB1,000 million to support Finance Company's business development and to enhance the capital of Finance Company as well as to comply with the requirements from the China Banking and Insurance Regulatory Commission on the optimization of the shareholding structure of Finance Company.

During the Reporting Period, the Company's website address was changed from "www.jinjianghotels.com.cn" to "www.jinjiangcapital.com", effective on 19 June 2020.

### Full Service Hotels

The business of Full Service Hotels represents one of the major sources of revenue for the Group. During the Reporting Period, operation of Full Service Hotels contributed approximately RMB456,966,000 to the Group's revenue, decreasing by approximately 54.6% as compared to the same period of last year and accounting for approximately 7.7% of the Group's turnover, which was mainly attributable to the substantial reduction in demand for hotel accommodation following restrictions on business and leisure travelling under the ongoing impact of the COVID-19 epidemic.

As at the end of the Reporting Period, the Group owned and managed 87 operating Full Service Hotels in the PRC, offering approximately 27,000 guest rooms, among which 66 hotels were owned by third parties and managed by the Group, offering approximately 20,000 guest rooms.

During the Reporting Period, the Full Service Hotels under the Company enhanced their effort in online direct-marketing, promoting sales of hotel rooms, dining and other related products via Internet platforms such as live online streaming and WeChat Mall with the offer of promotional products such as "concessionary family suites", "timeshare holiday rooms", "assurance dining" and "assurance lunch boxes". Meanwhile, the Group actively participated in the "5.5 Shopping Festival" organised by the Shanghai Municipal Government to enhance resumption of operation of hotels.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Select Service Hotels

The business of Select Service Hotels represents another principal business of the Group, covering Select Service Hotels operated by Jin Jiang GDL Asia, GDL, Plateno Group and Vienna Hotels.

For the Reporting Period, the scale of our Select Service Hotels business continued to grow, contributing revenue of approximately RMB3,961,071,000, representing a decrease of approximately 43.7% as compared to the same period of last year and accounting for approximately 66.9% of the Group's turnover.

As at the end of the Reporting Period, there were 8,819 Select Service Hotels in operation offering 868,930 guest rooms in total. Analysed by the nature of the hotel properties, there were 947 self-managed hotels (accounting for approximately 11%) offering 106,608 guest rooms (accounting for approximately 12%) and 7,872 franchised hotels (accounting for approximately 89%) offering 762,322 guest rooms (accounting for approximately 88%). Analysed by the class of hotel brands, there were 3,915 middle-end hotels (accounting for approximately 44%) offering 458,393 guest rooms (accounting for approximately 53%) and 4,904 budget hotels (accounting for approximately 56%) offering 410,537 guest rooms (accounting for approximately 47%).

During the first half of 2020, there was a net increase of 305 Select Service Hotels. Analysed by the nature of the hotel properties, there was a reduction of 42 self-managed hotels and an addition of 347 franchised hotels. Analysed by the class of hotel brands, there was an increase of 352 middle-end hotels and a reduction of 47 budget hotels.

In view of the sudden outbreak of the COVID-19 epidemic, Jin Jiang Hotels timely activated its emergency response mechanism and urgently collected supplies for epidemic prevention and control for dispatch to its hotels in Wuhan and other parts of the country. Supporting policies such as free room cancellation services were introduced immediately, while operational procedures for epidemic prevention and control were announced. Along with the escalating efforts in epidemic prevention and control in various parts of the country, Jin Jiang Hotels reallocated its hotel resources and provided suitable hotels across the country for the accommodation of medical staff. Following the resumption of work and production, Jin Jiang Hotels introduced the "assurance quarantine room" and "accommodation for work resumption" services, to facilitate the implementation of remote work by corporate users during quarantine periods. In response to market changes, the marketing strategy was adjusted in a timely manner with the introduction of innovative marketing models. To effectively minimise the adverse impact of the epidemic for franchisees, Jin Jiang Hotels has also implemented supportive measures such as concessions in ongoing franchise fees and "double low-cost funding" for new franchised hotels.

As Europe suddenly upgraded anti-epidemic measures in March 2020, the overseas hotel business of the Group experienced a substantial decline. As the epidemic escalated, countries such as France, Germany, Spain and Italy announced a range of policies to provide subsidies. Currently, the European nations are starting to relax the anti-epidemic measures by stage and by region, and overseas hotels have gradually resumed operations.

### Food and Restaurants

During the Reporting Period, the Group developed its food and restaurant operations through several food and restaurant chain companies invested in by Jin Jiang Hotels, generating revenue of approximately RMB145,642,000 for the Group, which represented a decrease of approximately 10.7% as compared to the same period of last year and accounting for approximately 2.5% of the Group's turnover.



## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, Jin Jiang Hotels continued to develop the group catering business. It carried out the research and development of processed food with input from the national-grade chefs of the Group and enhanced the effort in sales via online e-commerce platforms.

### **Passenger Transportation Vehicles and Logistics**

During the Reporting Period, the revenue of passenger transportation vehicles and logistics was approximately RMB1,148,164,000, representing a decrease of approximately 3.7% as compared to same period of last year and accounting for approximately 19.4% of the Group's turnover.

During the Reporting Period, businesses under Jin Jiang Investment were notably affected by the COVID-19 epidemic. The taxi business reported a higher vacancy rate during the epidemic as fewer people were travelling outside. With respect to the coach bus business, inter-provincial passenger transport, tourist transport, school buses, conference transportation, cruise connection and tourist spot transportation were all suspended, while most corporate shuttle buses were also out of operation. During the first half of 2020, limousine services for national guests and conferences were basically stopped, while the number of foreign car rental customers also decreased. The automobile trading and automobile repair businesses were close to suspension during the epidemic. In active response to such grave challenge caused by the epidemic, Jin Jiang Automobile formulated a number of measures, including the plans for epidemic prevention, emergencies in epidemic prevention, resumption of work and production and epidemic control, as well as media crisis management plan. Following the massive resumption of work and production since the second quarter of 2020, operating conditions have improved substantially. As at the end of the Reporting Period, 99.2% of the corporate shuttle bus services resumed operation.

During the Reporting Period, Jin Jiang Cold managed to basically maintain stable operation. Its subsidiary, Shanghai Xintiantian Cold Logistics Co., Ltd, was engaged in the proactive provision of logistics solutions to customers in the catering sector in an active adjustment of its operational mindset to explore the market in response to the setback for the catering sector amidst the epidemic. Reasonable reduction in logistics costs was achieved by merging routes and reducing the frequency of deliveries, while system updates were strengthened to enhance efficiency. Vigorous measures to solicit new customers and adjust the customer mix were introduced to mitigate the impact of the epidemic on operation. JHJ Transportation has overcome the adverse situation of drastically reduced business volume and decline in profit during the epidemic. Seizing the opportunity presented by the gradual recovery in the business environment since the second quarter of 2020, the air freight and port service companies monitored market developments closely and focused on chartered flights for export. A number of regional or branch companies offered chartered flight services to customers. In the meantime, it was actively engaged in e-commerce supply chain projects. Currently, it has started to provide supply chain services for certain renowned e-commerce companies, while steadily commencing the extended cold-chain preparation service chain business with a view to developing a specialised service for enhancement of profitability.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Travel Agency

During the Reporting Period, operating revenue of the travel agency business amounted to approximately RMB148,639,000, decreasing by approximately 70.3% as compared to the same period of last year and accounting for approximately 2.5% of the Group's turnover.

During the Reporting Period, Jin Jiang Travel persisted in a “two-pronged” approach to business in response to the impact of the epidemic on the tourism sector, emphasising both anti-epidemic measures and resumption of production. It actively adopted measures to implement epidemic control, strengthen management and resume operations. With respect to the prevention and control of the epidemic, Jin Jiang Travel has formulated a plan for epidemic prevention and control for rigorous implementation. During the preliminary stage of the epidemic, the work was focused on maximum protection of tourists' interests, as Jin Jiang Travel completed cancellation of trips due to epidemic control in a timely manner and ensured the safe return to Shanghai of all travelers who had already embarked on their trips.

During the Reporting Period, the business department of Jin Jiang Travel focused on the market of domestic trips to tap on tourism resources which remained open. Strong efforts were made to develop hotel products featuring resort hotels for weekend self travelling as well as summer family travel packages. Approximately 150 routes were offered. Jin Jiang Travel also launched live streaming programmes to create online traffic. In connection with the outbound tour sector, Jin Jiang Travel delivered the “World Tourism via Cloud” programme in association with suppliers and resource owners using the live streaming platform. The marketing segment was actively engaged in cross-industry operation with a view to promoting the principal business through the secondary businesses, and promoted sales of cultural and creative tourism products to generate new growth points for extended tourism sales. In the conference and award segment, proactive moves were made to bid for every tender project and explore new business deals from old customers by rotating service teams, to identify added value from existing business. As a result, Jin Jiang Travel was selected into the supplier lists of a number of well-known companies.

During the Reporting Period, Jin Jiang Travel accelerated the development of its online business, as the preliminary setup was completed for sharing member's account, points and rights within the Jin Jiang system. In the meantime, synergy with WeHotel was strengthened with the construction of the “Jin Jiang Online” platform, where members of Jin Jiang Online could browse and reserve tourism products, while the function of precise delivery of tourism products can also be simultaneously achieved. The construction of an online distribution platform for Jin Jiang travel services was initiated to facilitate the B2B2C distribution system.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Turnover

The Group's financial information during the Reporting Period as compared to the same period in 2019 is set out as follows:

	Six months ended 30 June 2020		Six months ended 30 June 2019	
	RMB in million	% of turnover	RMB in million	% of turnover
Full Service Hotels	457.0	7.7%	1,006.6	10.1%
Select Service Hotels — managed and operated in Mainland China	3,050.7	51.5%	5,064.6	50.9%
Select Service Hotels — managed and operated overseas	910.4	15.4%	1,965.3	19.8%
Food and Restaurants	145.6	2.5%	163.2	1.6%
Passenger Transportation Vehicles and Logistics	1,148.2	19.4%	1,192.1	12.0%
Travel Agency	148.6	2.5%	501.3	5.0%
Other Operations	61.4	1.0%	60.0	0.6%
<b>Total</b>	<b>5,921.9</b>	<b>100.0%</b>	<b>9,953.1</b>	<b>100.0%</b>

#### Full Service Hotels

The following table sets out the percentages of contributions from the Group's Full Service Hotels segment and each type of business to the Group's turnover for the Reporting Period and the same period in 2019:

	Six months ended 30 June 2020		Six months ended 30 June 2019	
	RMB in million	% of turnover	RMB in million	% of turnover
Accommodation revenue	174.8	38.3%	487.7	48.5%
Food and beverage sales	111.2	24.3%	296.9	29.5%
Rendering of ancillary services	32.9	7.2%	43.6	4.3%
Rental revenue	65.4	14.3%	89.8	8.9%
Sales of hotel supplies	2.2	0.5%	2.6	0.3%
Hotel management revenue	70.5	15.4%	86.0	8.5%
<b>Total</b>	<b>457.0</b>	<b>100.0%</b>	<b>1,006.6</b>	<b>100.0%</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Accommodation revenue*

Accommodation revenue was mainly determined by the number of Available Rooms, Occupancy Rate and ADR of the Group's hotels. Accommodation revenue of the Full Service Hotels for the Reporting Period amounted to approximately RMB174,822,000, decreasing by approximately 64.2% or approximately RMB312,896,000 from the same period of last year. The aforesaid change was mainly attributable to the substantial decline in the average Occupancy Rate of the the Full Service Hotels under the impact of the COVID-19 epidemic.

### *Food and beverage sales*

Food and beverage sales in the Group's hotels comprised catering for wedding banquets and conferences, room catering services for guests and other sales in restaurants and bars in the hotels. Food and beverage sales in Full Service Hotels for the Reporting Period amounted to approximately RMB111,226,000, decreasing by approximately 62.5% or approximately RMB185,713,000 from the same period of last year. The aforesaid change was mainly attributable to the impact of the COVID-19 epidemic on Full Service Hotels. The Full Service Hotels resorted to stronger efforts in online direct marketing, takeaways and Internet live streaming to alleviate the impact of the epidemic on the food and beverage business.

### *Rendering of ancillary services*

Revenue from rendering of ancillary services was mainly generated from gift shops, entertainment, laundry services and other guest services. For the Reporting Period, revenue from the rendering of ancillary services amounted to approximately RMB32,885,000, decreasing by approximately 24.6% or approximately RMB10,714,000 from the same period of last year.

### *Rental revenue*

Rental revenue was mainly generated from the leasing of shops at the Group's Full Service Hotels for retail, exhibition and other purposes, as well as the outsourced leasing of certain restaurant venues. During the Reporting Period, rental revenue amounted to approximately RMB65,352,000, decreasing year-on-year by approximately 27.2% or approximately RMB24,393,000. The aforesaid change was primarily attributable to rental concessions offered to tenants during the epidemic by the Full Service Hotels to respond to the policy of the government and the Shanghai SASAC concerning rental concessions for small-to-medium and micro private enterprises.

### *Sales of hotel supplies*

Turnover from guest supplies and hotel products decreased by approximately RMB386,000 from the same period of last year. Such decrease was mainly attributable to adjustments in the business model of Supplies Company for progressive consolidation and transformation.

### *Hotel management revenue*

The revenue of hotel management was mainly generated from the management fees received for the provision of management services to Full Service Hotels not controlled by the Group. Revenue of hotel management business amounted to approximately RMB70,486,000 for the Reporting Period, decreasing by approximately 18.1% or approximately RMB15,528,000 as compared to the same period of last year. The decrease was principally due to hotel management fee concessions offered by the Group to the hotels managed during the epidemic.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Select Service Hotels — managed and operated in Mainland China

Select Service Hotels business in Mainland China represented mainly turnover from Select Service Hotels managed and operated by the Group in Mainland China. For the Reporting Period, revenue from Select Service Hotels managed and operated in Mainland China amounted to approximately RMB3,050,713,000, representing a decrease of approximately 39.8% or approximately RMB2,013,902,000 as compared to the same period of last year, reflecting mainly the impact of the COVID-19 epidemic on Select Service Hotels in China. Currently, Select Service Hotels in China have basically resumed works and production, and operations are in gradual recovery.

### Select Service Hotels — managed and operated overseas

Select Service Hotels business managed and operated overseas represented mainly turnover from Select Service Hotels managed and operated by the Group overseas. For the Reporting Period, revenue from Select Service Hotels managed and operated overseas amounted to approximately RMB910,358,000, representing a decrease of approximately 53.7% or approximately RMB1,054,997,000 as compared to the same period of last year, reflecting mainly the impact of the COVID-19 epidemic on Select Service Hotels overseas. As European countries started to relax the epidemic control measures by stage and by region, overseas Select Service Hotels are starting to resume operation.

### Food and Restaurants

Revenue of food and restaurants segment was mainly derived from Jin Ya Catering, Shanghai Jin Jiang International Food Catering Management Co., Ltd., Jing An Bakery Holding Company Limited, Shanghai Jin Jiang International Catering Investment Co., Ltd., Chinese Story, Shanghai Jinzhu Catering Management Co., Ltd. and Shanghai New Asia Food Company Limited. For the Reporting Period, total sales from the food and restaurants segment amounted to approximately RMB145,642,000, decreasing by approximately 10.7% or approximately RMB17,541,000 as compared to the same period of last year. The group catering business of Shanghai Jin Jiang International Food Catering Management Co., Ltd. remained stable, while stronger efforts in Internet live streaming were made and the “Jin Jiang Food” (錦江食品) WeChat application was launched to identify new points for revenue growth.

### Passenger Transportation Vehicles and Logistics

Revenue of passenger transportation vehicles and logistics for the Reporting Period amounted to approximately RMB1,148,164,000, representing a decrease of approximately 3.7% or approximately RMB43,909,000 as compared to the same period of last year. This reflected mainly the impact of the COVID-19 epidemic on the passenger transportation vehicles and logistics business.

### Travel Agency

Revenue of travel agency for the Reporting Period amounted to approximately RMB148,639,000, decreasing by approximately 70.3% or approximately RMB352,644,000 as compared to the same period of last year. This reflected mainly the suspension of domestic and international tourism businesses due to the impact of the worldwide COVID-19 epidemic. Currently, inter-provincial tourism in China has gradually resumed.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Other Operations

In addition, the Group is also engaged in other business, including the provision of financial services through Finance Company and the provision of training services by Jin Jiang International Management College (上海錦江國際管理專修學院). Revenue of other operations for the Reporting Period amounted to approximately RMB61,466,000, representing an increase of approximately 2.4% as compared to the same period of last year.

### Cost of Sales

Cost of sales for the Reporting Period amounted to approximately RMB5,434,429,000 (same period in 2019: approximately RMB7,252,266,000), representing a decrease of approximately 25.1% or approximately RMB1,817,837,000 as compared to the same period of last year. This was mainly attributable to the decline in the hotel business, passenger transportation vehicles and logistics business and travel agency business due to the impact of the COVID-19 epidemic.

### Gross Profit

As a result of the factors described above, the Group recorded a gross profit of approximately RMB487,519,000 for the Reporting Period, representing a decrease of approximately RMB2,213,325,000 or approximately 81.9% as compared to the same period of last year.

### Other Income and Gain

Other income and gain for the Reporting Period amounted to approximately RMB1,008,440,000 (same period in 2019: approximately RMB649,852,000), increasing by approximately 55.2% as compared to the same period of last year. The increase was principally due to the fact that the Company recorded gains of RMB318,316,000 from the disposal of equity interests in three subsidiaries by Jin Jiang Hotels.

### Selling and Marketing Expenses

Selling and marketing expenses comprised primarily labor costs, travel agent commissions and advertising fees, which amounted to approximately RMB459,614,000 for the Reporting Period (same period in 2019: approximately RMB664,015,000), representing a decrease of approximately 30.8% as compared to the same period of last year. The decrease was mainly attributable to the decline in the hotel business, passenger transportation vehicles and logistics business and travel agency business due to the impact of the COVID-19 epidemic.

### Administrative Expenses

Administrative expenses for the Reporting Period amounted to approximately RMB822,531,000 (same period in 2019: approximately RMB956,799,000), representing a decrease of approximately 14.0% as compared to the same period of last year, which was mainly attributable to the substantial decline in the hotel business, passenger transportation vehicles and logistics business and travel agency business due to the impact of the COVID-19 epidemic. The Group has increased the efforts in work and production resumption, lowered costs and increased efficiency as well as actively implemented reform and consolidation measures.

### Other Expenses and Losses

Other expenses and losses consisted primarily of bank charges, losses from the disposal of property, plant and equipment and other losses. Other expenses and losses for the Reporting Period amounted to approximately RMB78,595,000 (same period in 2019: approximately RMB64,049,000), increasing by approximately RMB14,546,000 as compared to the same period of last year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Finance Costs

Finance costs comprised interest expenses in respect of the Group's bank borrowings. Finance costs for the Reporting Period amounted to approximately RMB460,674,000 (same period in 2019: approximately RMB489,833,000), representing a decrease of approximately 6.0% as compared to the same period of last year.

### Share of Results of Joint Ventures and Associates

Operating results of joint ventures and associates mainly were the results of joint ventures including Beijing Kunlun Hotel, Jin Jiang Tomson Hotel and JHJ Transportation, and of associates including Shanghai Kentucky Fried Chicken Company Limited, Shanghai Pudong International Airport Transport Terminal Co. Ltd., Jiangsu Nanjing Long Distance Passenger Transport and China Oriental International Travel & Transport Co., Ltd. Share of results of joint ventures and associates for the Reporting Period amounted to approximately RMB23,960,000 (same period in 2019: approximately RMB145,795,000). Such decrease was attributable mainly to the decline in operating results of joint ventures and associates due to the impact of the COVID-19 epidemic.

### Taxation

The effective tax rate for the Reporting Period was approximately 42.1% (same period in 2019: approximately 22.6%). It was mainly attributable to the utilisation of unrecognised deductible tax loss of previous years and the increase in income not subject to tax.

### Net Profit

As a result of the factors described above, net loss for the Reporting Period attributable to shareholders of the Company amounted to approximately RMB238,456,000, decreasing by approximately RMB740,250,000 or approximately 147.5% (same period in 2019: net profit of approximately RMB501,794,000). This was mainly attributable to the decline in the Group's hotel business, passenger transportation vehicles and logistics business and travel agency business due to the impact of the COVID-19 epidemic.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Borrowings and Pledge of Assets

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings — secured	9,543,331	9,946,372
Bank borrowings — unsecured	2,705,987	1,309,839
Borrowings from related parties	5,980,500	4,412,250
	<b>18,229,818</b>	15,668,461
Less: current portion of long-term secured bank borrowings	<b>(1,259,490)</b>	(1,021,879)
current portion of long-term unsecured bank borrowings	<b>(23,097)</b>	(18,224)
current portion of long-term borrowings from related parties	—	(104,500)
	<b>16,947,231</b>	14,523,858
Borrowings included in current liabilities:		
Bank borrowings — secured	33,251	37,908
Bank borrowings — unsecured	2,707,354	1,508,141
Borrowings from related parties	50,000	71,000
Current portion of long-term secured bank borrowings	1,259,490	1,021,879
Current portion of long-term unsecured bank borrowings	23,097	18,224
Current portion of long-term borrowings from related parties	—	104,500
	<b>4,073,192</b>	2,761,652

As at 30 June 2020, the secured bank borrowings included:

- (a) Bank borrowings of EUR745,000,000, equivalent to RMB5,930,945,000 (31 December 2019: EUR746,000,000, equivalent to RMB5,830,363,000), which were guaranteed by Jin Jiang International;
- (b) Bank borrowings of Polish Zloty ("PLN") 29,863,000, equivalent to RMB53,386,000 (31 December 2019: PLN31,037,000, equivalent to RMB57,009,000), pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland;
- (c) Bank borrowings of RMB3,559,000,000 (31 December 2019: RMB4,059,000,000), which were pledged by the equity interests in a subsidiary of the Group;



## MANAGEMENT DISCUSSION AND ANALYSIS

- (d) Bank borrowings of RMB33,251,000 (31 December 2019: RMB37,908,000), which were pledged by certain inventories with the carrying amount of RMB46,500,000 (31 December 2019: RMB46,500,000) of a subsidiary of the Group.

### TREASURY MANAGEMENT AND INTEREST RATE RISK MANAGEMENT

Cash and cash equivalents as at 30 June 2020 and 31 December 2019 amounted to approximately RMB10,226,170 and RMB9,958,728, respectively.

Finance Company, a subsidiary of the Company, acts as a non-bank financial institution within the Group that manages available cash resources of the Group's subsidiaries, joint ventures and associates in a centralised manner. Funding and financing requirements of Group's members were fulfilled through entrusted loans and self-operated loans, resulting in lower financing costs and greater efficiency in fund application.

### FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income held by the Group mainly included: 80,780,012 shares in Bank of Communications (601328.SH), 57,740,000 shares in Guotai Jun'an (601211.SH), 48,110,700 shares in Bank of China (601988.SH), 14,582,000 shares in Agricultural Bank of China (601288.SH), 116,813 shares in Zhongyuan Xiehe (600645.SH), 1,191,472 shares in Bank of Shanghai (601229.SH) and 437,245 shares in Shenwan Hongyuan (000166.SZ).

### FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss held by the Group mainly included: 68,330,660 shares in Tongcheng-Elong (00780.HK) held through Ocean BT L.P. and 60,390,877 shares in Bank of Beijing (601169.SH).

### HUMAN RESOURCES

During the Reporting Period, the Group made adjustments to its human resources structure and optimised its position establishment and staff allocation to further enhance its marketization.

### CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT

The uncertainties in the global politics and economy, periodic structural supply-and-demand correlation in the hotel industry and rapid development of information technology and mobile Internet will continue to affect the development of the Group's principal business. Despite the material negative impacts on the operation of global hotel industry due to the COVID-19 epidemic in early 2020, with the introduction and implementation of government policies to promote the development of the tourism industry, broad prospects for future development hold out for China's hotel and tourism industry. The Group will actively seize any opportunities and address any challenges that might arise.

## MANAGEMENT DISCUSSION AND ANALYSIS

In pursuit of its strategic plan of “intensive domestic business development, global deployment and multinational operations”, the Group will uphold a development philosophy underpinned by innovation, coordination, eco-friendliness and sharing as it seeks to further entrench supply-side reforms, step up with the development of its core business, forge the “Jin Jiang” brand and advance the progress of international development in a prudent manner. The Group will make vigorous efforts to ensure proper integration relating to mergers and acquisitions, while driving capital, assets and fund operations and industry developments in a concerted manner to facilitate capital innovation and business breakthrough. The Group will also make advances in the innovation of mechanisms and regimes, with a view to enhancing vigour and energy in business development. The Group will step up with the international development and drive the progress of key projects as and when appropriate. Structural adjustments will be implemented and the industry mix will be improved. The Group will persist in a global talents strategy emphasising market-orientation, internationalisation and specialisation. Efforts will also be made to further enhance risk control and corporate governance.

The Group will seize the opportunities presented by the reform of state-owned assets and state-owned enterprises to enhance its development towards a market-oriented corporation. The Group will expedite the reforms of its institutional system and explore the innovation and transformation of operation models compatible with the age of Internet economy, while optimising the market-based remuneration regime and restraint and incentive mechanism. The Group will leverage on its strengths in specialisation, in a bid to foster a modern tourism service industry chain and a sharing economy platform centered on hotel operations. The Group will enhance asset liquidity and structural adjustments to further increase the overall asset return and enterprise value.

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Reporting Period. The Board does not expect any waiver of future dividends by any shareholder.

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries have purchased, redeemed or sold any of the listed securities of the Company.

## OTHER INFORMATION

### INTERESTS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS

As at 30 June 2020, none of the Directors, chief executive of the Company or Supervisors had any interests or short positions in the shares, underlying shares or debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

### INTERESTS IN SHARES OR UNDERLYING SHARES OR DEBENTURES OF ASSOCIATED CORPORATIONS

As at 30 June 2020, Director Mr. Yu Minliang held the following number of shares in Jin Jiang Hotels:

Name	Number of shares held in Jin Jiang Hotels	Nature of interest	Capacity	Percentage in total share capital of Jin Jiang Hotels
Yu Minliang	14,305	Long position	Beneficial owner	0.0015%

Save as disclosed above, as at 30 June 2020, none of the Directors, chief executive of the Company or Supervisors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors, chief executive of the Company or Supervisors were taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

#### Substantial shareholders' interest in shares or underlying shares of the Company

As at 30 June 2020, so far as the Directors are aware, the following persons (other than a Director, chief executive of the Company or Supervisor) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the Company's register pursuant to section 336 of the SFO:

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	Percentage in the relevant class of share capital	Percentage in total share capital
Jin Jiang International	Domestic shares	4,174,500,000 (long position)	Beneficial owner	100%	75%
Pacific Asset Management Co., Ltd.	H shares	264,700,000 (long position)	Other <i>Note</i>	19.02%	4.76%
	Unit trusts	69,786,000 (long position)	Investment manager	5.02%	1.25%
Citigroup Inc.	H shares	69,801,390 (long position)	Interest of corporation controlled/ Approved lending agent	5.01%	1.25%
		128,000 (short position)		0.00%	0.00%
		69,673,390 (shares available for lending)		5.00%	1.25%

*Note:* Pacific Asset Management Co., Ltd. invested the shares as manager for and on behalf of China Pacific Life Insurance Ltd..

Save as disclosed above and so far as the Directors are aware, as at 30 June 2020, no other person had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the Company's register pursuant to section 336 of the SFO.

## OTHER INFORMATION

### AUDIT AND RISK CONTROL COMMITTEE

The Company has established the Audit and Risk Control Committee, the principal duty of which is to examine and supervise the financial reporting procedures, risk management and internal control of the Company. The Audit and Risk Control Committee comprises three independent non-executive Directors, namely, Mr. Shen Liqiang (chairman), Mr. Ji Gang and Dr. Rui Mingjie.

The Audit and Risk Control Committee held meetings on 15 January 2020, 24 March 2020 and 25 August 2020 respectively. The consolidated financial statements for the year ended 31 December 2019 and the unaudited condensed consolidated interim financial statements as at 30 June 2020 of the Group were respectively reviewed at such meetings. The Audit and Risk Control Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group as at 30 June 2020 and agreed with the accounting treatment adopted by the Company.

### CHANGE IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 29 July 2020, Mr. Chen Yinghao (陳英豪) has ceased to be a staff representative Supervisor due to change of work arrangements, and Mr. Zhao Feng (趙鋒) has been elected as a staff representative Supervisor of the fifth session of the supervisory committee of the Company with effect from 29 July 2020. For details, please refer to the announcement of the Company dated 29 July 2020.

### SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as the Company's code regarding Directors' and Supervisors' securities transactions. Every Director and Supervisor at the time of appointment was given a copy of the Model Code. The Company confirms, having made specific enquiries with all Directors and Supervisors, that during the Reporting Period, the Directors and Supervisors have complied with the requirements relating to Directors' and Supervisors' dealing in securities as set out in the Model Code.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AS SET OUT IN APPENDIX 14 TO THE LISTING RULES

The Board is pleased to confirm that the Group has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Reporting Period.

By Order of the Board

**Yu Minliang**

*Chairman*

31 August 2020

## UNAUDITED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2020

	Note	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	7	<b>10,541,671</b>	11,078,917
Right-of-use assets	8	<b>11,256,878</b>	11,786,218
Investment properties	7	<b>448,836</b>	464,574
Intangible assets	7	<b>18,603,976</b>	18,514,081
Investments accounted for using the equity method		<b>1,763,737</b>	1,813,068
Financial assets at fair value through other comprehensive income		<b>1,704,276</b>	1,829,891
Financial assets at fair value through profit or loss		<b>1,359,148</b>	1,357,326
Deferred income tax assets		<b>518,575</b>	415,851
Trade receivables, prepayments and other receivables	9	<b>725,241</b>	758,786
Bank deposits with maturities over 12 months		<b>—</b>	31,000
		<b>46,922,338</b>	48,049,712
Current assets			
Financial assets at fair value through profit or loss		<b>760,875</b>	713,546
Inventories		<b>318,566</b>	318,910
Trade receivables, prepayments and other receivables	9	<b>4,335,721</b>	3,606,984
Restricted cash		<b>583,768</b>	528,426
Bank deposits with maturities over 3 months		<b>328,318</b>	255,346
Cash and cash equivalents		<b>10,226,170</b>	9,958,728
		<b>16,553,418</b>	15,381,940
Total assets		<b>63,475,756</b>	63,431,652

## UNAUDITED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

As at 30 June 2020

	Note	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
<b>EQUITY</b>			
Capital and reserves attributable to shareholders of the Company			
Share capital		5,566,000	5,566,000
Reserves		2,914,948	3,661,150
		<b>8,480,948</b>	9,227,150
Non-controlling interests		<b>10,075,984</b>	10,402,440
Total equity		<b>18,556,932</b>	19,629,590
<b>LIABILITIES</b>			
Non-current liabilities			
Borrowings	11	16,947,231	14,523,858
Lease liabilities	8	9,352,831	9,996,397
Deferred income tax liabilities		1,790,689	2,038,927
Trade and other payables and accruals	10	928,891	2,354,089
Contract liabilities		127,130	201,348
		<b>29,146,772</b>	29,114,619
Current liabilities			
Borrowings	11	4,073,192	2,761,652
Lease liabilities	8	1,896,796	1,633,990
Derivative financial instruments		—	940
Income tax payable		253,223	354,123
Dividend payable to shareholders of the Company	16	345,092	—
Trade and other payables and accruals	10	8,121,459	8,700,825
Contract liabilities		1,082,290	1,235,913
		<b>15,772,052</b>	14,687,443
Total liabilities		<b>44,918,824</b>	43,802,062
Total equity and liabilities		<b>63,475,756</b>	63,431,652

The notes on pages 36 to 72 are an integral part of these unaudited condensed consolidated interim financial statements.

## UNAUDITED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 RMB'000	2019 RMB'000
Revenue	6(a)	<b>5,921,948</b>	9,953,110
Cost of sales	13	<b>(5,434,429)</b>	(7,252,266)
Gross profit		<b>487,519</b>	2,700,844
Other income and gain	12	<b>1,008,440</b>	649,852
Selling and marketing expenses	13	<b>(459,614)</b>	(664,015)
Administrative expenses	13	<b>(822,531)</b>	(956,799)
Other expenses and losses		<b>(78,595)</b>	(64,049)
Operating profit		<b>135,219</b>	1,665,833
Finance costs — net		<b>(460,674)</b>	(489,833)
Share of results of joint ventures and associates accounted for using the equity method		<b>23,960</b>	145,795
(Loss)/profit before income tax		<b>(301,495)</b>	1,321,795
Income tax credit/(expense)	14	<b>126,866</b>	(298,284)
(Loss)/profit for the period		<b>(174,629)</b>	1,023,511
Attributable to:			
Shareholders of the Company		<b>(238,456)</b>	501,794
Non-controlling interests		<b>63,827</b>	521,717
		<b>(174,629)</b>	1,023,511
(Loss)/earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB cents per share) — basic and diluted	15	<b>(4.28)</b>	9.02

The notes on pages 36 to 72 are an integral part of these unaudited condensed consolidated interim financial statements.



## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
(Loss)/profit for the period	<b>(174,629)</b>	1,023,511
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Cash flow hedges	<b>639</b>	529
Currency translation differences	<b>(19,119)</b>	1,551
<i>Items that will not be reclassified to profit or loss</i>		
Changes in fair value of equity investments at fair value through other comprehensive income — gross	<b>(127,258)</b>	191,527
Changes in fair value of equity investments at fair value through other comprehensive income — tax	<b>31,815</b>	(47,882)
Remeasurements of post-employment benefit obligations	<b>—</b>	(5,054)
Total other comprehensive (loss)/income for the period	<b>(113,923)</b>	140,671
Total comprehensive (loss)/income for the period	<b>(288,552)</b>	1,164,182
Attributable to:		
Shareholders of the Company	<b>(285,322)</b>	560,463
Non-controlling interests	<b>(3,230)</b>	603,719
	<b>(288,552)</b>	1,164,182

The notes on pages 36 to 72 are an integral part of these unaudited condensed consolidated interim financial statements.

## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to shareholders of the Company				Non-controlling interests RMB'000	Total Equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
<b>Balance at 1 January 2020</b>	<b>5,566,000</b>	<b>(55,397)</b>	<b>3,716,547</b>	<b>9,227,150</b>	<b>10,402,440</b>	<b>19,629,590</b>
<b>Comprehensive income:</b>						
(Loss)/profit for the period	—	—	(238,456)	(238,456)	63,827	(174,629)
Other comprehensive income:						
Cash flow hedges	—	322	—	322	317	639
Currency translation differences	—	(5,357)	—	(5,357)	(13,762)	(19,119)
Changes in fair value of equity investments at fair value through other comprehensive income — gross	—	(55,775)	—	(55,775)	(71,483)	(127,258)
Changes in fair value of equity investments at fair value through other comprehensive income — tax	—	13,944	—	13,944	17,871	31,815
Total other comprehensive loss	—	(46,866)	—	(46,866)	(67,057)	(113,923)
<b>Total comprehensive loss</b>	<b>—</b>	<b>(46,866)</b>	<b>(238,456)</b>	<b>(285,322)</b>	<b>(3,230)</b>	<b>(288,552)</b>
<b>Transaction with owners:</b>						
Dividends of subsidiaries to non-controlling interests	—	—	—	—	(425,179)	(425,179)
Dividends of the Company (note 16)	—	—	(345,092)	(345,092)	—	(345,092)
Acquisition of equity interests in subsidiaries from non-controlling interests (note 19)	—	(115,788)	—	(115,788)	101,953	(13,835)
<b>Total transactions with owners</b>	<b>—</b>	<b>(115,788)</b>	<b>(345,092)</b>	<b>(460,880)</b>	<b>(323,226)</b>	<b>(784,106)</b>
<b>Balance at 30 June 2020</b>	<b>5,566,000</b>	<b>(218,051)</b>	<b>3,132,999</b>	<b>8,480,948</b>	<b>10,075,984</b>	<b>18,556,932</b>

## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2020

	Attributable to shareholders of the Company				Non-controlling interests RMB'000	Total Equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
<b>Balance at 31 December 2018</b>	5,566,000	(57,573)	3,964,079	9,472,506	10,573,828	20,046,334
Change in accounting policy — HKFRS 16	—	—	(481,525)	(481,525)	(534,534)	(1,016,059)
<b>Balance at 1 January 2019</b>	5,566,000	(57,573)	3,482,554	8,990,981	10,039,294	19,030,275
<b>Comprehensive income:</b>						
Profit for the period	—	—	501,794	501,794	521,717	1,023,511
Other comprehensive income:						
Cash flow hedges	—	266	—	266	263	529
Currency translation differences	—	1,215	—	1,215	336	1,551
Changes in fair value of equity investments at fair value through other comprehensive income — gross	—	79,642	—	79,642	111,885	191,527
Changes in fair value of equity investments at fair value through other comprehensive income — tax	—	(19,911)	—	(19,911)	(27,971)	(47,882)
Remeasurements of post-employment benefit obligations	—	(2,543)	—	(2,543)	(2,511)	(5,054)
Total other comprehensive income	—	58,669	—	58,669	82,002	140,671
<b>Total comprehensive income</b>	—	58,669	501,794	560,463	603,719	1,164,182
<b>Transaction with owners:</b>						
Dividends of subsidiaries to non-controlling interests	—	—	—	—	(399,072)	(399,072)
Dividends of the Company (note 16)	—	—	(445,280)	(445,280)	—	(445,280)
Acquisition of equity interests in a subsidiary from non-controlling interests	—	(90,270)	—	(90,270)	(260,946)	(351,216)
<b>Total transactions with owners</b>	—	(90,270)	(445,280)	(535,550)	(660,018)	(1,195,568)
<b>Balance at 30 June 2019</b>	5,566,000	(89,174)	3,539,068	9,015,894	9,982,995	18,998,889

The notes on pages 36 to 72 are an integral part of these unaudited condensed consolidated interim financial statements.

## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 RMB'000	2019 RMB'000
<b>Cash flows from operating activities:</b>			
Cash (used in)/generated from operations		<b>(783,948)</b>	2,085,198
Net (decrease)/increase in deposits from customers (*)		<b>(788,251)</b>	1,354,345
Net decrease in loans to customers (*)		<b>61,750</b>	685,050
Interest paid		<b>(433,606)</b>	(234,349)
Income tax expense		<b>(306,383)</b>	(425,016)
Net cash (used in)/generated from operating activities		<b>(2,250,438)</b>	3,465,228
<b>Cash flows from investing activities:</b>			
Proceeds from disposal of property, plant and equipment		<b>16,770</b>	134,939
Proceeds from disposal of financial assets at fair value through profit or loss		<b>309,121</b>	523,126
Proceeds from disposal of equity interest in subsidiaries	18	<b>302,627</b>	—
Proceeds from disposal of intangible assets		<b>15</b>	19
Purchase of property, plant and equipment		<b>(330,644)</b>	(512,385)
Purchase of intangible assets		<b>(48,658)</b>	(82,394)
Purchase of financial assets at fair value through profit or loss		<b>(384,317)</b>	(416,334)
Purchase of financial assets at fair value through other comprehensive income		<b>—</b>	(247,310)
Payment of bank deposits with maturities over 3 months		<b>(328,318)</b>	(557,474)
Receipt from bank deposits with maturities over 3 months		<b>286,346</b>	513,669
Interest received		<b>24,392</b>	48,256
Dividends received		<b>116,073</b>	127,492
Loans granted to related parties		<b>(104,125)</b>	—
Loans repayment received from related parties		<b>—</b>	400
Cash outflow for increase in investments in an associate		<b>(574)</b>	—
Prepayment for acquisition of a subsidiary		<b>(20,671)</b>	—
Net cash used in investing activities		<b>(161,963)</b>	(467,996)

## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 RMB'000	2019 RMB'000
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings	11	<b>4,938,910</b>	1,994,306
Repayments of borrowings	11	<b>(1,391,141)</b>	(3,467,247)
Principal elements of lease payments		<b>(539,105)</b>	(830,575)
Dividends paid to non-controlling interests		<b>(342,371)</b>	(275,708)
Acquisition of equity interests from non-controlling interests		<b>(20,199)</b>	(318,606)
Net cash generated from/(used in) financing activities		<b>2,646,094</b>	(2,897,830)
Increase in cash and cash equivalents		<b>233,693</b>	99,402
Cash and cash equivalents at beginning of the period		<b>9,958,728</b>	11,442,949
Exchange gains on cash and cash equivalents		<b>33,749</b>	914
Cash and cash equivalents at end of the period		<b>10,226,170</b>	11,543,265

\* The deposits and loans activities of Jin Jiang International Finance Company Limited ("Finance Company"), a subsidiary of the Company and non-bank finance company, are included in the cash flows from operating activities.

The notes on pages 36 to 72 are an integral part of these unaudited condensed consolidated interim financial statements.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

### 1 GENERAL INFORMATION

Shanghai Jin Jiang Capital Company Limited (the “Company”) was established on 16 June 1995 and its holding company is Jin Jiang International Holdings Company Limited (“Jin Jiang International”), which is a wholly state-owned company directly under the administration and control of the State-Owned Assets Supervision and Administration Commission of Shanghai Municipal Government (“Shanghai SASAC”).

During the years 2003 to 2006, the Company and its subsidiaries (the “Group”) entered into several group reorganisation transactions with Jin Jiang International, its subsidiaries other than the Group and other state-owned enterprises under the administration and control of Shanghai SASAC, through which the Group obtained the equity interests in certain subsidiaries, joint ventures and associates which were engaged in hotels and related business and transferred to Jin Jiang International equity interests in certain subsidiaries, a jointly controlled entity and associates which were engaged in non-hotel related business.

On 16 February 2011, 1,001,000,000 ordinary shares of RMB1 per share were issued and allotted to Jin Jiang International as part of the consideration to acquire Shanghai Jin Jiang International Industrial Investment Co., Ltd. (“Jin Jiang Investment”) and Shanghai Jin Jiang International Travel Co., Ltd. (“Jin Jiang Travel”).

The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since December 2006. The share capital of the Company is RMB5,566,000,000.

The address of the Company’s registered office is Room 316–318, No. 24, Yang Xin Road East, Shanghai, the PRC.

The Company and its subsidiaries are principally engaged in investment and operation of hotels and related businesses (the “Hotel Related Business”), investment and operation of passenger transportation vehicles, logistics and related businesses (the “Passenger Transportation Vehicles and Logistics Business”) and investment and operation of travel agency and related businesses (the “Travel Agency Business”).

These unaudited condensed consolidated interim financial statements were approved for issue by the board (the “Board”) of directors of the Company on 31 August 2020.

#### Key event

Since the outbreak of Coronavirus Disease 2019 (“the COVID-19”) in 2020 and the spread of the virus worldwide, a series of precautionary and control practices have been and continued to be implemented by governments across the world. The Hotel Related Business, the Passenger Transportation Vehicles and Logistics Business and the Travel Agency Business of the Group have been affected to various extents. The overall performance has decreased compared with the same period of last year due to the ongoing impact of the COVID-19 and weak external environment.

### 2 BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The unaudited condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2019, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by HKICPA.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements except for the adoption of new and amended standards as set out below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

#### (a) New and amended standards adopted by the Group:

A number of new standards, amendments and interpretation to existing standards became applicable for the current reporting period.

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKFRS 3	Definition of a Business	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to HKFRS 16	COVID-19-related Rent Concessions	1 June 2020

The Group has early adopted the Amendments to HKFRS 16 — COVID-19-Related Rent Concessions retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b. any reduction in lease payments affects only payments due on or before 30 June 2021; and c. there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions of RMB67,071,000 (note 13) have been accounted for as negative variable lease payments and recognised in the consolidated interim income statement for the six months ended 30 June 2020, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2020.

Except for the Amendment to HKFRS 16 set out above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2020 and have not been early adopted by the Group.

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRS Standards 2018 –2020		1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

### 4 ESTIMATES

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**5 FINANCIAL RISK MANAGEMENT****(a) Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2019.

There have been no changes in the major risk management policies since the year end.

**(b) Liquidity risk**

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>Within 1 year</b> RMB'000	<b>1-2 years</b> RMB'000	<b>2-5 years</b> RMB'000	<b>Over 5 years</b> RMB'000
<b>At 30 June 2020</b>				
Borrowings	<b>4,073,192</b>	<b>11,707,303</b>	<b>5,239,928</b>	—
Lease liabilities	<b>2,274,092</b>	<b>1,881,153</b>	<b>3,896,008</b>	<b>6,158,369</b>
Contractual interest payable	<b>437,144</b>	<b>307,654</b>	<b>75,987</b>	—
Trade and other payables and accruals (excluding non-financial liabilities)	<b>6,591,312</b>	<b>222,527</b>	—	—
<b>At 31 December 2019</b>				
Borrowings	2,761,652	1,717,780	12,806,078	—
Lease liabilities	2,272,615	1,886,933	4,130,787	5,946,748
Contractual interest payable	347,578	254,861	91,605	—
Trade and other payables and accruals (excluding non-financial liabilities)	6,835,802	1,691,015	—	—
Financial guarantees (off-balance sheet items) (note 20)	3,000	—	—	—

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2),
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value measurements by level of the fair value measurement hierarchy were as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2020				
Financial assets at fair value through other comprehensive income				
– Equity securities	<b>1,648,396</b>	–	<b>55,880</b>	<b>1,704,276</b>
Financial assets at fair value through profit or loss				
– Equity securities	<b>1,161,208</b>	–	<b>474,743</b>	<b>1,635,951</b>
– Debt securities	–	<b>484,072</b>	–	<b>484,072</b>
Total assets	<b>2,809,604</b>	<b>484,072</b>	<b>530,623</b>	<b>3,824,299</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**5 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Fair value estimation (continued)**

The fair value measurements by level of the fair value measurement hierarchy were as follows (continued):

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2019				
Financial assets at fair value through other comprehensive income				
– Equity securities	1,775,399	–	54,492	1,829,891
Financial assets at fair value through profit or loss				
– Equity securities	1,143,860	–	474,743	1,618,603
– Debt securities	–	452,269	–	452,269
<b>Total assets</b>	<b>2,919,259</b>	<b>452,269</b>	<b>529,235</b>	<b>3,900,763</b>
Derivative financial instruments				
– Interest rate swaps	–	(940)	–	(940)
<b>Total liabilities</b>	<b>–</b>	<b>(940)</b>	<b>–</b>	<b>(940)</b>

***Fair value measurements using quoted prices (Level 1)***

The Group's investments in equity securities in level 1 mainly comprise investments in shares which are listed on Shanghai Stock Exchange, Shenzhen Stock Exchange and Hong Kong Stock Exchange. The fair values of the listed securities are determined based on the quoted market prices at the balance sheet date.

***Valuation techniques used to derive fair value (Level 2)***

The Group's investments in debt securities in level 2 are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt securities of the counterparties. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Fair value estimation (continued)

##### *Fair value measurements using significant unobservable inputs (Level 3)*

For the Group's investments in equity securities in level 3 that are not publicly traded, the Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. In connection with the investments in these equity securities, the Group adopts income approaches. The income approach adopts a discounted cash flow method to assess the fair value of the financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Under this methodology, fair value is determined by discounting the projected cash flow of the investee companies to present worth based on profit and cash flows forecast and other relevant information provided by the investee companies. For some equity securities, the Group uses the market approach and considers the discount of lack of marketability.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

##### *Valuation techniques used to determine fair values*

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

In preparing the unaudited consolidated interim financial statements, the significant judgements made by management in applying the valuation method for the financial instruments carried at fair value and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 6 SEGMENT INFORMATION

The executive committee of the Group has been identified as the chief operating decision-maker. The executive committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these internal reports.

The executive committee assesses the performance according to seven main business segments as follows:

- (1) Full Service Hotels: ownership, operation and management of full service hotels;
- (2) Select Service Hotels – managed and operated in Mainland China: operation of self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels, primarily in the PRC and under the brandnames of Jin Jiang GDL Asia Co., Ltd. (“Jin Jiang GDL Asia”), Keystone Lodging Holding Limited (“Keystone”) and its subsidiaries (“Plateno Group”), or Vienna Hotels Group Co., Ltd. (“Vienna Hotels”);
- (3) Select Service Hotels – managed and operated overseas: operation of self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels, mostly in Europe and under the brandnames of Groupe du Louvre (“GDL”);
- (4) Food and Restaurants: operation of fast food or upscale restaurants, moon cake production and related investments, not including the food and beverage operation in Full Service Hotels and Select Service Hotels;
- (5) Passenger Transportation Vehicles and Logistics: vehicle operating, trading of automobiles, refrigerated logistics, freight forwarding and related services;
- (6) Travel Agency: provision of travel agency and related services; and
- (7) Other Operations: intra-group financial services, training and education, and corporate function.

The executive committee assesses the performance of the operating segments based on profit for the period.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

## 6 SEGMENT INFORMATION (CONTINUED)

## (a) Segment revenue

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Full Service Hotels	<b>456,966</b>	1,006,596
– Accommodation revenue	<b>174,822</b>	487,718
– Food and beverage sales	<b>111,226</b>	296,939
– Rendering of ancillary services	<b>32,885</b>	43,599
– Rental revenue	<b>65,352</b>	89,745
– Sales of hotel supplies	<b>2,195</b>	2,581
– Hotel management	<b>70,486</b>	86,014
Select Service Hotels – managed and operated in Mainland China	<b>3,050,713</b>	5,064,615
– Accommodation revenue	<b>1,329,316</b>	2,435,002
– Food and beverage sales	<b>68,095</b>	141,210
– Rendering of ancillary services	<b>44,785</b>	110,491
– Rental revenue	<b>45,582</b>	80,337
– Sales of hotel supplies	<b>284,475</b>	648,463
– Hotel management and franchise	<b>1,174,840</b>	1,485,408
– Revenue under customer loyalty programme	<b>103,620</b>	163,704
Select Service Hotels – managed and operated overseas	<b>910,358</b>	1,965,355
– Accommodation revenue	<b>513,676</b>	1,170,266
– Catering and sales of products	<b>174,240</b>	421,483
– Hotel management and franchise	<b>216,922</b>	369,819
– Others	<b>5,520</b>	3,787
Food and Restaurants	<b>145,642</b>	163,183
Passenger Transportation Vehicles and Logistics	<b>1,148,164</b>	1,192,073
– Vehicle operating	<b>404,902</b>	509,765
– Trading of automobile	<b>579,761</b>	579,850
– Refrigerated logistics	<b>90,300</b>	66,771
– Others	<b>73,201</b>	35,687
Travel Agency	<b>148,639</b>	501,283
– Travel agency	<b>129,736</b>	478,202
– Others	<b>18,903</b>	23,081
Other Operations	<b>61,466</b>	60,005
	<b>5,921,948</b>	9,953,110

The majority of the Group's sales are retail sales and no revenues from transactions with a single external customer account for 10% or more of the Group's revenue for the six months ended 30 June 2020 and the six months ended 30 June 2019.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**6 SEGMENT INFORMATION (CONTINUED)****(b) Other segment information**

The segment results for the six months ended 30 June 2020 are as follows:

	Select Service Hotels		Select Service Hotels		Passenger Transportation	Travel Agency	Other Operations	The Group
	Full Service Hotels	in Mainland China	– managed and operated overseas	Food and Restaurants	Vehicles and Logistics			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenue (note 6(a))	456,966	3,050,713	910,358	145,642	1,148,164	148,639	61,466	5,921,948
Inter-segment revenue	2,282	4,054	–	4,577	140	18	34,691	45,762
Total gross segment revenue	459,248	3,054,767	910,358	150,219	1,148,304	148,657	96,157	5,967,710
Revenue from contracts with customers:								
– Recognised at a point of time	113,421	352,570	174,240	145,004	546,914	499	–	1,332,648
– Recognised over time	278,193	2,652,561	736,118	638	538,390	138,284	61,466	4,405,650
	391,614	3,005,131	910,358	145,642	1,085,304	138,783	61,466	5,738,298
Revenue from other sources:								
– Rental revenue	65,352	45,582	–	–	62,860	9,856	–	183,650
(Loss)/profit for the period	(304,048)	309,578	(306,697)	135,374	60,554	24,603	(93,993)	(174,629)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

## 6 SEGMENT INFORMATION (CONTINUED)

## (b) Other segment information (continued)

The segment results for the six months ended 30 June 2020 are as follows (continued):

	Select Service Hotels		Select Service Hotels		Passenger Transportation		Travel	Other	The Group
	Full Service Hotels	in Mainland China	– managed and operated overseas	– managed and operated overseas	Food and Restaurants	Vehicles and Logistics	Agency	Operations	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other income and gain (note 12)	21,303	712,308	37,791	100,243	58,066	43,400	35,329	1,008,440	
Including: interest income from bank deposits (note 12)	5,534	8,211	676	79	7,708	1,252	359	23,819	
Depreciation of property, plant and equipment (note 13)	(86,807)	(379,876)	(149,343)	(1,805)	(108,321)	(1,675)	(1,112)	(728,939)	
Impairment loss of property, plant and equipment (note 13)	–	(1,742)	–	–	–	–	–	(1,742)	
Depreciation of right-of-use assets (note 13)	(28,936)	(495,887)	(124,882)	(6,400)	(4,133)	(1,373)	(2,904)	(664,515)	
Depreciation of investment properties (note 13)	(2,488)	(9,550)	–	–	(1,066)	(2,634)	–	(15,738)	
Amortisation of intangible assets (note 13)	(1,777)	(64,222)	(12,974)	(65)	(31)	(256)	(318)	(79,643)	
Finance costs — net	(84,974)	(179,896)	(93,983)	(1,100)	(873)	(160)	(99,688)	(460,674)	
Share of results of joint ventures and associates accounted for using the equity method	(48,444)	(2,821)	(8,446)	46,664	43,302	94	(6,389)	23,960	
Income tax credit/ (expense) (note 14)	43,630	(56,065)	154,326	(3,855)	(11,473)	(727)	1,030	126,866	
Additions to non-current assets (other than financial instruments and deferred tax assets)	39,569	227,307	132,217	26,908	63,517	1,005	1,154	491,677	



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**6 SEGMENT INFORMATION (CONTINUED)****(b) Other segment information (continued)**

The segment results for the six months ended 30 June 2019 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated in Mainland China RMB'000	Select Service Hotels — managed and operated overseas RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
External revenue (note 6(a))	1,006,596	5,064,615	1,965,355	163,183	1,192,073	501,283	60,005	9,953,110
Inter-segment revenue	4,439	190	6,289	6,820	1,865	—	37,327	56,930
Total gross segment revenue	1,011,035	5,064,805	1,971,644	170,003	1,193,938	501,283	97,332	10,010,040
Revenue from contracts with customers:								
— Recognised at a point of time	299,520	789,673	421,483	163,183	579,850	—	—	2,253,709
— Recognised over time	617,331	4,194,605	1,543,872	—	593,466	488,756	60,005	7,498,035
	916,851	4,984,278	1,965,355	163,183	1,173,316	488,756	60,005	9,751,744
Revenue from other sources:								
— Rental revenue	89,745	80,337	—	—	18,757	12,527	—	201,366
Profit/(loss) for the period	109,356	529,482	57,432	154,187	194,580	56,642	(78,168)	1,023,511

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 6 SEGMENT INFORMATION (CONTINUED)

#### (b) Other segment information (continued)

The segment results for the six months ended 30 June 2019 are as follows (continued):

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated in Mainland China RMB'000	Select Service Hotels — managed and operated overseas RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
Other income and gain (note 12)	52,203	286,962	8,510	106,170	84,340	52,882	58,785	649,852
Including: interest income from bank deposits (note 12)	18,192	24,325	1,154	55	7,131	2,481	545	53,883
Depreciation of property, plant and equipment (note 13)	(92,830)	(412,101)	(146,681)	(5,182)	(107,353)	(1,903)	(719)	(766,769)
Impairment loss of property, plant and equipment (note 13)	—	(19,331)	—	—	—	—	—	(19,331)
Depreciation of right-of-use assets (note 13)	(29,293)	(513,894)	(108,763)	(2,843)	(4,138)	(3,486)	(2,674)	(665,091)
Depreciation of investment properties (note 13)	(716)	(27,479)	—	—	(1,066)	(2,634)	—	(31,895)
Amortisation of intangible assets (note 13)	(1,471)	(65,632)	(6,995)	(470)	—	(16)	(650)	(75,234)
Finance costs — net	(88,303)	(210,017)	(92,492)	(257)	(1,214)	(148)	(97,402)	(489,833)
Share of results of joint ventures and associates accounted for using the equity method	(13,600)	(2,806)	5,970	64,581	91,771	(53)	(68)	145,795
Income tax expense (note 14)	(20,646)	(204,437)	(20,072)	(6,907)	(29,921)	(5,615)	(10,686)	(298,284)
Additions to non-current assets (other than financial instruments and deferred tax assets)	30,845	368,668	184,407	239	51,440	2,183	414	638,196

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

## 6 SEGMENT INFORMATION (CONTINUED)

## (b) Other segment information (continued)

The segment assets and liabilities as at 30 June 2020 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated in Mainland China RMB'000	Select Service Hotels — managed and operated overseas RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
Segment assets	5,028,440	27,284,591	15,470,239	557,195	3,998,322	1,082,248	8,290,984	61,712,019
Investments accounted for using the equity method	525,781	94,906	57,284	171,526	839,513	3,149	71,578	1,763,737
Total assets	5,554,221	27,379,497	15,527,523	728,721	4,837,835	1,085,397	8,362,562	63,475,756
Segment liabilities	5,000,020	12,039,036	14,311,740	265,285	1,100,538	322,167	11,880,038	44,918,824

The segment assets and liabilities at 31 December 2019 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated in Mainland China RMB'000	Select Service Hotels — managed and operated overseas RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
Segment assets	4,832,382	27,643,780	15,852,855	521,015	3,956,944	1,215,217	7,596,391	61,618,584
Investments accounted for using the equity method	577,603	24,294	65,213	262,870	805,131	3,055	74,902	1,813,068
Total assets	5,409,985	27,668,074	15,918,068	783,885	4,762,075	1,218,272	7,671,293	63,431,652
Segment liabilities	2,738,435	13,801,883	14,258,891	243,149	1,009,315	445,767	11,304,622	43,802,062

Sales between segments are carried out at arm's length transactions. The external revenue reported to the executive committee is measured in a manner consistent with that in the unaudited condensed consolidated interim income statement.

Other income and gain in the segment of "Select Service Hotels — managed and operated in Mainland China" for the six months ended 30 June 2020 included a gain on disposal of equity interest in subsidiaries of RMB318,316,000 (the six months ended 30 June 2019: nil).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**7 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS**

	<b>Property, plant and equipment</b> RMB'000	<b>Investment properties</b> RMB'000	<b>Intangible assets</b> RMB'000
<b>Cost</b>			
At 1 January 2020	<b>22,298,798</b>	<b>920,582</b>	<b>19,245,209</b>
Additions	<b>258,460</b>	—	<b>48,658</b>
Disposals	<b>(223,416)</b>	—	<b>(47)</b>
Disposals of subsidiaries (note 18)	<b>(160,296)</b>	—	<b>(320)</b>
Exchange differences	<b>76,443</b>	—	<b>121,525</b>
At 30 June 2020	<b>22,249,989</b>	<b>920,582</b>	<b>19,415,025</b>
At 1 January 2019	21,842,823	1,538,003	19,085,838
Additions	389,232	—	82,394
Disposals	(252,716)	—	(1,738)
Exchange differences	(15,069)	—	(43,789)
At 30 June 2019	21,964,270	1,538,003	19,122,705

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**7 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS (CONTINUED)**

	<b>Property, plant and equipment</b> RMB'000	<b>Investment properties</b> RMB'000	<b>Intangible assets</b> RMB'000
<b>Accumulated depreciation and amortisation</b>			
At 1 January 2020	<b>(11,028,771)</b>	<b>(456,008)</b>	<b>(686,895)</b>
Depreciation and amortisation charge for the period (note 13)	<b>(728,939)</b>	<b>(15,738)</b>	<b>(79,643)</b>
Disposals	<b>190,274</b>	—	<b>32</b>
Disposals of subsidiaries (note 18)	<b>94,734</b>	—	<b>315</b>
Exchange differences	<b>(42,764)</b>	—	<b>(625)</b>
At 30 June 2020	<b>(11,515,466)</b>	<b>(471,746)</b>	<b>(766,816)</b>
At 1 January 2019	(9,935,548)	(612,501)	(508,576)
Depreciation and amortisation charge for the period (note 13)	(766,769)	(31,895)	(75,234)
Disposals	176,091	—	1,719
Exchange differences	16,622	—	1,472
At 30 June 2019	(10,509,604)	(644,396)	(580,619)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**7 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS (CONTINUED)**

	<b>Property, plant and equipment</b> RMB'000	<b>Investment properties</b> RMB'000	<b>Intangible assets</b> RMB'000
<b>Impairment</b>			
At 1 January 2020	<b>(191,110)</b>	—	<b>(44,233)</b>
Impairment charge for the period (note 13)	<b>(1,742)</b>	—	—
At 30 June 2020	<b>(192,852)</b>	—	<b>(44,233)</b>
At 1 January 2019	(160,112)	—	(43,913)
Impairment charge for the period (note 13)	(19,331)	—	—
At 30 June 2019	(179,443)	—	(43,913)
<b>Net book amount</b>			
At 30 June 2020	<b>10,541,671</b>	<b>448,836</b>	<b>18,603,976</b>
At 30 June 2019	11,275,223	893,607	18,498,173

Bank borrowings of Polish Zloty ("PLN") 29,863,000 equivalent to RMB53,386,000 (31 December 2019: PLN31,037,000, equivalent to RMB57,009,000), which were pledged by certain property, plant and equipment of certain subsidiaries of GDL located in Poland with a net book amount of RMB171,713,000 (31 December 2019: RMB173,653,000).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**8 LEASES**

This note provides information for leases where the Group is a lessee.

**(a) Amounts recognised on the consolidated balance sheet**

The recognised right-of-use assets relate to the following types of assets:

	<b>As at 30 June 2020 RMB'000</b>	As at 31 December 2019 RMB'000
Freehold land and land use rights	<b>3,149,605</b>	3,217,925
Buildings	<b>7,811,018</b>	8,259,914
Equipment and others	<b>296,255</b>	308,379
<b>Total right-of-use assets</b>	<b>11,256,878</b>	11,786,218
Lease liabilities — current	<b>1,896,796</b>	1,633,990
Lease liabilities — non-current	<b>9,352,831</b>	9,996,397
<b>Total lease liabilities</b>	<b>11,249,627</b>	11,630,387

Movements in right-of-use assets are analysed as follows:

	<b>RMB'000</b>
Net book amount as at 31 December 2019	<b>11,786,218</b>
Additions	<b>114,933</b>
Depreciation and amortisation (note 13)	<b>(664,515)</b>
Disposals of subsidiaries (note 18)	<b>(25,081)</b>
Exchange differences	<b>45,323</b>
Net book amount as at 30 June 2020	<b>11,256,878</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 8 LEASES (CONTINUED)

#### (b) Amounts recognised on the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Depreciation of right-of-use assets (note 13)		
Freehold land and land use rights	<b>47,513</b>	39,991
Buildings	<b>595,420</b>	596,902
Equipment and others	<b>21,582</b>	28,198
	<b>664,515</b>	665,091
Finance costs — net	<b>218,442</b>	232,844
Expense relating to short-term leases and low value leases	<b>5,407</b>	30,207
Expense relating to variable lease payments not included in lease liabilities	<b>12,692</b>	43,662

For the six months ended 30 June 2020, the total cash outflow for leases was RMB775,646,000 (the six months ended 30 June 2019: RMB1,137,288,000).



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**9 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES**

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Trade receivables	<b>1,529,006</b>	1,557,482
Less: provision for impairment of trade receivables	<b>(218,210)</b>	(210,340)
Trade receivables – net	<b>1,310,796</b>	1,347,142
Other receivables		
– Loans to related parties by Finance Company (note 20(b))	<b>856,050</b>	917,800
– Lease receivable	<b>533,718</b>	579,030
– Government grants receivables	<b>375,131</b>	–
– Deposits	<b>333,319</b>	323,809
– Other amounts due from related parties (note 20(b))	<b>283,700</b>	178,702
– Dividend receivables	<b>239,087</b>	20,297
– Loans to related parties by the Group other than Finance Company (note 20(b))	<b>137,825</b>	33,700
– Accrued rental revenue	<b>44,649</b>	45,156
– Interest receivables	<b>9,827</b>	10,935
– Others	<b>118,798</b>	46,606
Less: provision for impairment of other receivables	<b>(67,148)</b>	(66,116)
	<b>2,864,956</b>	2,089,919
Prepayments		
– Prepayments to suppliers	<b>542,165</b>	601,895
– Value-added tax (“VAT”) recoverable, other prepaid tax and recoverable tax	<b>343,045</b>	326,814
	<b>885,210</b>	928,709
Prepayments and other receivables – net	<b>3,750,166</b>	3,018,628
	<b>5,060,962</b>	4,365,770
Less: non-current portion of trade receivables, prepayments and other receivables	<b>(725,241)</b>	(758,786)
Current portion of trade receivables, prepayments and other receivables	<b>4,335,721</b>	3,606,984

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 9 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Ageing analysis of trade receivables at respective balance sheet dates are as follows:

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Less than 6 months	1,215,302	1,298,238
6 months to 1 year	147,642	84,018
Over 1 year	166,062	175,226
	<b>1,529,006</b>	1,557,482

The carrying amount of the financial assets of trade receivables and other receivables approximates their fair value.

### 10 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Trade payables	714,056	1,209,747
Deposits from related parties in Finance Company (note 20(b))	3,478,448	4,266,699
Employee benefits payables	1,721,659	2,010,898
Receipts on behalf of the franchisees	459,028	730,281
Deposits from lessees and constructors	451,696	479,681
Payables for purchases of property, plant and equipment and intangible assets	336,534	428,168
Accrued expenses	318,955	279,409
Other tax payables	287,878	433,891
Other amounts due to related parties (note 20(b))	206,895	150,609
Dividend payable to non-controlling interests	177,431	94,623
Notes payable	94,409	120,735
Defined benefit plan of GDL	93,827	89,587
Deferred government grants	85,785	31,118
Financial liabilities due to put options granted to holders of non-controlling interests	64,646	95,521
Interest payable	59,133	21,692
Provisions for other liabilities and charges	47,362	52,189
Payables related to the disposal of Shanghai Galaxy Hotel Co., Ltd. ("Galaxy Hotel")	36,962	36,962
Payables for acquisition of the non-controlling interests of Keystone	15,411	35,610
Deferred payment of acquisition of subsidiaries	13,744	13,938
Others	386,491	473,556
	<b>9,050,350</b>	11,054,914
Less: non-current portion of trade and other payables and accruals	<b>(928,891)</b>	(2,354,089)
Current portion of trade and other payables and accruals	<b>8,121,459</b>	8,700,825

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**10 TRADE AND OTHER PAYABLES AND ACCRUALS (CONTINUED)**

Ageing analysis of trade payables at respective balance sheet dates are as follows:

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Less than 3 months	<b>623,827</b>	1,088,556
3 months to 1 year	<b>63,913</b>	80,359
Over 1 year	<b>26,316</b>	40,832
	<b>714,056</b>	1,209,747

The carrying amount of the financial liabilities of trade and other payables approximates their fair value.

**11 BORROWINGS**

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings – secured	<b>9,543,331</b>	9,946,372
Bank borrowings – unsecured	<b>2,705,987</b>	1,309,839
Borrowings from related parties (note 20(b))	<b>5,980,500</b>	4,412,250
	<b>18,229,818</b>	15,668,461
Less: current portion of long-term secured bank borrowings	<b>(1,259,490)</b>	(1,021,879)
current portion of long-term unsecured bank borrowings	<b>(23,097)</b>	(18,224)
current portion of long-term borrowings from related parties (note 20(b))	<b>–</b>	(104,500)
	<b>16,947,231</b>	14,523,858
Borrowings included in current liabilities:		
Bank borrowings – secured	<b>33,251</b>	37,908
Bank borrowings – unsecured	<b>2,707,354</b>	1,508,141
Borrowings from related parties (note 20(b))	<b>50,000</b>	71,000
Current portion of long-term secured bank borrowings	<b>1,259,490</b>	1,021,879
Current portion of long-term unsecured bank borrowings	<b>23,097</b>	18,224
Current portion of long-term borrowings from related parties (note 20(b))	<b>–</b>	104,500
	<b>4,073,192</b>	2,761,652

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 11 BORROWINGS (CONTINUED)

As at 30 June 2020, the secured bank borrowings included:

- (a) Bank borrowings of EUR745,000,000, equivalent to RMB5,930,945,000 (31 December 2019: EUR746,000,000, equivalent to RMB5,830,363,000), which were guaranteed by Jin Jiang International;
- (b) Bank borrowings of PLN29,863,000, equivalent to RMB53,386,000 (31 December 2019: PLN31,037,000, equivalent to RMB57,009,000), pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland;
- (c) Bank borrowings of RMB3,559,000,000 (31 December 2019: RMB4,059,000,000), which were pledged by the equity interests in a subsidiary of the Group;
- (d) Bank borrowings of RMB33,251,000 (31 December 2019: RMB37,908,000), which were pledged by certain inventories with the carrying amount of RMB46,500,000 (31 December 2019: RMB46,500,000) of a subsidiary of the Group.

Movements in borrowings are analysed as follows:

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
At beginning of the period	17,285,510	20,041,449
Change in accounting policies — HKFRS 16	—	(195,201)
Proceeds from borrowings	4,938,910	1,994,306
Repayments of borrowings	(1,391,141)	(3,467,247)
Exchange differences	187,144	(37,472)
At end of the period	21,020,423	18,335,835

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**12 OTHER INCOME AND GAIN**

	<b>Six months ended 30 June</b>	
	<b>2020</b> <b>RMB'000</b>	2019 RMB'000
Government grants income (a)	<b>390,200</b>	70,397
Gain on disposal of equity interest in subsidiaries (note 18)	<b>318,316</b>	—
Dividend income	<b>175,087</b>	154,583
— Unlisted equity investments	<b>96,860</b>	85,067
— Listed equity investments	<b>78,227</b>	69,516
Interest income from bank deposits	<b>23,819</b>	53,883
Realised fair value gain on financial assets at fair value through profit or loss	<b>5,552</b>	19,730
Gain on disposal of property, plant and equipment	<b>4,903</b>	26,160
Unrealised fair value gain on financial assets at fair value through profit or loss	<b>—</b>	245,954
Government compensation for expropriation of hotel land use right and properties	<b>—</b>	34,344
Others	<b>90,563</b>	44,801
	<b>1,008,440</b>	649,852

- (a) Government grants income mainly represents fiscal subsidies granted by local governments to the Group without unfulfilled conditions.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 13 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Employee benefit expense	<b>2,592,845</b>	3,148,493
Changes in inventories	<b>1,033,719</b>	1,861,850
Depreciation of property, plant and equipment (note 7)	<b>728,939</b>	766,769
Depreciation of right-of-use assets (note 8)	<b>664,515</b>	665,091
Utility cost and consumables	<b>331,906</b>	399,083
Advertising costs	<b>121,330</b>	202,826
Commissions paid to agencies	<b>106,740</b>	243,768
Property tax, VAT based on a simplified method and other tax surcharges	<b>103,964</b>	154,403
Operating leases and property services	<b>99,425</b>	134,949
Amortisation of intangible assets (note 7)	<b>79,643</b>	75,234
Telecommunication expenses	<b>35,222</b>	45,349
Transportation expenses	<b>33,812</b>	70,301
Consulting fee	<b>30,519</b>	137,403
Auditors' remuneration	<b>17,407</b>	16,514
Depreciation of investment properties (note 7)	<b>15,738</b>	31,895
Entertainment expenses	<b>2,906</b>	9,572
Impairment loss of property, plant and equipment (note 7)	<b>1,742</b>	19,331
COVID-19-related rent concessions (note 3)	<b>(67,071)</b>	—
Others	<b>783,273</b>	890,249
	<b>6,716,574</b>	8,873,080

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**14 INCOME TAX (CREDIT)/EXPENSE**

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Current tax:		
Mainland China current corporate income tax ("CIT")	<b>188,690</b>	301,672
Overseas current corporate income tax	<b>6,913</b>	41,416
Deferred tax:		
Mainland China deferred income tax	<b>(163,733)</b>	(23,460)
Overseas deferred income tax	<b>(158,736)</b>	(21,344)
	<b>(126,866)</b>	298,284

Other than the subsidiaries registered in Tibet with preferential income tax rate of 15%, provision for Mainland China CIT is calculated based on the statutory income tax rate of 25% on the assessable income of Group companies operating in Mainland China for the six months ended 30 June 2020 (the six months ended 30 June 2019: 25%) as determined in accordance with the Corporate Income Tax Law of PRC and the Detail Implementation Regulations.

Hong Kong profits tax has been provided at the rate of taxation prevailing in which the Group operates on the estimated assessable profits for the period.

GDL mainly operates in France and subject to income tax at 32.02% for the six months ended 30 June 2020 (the six months ended 30 June 2019: 32.02%).

**15 (LOSS)/EARNINGS PER SHARE**

Basic (loss)/earnings per share are calculated by dividing the (loss)/profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2020	2019
(Loss)/profit attributable to shareholders of the Company (RMB'000)	<b>(238,456)</b>	501,794
Weighted average number of ordinary shares in issue (thousands)	<b>5,566,000</b>	5,566,000
Basic (loss)/earnings per share (RMB cents)	<b>(4.28)</b>	9.02

As there are no potentially dilutive securities, there is no difference between the basic and diluted (loss)/earnings per share.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 16 DIVIDENDS

The final dividend for the year 2019 of RMB6.2 cents (2018 final dividend: RMB8.0 cents) per share, totalling RMB345,092,000 (2018 final dividend: RMB445,280,000) will be paid subsequently in the second half of 2020. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019 interim dividend: nil).

### 17 COMMITMENTS

#### (a) Capital commitments

Capital expenditure contracted yet not incurred is as follows:

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Acquisition of property, plant and equipment	<b>60,740</b>	78,882

#### (b) Operating lease commitments

The Group leases out space in hotels under non-cancellable operating lease agreements.

Leases with different lessees are negotiated for terms ranging from 1 year to 20 years with different renewal options, escalation clauses and restrictions on subleasing. When certain rental receipts of properties are based on the higher of minimum guaranteed rentals or revenue level based rentals, the minimum guaranteed rentals have been used to arrive at the commitments below.

The future aggregate minimum lease rentals receipts under non-cancellable operating leases are as follows:

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Not later than 1 year	<b>182,797</b>	174,240
Later than 1 year and not later than 5 years	<b>444,437</b>	417,849
Later than 5 years	<b>100,264</b>	191,785
	<b>727,498</b>	783,874

#### (c) Loan commitments

As at 30 June 2020, loan commitments of RMB114,894,000 (31 December 2019: RMB177,000,000) represent undrawn loan facilities offered by Finance Company and granted to related parties (note 20(c)).



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 18 DISPOSAL OF SUBSIDIARIES

On 8 January 2020, Shanghai Jin Jiang International Hotel Investment Company Limited (“Hotel Investment Company”), a wholly-owned subsidiary of Shanghai Jin Jiang International Hotels Company Limited (“Jin Jiang Hotels”, a 50.32%-owned subsidiary of the Company), entered into the asset and equity transaction contracts with Shanghai Guanglv Enterprise Management Company Limited (“Shanghai Guanglv”, an associate of Jin Jiang International), pursuant to which, Hotel Investment Company agreed to dispose and Shanghai Guanglv agreed to acquire 100% equity interest in Xi’an Jin Jiang Inn Company Limited (“Xi’an Jin Jiang Inn”) and 100% equity interest in Zhengzhou Jin Jiang Inn Company Limited (“Zhengzhou Jin Jiang Inn”) with respective cash consideration of RMB75,193,000 and RMB60,168,000. Upon completion of the transactions, Xi’an Jin Jiang Inn and Zhengzhou Jin Jiang Inn ceased to be the subsidiaries of Jin Jiang Hotels and the Company.

On 31 March 2020, Jin Jiang Hotels entered into the equity transfer agreement with Shanghai Jin Jiang International Investment and Management Company Limited (“Jin Jiang International Investment”, a wholly-owned subsidiary of Jin Jiang International), pursuant to which, Jin Jiang Hotels agreed to dispose and Jin Jiang International Investment agreed to acquire 70% equity interest in Shanghai Jin Jiang Da Hua Hotel Company Limited (“Da Hua Company”) at cash consideration of RMB170,437,000. Upon completion of the transaction, Da Hua Company ceased to be a subsidiary of Jin Jiang Hotels; Jin Jiang Hotels and the Company held 30% equity interest in Da Hua Company and subsequently recognised it as an investment accounted for using the equity method by the remeasured fair value.

	<b>Six months ended 30 June 2020 RMB'000</b>
Total cash consideration received	<b>305,798</b>
Less: share of net assets of Xi’an Jin Jiang Inn and Zhengzhou Jin Jiang Inn disposed (100%)	<b>(68,456)</b>
Less: share of net liabilities of Da Hua Company disposed (100%)	<b>7,930</b>
Add: the retained interest (30%) remeasured to the fair value of Da Hua Company when control is lost	<b>73,044</b>
Gain on disposal of equity interest in subsidiaries	<b>318,316</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 18 DISPOSAL OF SUBSIDIARIES (CONTINUED)

The assets and liabilities of at the dates of disposals are as below:

	At 8 January 2020 RMB'000	At 31 March 2020 RMB'000
	Xi'an Jin Jiang Inn and Zhengzhou Jin Jiang Inn	Da Hua Company
Cash and cash equivalents	699	2,472
Property, plant and equipment (note 7)	39,557	26,005
Right-of-use assets (note 8)	20,542	4,539
Intangible assets (note 7)	5	—
Inventories	163	94
Trade receivables, prepayments and other receivables	15,346	2,916
Lease liabilities	—	(340)
Income taxes payable	(1,165)	—
Trade and other payables and accruals	(6,613)	(43,465)
Contract liabilities	(78)	(151)
<b>Total net assets/(liabilities)</b>	<b>68,456</b>	<b>(7,930)</b>
		<b>Six months ended 30 June 2020 RMB'000</b>
Cash proceeds received		<b>305,798</b>
Cash and cash equivalents disposed in Xi'an Jin Jiang Inn and Zhengzhou Jin Jiang Inn		<b>(699)</b>
Cash and cash equivalents disposed in Da Hua Company		<b>(2,472)</b>
<b>Cash inflow on disposal</b>		<b>302,627</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 19 ACQUISITION OF NON-CONTROLLING INTERESTS IN SUBSIDIARIES

In March and June of 2020, the Company acquired 100% equity interest of Tianjin Hedong District Jin Jiang Inn Investment Co., Ltd., 100% equity interest of Ningbo Jinbo Inn Co., Ltd., 70% equity interest of Shanghai Dishuihu Jin Jiang Inn Co., Ltd., 70% equity interest of Tianjin Hujin Investment Management Co., Ltd., 70% equity interest of Shenyang Songhuajiang Jin Jiang Inn Co., Ltd., 70% equity interest of Changchun Jinlv Investment Management Co., Ltd., 51% equity interest of Tianjin Jin Jiang Inn Co., Ltd. and 51% equity interest of Zhenjiang Jinkou Jin Jiang Inn Co., Ltd. ("Eight Hotels") from Jin Jiang Hotels.

Before these transactions, Eight Hotels were wholly-owned subsidiaries of Jin Jiang Hotels, a 50.32%-owned subsidiary of the Company. After the acquisitions of non-controlling interests in these Eight Hotels, Eight Hotels become directly controlled by the Company.

The carrying amount and the considerations of the acquired non-controlling interests in these Eight Hotels on the date of transactions were RMB62,842,000 and RMB164,795,000 respectively. Accordingly, the Group recognised the difference of RMB101,953,000 between the carrying amount and the considerations as an increase in non-controlling equity interests and a decrease in equity attributable to the shareholders of the Company. In addition, the current corporate income tax expense related to these transactions amounted to RMB13,835,000 were also recognised in other reserves attributable to the shareholders of the Company.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**20 SIGNIFICANT RELATED PARTY TRANSACTIONS****(a) Related party transactions**

Other than the disposal of equity interest in subsidiaries to related parties (note 18), the Group had the following significant related party transactions during six months ended 30 June 2020:

	<b>Six months ended 30 June</b>	
	<b>2020</b> <b>RMB'000</b>	2019 RMB'000
<b>Transactions with Jin Jiang International and its subsidiaries, joint ventures and associates</b>		
— Deposits (repaid)/received	<b>(760,193)</b>	1,383,584
— Borrowing received	<b>1,527,250</b>	—
— Provision of hotel services (i)	<b>323,210</b>	19,662
— Provision of vehicle operating services (i)	<b>65,460</b>	22,375
— Provision of membership package	<b>11,326</b>	17,846
— Provision of tourism services	<b>10,415</b>	2,141
— Provision of other services	<b>7,227</b>	18,268
— Interest income received	<b>4,458</b>	2,831
— Rental income received	<b>2,152</b>	1,424
— Provision of food and beverage services	<b>260</b>	11
— Sales of hotel supplies	<b>—</b>	503
	<b>1,191,565</b>	1,468,645
— Repayment of lending	<b>(78,300)</b>	(650,000)
— Interest expense paid	<b>56,898</b>	29,019
— Rental expenses paid	<b>23,320</b>	20,173
— Purchase of electronic commerce service and membership package	<b>16,661</b>	9,500
— Purchase of food and beverage	<b>7,064</b>	481
— Management fee paid for entrusted operation	<b>5,751</b>	—
— Receipt of tourism services	<b>5,633</b>	—
— Receipt of other services	<b>474</b>	517
— Compensation of demolition	<b>—</b>	14,902
— Receipt of IT services	<b>—</b>	30
	<b>37,501</b>	(575,378)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**20 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)****(a) Related party transactions (continued)**

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
<b>Transactions with joint ventures and associates of the Group</b>		
— Deposits (repaid)/received	<b>(28,058)</b>	29,240
— Borrowing received	<b>20,000</b>	—
— Interest income received	<b>11,700</b>	3,767
— Sales of hotel supplies and other goods	<b>1,877</b>	567
— Rental income received	<b>588</b>	588
— Management fee received	<b>371</b>	890
	<b>6,478</b>	35,052
— Provision of lending/(Repayment of lending)	<b>28,250</b>	(35,450)
— Interest expense paid	<b>3,972</b>	—
— Purchase of food and beverage	<b>425</b>	177
— Purchase of vehicles and related parts	<b>272</b>	—
— Rental expenses paid	<b>29</b>	—
— Receipt of other services	<b>—</b>	13
	<b>32,948</b>	(35,260)

- (i) In order to undertake the corporate social responsibility and support the Group's anti-epidemic operations, Jin Jiang International entered into various buyout agreements for hotel room, car rental and relevant services with Shanghai New Asia Plaza Great Wall Hotel Company Limited, Wuhan Jin Jiang International Hotel Company Limited, Jin Jiang Hotels and Shanghai Jin Jiang Automobile Services Co., Ltd. respectively. The revenue of buyout for hotel room and relevant services amounted to RMB316,837,000 and the revenue of buyout for car rental and relevant services amounted to RMB50,869,000.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**20 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)****(b) Amount due from/to related parties**

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
<b>Loans to related parties by Finance Company (note 9)</b>		
– Jin Jiang International (i)	<b>300,000</b>	400,000
– Subsidiaries, joint ventures and associates of Jin Jiang International (ii)	<b>10,000</b>	—
– Joint ventures of the Group (iii)	<b>491,250</b>	463,000
– Associates of the Group (iv)	<b>54,800</b>	54,800
	<b>856,050</b>	917,800
<b>Loans to related parties by the Group other than Finance Company (note 9)</b>		
– Subsidiaries, joint ventures and associates of Jin Jiang International (v)	<b>11,700</b>	—
– Joint ventures of the Group (vi)	<b>121,500</b>	32,500
– Associates of the Group (vii)	<b>4,625</b>	1,200
	<b>137,825</b>	33,700

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

## 20 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

## (b) Amount due from/to related parties (continued)

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
<b>Other amounts due from related parties (note 9)</b>		
– Jin Jiang International	87,877	820
– Subsidiaries, joint ventures and associates of Jin Jiang International	109,188	115,645
– Joint ventures of the Group	57,770	48,936
– Associates of the Group	28,865	13,301
	<b>283,700</b>	178,702
<b>Deposits from related parties in Finance Company (note 10)</b>		
– Jin Jiang International (viii)	(538,565)	(32,244)
– Subsidiaries, joint ventures and associates of Jin Jiang International (ix)	(2,690,955)	(3,957,469)
– Joint ventures of the Group (x)	(240,781)	(267,870)
– Associates of the Group (xi)	(8,147)	(9,116)
	<b>(3,478,448)</b>	(4,266,699)
<b>Other amounts due to related parties (note 10)</b>		
– Jin Jiang International	(54,578)	(10,518)
– Subsidiaries, joint ventures and associates of Jin Jiang International	(67,937)	(38,238)
– Joint ventures of the Group	(64,336)	(67,899)
– Associates of the Group	(20,044)	(33,954)
	<b>(206,895)</b>	(150,609)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

## 20 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

## (b) Amount due from/to related parties (continued)

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
<b>Borrowings from related parties (note 11)</b>		
– Jin Jiang International (xii)	<b>(1,500,000)</b>	–
– Subsidiaries of Jin Jiang International (xiii)	<b>(4,510,500)</b>	(4,483,250)
– Joint ventures of the Group (xiv)	<b>(20,000)</b>	–
	<b>(6,030,500)</b>	(4,483,250)

- (i) An unsecured loan to Jin Jiang International of RMB300,000,000 as at 30 June 2020 (31 December 2019: RMB400,000,000) with effective interest rate of 3.15% (31 December 2019: 3.92%) per annum.
- (ii) An unsecured loan to subsidiaries, joint ventures and associates of Jin Jiang International of RMB10,000,000 as at 30 June 2020 (31 December 2019: nil) with effective interest rate of 2.32% per annum.
- (iii) The balance includes secured loans to a joint venture of the Group of RMB491,250,000 as at 30 June 2020 (31 December 2019: RMB460,000,000) with effective interest rate of 4.19% (31 December 2019: 4.20%) per annum which were guaranteed by its properties. An unsecured loan to a joint venture of the Group of RMB3,000,000 as at 31 December 2019 with effective interest rate of 3.92% per annum was repaid in 2020.
- (iv) An secured loan to an associate of the Group of RMB54,800,000 as at 30 June 2020 (31 December 2019: RMB54,800,000) with effective interest rate of 4.75% (31 December 2019: 4.75%) per annum which were guaranteed by its properties.
- (v) An unsecured loan to subsidiaries, joint ventures and associates of Jin Jiang International of RMB11,700,000 as at 30 June 2020 (31 December 2019: nil) with effective interest rate of 1.20% per annum.
- (vi) The balance includes unsecured loans to joint ventures of the Group of RMB121,500,000 as at 30 June 2020 (31 December 2019: RMB32,500,000) with effective interest rate of 4.08% (31 December 2019: 4.29%) per annum.
- (vii) An unsecured loan to associates of the Group of RMB RMB4,625,000 as at 30 June 2020 (31 December 2019: RMB1,200,000) with effective interest rate of 2.68% (31 December 2019: 4.35%) per annum.
- (viii) An deposit from Jin Jiang International of RMB538,565,000 as at 30 June 2020 (31 December 2019: RMB32,244,000) with effective interest rate of 0.39% (31 December 2019: 0.39%) per annum.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

### 20 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) Amount due from/to related parties (continued)

- (ix) The balance includes deposits from subsidiaries, joint ventures and associates of Jin Jiang International of RMB2,690,955,000 as at 30 June 2020 (31 December 2019: RMB3,957,469,000) with effective interest rate of 1.62% (31 December 2019: 1.15%) per annum.
- (x) The balance includes deposits from joint ventures of the Group of RMB240,781,000 as at 30 June 2020 (31 December 2019: RMB267,870,000) with effective interest rate of 3.14% (31 December 2019: 3.17%) per annum.
- (xi) The balance includes deposits from associates of the Group of RMB8,147,000 as at 30 June 2020 (31 December 2019: RMB9,116,000) with effective interest rate of 1.30% (31 December 2019: 1.40%) per annum.
- (xii) An unsecured borrowing from Jin Jiang International of RMB1,500,000,000 as at 30 June 2020 (31 December 2019: nil) with effective interest rate of 2.68% per annum.
- (xiii) The balance includes unsecured borrowings from subsidiaries of Jin Jiang International of RMB530,000,000 as at 30 June 2020 (31 December 2019: RMB575,500,000) with effective interest rate of 3.49% (31 December 2019: 3.50%) per annum; and a subsidiary of Jin Jiang International of EUR500,000,000 equivalent to RMB3,980,500,000 as at 30 June 2020 (31 December 2019: EUR500,000,000, equivalent to RMB3,907,750,000) with effective interest rate of 1.05% (31 December 2019: 1.17%) per annum.
- (xiv) The balance includes unsecured borrowings from joint ventures of the Group of RMB20,000,000 as at 30 June 2020 (31 December 2019: nil) with effective interest rate of 4.35% per annum.

Other than disclosed above, balances with related parties are all unsecured and interest free.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

**20 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)****(c) Loan commitments and financial guarantees*****Loan commitments***

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
— Jin Jiang International	—	100,000
— Subsidiaries, joint ventures and associates of Jin Jiang International	<b>34,894</b>	—
— Joint ventures of the Group	<b>80,000</b>	77,000
	<b>114,894</b>	177,000
<b>Financial guarantees provided to related parties</b>		
— Joint ventures of the Group	—	3,000

**(d) Key management compensation**

	<b>Six months ended 30 June</b>	
	<b>2020 RMB'000</b>	2019 RMB'000
Salary and other allowances	<b>819</b>	811
Retirement scheme contributions	<b>246</b>	316
	<b>1,065</b>	1,127

