Shanghai Jin Jiang International Hotels (Group) Company Limited*
上海錦江國際酒店（集團）股份有限公司

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

(Stock Code: 02006)

ANNOUNCEMENT OF THE UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL SUMMARY

	Six months ended 30 June 2011 ***(RMB'000)***	Six months ended 30 June 2010 (Restated)* *(RMB'000)*	Increase/ (Decrease) *(%)*
Revenue	**5,931,189**	5,090,835	16.5
Operating profit	**418,365**	457,019	(8.5)
Profit attributable to the shareholders of the Company	**165,221**	188,163	(12.2)
Earnings per share *(expressed in RMB cents)*	**2.97**	3.38	(12.1)

* *The acquisition of Jin Jiang Investment and Jin Jiang Travel (the "Acquisition") was completed on 16 February 2011. The Company, Jin Jiang Investment and Jin Jiang Travel are under the common control of Jin Jiang International both before and after the Acquisition. The Acquisition is therefore regarded as common control combination and accounted for using the principles of merger accounting in accordance with the Accounting Guideline No. 5 — "Merger Accounting for Common Control Combination" issued by the HKICPA. Upon completion of the Acquisition, the financial statements of Jin Jiang Investment and Jin Jiang Travel were included in the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2011 as if the combinations had occurred from the date when Jin Jiang Investment and Jin Jiang Travel first came under the control of Jin Jiang International. Comparative figures as at 31 December 2010 and for the six months ended 30 June 2010 were represented on the same basis.*

SUMMARY OF RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group. The interim results have been reviewed by the audit committee of the Company. For the six months ended 30 June 2011, sales revenue of the Group amounted to approximately RMB5,931,189,000, representing an increase of approximately 16.5% as compared with the same period of last year; operating profit of the Group was approximately RMB418,365,000, representing a decrease of 8.5% as compared with the same period of last year, while profit attributable to the shareholders of the Company amounted to approximately RMB165,221,000, representing a decrease of 12.2% as compared with the same period of last year. Earnings per share were RMB2.97 cents, representing a decrease of approximately 12.1%.

SELECTED CONSOLIDATED FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
			(Restated)
Revenue	*4*	**5,931,189**	5,090,835
Cost of sales	*5*	**(4,944,077)**	(4,139,960)
Gross profit		**987,112**	950,875
Other income		**163,750**	175,203
Selling and marketing expenses	*5*	**(254,242)**	(258,670)
Administrative expenses	*5*	**(439,409)**	(393,798)
Other expenses		**(38,783)**	(16,591)
Other losses		**(63)**	—
Operating profit		**418,365**	457,019
Finance costs		**(49,160)**	(42,627)
Share of results of associates		**87,551**	88,072
Profit before income tax		**456,756**	502,464
Income tax expense	*6*	**(76,338)**	(85,214)
Profit for the period		**380,418**	417,250
Attributable to:			
Shareholders of the Company		**165,221**	188,163
Non-controlling interests		**215,197**	229,087
		380,418	417,250
Earnings per share for profit attributable to the shareholders of the Company for the period *(expressed in RMB cents per share)*			
— basic and diluted	*7*	**2.97**	3.38
Dividends	*8*	**—**	—

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Profit for the period	**380,418**	417,250
Other comprehensive income		
Fair value changes on available-for-sale financial assets — gross	**(113,677)**	(1,432,271)
Transfer of fair value changes on available-for-sale financial assets — gross	**(2,973)**	(20,006)
Fair value changes and transfer of fair value changes on available-for-sale financial assets — tax	**29,160**	363,650
Currency translation differences	**(3,632)**	—
Total other comprehensive income	**(91,122)**	(1,088,627)
Total comprehensive income for the period	**289,296**	(671,377)
Attributable to:		
— Shareholders of the Company	**118,734**	(379,115)
— Non-controlling interests	**170,562**	(292,262)
	289,296	(671,377)

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2011

	Note	**As at 30 June 2011** ***RMB'000***	As at 31 December 2010 *RMB'000* (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**7,875,551**	7,933,118
Investment properties		**193,764**	196,288
Land use rights		**1,206,964**	1,205,477
Intangible assets		**907,229**	806,580
Investments in associates		**608,958**	681,537
Available-for-sale financial assets		**2,490,794**	2,627,704
Deferred income tax assets		**185,535**	175,121
Trade and other receivables	*9*	**31,360**	32,642
Restricted cash		**18,509**	—
		13,518,664	13,658,467
Current assets			
Financial assets held for trading		**117**	—
Available-for-sale financial assets		**68,776**	83,748
Inventories		**145,893**	142,077
Trade and other receivables	*9*	**1,171,229**	1,499,958
Restricted cash		**434,760**	313,577
Cash and cash equivalents		**2,779,360**	2,747,102
		4,600,135	4,786,462
Total assets		**18,118,799**	18,444,929

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

As at 30 June 2011

	Note	**As at 30 June 2011** *RMB'000*	As at 31 December 2010 *RMB'000* (Restated)
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital	*1*	**5,566,000**	4,565,000
Reserves			
— Proposed dividend	*8*	**—**	122,452
— Others		**1,488,672**	3,151,478
		7,054,672	7,838,930
Non-controlling interests		**4,122,136**	4,153,312
Total equity		**11,176,808**	11,992,242
LIABILITIES			
Non-current liabilities			
Borrowings		**1,641,845**	1,627,020
Deferred income tax liabilities		**570,911**	623,752
Trade and other payables	*10*	**28,442**	8,030
Other non-current liabilities		**52,050**	52,390
		2,293,248	2,311,192
Current liabilities			
Trade and other payables	*10*	**3,752,903**	3,482,814
Dividend payable		**122,452**	—
Income tax payable		**92,114**	106,244
Borrowings		**681,274**	552,437
		4,648,743	4,141,495
Total liabilities		**6,941,991**	6,452,687
Total equity and liabilities		**18,118,799**	18,444,929
Net current (liabilities)/assets		**(48,608)**	644,967
Total assets less current liabilities		**13,470,056**	14,303,434

NOTES TO THE SELECTED UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company, formerly known as Shanghai New Asia (Group) Company, was established on 16 June 1995 as a wholly state-owned company with limited liability and has been directly under the administration and control of the State-Owned Assets Supervision and Administration Commission of Shanghai Municipal Government ("Shanghai SASAC") or its predecessors. Pursuant to an enterprise reorganisation in June 2003, the Company was designated by Shanghai SASAC as a wholly-owned subsidiary of Jin Jiang International (parent company and ultimate controlling company), which is also a wholly state-owned company directly under the administration and control of Shanghai SASAC.

During the year 2003 to 2006, the Group entered into several group reorganisation transactions ("Reorganisation") 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 from these companies equity interests in certain subsidiaries, jointly controlled entities and associates which were engaged in hotels and related business and also 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 11 January 2006, the Company's name was changed to its current name and the Company was converted into a joint stock limited company under the Company Law of the People's Republic of China (the "PRC" or "Mainland China") by converting its paid-in capital and reserves of Renminbi ("RMB") 3,300,000,000 at 30 September 2005 into 3,300,000,000 ordinary shares of RMB1 per share.

On 15 December 2006 and 20 December 2006, a total of 1,265,000,000 ordinary shares of RMB1 per share newly issued by the Company through a public offer in Hong Kong and an international placing were listed on the Stock Exchange (the "Listing"). Accordingly, the share capital of the Company was increased to RMB4,565,000,000.

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 Jin Jiang Investment and Jin Jiang Travel (note 1(c)). Accordingly, the share capital of the Company was increased to RMB5,566,000,000.

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

Upon completion of the Acquisition, the Group expanded its businesses in investment and operation of hotels and related businesses (the "Hotel Related Businesses") in Mainland China and the United States of America ("US") with the businesses in investment and operation of vehicle, logistics and related businesses (the "Vehicle and Logistics Business") and investment and operation of travel agency and related businesses (the "Travel Agency Business") in Mainland China.

These unaudited condensed consolidated interim financial information were approved for issue by the Board of the Company on 30 August 2011.

Key events

(a) Acquisition of IHR Group

Hotel Acquisition Company, LLC ("HAC"), a jointly controlled entity of the Group acquired IHR Group on 18 March 2010. The Group indirectly holds a 50% equity interest in IHR Group through HAC, and accounts for IHR Group as a jointly controlled entity.

(b) Transaction with Jin Jiang Hotels Development

Pursuant to the reorganisation agreement and the supplemental agreement (together, the "Transaction") entered between Jin Jiang Hotels Development, a subsidiary of the Company, listed on the Shanghai Stock Exchange of Mainland China, and the Company dated 28 August 2009 and 29 September 2009, respectively, the Company agreed to transfer its 71.225% equity interest in Jin Jiang Inn, 80% equity interest in Shanghai Jin Jiang International Hotel Investment Co., Ltd. and 99% equity interest in Shanghai Jin Jiang Da Hua Hotel Co., Ltd. to Jin Jiang Hotels Development; and Jin Jiang Hotel Co., Ltd., a subsidiary of the Company, will transfer its 1% equity interest in Shanghai Jin Jiang Da Hua Hotel Co., Ltd. to Jin Jiang Hotels Development (together, the "Transfer-out Assets"). In return, the Company will acquire from Jin Jiang Hotels Development 50% equity interest in Wuhan Jin Jiang International Hotel Co., Ltd., 50% equity interest in Thayer Jin Jiang Interactive Co., Ltd., 50% equity interest in Shanghai Jin Jiang Tomson Hotel Co., Ltd., 99% equity interest in Jin Jiang International Hotel Management Co., Ltd., 100% interest in Shanghai Jin Jiang International Management College, 66.67% equity interest in Sofitel Hyland Shanghai, 65% equity interest in Shanghai Jian Guo Hotel Co., Ltd., 40% equity interest in The Yangtze Hotel Limited, 15% equity interest in Wenzhou Dynasty Hotel, and total assets and liabilities of Metropole Hotel and New Asia Hotel, branches of Jin Jiang Hotels Development; and also acquire 1% equity interest in Jin Jiang International Hotel Management Co., Ltd. from Shanghai Min Hang Hotel Limited, a subsidiary of Jin Jiang Hotels Development (together, the "Transfer-in Assets").

The Transaction was approved by the China Securities Regulatory Committee (the "CSRC") on 12 May 2010 and the completion date of the Transaction was 31 May 2010.

(c) Acquisition of shares in Jin Jiang Investment and Jin Jiang Travel involving issue of new domestic shares

On 13 August 2010, the Company entered into a share transfer agreement with Jin Jiang International to acquire (i) 212,586,460 shares in Jin Jiang Investment (representing approximately 38.54% of the total registered share capital of Jin Jiang Investment); and (ii) 66,556,270 shares in Jin Jiang Travel (representing approximately 50.21% of the total registered share capital of Jin Jiang Travel).

The aggregate consideration for the Acquisition in the amount of approximately RMB2,694,020,000 was satisfied by the Company by (i) transferring to Jin Jiang International cash consideration of approximately RMB772,909,000; and (ii) issuing and allotting to Jin Jiang International 1,001,000,000 new domestic shares at a price of Hong Kong Dollar ("HK$") 2.2 per consideration share. As the Company and Jin Jiang Travel had held approximately 2.22% and 0.15% of the total registered share capital of Jin Jiang Investment before the Acquisition, upon completion, each of Jin Jiang Investment and Jin Jiang Travel became a 40.91% owned subsidiary and a 50.21% owned subsidiary of the Company.

The Acquisition was completed on 16 February 2011.

The Company, Jin Jiang Investment and Jin Jiang Travel are under common control of Jin Jiang International both before and after the Acquisition. The Acquisition is therefore regarded as common control combination and accounted for using the principles of merger accounting in accordance with the Accounting Guideline No. 5 — "Merger Accounting for Common Control Combination" issued by the HKICPA. Upon completion of the Acquisition, the financial information of Jin Jiang Investment and Jin Jiang Travel were included in the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2011 as if the combinations had occurred from the date when Jin Jiang Investment and Jin Jiang Travel first came under the control of Jin Jiang International. Comparative figures as at 31 December 2010 and for the six months ended 30 June 2010 were represented on the same basis.

2 BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2011 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 information should be read in conjunction with the consolidated financial information of the Group for the year ended 31 December 2010, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by HKICPA.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the consolidated financial information of the Group for the year ended 31 December 2010, as described in those consolidated financial information.

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011.

- Amendment to HKAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

- HKAS 24 (Revised), 'Related Party Disclosures' is effective for annual periods beginning on or after 1 January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

  - The name of the government and the nature of their relationship;

  - The nature and amount of any individually significant transactions; and

  - The extent of any collectively-significant transactions qualitatively or quantitatively.

  It also clarifies and simplifies the definition of a related party.

  The Group has early adopted the government-related entity exemption since the financial year beginning 1 January 2009. The clarification and simplification of the definition of a related party do not result in a material impact on the Group's unaudited condensed consolidated interim financial information.

The following new amendments and improvements to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2011, but not have any significant impact to the Group.

- Amendment to HKAS 32 'Classification of rights issues' is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

- Amendment to HK(IFRIC) — Int-14 'Prepayments of a minimum funding requirement' is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

- HK(IFRIC) — Int 19 'Extinguishing financial liabilities with equity instruments' is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA, except for amendment to HKAS 34 'Interim financial reporting' as disclosed in note 3 and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted.

- HKFRS 9 'Financial instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, as HKFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the Group recognised RMB87,490,000 of such losses in other comprehensive income.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 'Financial instruments: Recognition and measurement' and have not been changed.

- HKAS 12 (Amendment) 'Deferred tax: Recovery of underlying assets' introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment properties measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment properties measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

- HKFRS 7 (Amendment) 'Disclosures — Transfers of financial assets' introduces new disclosure requirement on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. For example, the retained exposure could be presented by type of financial instrument (such as guarantees, call or put options), or by type of transfer (such as factoring of receivables, securitisations or securities lending). The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted.

- HKFRS 10 replaces all of the guidance on control and consolidation in HKAS 27, 'Consolidated and separate financial information', and HK(SIC) — 12, 'Consolidation — special purpose entities'. HKAS 27 is renamed 'Separate financial information', and it continues to be a standard dealing solely with separate financial information. The existing guidance for separate financial information is unchanged. The standard is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

  The revised definition of control under HKFRS 10 focuses on the need to have both power and variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. The determination of power is based on current facts and circumstances and is continuously assessed. The fact that control is intended to be temporary does not obviate the requirement to consolidate any investee under the control of the investor. Voting rights or contractual rights may be evidence of power, or a combination of the two may give an investor power. Power does not have to be exercised. HKFRS 10 includes guidance on 'de facto' control, participating and protective rights and agent/principal relationships.

- HKFRS 11 changes the definitions to reduce the types of joint arrangements to two, joint operations and joint ventures. The jointly controlled assets classification in HKAS 31, 'Interests in Joint Ventures', has been merged into joint operations, as both types of arrangements generally result in the same accounting outcome. The standard is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

  A joint operation is a joint arrangement that gives parties to the arrangement direct rights to the assets and obligations for the liabilities. A joint operator will recognise its interest based on its involvement in the joint operation (that is, based on its direct rights and obligations) rather than on the participation interest it has in the joint arrangement.

  A joint venture, in contrast, gives the parties rights to the net assets or outcome of the arrangement. A joint venturer does not have rights to individual assets or obligations for individual liabilities of the joint venture. Instead, joint venturers share the net assets and, in turn, the outcome (profit or loss) of the activity undertaken by the joint venture. Joint ventures are accounted for using the equity method in accordance with HKAS 28, ‘Investments in Associates’. Entities can no longer account for an interest in a joint venture using the proportionate consolidation method.

Since the Group acquired Jin Jiang Investment and Jin Jiang Travel on 16 February 2011, the Group has not adopted any significant new accounting policies except for the following for the Jin Jiang Investment.

Intangible assets

The intangible assets of the Jin Jiang Investment mainly include the license of operating vehicles which will not be expired and need no renewal, which are carried at cost less any subsequent accumulated impairment losses.

4 TURNOVER AND SEGMENT INFORMATION

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

With the expansion of IHR Group’s hotel management operation in Mainland China, the segment of “Overseas hotels” was renamed to “IHR Group”.

Upon the completion of the Acquisition, Jin Jiang Investment and Jin Jiang Travel became subsidiaries of the Company, the Board assesses the performance of Vehicle and Logistics Business and Travel Agency Business as individual business segments, with representing comparatives in segment information.

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

(1) Star-rated hotels: ownership, operation and management of Star-rated hotels;

(2) Budget hotels: operation of self-owned budget hotels and franchising to budget hotels owned by other parties;

(3) Food and restaurants: operation of fast food or upscale restaurants, moon cake production and related investments;

(4) IHR Group (previously known as “Overseas hotels”): operation of wholly-owned hotels, hotel management services and related services under IHR Group;

(5) Vehicle 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 operation: intra-group financial services, training and education.

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

(a) Turnover

The Group's revenue which represents turnover for the six months ended 30 June 2011 is as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Star-rated hotels	**1,172,078**	1,203,123
— Accommodation revenue	**541,604**	613,015
— Food and beverage sales	**432,600**	393,863
— Rendering of ancillary services	**60,176**	60,334
— Rental revenue	**78,661**	77,432
— Sales of hotel supplies	**23,287**	28,641
— Star-rated hotel management	**35,750**	29,838
Budget hotels	**882,289**	737,791
Food and restaurants	**109,586**	95,288
IHR Group	**1,382,101**	699,788
— Accommodation revenue	**83,804**	50,245
— Food and beverage sales	**44,722**	26,739
— Rendering of ancillary services	**3,647**	2,011
— Rental revenue	**759**	492
— Hotel management	**84,791**	51,271
— Other revenue from managed properties (i)	**1,164,378**	569,030
Vehicle and logistics	**1,570,559**	1,497,843
— Vehicle operating	**667,478**	601,160
— Trading of automobile	**250,608**	283,001
— Refrigerated logistics	**48,987**	38,630
— Freight forwarding	**594,069**	564,068
— Others	**9,417**	10,984
Travel agency	**797,720**	840,797
— Travel agency	**775,300**	818,827
— Others	**22,420**	21,970
Other operation	**16,856**	16,205
	5,931,189	5,090,835

(i) The other revenue and other expenses from managed properties represent the expenses incurred in managing the hotel properties for which IHR Group is contractually reimbursed by the property owner and generally include salary and employee benefits for the employees working in the properties and certain other related costs. The reimbursable amounts are recorded as revenue and cost of sales, respectively, with zero effect on operating profit.

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.

(b) Segment information

The segment results for the six months ended 30 June 2011 are as follows:

	Star-rated hotels *RMB'000*	Budget hotels *RMB'000*	Food and restaurants *RMB'000*	IHR Group *RMB'000*	Vehicle and logistics *RMB'000*	Travel agency *RMB'000*	Other operation *RMB'000*	The Group *RMB'000*
External sales *(note 4(a))*	1,172,078	882,289	109,586	1,382,101	1,570,559	797,720	16,856	5,931,189
Including: other revenue from managed properties	—	—	—	1,164,378	—	—	—	1,164,378
Inter-segment sales	1,529	298	—	—	1,209	167	45,870	49,073
Total gross segment sales	1,173,607	882,587	109,586	1,382,101	1,571,768	797,887	62,726	5,980,262
Profit for the period	7,268	87,594	66,678	(7,463)	168,490	10,256	47,595	380,418
Other income	13,572	8,744	44,427	1,012	29,284	3,279	63,432	163,750
Including: interest income	821	2,140	467	1,012	5,117	2,021	745	12,323
Depreciation of property, plant and equipment	(182,312)	(139,870)	(5,520)	(19,603)	(136,619)	(3,237)	(679)	(487,840)
Depreciation and amortization of investment properties	(78)	—	—	—	(303)	(2,143)	—	(2,524)
Amortization of land use rights	(14,121)	(2,815)	(51)	—	(988)	(14)	(147)	(18,136)
Amortization of intangible assets	(1,342)	(3,568)	(249)	(10,763)	(8)	(259)	(3,398)	(19,587)
Provision for inventories *(note 5)*	(98)	—	—	—	—	—	—	(98)
(Provision for)/reversed of impairment of trade and other receivables *(note 5)*	(440)	—	—	281	(2,341)	14	—	(2,486)
Finance costs	(22,532)	—	59	(22,565)	(4,390)	268	—	(49,160)
Share of results of associates	2,303	—	28,189	12,542	45,760	(1,247)	4	87,551
Income tax expense *(note 6)*	(547)	(27,837)	123	(376)	(36,040)	(3,479)	(8,182)	(76,338)
Capital expenditure	95,492	189,228	8,509	86,022	247,134	2,885	207	629,477

The restated segment results for the six months ended 30 June 2010 are as follows:

	Star-rated hotels *RMB'000*	Budget hotels *RMB'000*	Food and restaurants *RMB'000*	IHR Group *RMB'000*	Vehicle and logistics *RMB'000*	Travel agency *RMB'000*	Other operation *RMB'000*	The Group *RMB'000*
External sales *(note 4(a))*	1,203,123	737,791	95,288	699,788	1,497,843	840,797	16,205	5,090,835
Including: other revenue from managed properties	—	—	—	569,030	—	—	—	569,030
Inter-segment sales	5,024	1,309	172	—	4,021	—	35,661	46,187
Total gross segment sales	1,208,147	739,100	95,460	699,788	1,501,864	840,797	51,866	5,137,022
Profit for the period	37,063	76,952	72,752	(19,748)	165,176	28,008	57,047	417,250
Other income	9,500	6,944	40,846	21	17,378	6,505	94,009	175,203
Including: interest income	606	1,909	553	21	4,343	1,959	1,675	11,066
Depreciation of property, plant and equipment	(159,897)	(115,709)	(4,677)	(9,833)	(124,338)	(3,193)	(537)	(418,184)
Depreciation and amortization of investment properties	(78)	—	—	—	(303)	(2,143)	—	(2,524)
Amortization of land use rights	(14,121)	(2,703)	(51)	—	(1,254)	(14)	(147)	(18,290)
Amortization of intangible assets	(1,687)	(510)	(34)	(5,301)	(8)	(29)	(3,954)	(11,523)
Reversal of inventories written-down *(note 5)*	1	—	—	—	—	—	—	1
Reversal of/(provision for) impairment of trade and other receivables *(note 5)*	352	—	—	—	(942)	—	—	(590)
Provision for impairment of available-for-sales financial assets *(note 5)*	—	—	—	—	—	—	(11,000)	(11,000)
Finance costs	(16,292)	(6,040)	146	(17,229)	(2,739)	(473)	—	(42,627)
Share of results of associates	2,690	—	39,414	(782)	46,616	1,371	(1,237)	88,072
Income tax expense *(note 6)*	(21,969)	(24,691)	(14)	(1,460)	(27,536)	(7,874)	(1,670)	(85,214)
Capital expenditure	197,714	126,943	1,413	1,035,221	314,527	1,816	489	1,678,123

The segment assets as at 30 June 2011 are as follows:

	Star-rated hotels *RMB'000*	**Budget hotels** *RMB'000*	**Food and restaurants** *RMB'000*	**IHR Group** *RMB'000*	**Vehicle and logistics** *RMB'000*	**Travel agency** *RMB'000*	**Other operation** *RMB'000*	**The Group** *RMB'000*
Segment assets	**5,705,136**	**3,587,644**	**177,437**	**1,444,135**	**2,982,600**	**1,357,857**	**2,255,032**	**17,509,841**
Investments in associates	**57,133**	**—**	**164,574**	**48,762**	**297,191**	**38,076**	**3,222**	**608,958**
Total assets	**5,762,269**	**3,587,644**	**342,011**	**1,492,897**	**3,279,791**	**1,395,933**	**2,258,254**	**18,118,799**

The restated segment assets as at 31 December 2010 are as follows:

	Star-rated hotels *RMB'000*	Budget hotels *RMB'000*	Food and restaurants *RMB'000*	IHR Group *RMB'000*	Vehicle and logistics *RMB'000*	Travel agency *RMB'000*	Other operation *RMB'000*	The Group *RMB'000*
Segment assets	5,978,266	3,545,193	180,374	1,322,599	2,881,971	1,437,828	2,417,161	17,763,392
Investments in associates	46,360	—	213,719	44,446	334,685	38,970	3,357	681,537
Total assets	6,024,626	3,545,193	394,093	1,367,045	3,216,656	1,476,798	2,420,518	18,444,929

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the unaudited condensed consolidated interim income statement.

Unallocated costs which mainly represent corporate expenses are included in the segment of "Other operation".

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, intangible assets, available-for-sale financial assets, deferred income tax assets, inventories, financial assets held for trading, other current assets, trade and other receivables, restricted cash and cash and cash equivalent. They also include goodwill recognized arising from acquisition of subsidiaries relating to respective segments.

Capital expenditure comprises additions to property, plant and equipment, investment properties, land use rights and intangible assets. Capital expenditure for the six months ended 30 June 2010 also included additions resulting from acquisition of a jointly controlled entity.

5 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Employee benefit expense	**1,067,069**	990,694
Other expenses from managed properties *(note 4(a))*	**1,164,378**	569,030
Cost of inventories sold	**1,337,107**	1,351,088
Transportation expenses	**552,169**	535,253
Depreciation of property, plant and equipment	**487,840**	418,184
Utility cost and consumables	**344,721**	291,252
Business tax, property tax and other tax surcharges	**188,108**	165,718
Operating leases — land and buildings	**166,597**	135,570
Repairs and maintenance	**61,686**	66,829
Laundry costs	**27,247**	25,086
Telecommunication expenses	**19,980**	13,746
Amortisation of intangible assets	**19,587**	11,523
Amortisation of land use rights	**18,136**	18,290
Commission to travel agency	**13,659**	16,833
Advertising fee	**12,421**	16,748
Pre-operation expenses	**12,370**	24,345
Entertainment expenses	**11,210**	12,985
Auditors' remuneration	**3,958**	2,845
Depreciation of investment properties	**2,524**	2,524
Provision for impairment of trade and other receivables	**2,486**	590
Provision for/(reversal of) inventories write-down	**98**	(1)
Transaction cost in connection with the acquisition of IHR Group	**—**	11,757
Provision for impairment of available-for-sale financial assets	**—**	11,000
Others	**124,377**	100,539
	5,637,728	4,792,428

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
		(Restated)
Mainland China current income tax ("CIT")	**110,057**	110,370
Mainland China deferred income tax	**(34,095)**	(26,616)
US current income tax	**376**	1,460
	76,338	85,214

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 2011 (the six months ended 30 June 2010: 25%) as determined in accordance with the Corporate Income Tax Law of PRC and the Detail Implementation Regulations except for as described below.

The Company, Jin Jiang Hotels Development, Shanghai Jin Jiang International Hotel Investment Company Limited, Jin Jiang International Hotel Management Company Limited, New Asia Café de Coral, Shanghai Jinhua Hotel Co., Ltd. and Shanghai Jin Jiang Tomson Hotel Company Limited, Jin Jiang Investment, JHJ International Transaction, Shanghai Zhen Dong Automobile Service Co., Ltd., and Shanghai Jin Mao Jin Jiang Automobile Service Co., Ltd. were registered in Shanghai Pudong New Area and entitled to the preferential income tax rates of 24% for the six months ended 30 June 2011 (the six months ended 30 June 2010: 22%).

Hong Kong profits tax is provided at a rate of 16.5% on the estimated assessable profits of Group's subsidiary incorporated in Hong Kong for the six months ended 30 June 2011 (the six months ended 30 June 2010: 16.5%). For the six months ended 30 June 2011, the Group's subsidiary incorporated in Hong Kong did not have assessable profit and therefore has not provided for any Hong Kong profits tax.

US income tax is provided at a rate of 35% on the estimated assessable profits of Group's subsidiary and jointly controlled entities incorporated in US for the six months ended 30 June 2011 (the six months ended 30 June 2010: 35%).

7 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2011	2010
		(Restated)
Profit attributable to the shareholders of the Company *(RMB'000)*	**165,221**	188,163
Weighted average number of ordinary shares in issue *(thousands)*	**5,566,000**	5,566,000
Basic earnings per share *(RMB cents)*	**2.97**	3.38

Basic earnings per share for the six months ended 30 June 2011 and 2010 have been computed by dividing the profit attributable to the shareholders of the Company for the six months ended 30 June 2011 and 2010 by 5,566,000,000 ordinary shares outstanding upon completion of the Acquisition, as if such shares had been outstanding for all periods presented.

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

8 DIVIDENDS

The final dividend for the year 2010 of RMB2.2 cents (2009 final dividend: RMB2.0 cents) per share, totalling RMB122,452,000 (2009 final dividend: RMB91,300,000) was paid subsequently in July 2011. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (the six months ended 30 June 2010: nil).

9 TRADE AND OTHER RECEIVABLES

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000* (Restated)
Current portion of trade and other receivables		
Trade receivables	**461,670**	448,425
Less: provision for impairment of trade receivables	**(14,412)**	(12,094)
Trade receivables — net	**447,258**	436,331
Amounts due from related parties	**98,961**	416,128
Prepayment to a related party	**—**	231,873
Prepayments and deposits	**325,134**	312,936
Dividends receivable	**193,136**	3,837
Notes receivable	**11,267**	12,608
Others	**141,642**	133,737
Less: provision for impairment of other receivables	**(14,809)**	(14,850)
Other receivables — net	**755,331**	1,096,269
	1,202,589	1,532,600
Less: non-current portion of trade and other receivables	**(31,360)**	(32,642)
	1,171,229	1,499,958
Non-current portion of trade and other receivables	**31,360**	32,642

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

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000* (Restated)
Current to 3 months	**399,369**	382,024
3 months to 1 year	**49,011**	55,201
Over 1 year	**13,290**	11,200
	461,670	448,425

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

10 TRADE AND OTHER PAYABLES

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000* (Restated)
Current portion of trade and other payables		
Trade payables	**466,779**	488,868
Amounts due to related parties	**840,836**	657,447
Advances from customers	**654,640**	600,630
Salary and welfare payables	**363,921**	502,423
Payables for purchases of property, plant and equipment, and intangible assets	**322,802**	396,614
Dividend payable to non-controlling interests	**273,567**	20,062
Deposits from lessees and constructors	**219,885**	193,953
Accrued expenses	**121,067**	108,020
Other taxes payable	**118,108**	184,078
Payable for insurance premiums on behalf of the managed hotels	**73,890**	42,315
Notes payable	**20,427**	12,406
Others	**305,423**	284,028
	3,781,345	3,490,844
Less: non-current portion of trade and other payables	**(28,442)**	(8,030)
	3,752,903	3,482,814
Non-current portion of trade and other payables	**28,442**	8,030

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

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000* (Restated)
Current to 3 months	**376,334**	429,571
3 months to 1 year	**55,357**	57,389
Over 1 year	**35,088**	1,908
	466,779	488,868

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

11 COMMITMENTS

(a) Capital commitments

Capital expenditure at 30 June 2011 but not yet incurred is as follows:

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000* (Restated)
Acquisition of property, plant and equipment	**246,614**	169,670

(b) Operating lease commitments

The Group leases various premises, offices and machinery and also leases out space in hotels under non-cancellable operating lease agreements. The rental revenue recognized and the lease expenditure expensed in the unaudited condensed consolidated interim income statement during the six months ended 30 June 2011 is disclosed in note 4(a) and note 5, respectively.

Leases with different lessees and lessors 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 and lease payments 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:

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000* (Restated)
Not later than 1 year	**165,885**	160,577
Later than 1 year and not later than 5 years	**340,847**	313,963
Later than 5 years	**679,909**	772,485
	1,186,641	1,247,025

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

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000* (Restated)
Not later than 1 year	**312,027**	310,053
Later than 1 year and not later than 5 years	**1,191,213**	1,117,306
Later than 5 years	**2,515,629**	2,319,303
	4,018,869	3,746,662

(c) Disposal of equity interest in Chengdu Jinhe Real Estate Company Limited ("Chengdu Jinhe")

As at 30 June 2011, the Company held a 30% equity interest in Chengdu Jinhe with carrying amount of nil under equity method.

Pursuant to an agreement signed between a third party (the "Purchaser") and the Company on 28 January 2010, the Company will dispose all its 30% equity interest in Chengdu Jinhe to the Purchaser, at a consideration of approximately RMB17,760,000. The final consideration will be further negotiated based on the valuation of the 30% equity interest in Chengdu Jinhe and is not determinable as at 30 August 2011.

12 EVENT AFTER THE BALANCE SHEET DATE

Significant decrease in fair value of available-for-sale financial assets

With the significant decrease of the market prices of the listed equity investments held by the Group subsequent to the balance sheet date, the relevant fair value of available-for-sale financial assets as at 30 June 2011 decreased by RMB288,675,000 and the corresponding equity attributable to shareholders of the Company decreased by RMB108,975,000 based on the market prices as at 29 August 2011.

13 RESTATEMENT

As explained in note 1(c), the Acquisition is regarded as common control combinations and accounted for using the principles of merger accounting in accordance with the Accounting Guideline No. 5 — "Merger Accounting for Common Control Combination" issued by the HKICPA. Upon completion, the financial information of Jin Jiang Investment and Jin Jiang Travel will be included in the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2011 as if the combinations had occurred from the date when Jin Jiang Investment and Jin Jiang Travel first came under the control of Jin Jiang International. Comparative figures as at 31 December 2010 and for the six months ended 30 June 2010 were also represented on the same basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Reporting Period, the post-World Expo effect brought challenges to the hotel market in Shanghai. In particular, the competition within the Star-rated hotel market intensified. The Group responded actively by leveraging on its comprehensive and diversified asset portfolio and quality operation and management services, as well as measured such as market analysis, budget monitoring and effective cost control. During the Reporting Period, the Group realized revenue of approximately RMB5,931,189,000, representing an increase of 16.5% as compared with the same period of last year. The operating profit of the Group amounted to approximately RMB418,365,000, representing a decrease of 8.5% as compared with the same period of last year. Profit attributable to shareholders of the Company amounted to RMB165,221,000, representing a decrease of 12.2% as compared with the same period of last year.

As at 30 June 2011, the Group held or managed 795 hotels with approximately 116,000 rooms either in operation or under development, spanning across more than 170 cities in 31 provinces, autonomous regions and municipalities in China. The Group remains the leading hotel group in the PRC in terms of the number of hotel rooms offered. IHR Group and its associated companies, which the Group held a 50% interest in, managed a total of 315 hotels with more than 58,000 rooms.

The Company established a jointly controlled hotel management company with IHR Group, and has launched hotel management business in the PRC during the Reporting Period. Hotel management contracts with various hotels including Shanghai Tower J Hotel (上海中心J酒店), Shanghai Eastern Jin Jiang Hotel Company Limited (上海東錦江大酒店), Beijing Changan Hotel (北京長安大廈酒店), Wuhan Jin Jiang International Hotel (武漢錦江國際大酒店) and Chengdu Qingchengshan Resort (成都青城山度假酒店) have been signed to date.

The Company established Shanghai Jin Jiang Thayer Equity Investment Management Co., Ltd. with Thayer Group, which will develop the management business of hotel assets and other property assets in the PRC in order to enhance the liquidity of such assets, and to maintain and increase their value.

Furthermore, the Company also entered into a memorandum of understanding for a training programme with IHR Group and Thayer Group, with plans to train 100 hotel management talents for the Group within 3 years. The first group of 25 managerial staff have already completed a six-month training in the US as at the date of this announcement.

The transaction of the acquisition of 212,586,460 shares in Jin Jiang Investment (representing approximately 38.54% of the total registered capital of Jin Jiang Investment) and 66,556,270 shares in Jin Jiang Travel (representing approximately 50.21% of the total registered capital of Jin Jiang Travel) from Jin Jiang International was completed on 16 February 2011. The transaction has further enlarged the size of the Group. Through the effective consolidation of resources with Jin Jiang Investment and Jin Jiang Travel, the synergy effects of the hotel and tourism industry will be achieved under a new business model. Currently, the Group is actively promoting the consolidation of automobile related resources with Jin Jiang Investment, as well as developing the joint action plan with Jin Jiang Travel with respect to the customer sources.

Star-rated Hotels

Star-rated hotel business is one of the major sources of revenue for the Group and Shanghai is the base of the Group's business, where over 80% of our self-managed Star-rated hotels are located. During the Reporting Period, operation of Star-rated hotels contributed approximately RMB1,172,078,000 to the Group's revenue, decreasing by 2.6% as compared with the same period of last year.

The performance of the Group's Star-rated hotels in Shanghai is set out below:

	Jan–June 2011		Jan–June 2010	
	Average Occupancy Rate *(%)*	**ADR** *(RMB)*	Average Occupancy Rate *(%)*	ADR *(RMB)*
5-star hotels	**49**	**950**	62	938
4-star hotels	**56**	**604**	66	661
Commercial hotels	**44**	**385**	61	397

Notes: The statistics in the table above cover the following Star-rated hotels of the Group in Shanghai:

1. 5-star hotels: Jin Jiang Hotel, Huating Hotel & Towers, Jin Jiang Tower, Jin Jiang Tomson Hotel, Renaissance Yangtze Hotel and Peace Hotel;

2. 4-star hotels: Park Hotel, Jian Guo Hotel, Cypress Hotel, Holiday Inn Downtown Shanghai, Galaxy Hotel, Rainbow Hotel, Shanghai Hotel and Sofitel Hyland; and

3. Commercial hotels: Jin Jiang Pacific Hotel, New Asia Hotel, Metropole Hotel, Hua Ting Guest House, New Garden Hotel, Jinsha Hotel, Bai Yulan and Jin Jiang Marvel Y.M.C.A..

RevPar for hotels which the Group invested in places such as Beijing, Xi'an, Wuhan and Kunming all increased as compared with the same period of last year.

As at 30 June 2011, the Group owned and managed 113 Star-rated hotels in China with 34,000 guest rooms, of which 83 hotels were managed by third-parties.

In order to facilitate the internationalization strategy for the Group's hotel operations and to further consolidate the Group's hotel management resources, the Group launched the plan to establish Jin Jiang Hotel Management Centre during the Reporting Period. The plan was designed to further facilitate the marketization and internationalization of the business through the introduction of international operation philosophy and mechanism, and the establishment of co-ordinated and efficient hotel operation and management system, the Group aims to further facilitate the marketization and internationalization of the industry.

During the Reporting Period, the Company appointed a world-renowned brand consultation agency to act as the brand advisor of the Group's "J"-brand high-end hotel. The interior design company for the first "J"-brand hotel, Shanghai Tower Hotel (上海中心大厦酒店), was also confirmed.

After the first new-style business hotel under the new brand name of "Marvel" officially commenced operation, its brand service concept of being simple, highly efficient and of quality was rapidly recognized by the market. The Group plans to set up a Marvel Hotel Company to run the "Marvel" brand chain business hotels independently.

During the Reporting Period, the Group continued to enhance its sales system and strengthen customer relationship management. The total number of members for the Jin Jiang VIP programme was approximately 180,000. The Group has already entered into cooperative partnership with Sol Meliá Hotel Group of Spain, where each party chooses 6 member hotels to be included in the other's e-commerce website's reservation system, and sends staff to one another's hotel for trainings.

For online sales, the Group strived to facilitate centralized management for third-party distribution during the Reporting Period. Unified management with third-party distribution channels was achieved for self-managed Star-rated hotels and most hotels which were managed by third parties. In addition, the development of the connection between the major third-party distributor in China and the Group's Jin Jiang Central Reservation System (JREZ) has completed, and reservation integration was achieved. The Group continued to develop JREZ. Bookings through JREZ for about 293,000 room nights were received during the Reporting Period, representing a significant increase against the same period of last year.

Budget Hotels

The business of budget hotels of the Group includes mainly the operation of Jin Jiang Inn Budget Hotels on owned and leased properties, granting of franchises of the brand of Jin Jiang Inn to third-party hotel owners and development of budget hotels on the Group's own properties.

Budget hotels reported a fast growth in turnover during the Reporting Period, contributing approximately RMB882,289,000 to the Group's revenue, representing an increase of 19.6% as compared with the same period of last year and accounting for 14.9% of the Group's turnover. Initial and ongoing franchise fees income amounted to approximately RMB63,310,000, representing an increase of 15.1% as compared with the same period of last year.

During the Reporting Period, there were 86 newly contracted chain budget hotels including Jin Jiang Inn Budget Hotels, of which 6 were self-managed hotels and 80 were franchised hotels. As at 30 June 2011, there were a total of 682 contracted chain budget hotels (comprised of 592 Jin Jiang Inn, 67 Bestay Hotels Express, 9 Bai Yulan and 14 Jinguang Inn) with 82,000 guest rooms in aggregate. Among these contracted chain budget hotels, 476 were franchised hotels, accounting for 69.8% of all contracted chain budget hotels.

During the Reporting Period, 68 chain budget hotels entered into operation, of which 14 were self-managed hotels and 54 were franchised hotels. As at 30 June 2011, a total of 485 chain budget hotels were in operation with 62,000 guest rooms in aggregate. Among these chain budget hotels in operation, 325 were franchised hotels, accounting for 67.0% of all chain budget hotels in operation.

As at 30 June 2011, budget hotels including Jin Jiang Inn operated by the Group covered over 160 cities within 31 provinces, autonomous regions and municipalities in the PRC, of which the Bestay brand chain hotels have presence in 42 cities within 22 provinces, autonomous regions and municipalities in the PRC.

During the Reporting Period, there were 410,000 new club/VIP members of Jin Jiang Inn, so that the total number of members exceeded 2 million. A total of 540,000 Jin Jiang Inn-Bank of Communications Cards had been issued and there were over 14,000 corporate clients. Meanwhile, through the commissioning of the new paging centre and strengthening of its marketing efforts for online reservation, room reservation function was enhanced, hereby providing additional support for chain outlets.

Food and Restaurants

The Group's various brands of restaurant chains held by the Group and through Jin Jiang Hotels Development grew steadily during the Reporting Period. As at 30 June 2011, Shanghai KFC had a total of 278 outlets, representing a net increase of 12 outlets as compared with the end of 2010, and maintaining its leading position in Shanghai's fast food industry. New Asia Snacks, Shanghai Yoshinoya and Jing An Bakery had 58, 20 and 56 outlets respectively. Chinoise Story operated 2 restaurants.

IHR Group

As at the end of the Reporting Period, IHR Group and its affiliates manage a total of 315 hotel properties with more than 58,000 guest rooms located variously in 36 states of the US, the District of Columbia, Mainland China, Russia, India, Mexico, Belgium, Canada, Ireland and England.

During the Reporting Period, IHR Group contributed RMB1,382,101,000 of revenue attributable to the Group, increased by 97.5% as compared with the same period of last year, which was mainly because the Group only proportionately consolidated the results of IHR Group's business since 18 March 2010, which was the completion date of the acquisition of IHR Group. Excluding that factor, the turnover of IHR Group in the first half of this year increased by 23.8% as compared with the same period of last year. With the gradual recovery of the U.S. hotel market, the average rate of its self-owned hotel properties was USD123 with an average occupancy rate of 73%. The RevPAR was USD90, representing an increase of 12.8% compared with the same period of last year. Moreover, IHR Group carried out restructuring to its debt of USD128 million, effectively lowering its finance costs.

During the Reporting Period, IHR Group appointed Mr. Jim Abrahamson as President and Chief Operating Officer. Mr. Jim Abrahamson held senior management positions in numerous internationally-renowned hotel groups, and has rich experience in the hotel industry.

Vehicle and Logistics

During the Reporting Period, the turnover of the vehicle and logistics business was approximately RMB1,570,559,000, representing an increase of 4.9% compared with the same period of last year.

Internal modification and equipment installation were completed for the 1st phase engineering work of the "Jin Jiang Automobile Service Centre" of Jin Jiang Automobile Company, and operation commenced. With regards to the post-World Expo operating characteristics, the Group expanded channels of providing additional revenue by increasing its marketing efforts, and capturing business opportunities derived from peak passenger flow during the Spring Festival, Ching Ming Festival, and the May 1st Golden Week, etc. The Group participated in the transportation and car rental services for the 14th World Swimming Championships. The Group also increased e-commerce marketing efforts. The online car sales and car repair system were also launched by making use of the online car rental service which was previously established.

Having successfully introduced strategic investors, Cold Logistics Company actively proceeded to the acquisition of Shanghai Xintiantian Dazhong Cold Logistics Co., Ltd.'s 33% equity interest as planned, and facilitated the cooperation project with Shanghai Fisheries General Corporation. The Group enhanced efforts in searching for opportunities internally, and expanded resources related to refrigerating chamber. It increased efforts in technology modification, and completed the Wusong cold chamber — multi-purpose cold chamber (變溫庫) technology modification project, which increased market competitiveness.

JHJ International Transaction enhanced sales and marketing efforts for logistics projects, continued to carry out research and development on direct-sale customer business, characteristic business and value-added business, as well as further developed transportation business for large items, exhibition items and dangerous goods, so as to enhance market share. It enhanced water transportation network for containers along the Yangtze River route, and a direct external trade sea route from Jiujiang, Jiangxi to Incheon, Korea was opened. The central China region bonded logistics business (taking Chonqing as representative) developed rapidly. Bonded logistics businesses in places such as Beijing, Qingdao, Suzhou, Wuhan, Shanghai developed and progressed orderly, optimizing business structure.

Travel Agency

During the Reporting Period, turnover from the travel agency business was RMB797,720,000, representing a decrease of 5.1% compared with the same period of last year. The tourism industry faced rather rigorous challenges during the Reporting Period. Firstly, it is due to the entering into the correction phase after the World Expo. Secondly, it is due to the series of unexpected events, such as the occurrence of massive earthquake as well as secondary disasters such as tsunami and nuclear radiation in Japan in March 2011, which seriously affected the outbound and inbound tourism markets. The Company adjusted its operation strategies in a timely manner, and achieved good results in terms of actively expanding the tourism markets of Europe and America.

FINANCIAL INFORMATION OVERVIEW

Turnover

The Group's financial information for the Reporting Period against the same period in 2010 is set out below:

	Six months ended 30 June 2011		Six months ended 30 June 2010	
	RMB million	***Percentage of Turnover***	*RMB million*	*Percentage of Turnover*
Star-rated hotels	**1,172.1**	**19.8%**	1,203.1	23.7%
Budget Hotels	**882.3**	**14.9%**	737.8	14.5%
Food and restaurants	**109.6**	**1.8%**	95.3	1.9%
IHR Group	**1,382.1**	**23.3%**	699.8	13.7%
Vehicle and logistics	**1,570.6**	**26.5%**	1,497.8	29.4%
Travel agency	**797.7**	**13.4%**	840.8	16.5%
Other operation	**16.8**	**0.3%**	16.2	0.3%
Total	**5,931.2**	**100.0%**	5,090.8	100.0%

Star-rated Hotels

The following table sets out turnover contributions from the operating segments and different businesses of the Group's Star-rated hotels as a percentage of the Group's turnover for the Reporting Period against the same period in 2010:

	Six months ended 30 June 2011		Six months ended 30 June 2010	
	RMB million	***Percentage of Turnover***	*RMB million*	*Percentage of Turnover*
— Accommodation revenue	**541.6**	**46.2%**	613.0	51.0%
— Food and beverage sales	**432.6**	**36.9%**	393.9	32.7%
— Rendering of ancillary services	**60.2**	**5.1%**	60.3	5.0%
— Rental revenue	**78.6**	**6.7%**	77.4	6.4%
— Sales of hotel supplies	**23.3**	**2.0%**	28.7	2.4%
— Star-rated hotel management	**35.8**	**3.1%**	29.8	2.5%
Total	**1,172.1**	**100.0%**	1,203.1	100.0%

Accommodation Revenue

Accommodation revenue was mainly determined by the number of Available Rooms, Occupancy Rate and ADR of the Group's hotels. The accommodation revenue of Star-rated hotels for the Reporting Period was approximately RMB541,604,000, representing a decrease of 11.6% over the same period in 2010. It was mainly because post-World Expo, competition among Star-rated hotels further intensified. Currently, there is a situation of over supply in the industry, with a decrease in business travelers and tourists numbers. Among the inbound tourists of Shanghai, those who stayed overnight decreased by approximately 4.6% compared with the same period of last year, which directly affected accommodation revenue of Star-rated hotels.

Food and Beverage Sales

The Group's food and beverage sales primarily comprises of catering for weddings and conferences, room services for guests and other sales in bars and restaurants in the hotels. Increased prices of food and beverage and banquet increased due to the continuous increase in costs of utilities, labour and raw materials. Despite the decrease in Occupancy Rate which affected part of the food and beverage sales revenue, the good performance of the wedding banquet market contributed to the revenue from food and beverage at Star-rated hotels, which was approximately RMB432,600,000 during the Reporting Period, representing an increase of 9.8% over the same period of last year.

Rendering of Ancillary Services

The revenue from rendering of ancillary services mainly represents the turnover generated from gift shop, entertainment, laundry services and other guest services. During the Reporting Period, the revenue from rendering of ancillary services amounted to approximately RMB60,176,000, representing a decrease by approximately 0.3% as compared with the same period in 2010.

Rental Revenue

Rental revenue was mainly generated from the leasing of space at the Group's hotels for shops, showcase and other purposes. During the Reporting Period, the rental revenue was approximately RMB78,661,000, representing an increase of approximately RMB1,229,000 or approximately 1.6% compared with the same period in 2010.

Sales of hotel supplies

Turnover from guest supplies and hotel products decreased by approximately RMB5,354,000 compared with the same period in 2010, representing a decrease of approximately 18.7%. The decrease was mainly due to the decrease in business volume of Star-rated hotels.

Star-rated hotel management

The external sales revenue of the Star-rated hotel management division for the first half of 2011 amounted to approximately RMB35,750,000, representing an increase of approximately 19.8% compared with the same period of last year, which was primarily generated from management fees received for the provision of management services to Star-rated hotels not owned by the Group. The increase in hotel management projects outside Shanghai, and a steady increase in operating results of managed hotels resulted in an increase in management fees income.

Budget Hotels

Turnover of budget hotels during the Reporting Period amounted to approximately RMB882,289,000, representing an increase of approximately RMB144,498,000 or approximately 19.6% compared with the same period of last year. It was mainly due to an increase in the number of available room from 68 and 84 newly opened Jin Jiang Inn in 2011 and 2010 respectively, as well as the increase in initial franchise fees and ongoing franchise fees collected from franchisees for the grant of brand use rights and the provision of technology and management services. During the Reporting Period, revenue from initial and ongoing franchise fees amounted to approximately RMB63,310,000, representing an increase of 15.1% compared with the same period of last year.

Food and Restaurant

Revenue from food and restaurant operation was derived from New Asia Cafe de Coral, Jing An Bakery, Chinoise Story and Shanghai New Asia Food Company Limited. During the Reporting Period, total sales from the segment of food and restaurant operation amounted to approximately RMB109,586,000, representing an increase of RMB14,298,000 or approximately 15.0% compared with the same period of last year. Revenue from food and beverage in the past mainly originated from the fast food chain operations and moon cake production business, namely, New Asia Cafe de Coral, Chinoise Story and Shanghai New Asia Food Company Limited. The increase during the Reporting Period was mainly due to the growth of business of New Asia Cafe de Coral and Chinoise Story, as well as the adjustment of certain food and beverage prices because of the increase in food and beverage costs.

IHR Group

During the Reporting Period, the revenue from the IHR Group business was approximately RMB1,382,101,000, representing an increase of 97.5% over the same period of last year, of which revenue from other managed properties was approximately RMB1,164,378,000. The increase over the same period of last year was mainly because the Group completed its merger and acquisition of IHR Group from 18 March 2010, and consolidated its business into the Group.

Vehicle and Logistics

During the Reporting Period, vehicle and logistics revenue amounted to approximately RMB1,570,559,000, representing an increase of 4.9% compared with RMB1,497,843,000 in the corresponding period of last year. It was mainly attributable to the increase of 11.0% in revenue from operating vehicles and the increase of 26.8% in revenue from low-temperature logistics storage.

Travel Agency

During the Reporting Period, revenue from travel agency business was approximately RMB797,720,000, representing a decrease of approximately 5.1% compared with RMB840,797,000 for the same period of last year. This was due to the tourism market entering into the correction phase after the World Expo, and the outbound and inbound tourism markets were affected by calamities in certain regions.

Moreover, the Group also engages in other businesses in the PRC, including the provision of financial services through Jin Jiang International Finance and the operation of training schools. During the Reporting Period, revenue from such other businesses amounted to approximately RMB16,856,000, representing an increase of approximately 4.0% against the same period of last year.

Cost of Sales

Cost of sales for the Reporting Period amounted to approximately RMB4,944,077,000, representing an increase of approximately 19.4%. The increase was mainly attributable to the additional cost of sales resulted from the consolidation of IHR Group since 18 March 2010, amounting to RMB594,373,000, and the corresponding increase in commodity costs, energy and material consumption due to the business expansion and increase in chain outlets of the budget hotel segment. For the vehicle operations business of Jin Jiang Investment, owing to rise in oil prices and the expiry of vehicle purchasing concessions, which also led to increase in cost of sales. The cost of sales incurred by the IHR Group includes the cost of managed properties, being approximately RMB1,164,378,000 (same period of last year: RMB569,030,000). Such cost was in the same amount as other revenue generated from the managed properties, and therefore had no impact on operating profit.

Gross Profit

For the above reasons, the Group recorded a gross profit of approximately RMB987,112,000 for the Reporting Period, representing an increase of approximately RMB36,237,000 or approximately 3.8% as compared with the same period in 2010.

Other Income

Other income for the Reporting Period amounted to approximately RMB163,750,000 (same period in 2010: approximately RMB175,203,000), representing a decrease of 6.5% as compared with the same period of last year. The decrease was mainly attributable to the disposal of available-for-sale financial assets of RMB8,595,000 and RMB11,411,000 respectively by Jin Jiang Investment and Jin Jiang Travel in the same period of last year. At the same time, dividend of approximately RMB39,239,000 (same period in 2010: approximately RMB52,331,000) was received from Changjiang Securities for the Reporting Period. Other income for the Reporting Period also include dividend income received from KFCs in Suzhou, Wuxi and Hangzhou, amounted to approximately RMB40,986,000 (same period in 2010: approximately RMB37,114,000).

Sales and Marketing Expenses

Sales and marketing expenses for the Reporting Period, comprising primarily labour costs, travel agents commission and advertising fees, amounted to approximately RMB254,242,000 (same period in 2010: approximately RMB258,670,000), representing a decrease of approximately 1.7%. It was mainly due to the decrease in room rental revenue from Star-rated hotels compared with the same period of last year, causing a corresponding decrease in commission expenses, and the decrease in relevant advertising fees.

Administrative Expenses

Administrative expenses for the Reporting Period was approximately RMB439,409,000, representing an increase of approximately 11.6% compared with the same period of last year (same period in 2010: approximately RMB393,798,000). The increase was mainly due to an increase in labour cost besides an increase in administrative expenses of approximately RMB18,304,000 due to the completion of the acquisition of IHR Group on 18 March 2010, whereby the Group consolidated IHR Group's business.

Other Expenses

Other expenses for the Reporting Period, consisting primarily of bank charges and losses from the disposal of property, plant and equipment, was approximately RMB38,783,000 (same period in 2010: approximately RMB16,591,000), representing an increase of approximately 133.8% compared with the same period of last year. This was mainly attributable to disposal of intangible assets (management contract) by the IHR Group.

Finance Cost

Finance cost comprises of mainly interest expenses in respect of the Group's bank. During the Reporting Period, finance cost was approximately RMB49,160,000 (same period in 2010: approximately RMB42,627,000), representing an increase of approximately 15.3% over the same period of last year. The finance cost increased by approximately RMB6,533,000, with an increased finance cost of approximately RMB4,417,000 from Shanghai Jin Jiang Hotel Group (US) Limited (上海錦江國際酒店集團（美國）有限公司) and an increased finance cost of approximately RMB2,116,000 from the Company, due to the completion of the acquisition of IHR Group on 18 March 2010.

Share of Results of Associates

Results of associates primarily include results of the Group's associates Shanghai Kentucky Fried Chicken Company Limited and Shanghai Yangtze Hotel Company Limited, as well as Jin Jiang Investment and Jin Jiang Travel's associates, which mainly include Shanghai Pudong Int'l Airport Cargo Terminal Co., Ltd., Jiangsu Nanjing Long-distance Automobile (江蘇南京長途汽車) and Shanghai Oriental Airlines International Travel and Transportation CO., Ltd. (上海東方航空國際旅遊運輸有限公司). Share of results of associates for the Reporting Period amounted to approximately RMB87,551,000 (same period in 2010: approximately RMB88,072,000). This was mainly attributable to the decrease in share of results from Shanghai Yangtze Hotel Company Limited and Shanghai Kentucky Fried Chicken Company Limited by approximately RMB2,052,000 and RMB11,661,000, respectively, as compared with the same period of last year. However, the associates held by IHR Group recorded an increase of approximately RMB13,325,000 compared with the same period of last year.

Taxation

The effective tax rate for the Reporting Period was approximately 16.7% (same period in 2010: approximately 17.0%).

Net Profit

As a result of the factors described above, net profit for the Reporting Period attributable to the shareholders of the Company was approximately RMB165,221,000 (same period in 2010: approximately RMB188,163,000), representing a decrease of approximately RMB22,942,000 or approximately 12.2%.

Pledge of Assets

As at 30 June 2011, finance lease equipment of the Group's PRC companies with a net carrying amount of approximately RMB26,014,000 was pledged as security for finance lease liabilities of the Group with a carrying amount of RMB27,297,000; various types of assets of IHR Group with a net carrying value of approximately USD43,013,000 (equivalent to RMB278,363,000) was pledged as security for bank borrowing of approximately USD42,891,000 (equivalent to RMB277,577,000); trade receivables of JHJ International Transaction with a carrying amount of approximately USD1,389,000 (equivalent to RMB8,989,000) was pledged as security for bank borrowing of approximately USD1,251,000 (equivalent to RMB8,097,000); bank deposits of JHJ International Transaction with a carrying amount of RMB38,978,000 was pledged as security for bank borrowing of approximately USD6,023,000.

Gearing ratio

The gearing ratio (calculated as total borrowings divided by total assets) increased from approximately 11.82% as at 31 December 2010 to approximately 12.82% as at 30 June 2011.

GROUP DEBTS AND FINANCIAL CONDITIONS

As at 30 June 2011, the total amount of bank loans owed by the Group's PRC companies was USD16,960,000 (equivalent to approximately RMB109,758,000), which were guaranteed borrowings. The total amount of entrusted loans owed to a related party, Jin Jiang International, was RMB1,031,563,000, and the liabilities relating to finance lease for energy conservation projects amounted to RMB27,296,000.

The total amount of bank loans owed by the Group's overseas companies as at 30 June 2011 was USD163,106,000 (equivalent to RMB1,055,554,000), comprising credit loans of USD120,214,000 (equivalent to RMB777,978,000) and guaranteed loans of USD42,891,000 (equivalent to RMB277,576,000).

The Group has fulfilled all covenants under the remaining loan agreements. Outstanding borrowings as at 30 June 2011 are analyzed as follows:

(RMB'000)	Maturity of contracted borrowings outstanding as at 30 June 2011				
	Within 1 year	2 years	Between 3 and 5 years	Over 5 years	Total
Corporate bank borrowings *(RMB)*	2,750	—	—	—	2,750
Corporate bank borrowings *(USD)*	527,191	132,020	582,299	—	1,241,510
Borrowings from Jin Jiang International	130,000*	901,563**	—	—	1,031,563
Borrowings from the subsidiary of Jin Jiang International	20,000	—	—	—	20,000
Finance lease liabilities	1,333	1,690	5,754	18,519	27,296
Total	681,274	1,035,273	588,053	18,519	2,323,119

Notes * *These borrowings carry a fixed interest rate of 3.84%.*

** *These borrowings carry a fixed interest rate, of which the borrowing amounted to RMB300,000,000 with effective interest rate of 3.84% and the borrowing amounted to RMB601,563,000 with effective interest rate of 4.62%. Apart from that, all other borrowings carry interests charged at floating rates.*

TREASURY MANAGEMENT

The Group had cash and cash equivalents as at 30 June 2011 and 31 December 2010 amounting to approximately RMB2,779,360,000 and approximately RMB2,747,102,000 respectively. The cash flow is relatively sufficient.

INTEREST RATE RISK MANAGEMENT

Jin Jiang International Finance, a subsidiary of the Company, acts as a non-bank financial institution within the Group. In order to centralise cash resources and improve the efficiency of fund applications, the subsidiaries and associates of the Group deposit as much of their cash as possible in the accounts with Jin Jiang International Finance and borrow from Jin Jiang International Finance as first priority for short-term financing requirements. Hence, the Group's interest expenses of external bank borrowings have decreased.

During the Reporting Period, the Group was not subject to any exposure to significant fluctuation in exchange rate nor was it engaged in any hedging activities. The Group will actively consider the use of relevant financial instruments to manage interest rate risks and currency exchange rate risks in line with its business development.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets held by the Group included 19,723,274 shares in AVIC Real Estate (Stock code: 000043.SZ); 130,796,701 shares in Changjiang Securities (Stock code: 000783.SZ); 47,430,887 shares in Bank of Communications (Stock code: 601328.SH); 20,649,307 shares in Yuyuan Tourist Mart (Stock code: 600655.SH) and 21,002,662 shares in Pudong Development Bank (Stock code: 600000.SH) held by the Group's subsidiaries.

HUMAN RESOURCES

As at 30 June 2011, the Group had approximately 25,000 employees, representing an increase of 18.5% as compared with last year. Employee benefit expense for the Reporting Period increased by approximately RMB76,375,000 or 7.7% as compared with the same period of 2010. The employee benefit expense for existing employees comprises of basic salary, discretionary bonus and social security contributions. Currently, the Group has not set up share option schemes. The Company determines employees' remuneration according to their qualifications, experience and contribution.

CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT

The Group has implemented diversified strategies to sustain long-term development, which include the strategic redeployment of hotel assets, expansion of budget hotels, upgrading of landmark hotels, differentiated brand strategy, as well as the enhancement of hotel management standards to reinforce market leadership.

The Group will take advantage of the restructuring to speed up the development of core business, so as to create a business chain composed of hotel, passenger transportation and tourism which strives to increase the Company's value. It will be committed to improving its management standards and core competitiveness and further promoting the Group's international layout, by bringing into full play the synergies of its international mergers and acquisitions and making longterm plans with reference to the expertise and experience of its foreign partners.

The Group will further enhance its branding system, further facilitate brand segmentation and innovation, as well as building and improving the standard system, to raise the brand competiveness of the Jin Jiang hotel brand.

The Group is the leading hotel investor and operator in China. Leveraging on the benefit of its competitive advantages in hotel ownership and management, the Group is well-positioned to strengthen control over its hotels while realising potential value growth for its hotel properties. The Group will enhance future profitability through reallocation of funds to rationalise the distribution and network of its hotels.

The Group will continue to strengthen its six major platforms, namely information, finance, purchasing, marketing, human resources and management systems. Innovations will be explored in six aspects, namely business models, hotel networks, asset allocation, institutions and systems, management and corporate culture. Core competitive advantages of the Company will be enhanced in terms of brand building, network, human resources and management systems, so that it will develop into a leader in hotel and tourism industry in China with international competitiveness.

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 purchased, redeemed or sold any of its listed securities.

AUDIT COMMITTEE

The Company has established an audit committee, the principal duty of which is to review the financial controls, internal controls and risk management system of the Company. The audit committee comprises three independent non-executive Directors, namely, Mr. Xia Dawei (chairman), Mr. Sun Dajian and Mr. Yang Menghua.

Audit committee meetings were held on 24 March 2011 and 26 August 2011 respectively. The consolidated financial statements for the year ended 31 December 2010 and the unaudited condensed consolidated interim financial statements of the Group as at 30 June 2011 were respectively reviewed at such meetings. The audit committee has reviewed the unaudited condensed consolidated interim financial statements of the Group as at 30 June 2011 and agreed with the accounting treatment adopted by the Company.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules 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 for the Reporting Period, its 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 CODE ON CORPORATE GOVERNANCE PRACTICES (THE "CG 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 CG Code at all times during the Reporting Period.

INTERIM REPORT

The interim report for the Reporting Period containing information required by Appendix 16 to the Listing Rules will be sent to the shareholders of the Company and posted on the websites of the Stock Exchange and the Company (http://www.jinjianghotels.com.cn) in due course.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"ADR"	room revenue divided by rooms in use
"Available Rooms"	number of rooms available of each hotel after deducting Permanent House Use
"Board"	the board of directors of the Company
"Budget Hotels"	budget hotels in which the Group holds Substantial Hotel Interests and managed by Jin Jiang Inn, or which are owned by third parties to which Jin Jiang Inn has granted a franchise, most of which are operating under the trademarks of 锦江之星 and
"Cold Logistics Company"	Shanghai Jinjiang International Cold Logistics Development Co., Ltd.

"Commercial Hotel(s)"	hotels in which the Group holds Hotel Interests or which are owned by the third parties but managed by the Group, which have obtained or are expected to obtain 3-star or 2-star ratings according to the criteria set by the Group
"Company"	Shanghai Jin Jiang International Hotels (Group) Company Limited
"Director(s)"	the director(s) of the Company
"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 or businesses which were contributed to and operated by the Company upon its establishment
"Hotel Interests"	the equity interests held by the Group in companies engaged in hotel operations which are associated companies, jointly controlled entities or subsidiaries of the Company
"IHR"	Interstate Hotels & Resorts, Inc.
"IHR Group"	Interstate Hotels & Resorts, Inc. and its subsidiaries
"JHJ International Transaction"	JHJ International Transaction Co., Ltd.
"Jin Jiang Hotels Development"	Shanghai Jin Jiang International Hotels Development Company Limited
"Jin Jiang Inn"	Jin Jiang Inn Company Limited
"Jin Jiang International"	Jin Jiang International Holding Company Limited
"Jin Jiang International Finance"	Jin Jiang International Finance Company Limited
"Jin Jiang Investment"	Shanghai Jin Jiang International Industrial Investment Company Limited
"Jin Jiang Travel"	Shanghai Jinjiang International Travel Company Limited
"Jinjiang Automobile Company"	Shanghai Jinjiang Automobile Service Co., Ltd.
"Listing Rules"	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

"Permanent House Use"	guest rooms which have been removed from the saleable inventory for a period longer than six months
"Reporting Period"	the six months ended 30 June 2011
"RevPAR"	room revenue per Available Room
"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
"Star-Rating Standard Manual"	the star-rating standard for tourist hotels published by the National Tourism Administration of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"Thayer"	Thayer Lodging Group, Inc.
"Thayer Group"	Thayer Lodging Group, Inc. and its subsidiaries
"Total Number of Rooms"	number of available rooms per hotel

By order of the Board
Shanghai Jin Jiang International Hotels (Group) Company Limited
Kang Ming
Executive Director & Joint Company Secretary

Shanghai, the People's Republic of China, 30 August 2011

As at the date of this announcement, the executive directors are Mr. Yu Minliang, Ms. Chen Wenjun, Mr. Yang Weimin, Mr. Chen Hao, Mr. Han Min and Mr. Kang Ming, the non-executive director is Mr. Shen Maoxing, and the independent non-executive directors are Mr. Ji Gang, Mr. Xia Dawei, Mr. Sun Dajian, Dr. Rui Mingjie, Mr. Yang Menghua, Dr. Tu Qiyu, Mr. Shen Chengxiang and Mr. Lee Chung Bo.

* *The Company is registered as a non-Hong Kong company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under its Chinese name and the English name "Shanghai Jin Jiang International Hotels (Group) Company Limited".*