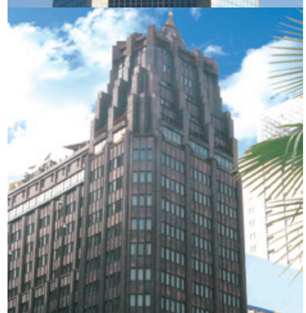
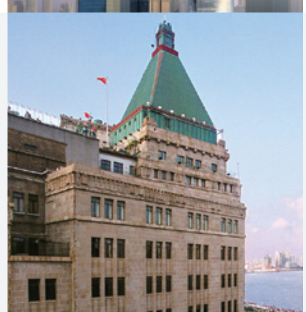




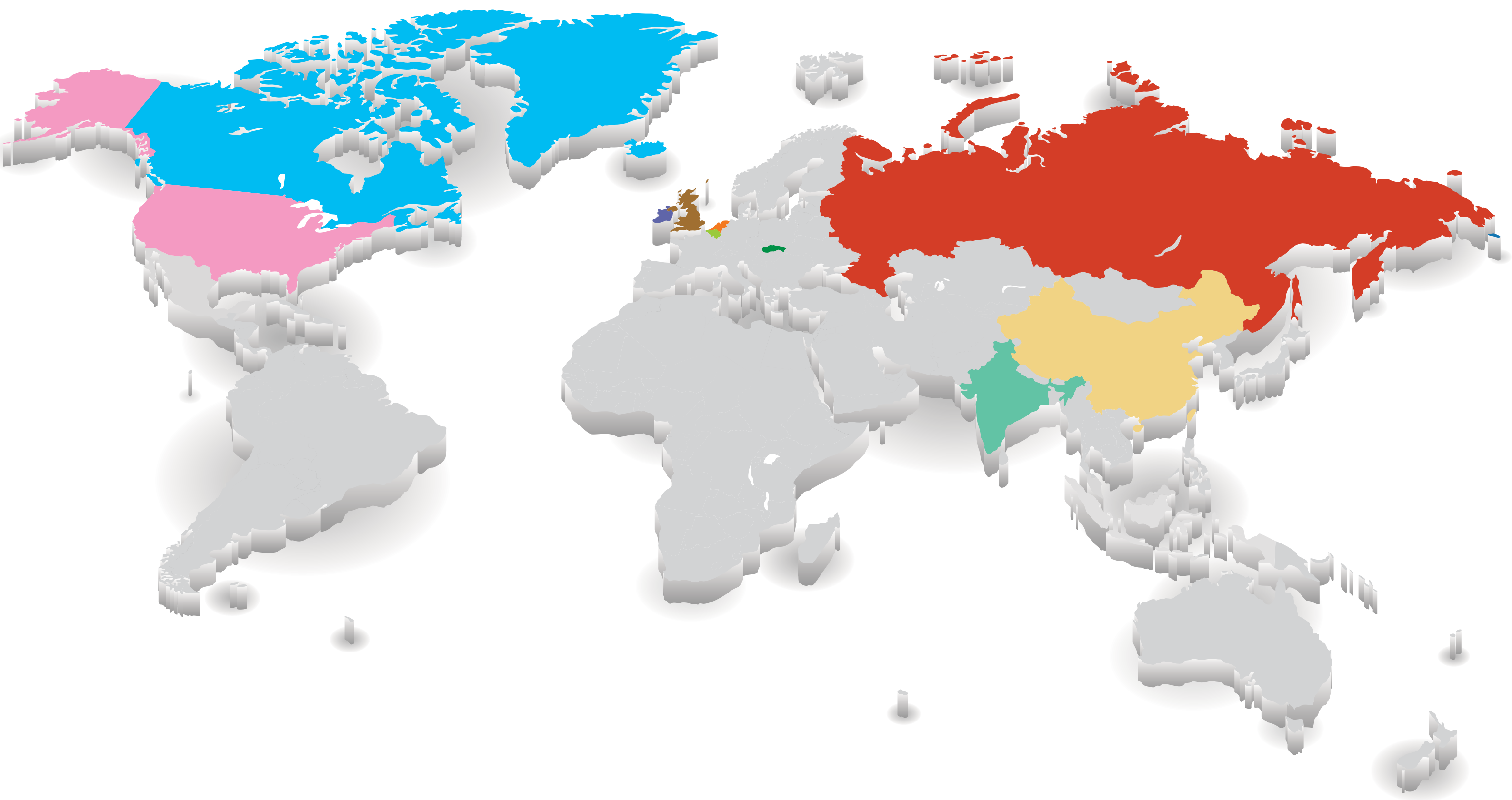
Shanghai Jin Jiang International Hotels (Group) Company Limited

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

Stock Code : 02006

ANNUAL REPORT 2013

Global Hotel Deployment



China
Number of hotels: **1,190**

India
Number of hotels: **7**

Holland
Number of hotels: **9**

US
Number of hotels: **302**

Canada
Number of hotels: **2**

Ireland
Number of hotels: **2**

UK
Number of hotels: **43**

Hungary
Number of hotels: **1**

Belgium
Number of hotels: **3**

Russia
Number of hotels: **7**

Note: Inclusive of hotels managed and owned by IHR Group.
The above map indicates approximate locations for reference only.

Contents

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Mr. Yu Minliang *(Chairman)*
Mr. Yang Weimin *(Vice Chairman, CEO)*
Ms. Chen Wenjun
Mr. Yang Yuanping
Mr. Shao Xiaoming
Mr. Han Min
Mr. Kang Ming

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Ji Gang
Mr. Sun Dajian
Dr. Rui Mingjie
Mr. Yang Menghua
Dr. Tu Qiyu
Mr. Shen Chengxiang

SUPERVISORS
Mr. Wang Xingze
(Chairman of Supervisory Committee)
Mr. Wang Guoxing
Mr. Ma Mingju
Ms. Chen Junjin
Mr. Zhou Qiquan
Ms. Zhou Yi

AUTHORIZED REPRESENTATIVES
Mr. Yang Weimin
Mr. Kang Ming

JOINT COMPANY SECRETARIES
Mr. Kang Ming
Ms. Ma Sau Kuen Gloria
(Resigned on 28 March 2014)
Ms. Mok Ming Wai
(Appointed on 28 March 2014)

QUALIFIED ACCOUNTANT
Dr. Ai Gengyun

NOMINATION COMMITTEE
Mr. Yu Minliang *(Chairman)*
Dr. Rui Mingjie
Dr. Tu Qiyu

AUDIT COMMITTEE
Mr. Yang Menghua *(Chairman)*
Mr. Sun Dajian
Mr. Ji Gang

REMUNERATION COMMITTEE
Mr. Ji Gang *(Chairman)*
Mr. Yang Weimin
Mr. Shen Chengxiang

STRATEGIC INVESTMENT COMMITTEE
Mr. Yang Weimin *(Chairman)*
Mr. Han Min
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 and Wood

CHINESE NAME OF THE COMPANY
上海錦江國際酒店（集團）股份有限公司

ENGLISH NAME OF THE COMPANY
Shanghai Jin Jiang International Hotels (Group) Company Limited

H SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

INVESTOR AND MEDIA RELATIONS CONSULTANT
iPR Ogilvy Limited

PRINCIPAL BANKERS
Industrial and Commercial Bank of China, Shanghai Branch
Bank of Communications, Shanghai Branch

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

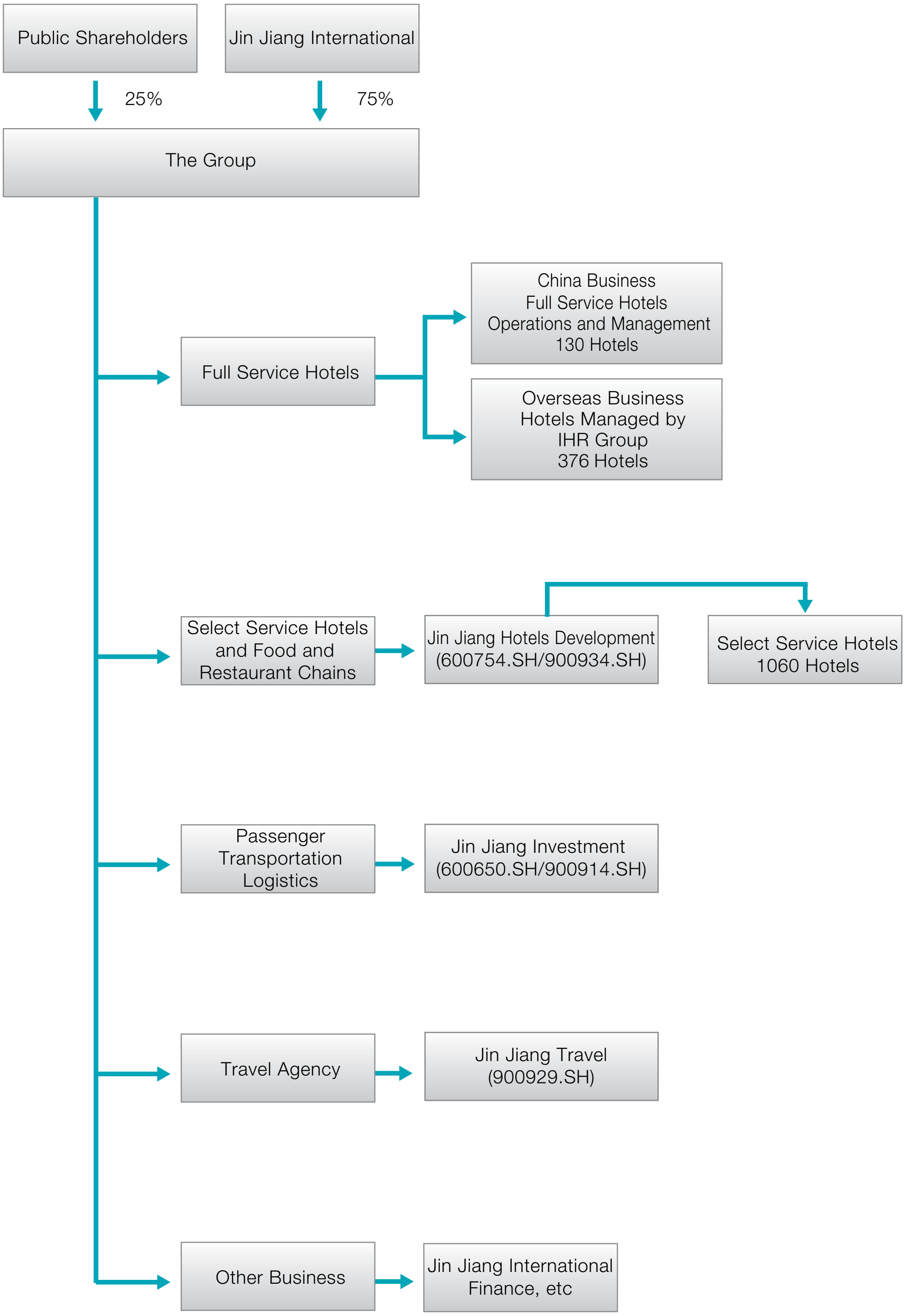
PRINCIPAL PLACES OF BUSINESS IN THE PRC
26/F., Union Building
No. 100 Yan'an East Road
Shanghai, the PRC

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:
JIN JIANG HOTELS
Stock code: 02006
Website: www.jinjianghotels.com.cn
Tel: (86-21) 6326 4000
Fax: (86-21) 6323 8221

CORPORATE STRUCTURE

The following graph sets out the major subsidiaries, joint ventures and associated companies of the Company as at 31 December 2013:



INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP 1 — STATISTICS OF ALL HOTELS

All hotels (As of 31 December 2013)	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	
	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms
Hotel Category										
Full Service Hotels										
— 5-star hotels	5	2,472	2	940	71	22,910	—	—	78	26,322
— 4-star hotels	11	4,084	2	932	34	7,983	—	—	47	12,999
Sub-total	16	6,556	4	1,872	105	30,893	—	—	125	39,321
Commercial Hotels	4	720	—	—	1	235	—	—	5	955
Total number of Full Service Hotels	20	7,276	4	1,872	106	31,128	—	—	130	40,276
Select Service Hotels	276	38,301	—	—	—	—	784	86,716	1,060	125,017
Total	296	45,577	4	1,872	106	31,128	784	86,716	1,190	165,293

* Excluding hotels managed by IHR Group outside the PRC.

INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP 2 — STATISTICS OF HOTELS IN OPERATION

In operation (As of 31 December 2013)	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 in operation	
	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms
Hotel Category										
Full Service Hotels										
— 5-star hotels	5	2,472	2	940	39	13,894	—	—	46	17,306
— 4-star hotels	11	4,084	2	932	30	6,981	—	—	43	11,997
Sub-total	16	6,556	4	1,872	69	20,875	—	—	89	29,303
Commercial Hotels	4	720	—	—	1	235	—	—	5	955
Total number of Full Service Hotels	20	7,276	4	1,872	70	21,110	—	—	94	30,258
Select Service Hotels	239	33,553	—	—	—	—	589	67,013	828	100,566
Total	259	40,829	4	1,872	70	21,110	589	67,013	922	130,824

* Excluding hotels managed by IHR Group outside the PRC.

INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP 3 — STATISTICS OF HOTELS UNDER DEVELOPMENT

Under development (As of 31 December 2013)	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 under development	
	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms
Hotel Category										
Full Service Hotels										
— 5-star hotels	—	—	—	—	32	9,016	—	—	32	9,016
— 4-star hotels	—	—	—	—	4	1,002	—	—	4	1,002
Sub-total	—	—	—	—	36	10,018	—	—	36	10,018
Commercial Hotels	—	—	—	—	—	—	—	—	—	—
Total number of Full Service Hotels	—	—	—	—	36	10,018	—	—	36	10,018
Select Service Hotels	37	4,748	—	—	—	—	195	19,703	232	24,451
Total	37	4,748	—	—	36	10,018	195	19,703	268	34,469

* Excluding hotels managed by IHR Group outside the PRC.

INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP 4 — STATISTICS OF REGIONAL DISTRIBUTION

Province/autonomous region/ municipality		In operation				Under development			
		Full Service Hotels		Select Service Hotels		Full Service Hotels		Select Service Hotels	
		Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms
Eastern region	Shanghai	30	11,281	105	13,612	1	268	23	2,304
	Zhejiang	2	631	60	6,726	4	1,278	15	1,477
	Jiangsu	9	2,476	143	16,008	7	1,974	34	3,495
	Anhui	2	396	21	2,430	1	200	7	755
	Shandong	5	1,612	82	8,890	1	248	7	746
Northern region	Beijing	15	4,547	50	6,437	2	598	8	917
	Tianjin	—	—	15	1,963	1	200	9	946
	Hebei	3	591	29	3,484	3	671	10	1,046
	Liaoning	3	925	37	4,663	1	300	14	1,485
	Jilin	—	—	13	1,674	—	—	6	601
	Heilongjiang	2	696	9	1,069	1	300	2	181
Central region	Henan	3	901	33	4,358	2	520	10	1,022
	Hubei	2	768	25	3,554	1	300	4	376
	Hunan	1	300	9	1,249	1	280	4	411
	Jiangxi	3	735	15	1,854	—	—	4	390
	Guangxi	—	—	5	689	—	—	1	111
Southern region	Fujian	1	320	26	3,264	2	633	11	1,220
	Guangdong	1	350	31	3,951	—	—	11	1,185
	Hainan	1	243	3	522	—	—	6	665
Northwestern region	Shanxi	1	115	32	3,919	—	—	5	488
	Shaanxi	3	880	26	3,458	—	—	7	928
	Gansu	1	236	5	505	—	—	—	—
	Qinghai	—	—	5	435	—	—	1	88
	Xinjiang	—	—	3	311	2	629	4	457
	Inner Mongolia	2	1,120	12	1,616	2	720	11	1,240
	Ningxia	—	—	5	553	—	—	—	—
Southwestern region	Chongqing	1	315	2	257	—	—	1	166
	Sichuan	1	250	14	1,765	1	120	7	736
	Guizhou	1	250	8	831	1	320	—	—
	Yunnan	1	320	4	450	2	459	9	895
	Tibet	—	—	1	69	—	—	1	120

* Excluding hotels managed by IHR Group outside the PRC.

INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP 5 — STATISTICS OF HOTELS OWNED AND MANAGED BY IHR GROUP AS OF 31 DECEMBER 2013

	Number of hotels	Total Number of Rooms
USA	302	59,606
UK	43	4,906
Holland	9	1,463
India	7	740
Russia	7	2,031
China	6	2,372
Belgium	3	329
Canada	2	570
Ireland	2	376
Hungary	1	136
Total	382	72,529

INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP 6 — LIST OF FULL SERVICE HOTELS IN WHICH THE GROUP HOLDS SUBSTANTIAL INTERESTS

Name of hotel	Effective interests held by the Company	Number of rooms	Address
5-star hotels			
Shanghai Jin Jiang Hotel	100.00%	442	No. 59, Maoming South Road, Shanghai, the PRC
Shanghai Peace Hotel	100.00%	270	No. 20, Nanjing East Road, Shanghai, the PRC
Shanghai Jin Jiang Tower	100.00%	582	No. 161, Changle Road, Shanghai, the PRC
Shanghai Jin Jiang Tomson Hotel	50.00%	398	No. 777, Zhangyang Road, Shanghai, the PRC
Shanghai Yangtze Hotel	40.00%	540	No. 2099, Yan'an West Road, Shanghai, the PRC
Beijing Kunlun Hotel	47.41%	646	No. 2, Xinyuan South Road, Beijing, the PRC
Wuhan Jin Jiang International Hotel	100.00%	407	No. 707, Jianshi Avenue, Wuhan, Hubei Province, the PRC
4-star hotels			
Shanghai Park Hotel	100.00%	261	No. 170, Nanjing West Road, Shanghai, the PRC
Shanghai Jian Guo Hotel	65.00%	455	No. 439, Caoxi North Road, Shanghai, the PRC
Shanghai Galaxy Hotel	100.00%	666	No. 888, Zhongshan West Road, Shanghai, the PRC
Shanghai Rainbow Hotel	100.00%	640	No. 2000, Yan'an West Road, Shanghai, the PRC
Shanghai Cypress Hotel	100.00%	149	No. 2419, Hongqiao Road, Shanghai, the PRC
Shanghai Hotel	100.00%	527	No. 505, Wulumuqi North Road, Shanghai, the PRC
Shanghai Jing An Hotel	100.00%	228	No. 370, Huashan Road, Jingan District, Shanghai, the PRC
Shanghai Sofitel Hotel	66.67%	401	No. 505, Nanjing East Road, Shanghai, the PRC
Holiday Inn Downtown Shanghai	100.00%	531	No. 585, Hengfeng Road, Shanghai, the PRC
Wuxi Jin Jiang Grand Hotel	25.00%	353	No. 218, Zhongshan Road, Chongan District, Wuxi, Jiangsu Province, the PRC
Kunming Jin Jiang Hotel	99.83%	320	No. 98, Beijing Road, Kunming, Yunnan Province, the PRC
West Capital International Hotel	100.00%	216	No. 135, West Street, Lianhu District, Xi'an, Shaanxi Province, the PRC
Jiangsu Nanjing Hotel	40.00%	309	No. 259, Zhongshan North Road, Nanjing, Jiangsu Province, the PRC
Commercial Hotels			
Shanghai Pacific Hotel	100.00%	189	No. 108, Nanjing West Road, Shanghai, the PRC
Shanghai New Garden Hotel	57.00%	310	No. 1900, Hongqiao Road, Shanghai, the PRC
Shanghai Marvel Y.M.C.A. Hotel	100.00%	142	No. 123, Xizang South Road, Shanghai, the PRC

Note: Substantial interests refer to 20% (including 20%) or more equity interests held by the Group

MAJOR AWARDS

MAJOR AWARDS RECEIVED BY THE GROUP IN 2013

• Best Local Chain Hotel Group in Greater China Market	"6th TTG China Travel Annual Awards"
• Best Oversea Communication Award	"PR Newswire"
• Top Ten International Hotel Management Company	"13th Golden Horse Award of China Hotel"
• 2013 Most Influential Hotel Brand	"Meadin.COM"
• Best Asia Hotel Chain Group	"2013 Asia Hotel Forum"
• China Business Network — Annual Award for Leader of Business Travel	"China Business Network"
• Most Influential International Hotel Brand Award	"6th China Hotel Golden Dragon Award"
• Hotels of Excellent Quality in China 2013 — Jin Jiang Inn	"China Hotels Association"
• Outstanding Budget Hotel Brand in China 2013 — Jin Jiang Inn	"Hotel Modernization Magazine"
• Franchise Innovation of China Award — Jin Jiang Inn	"China Chain Operations Association"
• 2013 Top Global Hotel in Customer Satisfaction — Jin Jiang Inn	"Market Metrix"

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
"Commercial Hotels"	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
"Franchisee(s)"	third party(ies) who have entered into franchise agreement(s) with the Group for the license to use the Jin Jiang trademark or Jin Jiang Inn trademark
"Full Service Hotels"	hotels which are based on comprehensive hotel functions and facilities, and provide all-rounded quality services for guests
"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
"Hotel Interests"	the equity interests held by the Group in companies engaged in hotel operations which are associated companies, joint ventures or subsidiaries of the Company
"Hua Ting Hotel and Towers"	Shanghai Hua Ting Hotel and Towers Company Limited
"IHR"	Interstate Hotels & Resorts, Inc.
"IHR Group"	IHR and its subsidiaries
"IHR China"	Interstate (China) Hotels & Resorts Co., Ltd.
"Jin Jiang Hotels Development"	Shanghai Jin Jiang International Hotels Development Company Limited
"Jin Jiang Hotel Investment"	Shanghai Jin Jiang International Hotel Investment Company Limited
"Jin Jiang Inn"	Jin Jiang Inn Company Limited
"Jin Jiang Inn 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 Ji INN
"Jin Jiang International"	Jin Jiang International Holdings Company Limited
"Jin Jiang International Finance"	Jin Jiang International Finance Company Limited
"Jin Jiang International Investment"	Shanghai Jin Jiang International Investment & Management Company Limited
"Jin Jiang Investment"	Shanghai Jin Jiang International Industrial Investment Company Limited
"Jin Jiang Travel"	Shanghai Jin Jiang International Travel Co., Ltd.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Jin Yun Company"	Shanghai Jin Yun Assets Management Co., Ltd.
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Luxury Hotels"	hotels in which the Group holds Hotel Interests or which are owned by third parties but managed by the Group which have obtained or are expected to obtain 5-star or 4-star ratings, according to the criteria set by the Group
"Occupancy Rate"	rooms in use divided by Available Rooms for a given period
"Permanent House Use"	guest rooms which have been removed from the rentable inventory for a period longer than six months
"Prospectus"	the prospectus issued by the Company on 30 November 2006
"Reporting Period"	the period from 1 January 2013 to 31 December 2013
"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
"Star-Rating Standard Manual"	the star-rating standard for tourist hotels published by the National Tourism Administration of the PRC
"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
"Substantial Hotel Interests"	the equity interests held by the Group in companies engaged in hotel operations which are joint ventures or subsidiaries of the Company
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Total Number of Rooms"	number of available rooms per hotel
"US$"	United States Dollars, the lawful currency of the United States

FINANCIAL HIGHLIGHTS

	2013	2012 (Restated)*	2011	2010 (Restated)**	2009
Items of Consolidated Income Statement (RMB million)					
Revenue	**9,288**	9,004	12,653	11,824	3,321
Profit attributable to shareholders of the Company	**444**	317	536	387	82
Earnings per share of profit attributable to shareholders of the Company (RMB cents)	**7.97**	5.70	9.63	6.96	2.60
Items of Consolidated Balance Sheet (RMB million)					
Total assets	**21,836**	18,129	18,266	18,445	12,762
Total liabilities	**9,886**	5,994	6,412	6,453	3,117
Total equity	**11,950**	12,135	11,854	11,992	9,645
Total equity attributable to the shareholders of the Company	**7,566**	7,312	7,175	7,839	7,628
Item of Consolidated Statement of Cash Flows (RMB million)					
Net cash generated from operating activities	**2,044**	898	1,307	1,503	561
Non-HKFRS Financial Information					
Proposed dividends (RMB million)	**250**	167	223	122	91
Proposed dividend per share (RMB cents)	**4.50**	3.00	4.00	2.20	2.00
Earnings before interests, taxes, depreciation and amortization ("EBITDA") (RMB million)	**2,360**	1,919	2,177	2,046	952
Total equity per share (RMB)	**2.15**	2.18	2.13	2.15	2.11
Total equity per share attributable to the shareholders of the Company (RMB)	**1.36**	1.31	1.29	1.72	1.67
Gearing ratio	**17.7%**	11.0%	13.0%	11.8%	8.4%
Capital expenditure	**2,702**	727	2,543	2,484	1,245

* Hong Kong Financial Reporting Standards ("HKFRS") 11 "Joint arrangements" has been adopted by the Group since 1 January 2013. Investments in joint ventures shall be accounted for by using equity method and proportional consolidation of joint ventures is no longer applied. In addition, the financial information for the year ended 31 December 2012 and as at 31 December 2012 has been restated.

** Upon the completion of the business combination under common control in 2011, the financial statements line items of Jin Jiang Investment and Jin Jiang Travel were included in the consolidated financial statements of the Group for the year ended 31 December 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 year ended 31 December 2010 were restated on the same basis.

OPERATIONAL STATISTICS

	2013	2012 (Restated)
Average Occupancy Rate		
Full Service Hotels	**65%**	63%
— 5-star Luxury Hotels	**63%**	62%
— 4-star Luxury Hotels	**67%**	65%
Select Service Hotels	**83%**	86%
Average room rate (RMB)		
Full Service Hotels	**577**	602
— 5-star Luxury Hotels	**745**	776
— 4-star Luxury Hotels	**468**	490
Select Service Hotels	**187**	186
RevPAR (RMB)		
Full Service Hotels	**374**	382
— 5-star Luxury Hotels	**472**	480
— 4-star Luxury Hotels	**312**	319
Select Service Hotels	**155**	160

Notes:

1. 5-star Luxury Hotels include: Jin Jiang Hotel, Peace Hotel, Wuhan Jin Jiang International Hotel, Hua Ting Hotel and Towers, Jin Jiang Tower, Jin Jiang Tomson Hotel and Yangtze Hotel.

2. 4-star Luxury Hotels include: Park Hotel, Jian Guo Hotel, Cypress Hotel, Holiday Inn Downtown Shanghai, Galaxy Hotel, Rainbow Hotel, Shanghai Hotel, Shanghai Jing An Hotel, Jiangsu Nanjing Hotel, West Capital International Hotel and Kunming Jin Jiang Hotel.

3. Select Service Hotels include hotels under the following brands: Jin Jiang Metropolo, Jin Jiang Inn, Bestay Hotels Express, Jinguang Inn and Yulan.

4. Three hotels, namely Beijing Kunlun Hotel, Sofitel Hyland and Wuxi Jin Jiang Grand Hotel, were excluded from the scope of operational statistics for Full Service Hotels as their average room rates and occupancy rates were affected by the extensive renovation and modification work conducted during the period from 2011 to 2013 and the data for the same period is therefore not comparable.

5. New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel were excluded from the scope of operational statistics for Full Service Hotels as they were re-designated as Select Service Hotels in 2013 and the data for the same period is therefore not comparable.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present on behalf of the Board of Shanghai Jin Jiang International Hotels (Group) Company Limited (the "Company" or "Jin Jiang Hotels") the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013.

In 2013, the Group enhanced the operating efficiency of its hotels and achieved stable business growth amid an increasingly competitive marketplace, as it focused its efforts on quality and efficiency enhancement with a strong emphasis on asset structure adjustments, optimization of staff allocation and management upgrades, while endeavours were also being made to improve its branding system, commence asset transactions, resource consolidation and centralization of treasury and strengthen cross-marketing with e-commerce platforms.

The Group reported revenue of approximately RMB9.29 billion in 2013, representing an increase of approximately 3.2% compared to the corresponding period of last year. Operating profit and profit for the year attributable to the shareholders of the Company amounted to approximately RMB1.29 billion and RMB444 million, respectively, representing growth of approximately 71.6% and 40%, respectively. To reward shareholders for their longstanding support, the Board proposed a final dividend of RMB4.5 cents per share (tax inclusive) (2012: RMB3.0 cents).

ONGOING EXPANSION OF OUR HOTEL NETWORK

As China's leading hotel operator and manager, the Group continued to expand its hotel operations during the Reporting Period. The Group owned or managed a total of 1,566 hotels with over 235,000 rooms in aggregate, comprising close to 1,200 hotels with 165,000 rooms in the PRC in about 280 cities in 31 provinces, autonomous regions and municipalities in the PRC, and close to 400 hotels with more than 70,000 rooms overseas in 10 countries including the United States, Russia, the United Kingdom and Holland. In terms of the number of rooms, the Group ranked the ninth in the global hotel group ranking as published by HOTELS Magazine.

IMPROVING OUR BRAND REGIME WITH ENHANCED INTERNET MARKETING

During the Reporting Period, the Group further streamlined its branding system by positioning its hotels as either "Full Service Hotels" or "Select Service Hotels". Five 3-star hotels were converted, while a new brand, "Jin Jiang Metropolo" was created as a Select Service Hotel. We have also acquired the Bestay Hotels Express chain to step up with the development of the market for mid-market business hotels.

The Group rolled out Internet marketing with vigorous efforts and enhanced promotion of the "Jin Jiang VIP Program". The marketing channels were broadened by innovative endeavours through social group media platforms, complemented by a full-scale upgrade of the room reservation functions of our official website. Cross-sales on hotel, tourism and car rental were strengthened leveraging the Jin Jiang's e-commerce platform and its membership system. Meanwhile, J Club registered more than 13 million members.

STRENGTHENING ASSET MANAGEMENT TO SEEK BREAKTHROUGH IN ASSET OPERATION

During the Reporting Period, the Group made steady progress in the business conversion of hotels and asset liquidity as it registered breakthrough in asset transactions, including the equity transfer of 45% equity interests in Hua Ting Hotel and Towers and the listing of transfer of 100% equity interest in Jin Yun Company, seeking to increase the potential value of our assets and enhance the asset liquidity in a dedicated effort to optimize the Group's asset allocation.

The Group has enhanced the current profitability as well as long-term value of assets by enhancing integrated management of hotel assets and centralized management of leased premises, while optimizing the building of the platform for centralized procurement and uniform payment.

CHAIRMAN'S STATEMENT

OPPORTUNITIES AND CHALLENGES IN OUR FUTURE DEVELOPMENT

With uncertainties prevailing in the global economy, including developments in the PRC economy, 2014 will remain a challenging year for the Group. Nevertheless, in view of favourable factors such as the continued sturdiness of the PRC economy, growth in per capita disposable income, government encouragement of domestic retail spending and, in particular, the building of the free trade zone and Disneyland in Shanghai, the Group remains fully confident in its future development.

In connection with industry-related development, the Group will drive internationalization and industry upgrade, leveraging synergies of our international acquisitions to further advance our international and domestic deployment and strengthen our ability in multinational operations. The business development of IHR China will be expedited with a view to new breakthroughs in our third-party hotel management business, while seeking to integrate the industry chains of hotel, passenger transport logistics and tourism leveraging our strengths in specialization.

In connection with efficiency enhancement and brand building, the Group will improve the building of functional centres and system platforms and seek optimization in budgeting, marketing, human resources and financial management. We will also further improve our branding system to enhance the international competitiveness of the Jin Jiang brand.

In connection with asset management, we will continue to drive asset liquidity and optimize our asset structure, seeking further improvements in overall return on assets and enterprise value through the conversion and adjustment of our properties.

In connection with the innovation of mechanisms, we will seize the opportunity presented by the reform of state-owned assets to drive development towards a market-oriented corporation, with a strong emphasis on the innovation and transformation of our business models to optimize our market-based remuneration regime and incentive mechanism.

Last but not least, I would like to take this opportunity to express my sincere gratitude to all of our employees, who have made invaluable contributions to the Group and whose dedication and hard work has played no small part in growing "Jin Jiang" into a world-renowned hotel brand. I would also like to take this opportunity to thank all shareholders, investors and the public for their enduring support of the Group. In a concerted effort, we will continue to work with our shareholders to pursue value enhancements and a bright future for all.

Yu Minliang
Chairman

Shanghai, the PRC
28 March 2014

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Yu Minliang (俞敏亮), aged 56, chairman of the Board and executive Director. Mr. Yu is an economist with a master's degree in economics from Fudan University. With rich experience in hotel management, he has been the general manager of Shanghai Yangtze Hotel Company Limited, Jin Jiang Hotels Development and Shanghai New Asia (Group) Company Limited, chairman of Jin Jiang (Group) Company Limited and chairman, chief executive officer and chairman of the executive committee of the board of Jin Jiang International since joining the Group in 1984. Apart from serving as the chairman of Jin Jiang International, Mr. Yu is currently the chairman of Jin Jiang Hotels Development and Shanghai Yangtze Hotel Company Limited.

Mr. Yang Weimin (楊衛民), aged 59, vice chairman and executive Director, authorized representative and chief executive officer ("CEO") of the Company. Mr. Yang is a senior economist with a master's degree in law from the East China University of Science & Technology. He has extensive experience in hotel management, and has worked as the deputy manager and principal of the Training Division of Jin Jiang (Group) Company Limited, general manager of Jin Jiang Tower, vice president of Jin Jiang (Group) Company Limited, general manager of Jin Jiang Hotel Management Company Limited, vice president of Jin Jiang International, vice chairman and CEO of Jin Jiang Hotels Development and chairman of Shanghai Jin Jiang International Catering Investment Co., Ltd. since joining the Group in 1989. Mr. Yang is also currently the vice chairman of Jin Jiang Hotels Development, chairman of Shanghai Jin Jiang Tomson Hotel Company Limited, Shanghai Jian Guo Hotel Company Limited and Yunnan Jin Jiang International Management Company Limited, executive director of Jin Jiang International Hotel Management Company Limited, joint chairman of IHR Group and IHR China as well as the vice chairman of Shanghai Tower Jin Jiang Hotel Asset Management Co., Ltd.

Ms. Chen Wenjun (陳文君), aged 58, executive Director. Ms. Chen is a senior accountant with a master's degree in economics from Shanghai University of Finance and Economics. She has been the deputy general manager of Jin Jiang Hotel, vice president, director and assistant to the president of Jin Jiang (Group) Company Limited, director and financial director of Jin Jiang International and director of Jin Jiang Hotels Development since joining the Group in 1981. Apart from being the senior vice president of Jin Jiang International, Ms. Chen is now the chairperson of Shanghai Jin Jiang Hotel Company Limited, Jin Jiang International Finance, Shanghai Hotel Company Limited and the director of Jin Jiang Investment.

Mr. Yang Yuanping (楊原平), aged 58, executive Director. Mr. Yang graduated from Shanghai Institute of Tourism. He has been the general manager of Shanghai Cypress Hotel, Beijing Kunlun Hotel and Shanghai Jin Jiang Tower and vice president of Jin Jiang (Group) Company Limited. He is currently the chairman and CEO of Jin Jiang Investment as well as the chairman of Shanghai Jin Jiang Automobile Service Co., Ltd. and JHJ International Transportation Co., Ltd..

Mr. Shao Xiaoming (邵曉明), aged 55, executive Director. Mr. Shao has been the general manager of Wanguo Automobile Driver Training Centre, deputy general manager of Shanghai Youyi Automobile Services Co., Ltd. (上海友誼汽車服務公司), standing deputy general manager of Shanghai Jin Jiang Automobile Service Co., Ltd., general manager of JHJ International Transportation Co., Ltd., vice president of Jin Jiang Investment and chairman and CEO of Jin Jiang Travel. He is currently the chairman of Jin Jiang Travel, chairman of Shanghai China International Travel Service Co., Ltd., Shanghai Travel Service Co., Ltd. and Shanghai Jin Jiang Tours Co., Ltd., vice chairman of Jin Jiang International E-Commerce Co., Ltd., and director of JHJ International Transportation Co., Ltd..

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Han Min (韓敏), aged 56, executive Director and chief investment officer. He holds a master's degree in international law from Fudan University. He has been a manager of the Investment Development Division of Jin Jiang (Group) Company Limited, manager of the Merger Division of Jin Jiang International and director of Jin Jiang Travel since joining the Group in 2005. Mr. Han is also currently the director of IHR Group and chairman of Kunming Jin Jiang Hotel Company Limited.

Mr. Kang Ming (康鳴), aged 42, executive Director, authorized representative, joint company secretary, Board secretary of the Company and chief secretary (vice president) of the executive committee of the Board. Mr. Kang is a senior accountant with a master's degree in economics from the Shanghai University of Finance and Economics. Mr. Kang has gained extensive experience in listed companies concerning information disclosure, corporate governance, capital operation and investor relationship since joining the Group in 1994. He was previously the board secretary of Jin Jiang Hotels Development. Mr. Kang is also currently the director of Jin Jiang Investment and Jin Jiang Travel as well as the supervisor of Jin Jiang Hotels Development.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ji Gang (季崗), aged 56, independent non-executive Director, is a senior economist with a master's degree in economics from Fudan University. Mr. Ji was previously an independent director of Jin Jiang Hotels Development from 2003 to 2006, and served as the general manager of Shanghai Zhongya Hotel, general manager and chairman of Shanghai Everbright City Company Limited, director of Zhabei District Commercial Committee, director of Zhabei District Economic Committee, president of SIIC Investment Company Limited in Hong Kong as well as the vice-chairman and president of Shanghai Industrial Development Company Limited. Mr. Ji is currently the vice chairman of the board, president and executive director of Shanghai Industrial Urban Development Group Limited.

Dr. Rui Mingjie (芮明杰), aged 59, independent non-executive Director, is a professor and an instructor for doctoral candidates with a doctoral degree in economics. Dr. Rui is currently the member of the academic standards committee, member of the degree committee, chairman of the degree committee of the School of Management, discipline leader in the national key discipline of Industrial Economics, deputy director of the Yangtze Delta Research Institute, person-in-charge of the post-doctoral mobile station in business administration and head of the Department of Industrial Economics at Fudan University. He is also the chief expert of the Innovation Base for the Social Science in Adjustment of Shanghai Industrial Structure (上海市產業結構調整社會科學創新基地), the leader of Shanghai Development Strategy Institute (上海市發展戰略研究所) and standing vice chairman of the China Industrial Economic Association (中國工業經濟學會). He was formerly the head of the Department of Business Administration of the School of Management, deputy dean of the School of Management and discipline leader in Business Administration at Fudan University, training professor for the senior management of China Enterprises Affairs Commission (中央企業工委) and State-owned Assets Supervision and Administration Commission, vice president of Shanghai Institute of Management Science and independent director of a number of listed companies.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yang Menghua (楊孟華), aged 70, independent non-executive Director, was the deputy director of Shanghai Branch of Bank of Communications, director of Shanghai New Asia (Group) Company Limited (now known as "Jin Jiang Hotels Development") as well as the chairman of the supervisory committee of Shanghai Smart Service Co., Ltd., Sand Bankcard — Link Information & Service Co., Ltd. and Shanghai Sandpay Enterprise Service Co., Ltd..

Mr. Sun Dajian (孫大建), aged 59, independent non-executive Director, is a senior accountant and PRC certified public accountant with a bachelor's degree in accounting from Shanghai University of Finance and Economics. He has worked as an auditor in a Hong Kong local accountants firm for one year. Mr. Sun has also gained extensive accounting experience as the manager of Dahua Accountants Firm and manager of Pricewaterhouse Da Hua. He is currently the financial director of Shanghai Yaohua Pilkington Glass Company Limited, a listed company in the PRC. The Directors have evaluated Mr. Sun's education, qualification and experience, and are satisfied that he has the necessary training and experience to satisfy the requirements of Rule 3.10(2) of the Listing Rules. In addition, Mr. Sun also currently acts as the independent director of Zhejang Wanfeng Auto Wheel Co., Ltd.

Dr. Tu Qiyu (屠啓宇), aged 44, independent non-executive Director, is the vice chairman of the City and Population Development Research Institute of the Shanghai Social Science Academy and professor at Shanghai Academy of Social Sciences and East China Normal University, specializing in international economics and urban studies. Dr. Tu was formerly Fulbright Professor of Bard College, New York, the United States from 2001 to 2002 and a visiting scholar at Harvard University, Cambridge University, Fondation Nationale des Sciences Politiques and Hamburg Institute for Economic Research. Dr. Tu has received 4 awards for policy-making advisory and researches from the Shanghai Municipal Government since 2003. He was named among the "Top Ten Young Economists of Shanghai" in 2003 by Shanghai Youths Federation and was conferred the title of "Outstanding Returning Talents from Overseas of Shanghai" in 2004. Since 2011, Dr. Tu has been the chief editor of "The Blue Paper of International Cities".

Mr. Shen Chengxiang (沈成相), aged 66, independent non-executive Director, is a senior economist with a master's degree and an expert entitled to special government grant. He served as the vice president of China Tourism and Hospitality Association, chairman of Hotels Association under Hainan Tourism Industry Association and vice chairman of the China Famous Hotel Organization. He was named among the "Top Ten Personnel in the PRC Hotel Industry 2005". Mr. Shen is now the chairman and general manager of Huandao Nanfang Industrial Development Company Limited and the chairman of several travel companies, including Hainan Huandao Taide Hotel Property Management Company Limited, Beijing Huandao Boya Hotel Company Limited, Hainan Yalongwan Undersea World Travel Company Limited, Hainan Huandao Undersea World Hotel Company Limited and Hainan Huandao International Travel Agency Company Limited.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Mr. Wang Xingze (王行澤), aged 58, chairman of the Supervisory Committee. Mr. Wang is a senior political scientist with a diploma from Shanghai Education Institute (上海教育學院). Mr. Wang joined the Group in 2003, and has been a deputy director of the administration office of Shanghai New Asia (Group) Company and the chairman of the supervisory committee of Jin Jiang Hotels Development.

Mr. Wang Guoxing (王國興), aged 50, Supervisor, is a senior accountant with a master's degree in economics from Shanghai University of Finance and Economics. Mr. Wang joined the Group in 1992 and was previously a lecturer of the School of Finance of Shanghai University of Finance and Economics, board secretary of Jin Jiang Hotels Development, board secretary and deputy financial director of Shanghai New Asia (Group) Company Limited and deputy financial director of Jin Jiang International. He is currently the chief secretary (vice president) of the executive committee of the board of Jin Jiang International and the supervisor of Jin Jiang Investment.

Mr. Ma Mingju (馬名駒), aged 53, Supervisor, holds a master's degree in business administration from the Asia International Open University (Macau) and is a senior accountant. Mr. Ma joined the Group in 2005 and was a director of Jin Jiang Inn. Mr. Ma is currently the vice president, manager of Planning and Finance Division and general manager of the Finance Business Division of Jin Jiang International, chairman of Shanghai Jin Jiang International Investment and Management Company Limited as well as the director of Jin Jiang Investment, Beijing Kunlun Hotel Company Limited and Jin Jiang International Finance.

Ms. Chen Junjin (陳君瑾), aged 53, Supervisor, is an accountant with a post-secondary diploma in accounting and finance from Shanghai Tourism College. Ms. Chen joined the Group in 1981 and was previously an accountant of Finance Department of Cypress Hotel, head of Finance Department at the headquarters of Jin Jiang (Group) Company Limited, deputy financial director of Jin Jiang International Hotel Management Company Limited, head of Finance Department and general manager of Shanghai Jin Jiang International Hotels Group (HK) Company Limited. Ms. Chen is currently the head of Auditing Department and the supervisor of Jin Jiang Hotels Development.

Mr. Zhou Qiquan (周啓全), aged 63, Supervisor, graduated from Shanghai College of Finance & Economics (now known as Shanghai University of Finance and Economics) with a post-secondary diploma in banking and credit and is an accountant. Mr. Zhou joined the Group in 2003. He was previously the person-in-charge of the Finance Department of Shanghai Luwan Residential Corporation, section head of Planning and Finance Department, deputy manager and manager of the Finance Department of Shanghai Minhang United Development Company Limited.

Ms. Zhou Yi (周怡), aged 54, Supervisor. She graduated from East China University of Political Science and Law with a diploma and has been the person-in-charge of the Credit Card Division, associate director of the Saving Division and Finance and Accounting Division, general manager of the Marketing Department and Corporate Department, and senior manager of the Retail Credit Department of Shanghai Branch of Bank of Communications. She is currently the class III superintendent of the Shanghai Branch of Bank of Communications.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. Kang Ming (康鳴), joint company secretary. Please refer to his biography under the section headed "Executive Directors" in this section.

Ms. Mok Ming Wai (莫明慧), aged 42, joint company secretary. Ms. Mok joined the Company on 28 March 2014. Ms. Mok is a director of KCS Hong Kong Limited and has over 15 years of experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

SENIOR MANAGEMENT

Mr. Yang Weimin (楊衛民), executive Director, vice chairman, CEO and authorized representative of the Company. Please refer to his biography under the paragraph headed "Executive Directors" in this section.

Mr. Xu Ming (許銘), aged 42, executive president of the Company. Mr. Xu joined the Group in 1992. He has a wealth of experience in hotel management. He was the vice general manager of Nanjing Hotel of Jin Jiang Hotels Development as well as the general manager of Metropole Hotel of Jin Jiang Hotels Development, Shanghai Jian Guo Hotel, Shanghai Rainbow Hotel and Jin Jiang Hotel. He is also currently the director of IHR China.

Mr. Han Min (韓敏), executive Director and chief investment officer of the Company. Please refer to his biography under the paragraph headed "Executive Directors" in this section.

Mr. Zheng Qian (張謙), aged 46, vice president of the Company. Mr. Zhang holds a master's degree and has extensive experience in hotel management. He was previously the supervisor, deputy manager, manager and director of the Marketing Department of Shanghai Jian Guo Hotel, vice general manager of Shanghai Renaissance Yangtze Hotel and general manager of Shanghai Jin Jiang Tomson Hotel Company Limited. He is also currently the general manager of Jin Jiang Hotel.

Mr. Zhang Xiaoqiang (張曉強), aged 45, vice president of the Company. Mr. Zhang holds a bachelor's degree, and has served as the head of catering of Jin Jiang Tian Cheng Hotel and Wenzhou Dynasty Hotel, general manager of Xinya Lijing Tower Company Limited (新亞麗景大厦有限公司), deputy general manager of Sofitel Shanghai Hyland Hotel, general manager of Rainbow Hotel Shanghai, CEO and director of Jin Jiang Hotels Development. He is also currently the CEO of Jin Jiang International Hotel Management Company Limited and director of Jin Jiang Hotels Development.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Shangde (張尚德), aged 59, vice president of the Company. Mr. Zhang has completed the postgraduate program, and has extensive experience in hotel management. He was previously the deputy manager of the Food and Beverage Division, deputy manager and assistant to general manager of the restaurant of Jin Jiang Hotel, the Chinese representative of Garden Hotel, vice general manager of Beijing Kunlun Hotel as well as the vice general manager and general manager of Jin Jiang Tower. He is also currently the general manager of Shanghai Yangtze Hotel Company Limited.

Dr. Ai Gengyun (艾耕雲), aged 43, qualified accountant. Dr. Ai joined Jin Jiang Hotels Development, a subsidiary of the Company, in 1995 and has been the director of the Planning and Finance Department of the Company since April 2006. Dr. Ai is a member of the Chinese Institute of Certified Public Accountants and a qualified senior accountant in the PRC with extensive professional experience in financial reporting, management and internal control.

Mr. Qian Jin (錢進), aged 52, chief engineer of the Company. Mr. Qian joined the Group in 2011. He holds the bachelor's degree in engineering, and has extensive experience in design and construction sectors. He was previously the deputy head of the Quality and Safety Department of Shanghai Jiangong Group, director of Shanghai Jiangong Design Institute and vice president of the Company.

Mr. Kang Ming (康鳴), executive Director, authorized representative, the Board secretary, joint company secretary and chief secretary (vice president) of the executive committee of the Board. Please refer to his biography under the paragraph headed "Executive Directors" in this section.

Mr. Xu Lei (徐磊), aged 42, vice president of the Company. Mr. Xu joined the Group in 2006, and holds a doctor's degree from Shanghai Jiaotong University. He has accumulated experience in investment over years. He was the manager of Investment Department of Shanghai Super Ocean Group and the general manager of Shanghai Kexun Investment Management Co., Ltd., vice director of Business Development Department of Jin Jiang Hotels Development and vice director and director of Investment and Development Department of the Company. Mr. Xu resigned as vice president of the Company on 28 March 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2013, the Group's principal business was subject to the pressure of the slowdown in domestic macro-economic growth, temporary oversupply in the hotel industry and changes in social sentiments. Nevertheless, the Group overcame the challenges with efforts in business innovation, asset structure adjustments and optimization of staff allocation with the aim of improving quality and enhancing efficiency, resulting in notable achievements.

During the Reporting Period, the Group further streamlined its brand positioning by improving the brand regimes of "Full Service Hotels" and "Select Service Hotels". Significant projects were vigorously implemented and assets operation was conducted in a disciplined manner. Dedicated efforts were made in management upgrades while the benefits of functional centres were brought into full play. Efforts in systems integration and resource integration also yielded significant results.

During the Reporting Period, the Group realized sales revenue of approximately RMB9,288,331,000, representing an increase of approximately 3.2% as compared to the same period of last year. The operating profit of the Group amounted to approximately RMB1,286,021,000, representing an increase of approximately 71.6% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB443,772,000, representing an increase of approximately 40.0% as compared to the same period of last year. The Board proposed to declare a final dividend of RMB4.5 cents (inclusive of tax) per share for the year ended 31 December 2013.

As of 31 December 2013, the Group held or managed a total of 1,566 hotels (in operation or under construction) with over 235,000 rooms in aggregate. In terms of the number of rooms, the Group ranked the ninth in the global hotel group ranking as published by HOTELS Magazine, the official publication of The International Hotel & Restaurant Association, in July 2013. In particular, a total of 1,190 self-owned or managed hotels were either in operation or under construction within the PRC with over 165,000 rooms, spreading across about 280 cities in 31 provinces, autonomous regions and municipalities in the PRC.

IHR Group, in which the Group held 50% interests, managed 382 hotel (including 6 hotels in the PRC) in aggregate in 10 countries around the world.

During the Reporting Period, the Group further leveraged Jin Jiang's e-commerce platform and its membership system to strengthen cross-sales on hotel, tourism and car rental. As at the end of the Reporting Period, J Club registered more than 13 million members, representing an addition of 5.50 million new members over the year.

Full Service Hotels

The operation and management of Full Service Hotels is one of the major sources of revenue for the Group. During the Reporting Period, operation of Full Service Hotels contributed approximately RMB2,225,092,000 to the Group's revenue, decreasing by approximately 8.0% as compared to the same period of last year. The decrease was mainly attributable to the redesignation of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel as Select Service Hotels during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Shanghai is the base of the Group's business. Performance of the Group's Full Service Hotels in Shanghai is set out below:

	2013 Group's Full Service Hotels in Shanghai			2012 Group's Full Service Hotels in Shanghai		
	Average occupancy rate (%)	**Average room rate (RMB)**	**RevPAR (RMB)**	Average occupancy rate (%)	Average room rate (RMB)	RevPAR (RMB)
5-star	**65%**	**755**	**487**	62%	789	489
4-star	**64%**	**533**	**339**	63%	572	360

Note: The statistics in the above table cover the following Full Service Hotels of the Group in Shanghai:

1. 5-star hotels: Jin Jiang Hotel, Peace Hotel, Hua Ting Hotel and Towers, Jin Jiang Tower, Jin Jiang Tomson Hotel and Yangtze Hotel.

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

As of 31 December 2013, the Group owned and managed 130 Full Service Hotels in the PRC, offering 40,300 guest rooms and among those, the Group was engaged by third parties other than Jin Jiang International to manage 106 hotels.

During the Reporting Period, the Group enhanced its marketing efforts with a full-scale upgrading of the room reservation functions of its official website. Meanwhile, dedicated efforts were made in procurement cooperation agreements and global customer development. As at the end of the Reporting Period, 400 global cooperation agreements had been signed.

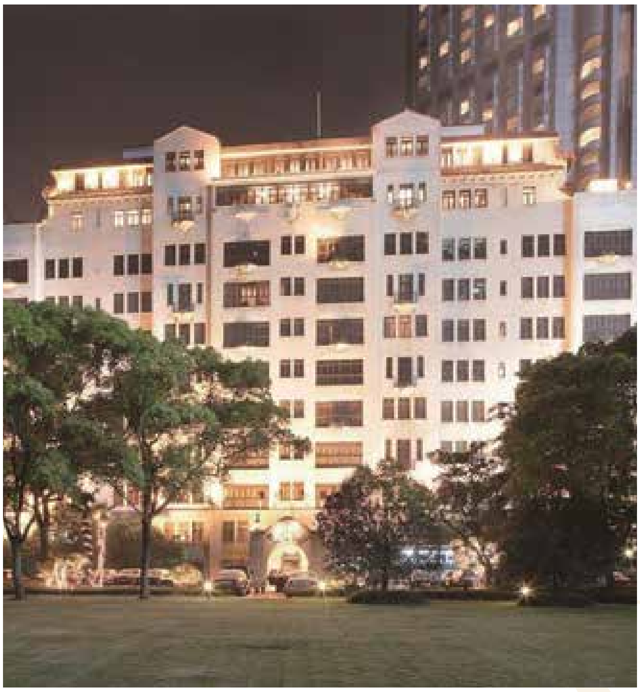
MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group continued to optimize its brand regime in line with its branding strategy to streamline and position the Jin Jiang brand as comprising “Full Service Hotels”and “Select Service Hotels” and enhance brand standards through further audit of operations. During the Reporting Period, the Group’s marketing ability in the Asia Pacific region grew significantly, as sales through the sales agency in Japan, the Singapore office and the Hong Kong sales office increased by over 100% compared to the same period of last year.

In terms of Internet marketing, online marketing and the promotion of the “Jin Jiang VIP Program” were enhanced and the Group’s marketing channels were broadened by innovative endeavours through social group media platforms such as Twitter and the corporate QQ account.

During the Reporting Period, the asset management centre of the Group commenced its work in asset management and asset profitability enhancement on all fronts, making steady progress in the asset liquidity and business conversion of Full Service Hotels. The Group disposed of 45% equity interests in Hua Ting Hotel and Towers through an open listing process during the Reporting Period and transferred the 100% equity interest in Jin Yun Company through an open listing process in February 2014. Such disposals of equity interests have further enhanced the Group’s asset liquidity and financial conditions, as well as optimizing the Group’s asset allocation.

During the Reporting Period, the Group further enhanced its centralized management of hotel assets and succeeded in enhancing the current profitability and long-term value of hotel assets through uniform lease management conducted in a scientific approach.



MANAGEMENT DISCUSSION AND ANALYSIS

In the meantime, the Group's work in systems integration showed initial results, as the process of resource integration continued to deepen. By driving the construction of a centralized procurement platform and a unified payment platform, working capital appropriation has been reduced and the capital utilisation ratio has been improved, contributing to overall enhancements in the Group's core competitiveness.

The Group's overseas business mainly comprises of its 50% interest in IHR Group. During the Reporting Period, IHR Group and its joint ventures and associates managed a total of 382 hotels with close to 73,000 guest rooms in aggregate in the United States, the United Kingdom, Holland, India, Russia, the PRC, Belgium, Canada, Ireland and Hungary.

During the Reporting Period, IHR Group reported stable business development and completed the acquisitions of two management companies in the United Kingdom, in further consolidation of its three major operation platforms of the PRC, the United States and Europe. The average room rate of IHR Group's managed hotels was US$133.1 with an average occupancy rate of 74.0%, while RevPAR was US$98.5, representing an increase of 5.4% as compared to the same period of last year.

Select Service Hotels

The business of Select Service Hotels represents another principal operation of the Group, covering budget hotels and select service commercial hotels.

During the Reporting Period, operation of Select Service Hotels reported a stable growth in turnover, contributing approximately RMB2,407,394,000 to the Group's revenue, representing an increase of approximately 14.5% as compared to the same period of last year and accounting for approximately 25.9% of the Group's turnover. The revenue from initial and ongoing franchise fees amounted to approximately RMB211,058,000, representing a growth of approximately 23.8% as compared to the same period of last year; and the revenue from room reservation distribution fees amounted to approximately RMB39,263,000, representing a growth of approximately 53.1% as compared to the same period of last year.

During the Reporting Period, there were 160 newly contracted Select Service Hotels, of which 47 were self-managed hotels and 113 were franchised hotels. As at 31 December 2013, there were a total of 1,060 contracted chain Select Service Hotels (comprising 29 Jin Jiang Metropolo, 885 Jin Jiang Inn Budget Hotels, 76 Bestay Hotels Express hotels, 60 Jinguang Inn hotels and 10 Yulan hotels), offering 125,017 guest rooms in aggregate. There were 784 contracted franchised hotels, accounting for 74% of all contracted Select Service Hotels. During the Reporting Period, 138 Select Service Hotels such as Jin Jiang Inn Budget Hotels were opened, comprising 47 self-managed hotels and 91 franchised hotels. As at 31 December 2013, a total of 828 Select Service Hotels were in operation (comprising 1 Jin Jiang Metropolo, 700 Jin Jiang Inn Budget Hotels, 66 Bestay Hotels Express hotels, 29 Jinguang Inn hotels, 9 Yulan hotels and 23 Brand Consolidated Hotels), offering 100,566 guest rooms in aggregate.

As at 31 December 2013, out of 828 Budget Hotel Chains such as Jin Jiang Inn Select Service Hotel that had commenced operation, 239 were self-managed hotels, accounting for approximately 29%, while 589 were franchised hotels, accounting for approximately 71%.

During the Reporting Period, Jin Jiang Inn's membership reached 11.27 million, including more than 56,000 corporate customers which featured prominent international and domestic brand names. Meanwhile, through the commissioning of the new paging centre and strengthening of its promotional efforts for online reservation, the room reservation functions of Jin Jiang Inn have been continuously enhanced, thereby providing additional marketing support for chain outlets throughout the PRC and increasingly boosting its capacity for guest reception.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company signed an entrusted operation contract and a lease contract respectively with Jin Jiang Hotels Development on 29 March 2013 to entrust the operating management of New Asia Hotel and Metropole Hotel to Jin Jiang Hotels Development, and to lease the properties of Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel to Jin Jiang Hotels Development respectively. On 30 December 2013, the Company entered into an entrusted operation contract with Jin Jiang Hotels Development to entrust the operation and management of Shanghai Marvel Y.M.C.A. Hotel to Jin Jiang Hotels Development. The 6 aforesaid hotels were converted into Select Service Hotels.

During the Reporting Period, Jin Jiang Hotels Development acquired 100% interests in Smart Hotels Management Co., Ltd. ("Smart Hotels"). As at the end of the Reporting Period, Smart Hotels held 19 hotels in operation with a total of 2,813 guest rooms and 2 hotels under development with a total of 301 guest rooms.

During the Reporting Period, Jin Jiang Hotels Development launched the brand of "Jin Jiang Metropolo," a new label in Select Service Hotels. Dahua Hotel, a new hotel designed and built according to the "Jin Jiang Metropolo" brand standards, has started trial operation since October 2013.

During the Reporting Period, Jin Jiang Inn garnered numerous awards and honours. According to the 2013 customer satisfaction ranking for the hotel industry published by Market Metrix, Jin Jiang Inn was crowned the 2013 champion in customer satisfaction for budget hotels across the globe.

Food and Restaurants

The Group's various brands of food and restaurant chains held through Jin Jiang Hotels Development carried out and developed food and restaurant operations in a stable manner during the Reporting Period.

As of 31 December 2013, Shanghai KFC had a total of 304 outlets. "New Asia Snacks", "Shanghai Yoshinoya" and "Jing An Bakery" had 65, 22 and 55 outlets respectively, while "Chinoise Story" currently operates 2 feature restaurants.

As of 31 December 2013, Shanghai Jin Jiang International Catering Investment Co., Ltd. operated 34 group catering restaurants, representing a net increase of 23 outlets compared to the end of 2012. In addition, the first "鼎味源" restaurant managed by Shanghai Jinzhu Catering Management Co., Ltd was opened during the Reporting Period.

Passenger Transportation Vehicles and Logistics

During the Reporting Period, the operating revenue of the passenger transportation vehicles and logistics business was approximately RMB2,081,777,000, representing an increase of approximately 3.1% as compared to the same period of last year and accounting for approximately 22.4% of the Group's turnover.

During the Reporting Period, construction of the main building of "Jin Jiang Auto Service Centre" Phase II entered the stage of pre-delivery inspection following completion of main-body construction. Growth was reported at the six 4S stores in terms of sales volume, number of vehicles serviced and economic efficiency, underpinning our clear competitive edge and the effect of combination.

During the Reporting Period, Jin Jiang car rental branch company of Shanghai Jinjiang Automobile Service Co., Ltd. was focused on management model innovation, seeking to reduce management costs and improve economic efficiency by enhancing the centralization and optimization of resources. The foreign business car service segment of Shanghai Jinjiang Automobile Service Co., Ltd. leveraged its brand advantage and servicing strengths to further optimize the mix of its commercial leases. Shanghai Jinjiang Business and Travel Auto Service Co., Ltd. optimized and upgraded its business structure by persisting in the management of details, as it expanded its group businesses in cruise reception, large-scale business fairs and conventions and tournament events, etc to receive more than 30 international cruise ships including Diamond Princess and host 30 major events including the Shanghai International Marathon, East China Fair and International Film Festival.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, Shanghai Jin Jiang International Cold Logistics Development Co., Ltd. enhanced its ability in synergized operations by arranging refrigeration for different customers, leveraging the strengths afforded by its large-size and widely located cold chambers. Its cold chamber business was operating at full loading with a capacity of 110,000 tons, indicating positive momentum in development. Shanghai Jinheng Supply Chain Management Limited and Shanghai Comprehensive Free Trade Area Joint Development Limited cooperated to build by way of conversion the first food registration warehouse designated for commodity inspection within the harbourside bonded area in the Free Trade Port Area of Shanghai.

During the Reporting Period, the Shuijinyang project, a joint venture between Jin Jiang Investment and Shanghai Fisheries General Corporation (Group) which had been in operation for over one year, enjoyed sound overall operations as it opened online distribution stores at “tmall.com” and “yhd.com” in an endeavour to forge an O2O distribution model. The 4 direct outlets were gaining increasing exposure as the offer of premium seafood to the mass market proved very popular with consumers.

During the Reporting Period, Jin Jiang Investment completed the disposal of 50% equity interests in Shanghai Wanguo Automobile Driver Training Center for RMB131,709,000 by way of open listing.

Travel Agency

In 2013, operating revenue from the travel agency was approximately RMB2,116,332,000, representing an increase of approximately 1.9% as compared to the same period of last year.

During the Reporting Period, Jin Jiang Travel handled outbound travel for 197,900 persons, inbound travel tour for 86,900 persons, inbound reception for 129,600 persons and domestic travel for 161,100 persons, representing an increase of 14.53%, a decrease of 11.69%, an decrease of 13.25% and a decrease of 8.93%, respectively, as compared with the same period of last year.

During the Reporting Period, our outbound travel business continued to report rapid growth with the benefit of the ongoing rapid growth of outbound travel in China and the “cruise travel fervor” resulting from the designation of 2013 as the “Year of Ocean Travel” in China. Sales of Jin Jiang Travel’s outbound cruise trip products also reported substantial year-on-year growth in 2013.

During the Reporting Period, Jin Jiang Travel enhanced its channel development and strengthened the integration of online and offline operations. The “Smart Travel Experience Station,” established as a flagship store, offered a brand new spending experience to customers, while the Jin Jiang International Travel Centre, positioned to provide services in mid- to high-end tourism, was also officially opened during the year. With an emphasis on interaction with customers and the enhancement of customer experience, it represented an active attempt in the transformation of the traditional travel agency to a modern servicing operation. The product line for online sales was further enriched with the development and launch of individual products, such as official hotel websites, air tickets, admission tickets for scenic spots and insurance. Moreover, Jin Jiang Travel further accelerated structural adjustments to drive its transformation and upgrade. Meanwhile, service quality and standardization were further enhanced to highlight compliance with the Tourism Law of the People’s Republic of China.

Information Technology

In 2013, the Group further enhanced the operational and management capabilities of its complete data processing centre. By further improving management systems and processes for the data processing centre, the safety level of the data centre has been improved and the ability in preemptive monitoring, incident handling and post-incident review has been enhanced. Centralized operations support for sophisticated applications of multiple platforms has been strengthened, while the private cloud service model has also been investigated.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group accelerated the application of the centralized information system, while the central procurement system completed its third upgrade and the upgrade of its transaction model to establish an interface for centralized payments.

During the Reporting Period, the Group reviewed certain information technology standards and processes and updated its information technology service menu. ICT (Information Communication Technology) training for seconded management team members was completed.

FINANCIAL REVIEW

Turnover

The Group's financial information during the Reporting Period as compared to the same period in 2012 is set out as follows:

	12 months ended 31 December 2013		12 months ended 31 December 2012	
	RMB in million	% of turnover	RMB in million (Restated)	% of turnover (Restated)
Full Service Hotels	2,225.1	24.0%	2,419.7	26.9%
Select Service Hotels	2,407.4	25.9%	2,101.7	23.3%
Food and restaurants	357.9	3.8%	314.3	3.5%
Passenger Transportation Vehicles and Logistics	2,081.8	22.4%	2,019.8	22.4%
Travel agency	2,116.3	22.8%	2,077.9	23.1%
Other operations	99.8	1.1%	70.7	0.8%
Total	9,288.3	100.0%	9,004.1	100.0%

Full Service Hotels

The following table sets out the percentage of contribution from the Group's Full Service Hotels segment and different types of business to Group turnover for the Reporting Period and the same period in 2012:

	12 months ended 31 December 2013		12 months ended 31 December 2012	
	RMB in million	% of turnover	RMB in million (Restated)	% of turnover (Restated)
Accommodation revenue	1,013.5	45.5%	1,118.3	46.2%
Food and beverage sales	812.6	36.5%	888.7	36.7%
Rendering of ancillary services	105.2	4.7%	107.4	4.5%
Rental revenue	199.2	9.0%	190.2	7.9%
Sales of hotel supplies	15.0	0.7%	39.4	1.6%
Hotel management	79.6	3.6%	75.7	3.1%
Total	2,225.1	100.0%	2,419.7	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Accommodation revenue

Accommodation revenue was mainly determined by the number of available rooms, occupancy rate and ADR (room revenue divided by rooms in use) of the rooms of the Group's hotels. Accommodation revenue of the Full Service Hotels for the Reporting Period was approximately RMB1,013,456,000, representing a decrease of approximately 9.4% as compared to the same period in 2012. The decrease was mainly attributable to the adjustment of average room rates at the Group's Full Service Hotels to maintain their occupancy rates against pressures brought about by the macro-economic downside, changes in social sentiments and oversupply of Full Service Hotels in the domestic market. Moreover, accommodation revenue decreased by approximately RMB21,864,000 during the Reporting Period following the redesignation of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel as Select Service Hotels.

Food and beverage sales

Food and beverage sales in the Group's hotels comprised catering for wedding banquet and conferences, room catering services for guests and other sales in restaurants and bars in the hotels. During the Reporting Period, the sales revenue for food and beverage in Full Service Hotels amounted to approximately RMB812,617,000, representing a decrease of approximately 8.6% from the same period in 2012. The negative impact of the change in social sentiments and reduced expenses on banquets and conferences on our food and beverage sales aggravated during the Reporting Period. The Group's Full Service Hotels adopted proactive measures in response to various unfavourable factors and sought to remold their food and beverage business by adjusting the product mix and introducing new products. Revenue from food and beverage sales decreased by approximately RMB19,876,000 during the Reporting Period following the redesignation of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel as Select Service Hotels.

Rendering of ancillary services

Revenue from rendering ancillary services was mainly generated from gift shops, entertainment, laundry services and other guest services. During the Reporting Period, revenue from the rendering of ancillary services amounted to approximately RMB105,230,000, representing a decrease of approximately 2.1% from the same period of last year. The decrease was primarily due to the decrease in average occupancy rate of Full Service Hotels, which resulted in the corresponding decline in revenue from the provision of ancillary services.

Rental revenue

Rental revenue was mainly generated from the leasing of shops at the Group's hotels for retail, exhibition and other purposes. During the Reporting Period, rental revenue amounted to approximately RMB199,217,000, representing an increase of approximately 4.7% from the same period in 2012. With the the "Flex Property Lease Management System" of the Group coming into operation during the Reporting Period, centralized management of leased properties was further enhanced and centralized streamlining of tenants and rental fees were conducted to optimize lease operations, resulting in a steady increase in rental revenue.

Sales of hotel supplies

Turnover from guest supplies and hotel products decreased by approximately RMB24,359,000 from the same period in 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Hotel Management

The revenue of hotel management was mainly generated from the management fees received for the provision of management services to Full Service Hotels not owned by the Group. Revenue of Full Service Hotels management amounted to approximately RMB79,536,000 during the Reporting Period, representing an increase of approximately 5.1% as compared to the same period of last year. With the further expansion of the Group's hotel management business and the technology management service business conducted in cooperation with IHR China, the hotel management business has overcome the adversities in the macro-economic environment and reported growth in management fee income against the adversities.

Select Service Hotels

The revenue of Select Service Hotels during the Reporting Period amounted to approximately RMB2,407,394,000, representing an increase of approximately RMB305,658,000 or approximately 14.5% as compared to the same period of last year. The increase was mainly due to the opening of 160 and 157 Select Service Hotels in 2013 and 2012 respectively, which increased the number of available rooms, and also due to 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. Furthermore, additional revenue of approximately RMB89,380,000 was in connection with the acquisition of 100% interests in Smart Hotels by Jin Jiang Hotels Development. During the Reporting Period, revenue from initial and ongoing franchise fees amounted to approximately RMB211,058,000, representing an increase of approximately 23.8% as compared to the same period of last year. Revenue from room reservation channels amounted to approximately RMB39,263,000, representing an increase of approximately 53.1% as compared to the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Food and Restaurants

Revenue for food and restaurants segment was mainly derived from New Asia Café de Coral, Jing An Bakery Holding Company Limited, Shanghai Jin Jiang International Catering Investment Co., Ltd., Chinoise Story, Shanghai New Asia Food Company Limited and Shanghai Jinzhu Catering Management Co., Ltd. During the Reporting Period, total sales from the food and restaurants segment amounted to approximately RMB357,934,000, representing an increase of approximately RMB43,619,000 or approximately 13.9% as compared to the same period of last year. During the Reporting Period, the increase in food and restaurants revenue was primarily due to the growth in the group catering business which offset the slight decline in operating revenue of, among others, New Asia Café de Coral and Shanghai Jin Jiang Tung Lok Catering Management Inc. under the adverse impact of food safety incidents.

Passenger Transportation Vehicles and Logistics

During the Reporting Period, the revenue for passenger transportation vehicles and logistics was approximately RMB2,081,777,000, representing an increase of approximately 3.1% over the same period of last year. The increase was primarily driven by improved efficiency in vehicle utilization and the increase in profitability.

Travel Agency

During the Reporting Period, the revenue for travel agency was approximately RMB2,116,332,000, representing an increase of approximately 1.9% compared to the same period of last year. The increase was attributable mainly to the ongoing rapid development of the outbound travel business and Jin Jiang Travel's ability to grasp the market opportunity and develop outbound tours and cruise tours for the mid- to high-end market, resulting in continuous growth in operating revenue.

Other Operations

In addition, the Group was also engaged in other operations including financial services provided through Jin Jiang International Finance and training services. Revenue for the Reporting Period amounted to approximately RMB99,802,000, representing an increase of approximately 41.1% over the same period of last year, which was mainly attributable to the increase in interest income from interbank loans generated by Jin Jiang International Finance.

Cost of Sales

Cost of sales for the Reporting Period amounted to approximately RMB7,654,889,000, representing an increase of approximately 3.0% as compared to the same period of last year. The increase was mainly attributable to organic growth driven by the business expansion of Select Service Hotels and the increase in revenue from the travel agency business.

Gross Profit

For the above reasons, the Group recorded a gross profit of approximately RMB1,633,442,000 for the Reporting Period, representing an increase of approximately RMB60,194,000 or approximately 3.8% as compared to the same period in 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income

Other income for the Reporting Period amounted to approximately RMB959,377,000 (same period in 2012: approximately RMB467,943,000), representing an increase of approximately 105.0% as compared to the same period of last year. The increase reflected mainly the disposal of 45% equity interests in Hua Ting Hotel and Towers by way of open listing to realize a gain of RMB398,172,000. Meanwhile, the disposal of available-for-sale financial assets including securities in Changjiang Securities Company Limited, AVIC Real Estate Holding Company Limited and Shanghai Yuyuan Tourist Mart Co., Ltd. during the Reporting Period generated gains of approximately RMB241,918,000 (same period in 2012: gains of approximately RMB274,483,000 from the disposal of AVIC Real Estate Holding Company Limited and Changjiang Securities Company Limited). During the Reporting Period, the Group also received dividend income from available-for-sale financial assets held amounting to approximately RMB51,519,000 (same period in 2012: approximately RMB29,013,000) and dividend from Suzhou KFC, Wuxi KFC and Hangzhou KFC of approximately RMB59,674,000 (same period in 2012: approximately RMB51,503,000).

Sales and Marketing Expenses

Sales and marketing expenses comprised primarily labour costs, travel agents commission and advertising fees, which amounted to approximately RMB422,571,000 during the Reporting Period (same period in 2012: approximately RMB400,060,000), representing an increase of approximately 5.6% as compared to the same period of last year. Apart from organic growth resulting from the business expansion of the Select Service Hotels, the increase was also due to the employment of additional marketing staff and enhanced marketing and promotion by the hotel management companies and the Full Service Hotels under the Group in response to market changes.

Administrative Expenses

Administrative expenses for the Reporting Period was approximately RMB839,311,000 (same period in 2012: approximately RMB836,553,000), representing an increase of approximately 0.3% as compared to the same period of last year. The increase percentage less than revenue growth rate was mainly attributable to the Group's stringent cost control and enhanced efforts in the collection of receivables resulting in the reversal of net corresponding provision for the bad debt losses relating to Chengdu Jinhe Real Estate Company Limited amounting to approximately RMB10,500,000.

Other Expenses

Other expenses for the Reporting Period, consisting primarily of bank charges and losses from the disposal of property, plant and equipment, amounted to approximately RMB44,916,000 (same period in 2012: approximately RMB54,943,000), representing a decrease of approximately RMB10,027,000 as compared to the same period of last year.

Finance Cost

Finance cost comprises of interest expenses in respect of the Group's bank borrowings and net foreign exchange gains. During the Reporting Period, finance cost was approximately RMB140,656,000 (same period in 2012: approximately RMB100,677,000), representing an increase of approximately 39.7% as compared to the same period of last year. The increase was primarily due to additional bank borrowings by the Group resulting in an increase in interest expenses by approximately RMB42,652,000 during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Share of Results of Joint Ventures and Associates

Operating results of joint ventures and associates mainly comprised share of results of joint ventures including IHR Group, Beijing Kunlun Hotel, Jin Jiang Tomson Hotel and JHJ International Transportation Co., Ltd., and of associates including Shanghai Kentucky Fried Chicken Company Limited, Shanghai Yangtze Hotel Limited, Shanghai Pudong International Airport Transport Terminal Co. Ltd., Jiangsu Nanjing Long Distance Passenger Transport Group Company Limited and China Oriental International Travel & Transport Co., Ltd. Share of results of joint ventures and associates for the Reporting Period was approximately RMB130,939,000 (same period in 2012: approximately RMB220,589,000). Affected by the chicken meat incident and the spread of the bird flu, the share of results of Shanghai Kentucky Fried Chicken Company Limited for the Reporting Period decreased by approximately RMB54,319,000 compared to the same period of last year. The share of results of Beijing Kunlun Hotel decreased by approximately RMB30,974,000 compared to the same period of last year under the impact of multiple factors such as the increase in depreciation, amortization and interest expenses as a result of renovation and conversion works.

Taxation

The effective tax rate for the Reporting Period was approximately 34.0% (same period in 2012: approximately 18.6%). The higher effective tax rate reflected the decrease in non-taxable income such as share of results of joint ventures and associates, increase in tax losses and tax credit for which no deferred income tax assets were recognised, and recognition of deferred income tax liability in connection with investment in Hua Ting Hotel and Towers upon change of intention.

When the Group made the business combination of Hua Ting Hotel and Towers in 2011, the Group recognised a gain of RMB403,801,000 as a result of remeasuring its previously held 50% equity interest. In 2011 and 2012, the Group expected to recover its investment in Hua Ting Hotel and Towers through dividend distribution. Accordingly, no deferred income tax liability was recognised as the dividend distribution between two tax resident enterprises in Mainland China shall be tax-exempt income. In September 2013, the Group planned to dispose 45% equity interest in Hua Ting Hotel and Tower and such plan was approved by the Directors. Upon the change of management's intention, a deferred income tax liability of RMB100,950,000 was recorded at a tax rate of 25%. In December 2013, the Group sold its 45% equity interest in Hua Ting Hotel and Towers to Jin Jiang International Investment. The consideration for such disposal in excess of the initial cost of 45% equity interest in Hua Ting Hotel and Towers obtained by the Group, which mostly includes revaluation gain of RMB403,801,000 previously recognised in 2011 and gain of RMB398,172,000 on such disposal recognized in 2013, was taxable in 2013. Such recognition of deferred tax liability in connection with the revaluation gain previously recognized in 2011 was recorded as an income tax expense in 2013.

Net Profit

As a result of the factors described above, net profit for the Reporting Period attributable to shareholders of the Company was approximately RMB443,772,000 (same period in 2012: approximately RMB317,006,000), representing an increase of approximately RMB126,766,000 or approximately 40.0%.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP DEBTS AND FINANCIAL CONDITIONS

Borrowings and Pledge of Assets

As at 31 December 2013, the borrowings included:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**79,016**	94,031
Bank borrowings — unsecured	**1,592,332**	1,324,268
Borrowings from related parties	**304,845**	—
Finance lease liabilities	**23,588**	21,729
	1,999,781	1,440,028
Less: current portion of long-term secured bank borrowings	**(12,194)**	(12,571)
current portion of long-term unsecured bank borrowings	**(273,437)**	(32,000)
current portion of long-term finance lease	**(2,491)**	(1,364)
	1,711,659	1,394,093
Borrowings included in current liabilities:		
Bank borrowings — secured	**14,634**	33,668
Bank borrowings — unsecured	**1,493,907**	11,220
Borrowings from related parties	**348,000**	105,000
Other borrowings — unsecured	**5,000**	405,000
Current portion of long-term secured bank borrowings	**12,194**	12,571
Current portion of long-term unsecured bank borrowings	**273,437**	32,000
Current portion of long-term financial lease	**2,491**	1,364
	2,149,663	600,823

As at 31 December 2013, the secured bank borrowings included:

(1) Bank borrowings of US$12,960,000, equivalent to RMB79,016,000 (31 December 2012: US$14,960,000, equivalent to RMB94,031,000), which were guaranteed by Jin Jiang International.

(2) Bank borrowings of RMB14,634,000 (31 December 2012: RMB33,668,000), which were guaranteed by a non-controlling shareholder of a subsidiary of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has fulfilled all covenants under the remaining borrowing agreements. The maturity of the borrowings is as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Between 1 and 2 years	**1,082,987**	532,926
Between 2 and 5 years	**616,222**	847,831
Over 5 years	**12,450**	13,336
	1,711,659	1,394,093

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
RMB	**2,714,129**	1,437,616
US$	**1,147,193**	557,300
	3,861,322	1,994,916

The effective interest rates at respective balance sheet dates were as follows:

	At 31 December	
	2013	2012
		(Restated)
Borrowings denominated in RMB	**5.3425%**	5.8442%
Borrowings denominated in US$	**2.4145%**	3.3207%

MANAGEMENT DISCUSSION AND ANALYSIS

Treasury Management

Cash and cash equivalents as at 31 December 2013 and 31 December 2012 amounted to approximately RMB4,475,191,000 and RMB2,536,253,000, respectively. Cash flow is generally 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 available cash resources and improve the efficiency of fund applications, the subsidiaries, joint ventures and associates of the Company deposit their operation funds and surplus funds with Jin Jiang International Finance wherever possible and borrow from Jin Jiang International Finance on a priority basis for short-term financing requirements, thereby reducing the Group's interest expenses incurred in bank borrowings.

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 Company will actively consider the use of relevant financial instruments to manage interest rate risks and currency exchange rate risks in line with the Group's business development.

Available-for-sale Financial Assets

Available-for-sale financial assets held by the Group included 96,230,000 shares in Changjiang Securities Company Limited (000783.SZ), 42,973,976 shares in Bank of Communications Co., Ltd. (601328.SH), 15,380,893 shares in Yu Yuan Trade Mart (600655.SH) and 31,714,523 shares in Pudong Development Bank Co., Ltd (600000.SH).

HUMAN RESOURCES AND TRAINING

The Group's training base provides professional training on various management skills and technical skills. The base provides the Group with management talents of all fields and nurtures industry elites, where education and training are closely conducted based on the actual context of hotel development. Les Roches Jin Jiang International Hotel Management College ("Jin Jiang Les Roches College"), established by the Group in partnership with GESHOTEL-Les Roches Swiss Hotel Association School of Hotel Management, provided internationally advanced hotel training courses and trainers for intermediary and senior hotel management at the Group's hotels, as well as young and middle age backup management officers with good potential for development and training.

During the Reporting Period, Jin Jiang Les Roches College received approval to admit foreign students to become the only non-qualification awarding private education institution in Shanghai to be granted such right. During the Reporting Period, the overall quality of hotel management staff has been raised continuously via various kinds of training.

During the Reporting Period, 100 employees completed training in the United States in 4 groups and returned to take up important positions, as part of the Group's initiative to train personnel for its strategy of international development.

As of 31 December 2013, the Group had approximately 31,792 employees, increasing by approximately 5.7% as compared to the same period of last year. Employee benefit expenses in 2013 increased by approximately RMB230,915,000 or 10.3% as compared to that of 2012. The remuneration package for existing employees comprised basic salary, discretionary bonus and social security contributions. No share options scheme has been established.

MANAGEMENT DISCUSSION AND ANALYSIS

SOCIAL RESPONSIBILITY

Social responsibility is an important element in the Group's strategic development, while environmental protection is also managed as an important business of the enterprise, to further highlight the feature that all hotels under the Group are "safe, healthy, comfortable and professional", so as to achieve the organic unity of economic profitability, social benefits and eco-friendliness.

During the Reporting Period, the Group delivered notable results in the development of safety standards. The production safety accountability system was implemented in full scale and a production safety standard compliance campaign was organized. By emphasizing specific accountability, establishing rules and regulations, conducting stringent examination of safety hazards and strengthening team building, the safe operation of production activities with zero incidents has been achieved.

The Group has always focused on the improvement of staff remuneration and welfare. During the Reporting Period, the Group continued to work on improving staff remuneration and raising the salary for all frontline staff of our wholly-owned subsidiaries by over 5% in average for the year. The Group continued to improve the democratic management model at the basic level through the staff representative meeting, with a view to further protection of the lawful staff rights. Moreover, assistance to employees in need has been established as a regular practice.

CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT

The uncertainties in global economic recovery, slowdown in domestic macro-economic growth, structural oversupply in the hotel industry and the rapid development of information technology relating to the Mobile Internet will continue to affect the development of the Group's principal business. Well-positioned to address these challenges, the Group remains fully confident in its future development.

The Group will step up with the development of its core business and drive internationalization and industry upgrades. The synergies of our international acquisitions will be brought into full play in the formulation of long-term plans, as we seek to improve our management standards and core competitiveness, further advance our international deployment and strengthen our ability in multinational operations by learning from the expertise and experience of our foreign partners and leveraging the strategy of setting up international businesses while introducing foreign experiences to the domestic operations. The business development of IHR China will be expedited with a view to new breakthroughs in our third-party hotel management business.

The Group will seize the opportunity presented by the reform of state-owned assets to enhance its development towards a market-oriented corporation. We will advance reforms of our mechanisms and regimes and investigate new business and service models compatible with the age of Internet economy, while optimizing our market-based remuneration regime and risk and incentive mechanism. We will leverage our strengths in specialization to integrate the industry chains of hotel, passenger transport logistics and tourism, in a bid to enhance our business value. We will continue to improve the asset liquidity of the Company and further increase our overall asset return and enterprise value by converting and realigning our properties. The building of functional centres and system platforms will be optimized with the aim of improving quality and enhancing efficiency. Measures in cost reduction and income enhancement will be strengthened and improved, as our marketing network will be expanded through multiple channels, while personnel deployment and staff costs will also be optimized.

In line with its vision to build itself into a world-class brand name, the Group will further improve its branding system with further brand divisions and innovations as well as further efforts in the development of standards to enhance its international competitiveness. By strengthening our core competitive strengths in branding, network, human resources and management systems, we will strive to develop into a leader in the hotel and tourism industry in the PRC with international competitiveness.

REPORT OF THE DIRECTORS

The Board has pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Group is principally engaged in hotel investment and operation and the related businesses (the "Hotel Related Businesses"), passenger transportation vehicles, logistics and the related businesses (the "Passenger Transportation Vehicles and Logistics Related Businesses") and travel agency and the related businesses (the "Travel Agency Related Businesses") in the Mainland China. The Group is structured as a horizontally integrated hospitality and travel services provider, offering hospitality services tailored to all segments ranging from budget accommodation to 5-star hotels. This structure enables the Group to enjoy economies of scale as well as providing the Group with a platform to increase its market presence.

OPERATIONAL REVIEW

Management discussion and analysis on the Group's operations are set out on pages 23 to 38 in this report.

FINANCIAL REVIEW

The annual results of the Group for the year ended 31 December 2013 are set out in the consolidated income statement on page 79 in this report. Management discussion and analysis on financial review are set out on pages 23 to 38 in this report. A financial highlights of the Group for the years ended 31 December 2009, 2010, 2011, 2012 and 2013 is set out on page 13 in this report.

SHARE CAPITAL

The number of shares in each class of shares of the Company as at 31 December 2013 is set out as follows:

Class of shares	Number of shares in issue ('000)	As a percentage of total share capital (%)
Domestic shares	4,174,500	75.00
Including:		
Jin Jiang International	4,174,500	75.00
H shares	1,391,500	25.00
Total	5,566,000	100.00

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Company was successfully listed on the Main Board on 15 December 2006 and raised a net amount (after listing expenses) of approximately RMB2,676,100,000 under the global offering.

REPORT OF THE DIRECTORS

According to the plan described in the Prospectus, the proceeds were applied as follows:

In 2007, approximately HK$1,091,600,000 (RMB1,098,200,000) was injected into Jin Jiang Hotel Investment by way of addition of capital on a pro-rata basis for the development and expansion of the Jin Jiang Inn hotels network, pursuant to an arrangement between the Company and Jin Jiang Hotels Development. As at 31 December 2013, the issue proceeds applied to the development and expansion of Jin Jiang Inn network had been fully utilized.

Issue proceeds of approximately RMB725,000,000 were applied as additional capital and investments in relevant affiliated hotels for the refurbishment of certain Landmark Hotels and Luxury Hotels, including Peace Hotel, Jin Jiang Tower, Jin Jiang Hotel, Cypress Hotel, Galaxy Hotel, Rainbow Hotel and Marvel Y.M.C.A. As of 31 December 2013, issue proceeds applied for the refurbishment of Landmark Hotels and Luxury Hotels have already been paid.

From March 2007 to May 2007, issue proceeds of approximately RMB852,900,000 were used for partial repayment of bank borrowings of the Group.

DIVIDENDS

On 28 March 2014, the Board proposed to declare a final dividend of RMB4.5 cents (inclusive of tax) per share for the year ended 31 December 2013.

Pursuant to the "Corporate Income Tax Law of the PRC" and its implementing regulations (hereinafter collectively referred to as the "CIT Law") which took effect on 1 January 2008 and the "Notice on Issues relating to the Recognition of Overseas Registered PRC-invested Enterprises as Resident Enterprises based on Actual Management Organization Standards" issued by the State Administration of Taxation on 22 April 2009, the tax rate of the corporate income tax applicable to the income of non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual shareholder, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the CIT Law). The Company will distribute the final dividend to non-resident enterprise shareholders subject to a deduction of 10% corporate income tax withheld and paid by the Company on their behalf.

The 10% corporate income tax will not be withheld from the final dividend payable to any natural person shareholders.

The proposed final dividend is subject to approval by shareholders of the Company at the forthcoming annual general meeting.

For details of the resolutions to be considered and approved at the forthcoming annual general meeting, the book closure period of H share register, and the date of annual general meeting, please refer to the notice of 2013 annual general meeting to be issued by the Company in due course.

The Board is not aware of any shareholders who have waived or agreed to waive any dividends.

CORPORATE GOVERNANCE

The Board has reviewed its "Company Operation and Corporate Governance Guidelines" and is of the view that such guidelines have incorporated most of the principles and all of the code provisions of the "Corporate Governance Code" as set out in Appendix 14 to the Listing Rules. The Company has complied with the applicable code provisions of the Corporate Governance Code for the financial year ended 31 December 2013.

REPORT OF THE DIRECTORS

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2013, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company are set out on pages 219 to 223.

RESERVES

The Group had a reserve of approximately RMB1,999,514,000 as at 31 December 2013, of which RMB1,730,422,000 was retained earnings. Details of which are set out in the retained earnings in Note 23 to the consolidated financial statements on pages 180.

DISTRIBUTABLE RESERVES

According to the articles of association of the Company (the "Articles of Association"), distributable reserves are determined based on the profit of the Company calculated according to the PRC Accounting Standards or the profit calculated according to the Hong Kong Financial Reporting Standards ("HKFRS"), whichever is the lower.

According to the PRC Company Law, the profit after tax (after transferring appropriate amount into the statutory surplus reserve fund) can be distributed as dividend.

As of 31 December 2013, based on the calculation made in accordance with the PRC Accounting Standards for Business Enterprises, relevant PRC laws and the Articles of Association, the distributable reserves of the Company amounted to RMB1,611,390,328, of which about RMB250,470,000 is proposed to be the final dividend for the year.

FIXED ASSETS

Details of hotels in which the Group held substantial equity interests are set out on page 9 in this report.

BORROWINGS

The details of short- and long-term borrowings are set out in Note 25 to the consolidated financial statements on pages 185 to 190.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's customers mainly comprised Franchisees, travel agencies, corporate customers and guests at its hotels. For the year ended 31 December 2013, the Group's five largest customers in aggregate accounted for less than 30% of the Group's total sales. Pursuant to the Group's franchise agreements with its Franchisees, no credit term is granted to the Franchisees and the Group's Franchisees are required to pay the continuing franchise fee on or before the tenth day of every month. A Franchisee would be obliged to pay a certain percentage of the amount payable as penalties in case of a default in payment.

REPORT OF THE DIRECTORS

The Group's suppliers mainly comprise vendors who supply the Group's hotel operations with hotel supplies such as food and beverages, as well as bath products. For the year ended 31 December 2013, the Group's five largest suppliers in aggregate accounted for less than 30% of the Group's total purchases. Generally, the credit term provided by the Group's suppliers is about two to six months.

None of the Directors, their associates or any shareholder (who to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers mentioned above.

CONNECTED TRANSACTIONS

According to the announcements issued by the Company on 16 April 2010, 23 December 2011, 28 March 2013 and 26 November 2013 (the "Connected Transaction Announcements"), the Company and Jin Jiang International, the controlling shareholder of the Company, and/or its associates had carried out the following continuing connected transactions. Since the applicable percentage ratios for the proposed maximum annual caps of the continuing connected transactions conducted under (1) the Master Agreements; (2) the Leases, Long Term Leases and Master Property Leasing Agreement; and (3) Master Electronic Commerce Service Agreement for the respective years are more than 0.1% but less than 5%, the continuing connected transactions under these agreements are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempted from the independent shareholders' approval requirement in accordance with Rule 14A.34 of the Listing Rules, which are included in the disclosure of related party transactions in accordance with HKFRS 24 (revised) presented in the audited consolidated financial statements for the year ended 31 December 2013 on pages 212 to 218. All terms used below shall have the same meanings as defined in the Connected Transaction Announcements, unless the context requires otherwise.

(i) Master Agreements

Date: 20 November 2006

Parties:
(i) Jin Jiang International as provider and/or recipient (as the case may be); and
(ii) the Company as provider and/or recipient (as the case may be)

Terms: Each of the Master Agreements has a current term due to expire on 31 December 2014. Upon the expiry of such initial term, each of the Master Agreements shall automatically extend for further terms of 3 years, subject to the fulfillment of the relevant requirements of the Listing Rules, unless at least 3 months prior to the expiry of each such term any relevant party gives written notice of termination to the other party. As at or prior to 30 September 2014 (being 3 months prior to the expiry of each of the Master Agreements), no party has given written notice to terminate any of the Master Agreements, and each of the Master Agreements shall automatically extend for 3 years and expire on 31 December 2017.

Nature of transactions:
(a) Master Food and Beverage Services and Provision of Food Agreement:
- provision of (i) food; (ii) food and beverage services; and (iii) other related or ancillary goods and services by Jin Jiang International Group to the Group as well as by the Group to Jin Jiang International Group

(b) Master Hotel Supporting Services Agreement:
- provision of (i) I.T. services, laundry services, lift maintenance services, film development services, printing services, telecommunication and electronic products, telephone services, hotel-related goods and other hotel supporting services; and (ii) other related or ancillary goods and services by Jin Jiang International Group to the Group

REPORT OF THE DIRECTORS

(c) Master Provision of Hotel Rooms Agreement:

- provision of (i) hotel rooms; and (ii) other related or ancillary goods and services by the Group to Jin Jiang International Group; and

It is envisaged that from time to time and as required, individual implementation agreements may be entered into between the Group, Jin Jiang International, its subsidiaries and/or associates, as appropriate.

As the implementation agreements are simply further elaborations on the provisions of products and services as contemplated by each of the Master Agreements, therefore they do not constitute new categories of connected transactions.

Prices: Each relevant product or service must be provided in accordance with the following general pricing principles:

- stated-prescribed prices; or
- where there is no state-prescribed price, then according to relevant market prices.

Payment for goods and services under the Master Agreements is usually settled monthly or quarterly in arrears, as the case may be.

The historical figures of the continuing connected transactions under the Master Agreements for each of the three years ended 31 December 2013 and the relevant annual caps for each of the three years ended 31 December 2013 are as follows:

	Historical Figures (RMB million)			Annual Caps (RMB million)		
Items	For the year ended 2011	For the year ended 2012	**For the year ended 2013**	For the year ended 2011	For the year ended 2012	**For the year ended 2013**
Expenditure Items:						
1) Master Food and Beverage Services and Provision of Food Agreement	4.0	4.1	**6.4**	47	23	**23**
2) Master Hotel Supporting Services Agreement	3.2	2.4	**2.4**	13.1	7	**7**
Revenue Items:						
1) Master Food and Beverage Services and Provision of Food Agreement	2.6	3.0	**3.1**	5.6	4	**4.5**
2) Master Provision of Hotel Rooms Agreement	13.5	17.2	**22.6**	54	27	**27**

REPORT OF THE DIRECTORS

The annual caps for the continuing connected transactions for the year ending 31 December 2014 are set out in the table below:

Items	Annual Caps for the Items (RMB million) For the year ending 2014
Expenditure Items:	
1) Master Food and Beverage Services and Provision of Food Agreement	23
2) Master Hotel Supporting Services Agreement	7
Revenue Items:	
1) Master Food and Beverage Services and Provision of Food Agreement	5
2) Master Provision of Hotel Rooms Agreement	27

(ii) Leases, Long Term Leases and Master Property Leasing Agreement

Leases

Dates: 30 November 2004, 20 February 2006, 16 June 2006, 25 August 2006, 21 September 2006, 22 September 2006 and 10 November 2006

Parties:
(i) certain associates of Jin Jiang International as landlords; and
(ii) certain members of the Group as tenants

Terms: Each of the Leases has automatically extended for further terms of 3 years and has a term due to expire on 31 December 2014. Upon the expiry of such term, each of the Leases shall automatically extend for 3 years with the rent to be agreed by the parties based on the then prevailing market price, subject to the fulfillment of the relevant requirements of the Listing Rules, unless at least 3 months prior to the expiry of each such term any relevant party gives written notice of termination to the other party.

Properties: 11 commercial properties located in Shanghai

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Long Term Leases

Dates:	10 June 1996 and 6 February 2006
Parties:	(i) certain associates of Jin Jiang International as landlords; and
	(ii) certain members of the Group as tenants
Terms:	Each of the Long Term Leases has a current term of 20 years and will expire on 30 June 2016 and 31 December 2026, as the case may be, unless the relevant member of the Group gives to the lessor at least 1 year prior written notice of termination.
Properties:	2 commercial properties located in Shanghai

Master Property Leasing Agreement

Background: Prior to entering into the Master Property Leasing Agreement, certain members of the Group have rented several properties located in Shanghai from certain associates of Jin Jiang International pursuant to the terms of the Leases and the Long Term Leases. As it is contemplated that members of the Group and members of Jin Jiang International Group may from time to time in the future consider entering into new lease arrangements in respect of properties owned by Jin Jiang International Group, in order to systematically organize all the property leasing arrangements between the Group and Jin Jiang International Group for the purposes of Chapter 14A of the Listing Rules, on 23 December 2011, the Company and Jin Jiang International have entered into the Master Property Leasing Agreement. Details of the Master Property Leasing Agreement are set out below.

Date:	23 December 2011
Parties:	(i) Jin Jiang International; and
	(ii) the Company
Terms:	The Master Property Leasing Agreement will be effective for an initial term of 3 years until 31 December 2014, unless either party terminates the Master Property Leasing Agreement by giving 3 months' prior written notice to the other party. The terms of the Master Property Leasing Agreement can be extended, provided that Jin Jiang International and the Company agree to such extension and the Listing Rules are complied with.
Nature of transactions:	Jin Jiang International Group will lease some properties legally owned by it to the Group and provide other property leasing related services to the Group.
	It is envisaged that from time to time and as required, individual implementation agreements may be entered into between the Group, Jin Jiang International, its subsidiaries and/or associates, as appropriate.
	As the implementation agreements are simply further elaborations on the provisions of services as contemplated by the Master Property Leasing Agreement, therefore they do not constitute new categories of connected transactions.
Prices:	Property leasing services must be provided in accordance with the following general pricing principles:
	• state-prescribed price; or
	• where there is no state-prescribed price, then according to relevant market prices.

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Other major terms:	All existing agreements between Jin Jiang International Group and the Group in relation to the transactions (to the extent which cover the transactions after the effective date of the Master Property Leasing Agreement) will be deemed as the implementation agreements made pursuant to the Master Property Leasing Agreement since the effective date of the Master Property Leasing Agreement.

The original annual caps for the two years ending 31 December 2014 for the transactions under the Master Property Leasing Agreement are RMB32,000,000 and RMB34,000,000, respectively. Based on internal estimation, the Directors are of the view that the original 2013 and 2014 annual caps for the transactions under the Master Property Leasing Agreement will not be sufficient for the Group's current requirements. Therefore, considering the historical figure, the new property leasing transactions expected to be entered into between the Group and Jin Jiang International, and the expected increase in the rental payments and utility charges, the Board proposed to revise the 2013 and 2014 annual caps to RMB 40,000,000 and RMB50,000,000, respectively. Other than the above change, all existing terms and conditions of the Master Property Leasing Agreement have remained unchanged.

The historical figures of the continuing connected transactions under the Leases, the Long Term Leases and the Master Property Leasing Agreement for each of the three years ended 31 December 2013 and the relevant annual caps for each of the three years ended 31 December 2013 are as follows:

	Historical Figures (RMB million)			Annual Caps (RMB million)		
Item	For the year ended 2011	For the year ended 2012	**For the year ended 2013**	For the year ended 2011	For the year ended 2012	**For the year ended 2013**
Leases, Long Term Leases and Master Property Leasing Agreement	20.5	29.4	**34.8**	25	30	**40**

The annual cap for the year ending 31 December 2014 is as follows:

Item	Annual Caps for the Item (RMB million) For the year ending 2014
Maximum property leasing service fees payable by the Group under the Master Property Leasing Agreement for the relevant period	50

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(iii) Master Electronic Commerce Service Agreement

Date: 23 December 2011

Parties:
(i) Jin Jiang International; and
(ii) the Company

Terms: The Master Electronic Commerce Service Agreement will be effective for an initial term of 3 years until 31 December 2014, unless either party terminates the Master Electronic Commerce Service Agreement by giving 3 months' prior written notice to the other party. The terms of the Master Electronic Commerce Service Agreement can be extended, provided that Jin Jiang International and the Company agree to such extension and the Listing Rules are complied with.

Nature of transactions: Jin Jiang International Group will provide the Electronic Commerce Services to the Group.

It is envisaged that from time to time and as required, individual implementation agreements may be entered into between the Group, Jin Jiang International, its subsidiaries and/or associates, as appropriate.

As the implementation agreements are simply further elaborations on the provisions of services as contemplated by the Master Electronic Commerce Service Agreement, therefore they do not constitute new categories of connected transactions.

Prices: The Electronic Commerce Services must be provided in accordance with the following general pricing principles:

- state-prescribed price; or
- where there is no state-prescribed price, then according to relevant market prices.

The historical figure of the continuing connected transactions under the Master Electronic Commerce Service Agreement for each of the two years ended 31 December 2013 and the relevant annual caps for each of the three years ending 31 December 2014 are as follows:

Item	Historical Figure (RMB million)		Annual Caps for the Item (RMB million)		
	For the year ended 2012	**For the year ended 2013**	For the year ended 2012	**For the year ended 2013**	For the year ending 2014
Maximum service fees payable by the Group under the Master Electronic Commerce Service Agreement for the relevant period	2.6	**9.9**	19	**38**	50

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(iv) Loan Service Framework Agreement

Date: 16 April 2010

Parties:
(i) Jin Jiang International; and
(ii) Jin Jiang International Finance

Terms: The Loan Service Framework Agreement will be effective for an initial term of 3 years until 15 April 2013, unless prior to the expiry either party terminates the Loan Service Framework Agreement by giving 3 months' prior written notice to the other party. The terms of the Loan Service Framework Agreement can be extended, provided that the Parent Company and the Finance Company agree to such extension and the requirements under the relevant laws, regulations and/or the Listing Rules are complied with. As at or prior to 15 January 2013 (being 3 months prior to the expiry of the Loan Service Framework Agreement), no party has given written notice of termination of the Loan Service Framework Agreement. The Loan Service Framework Agreement will automatically extend for 3 years and expire on 15 April 2016.

Nature of transactions: Provision of loan services by Jin Jiang International Finance to Jin Jiang International.

Prices: Jin Jiang International Finance shall provide loans to Jin Jiang International and/or its associates (excluding the Group) at interest rates not lower than the relevant rates stipulated or allowed by the People's Bank of China for the same type of loan.

The historical figures of the continuing connected transactions under the Loan Service Framework Agreement for each of the three years ended 31 December 2013 and the relevant annual caps for each of the three years ended 31 December 2013 are as follows:

	Historical Figures (RMB million)			Annual Caps (RMB million)		
Item	For the year ended 2011	For the year ended 2012	**For the year ended 2013**	For the year ended 2011	For the year ended 2012	**For the year ended 2013**
Loan Service Framework Agreement	0.9	0.3	**20.7**	57.3	71.7	**80.5**

The annual caps for the continuing connected transactions under the Loan Service Framework Agreement for each of the two years ending 31 December 2014 and 2015 and the three and a half months ending 15 April 2016 are as follows:

	Annual Caps for the Relevant Period (RMB million)		
	For the year ending 2014	For the year ending 2015	For the three and a half months ending 15 April 2016
Total interest caps receivable by the Finance Company under the Loan Service Framework Agreement for the relevant period	60	70	23.33

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The independent non-executive Directors, Mr. Ji Gang, Mr. Sun Dajian, Dr. Rui Mingjie, Mr. Yang Menghua, Dr. Tu Qiyu and Mr. Shen Chengxiang, have reviewed the above continuing connected transactions and confirm that these transactions have been entered into:

(1) in the ordinary course of business of the Company;

(2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The international auditor of the Company has performed certain assurance procedures on such transactions and has provided a letter to the Board stating that the above continuing connected transactions:

(1) received the approval of the Board;

(2) were in accordance with the pricing policies of the Group if the transactions involve provision of services by the Group;

(3) were entered into in accordance with the relevant agreements governing such transactions; and

(4) did not exceed the relevant annual caps as disclosed in the Connected Transaction Announcements.

Other Material Connected Transactions

The transaction of transferring the Company's 45% equity interest in Hua Ting Hotel and Towers

The Company entered into the Equity Transfer Agreement with Jin Jiang International Investment on 1 November 2013, pursuant to which the Company agreed to transfer its 45% equity interest (out of its 50% equity interest) in Hua Ting Hotel and Towers, a non-wholly owned subsidiary of the Company, to Jin Jiang International Investment at a cash consideration of RMB901,303,000 (equivalent to approximately HK$1,140,889,000). In addition, on 1 November 2013, the Company, Jin Jiang International and Jin Jiang International Investment entered into the Guarantee, pursuant to which Jin Jiang International agreed to provide a guarantee in respect of Jin Jiang International Investment's payment obligation under the Equity Transfer Agreement. Upon completion of the Equity Transfer Agreement, the Company's equity interest in Hua Ting Hotel and Towers shall be reduced from 50% to 5%, and Jin Jiang International Investment's equity interest in Hua Ting Hotel and Towers shall be increased from 50% to 95%. As such, Hua Ting Hotel and Towers will cease to be a subsidiary of the Company.

The transaction under the Equity Transfer Agreement is in line with the strategic planning of the Company and the interests of the Company's shareholders as a whole, improving the Group's assets liquidity and financial positions and optimizating the Group's assets allocation. The Company intends to use the net proceeds from the transaction under the Equity Transfer Agreement as general working capital of the Group.

As the relevant percentage ratio for the transaction under the Equity Transfer Agreement exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules. In addition, as Jin Jiang International Investment is a subsidiary of Jin Jiang International, the controlling shareholder of the Company, and a substantial shareholder of Hua Ting Hotel and Towers, it is therefore a connected person of the Company under the Listing Rules.

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Accordingly, the transaction under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

As Jin Jiang International is the controlling shareholder of the Company, it is also a connected person of the Company and therefore the transaction under the Guarantee also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, such connected transaction is exempted from all reporting, announcement and independent shareholders' approval requirements under the Listing Rules pursuant to Rule 14A.65(4) of the Listing Rules as the transaction constitutes a financial assistance provided by a connected person for the benefit of the Company on normal commercial terms where no charge over the assets of the Company is created in respect of the financial assistance.

The Company convened the 2013 first extraordinary general meeting on 19 December 2013, at which the transaction of transferring the Company's 45% equity interest in Hua Ting Hotel and Towers was reviewed and approved.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and senior management as at 31 December 2013 are set out on pages 17 to 22 in this report.

INTERESTS IN SHARES OF DIRECTORS, CHIEF EXECUTIVES AND SUPERVISORS

As at 31 December 2013, none of the Directors, chief executives or Supervisors of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company which are 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 are required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which are otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") (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 31 December 2013, two Directors, namely Mr. Yu Minliang and Mr. Yang Weimin, held the following number of shares in Jin Jiang Hotels Development:

Name	Number of shares in Jin Jiang Hotels Development held	Nature of interests	Capacity	Percentage in total share capital of Jin Jiang Hotels Development
Yu Minliang	14,305	Long position	Beneficial owner	0.0024%
Yang Weimin	497,339	Long position	Beneficial owner	0.0824%

Save as disclosed above, as at 31 December 2013, none of the Directors, chief executives or Supervisors of the Company 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 are 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 executives or Supervisors of the Company is taken or deemed to have under such provisions of the SFO) or which are required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which are 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).

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RIGHTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES TO ACQUIRE SHARES OR DEBENTURES

No arrangements to which the Company, or any of its subsidiaries, its holding company or any of the subsidiaries of its holding company is or was a party to enable the Directors, Supervisors and chief executives of the Group to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

(a) Substantial shareholders' interest in shares or underlying shares of the Company

As at 31 December 2013, so far as the Directors are aware, the following persons (other than a Director, chief executive or Supervisor of the Company) 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%
Kwok Hoi Hing	H shares	153,092,000 (Long position)	Beneficial owner	11.00%	2.750%
Norges Bank	H shares	70,166,000 (Long position)	Beneficial owner	5.04%	1.261%
JPMorgan Chase & Co.	H shares	5,344,000 (Long position) 64,520,000 (Long position) (Lending pool)	Investment manager Custodian corporation/ approved lending agent	5.02%	1.255%

Save as disclosed above and so far as the Directors are aware, as at 31 December 2013, 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.

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(b) Substantial shareholders' interests in shares/underlying shares of other members of the Group:

As at 31 December 2013, so far as the Directors are aware, each of the following parties, not being (1) a Director, chief executive or Supervisor of the Company or (2) a member of the Group, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

	Name of subsidiary	Name of shareholder	Percentage of shareholding
1	上海錦花旅館有限公司 (Shanghai Jinhua Hotel Co., Ltd.)	上海花木經濟發展總公司 (Shanghai Huamu Economic Development Company Limited)	20%
2	揚州錦揚旅館有限公司 (Yangzhou Jinyang Hotel Co., Ltd.)	揚州市雙橋鄉農工商總公司 (Yangzhou Shuangqiao Town NGS Co., Ltd.)	25%
3	上海錦海旅館有限公司 (Shanghai Jinhai Hotel Co., Ltd)	閔行區商業建設公司 (Minhang Commercial Construction Co., Ltd.)	30%
4	蘇州新區錦獅旅館有限公司 (Suzhou New Area Jinshi Hotel Co., Ltd.)	蘇州新區獅山農工商總公司 (Suzhou Shishan Industry & Commercial Co., Ltd.)	40%
5	南京錦繡旅館有限公司 (Nanjing Jinxu Hotel Co., Ltd.)	上海浦東新區合慶繡品服裝(集團)有限公司 (Shanghai Pudong Heqing Embroidery Clothing (Group) Co., Ltd.)	40%
6	上海新苑賓館有限公司 (Shanghai New Garden Hotel Co., Ltd)	上海鑫達實業總公司 (Shanghai Xinda Industrial Co., Ltd.)	43%
7	上海海侖賓館有限公司 (Sofitel Hyland Shanghai Co., Ltd)	上海國際集團投資管理有限公司 (SIG Investment Management Co., Ltd.)	33.33%
8	上海建國賓館有限公司 (Shanghai Jian Guo Hotel Co., Ltd)	上海國際集團投資管理有限公司 (SIG Investment Management Co., Ltd.)	35%
9	上海錦江飯店發展有限公司 (Shanghai Jin Jiang Hotels Development Co., Ltd.)	上海錦江飯店實業有限公司 (Shanghai Jin Jiang Hotel Industries Company Limited)	10%
10	北京錦江北方物業管理有限公司 (Beijing Jin Jiang Northern Property Management Company Limited)	北京市昆侖經貿公司 (Beijing Kun Lun Economy & Trade Company Limited)	20%
11	澳大利亞新亞大包快餐(連鎖)有限公司 (New Asia Chains of Snack (Australia) PTY. Ltd.)	英華進出口有限公司 (Ying Hua Import & Expert Pty Limited)	45%
12	上海錦江同樂餐飲管理有限公司 (Shanghai Jin Jiang Tung Lok Catering Management Inc.)	新加坡同樂(中國)控股有限公司 (Tung Lok (China) Holdings Pte. Ltd.)	49%
13	上海豫錦酒店管理有限公司 (Shanghai YuJin Hotel Management Company Limited)	上海豫園(集團)有限公司 (Shanghai Yuyuan (Group) Co., Ltd.)	40%
14	上海浦東友誼汽車服務有限公司 (Shanghai Pudong Friendship Automobile Service Co., Ltd.)	廣茂投資發展中心 (Guangmao Investment and Development Centre)	12.17%

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	Name of subsidiary	Name of shareholder	Percentage of shareholding
15	上海中油錦友油品經營有限公司 (Shanghai Zhong You Jin You Oil Products Co., Ltd.)	中油上海銷售有限公司 (Shanghai ZhongYou Trading Co., Ltd.)	19%
	上海中油錦友油品經營有限公司 (Shanghai Zhong You Jin You Oil Products Co., Ltd.)	上海興恒拍賣有限公司 (Shanghai Xingheng Auction Company Limited)	5%
16	上海嘉定錦江汽車服務有限公司 (Shanghai Jiading Jin Jiang Automobile Services Co., Ltd.)	上海振申汽車服務公司 (Shanghai Zhenshen Taxi Services Co., Ltd.)	30%
17	上海錦江豐田汽車銷售服務有限公司 (Shanghai Toyota Automobile Sales Co., Ltd.)	上海永達(集團)股份有限公司 (Shanghai Yong Da (Group) Co., Ltd.)	20%
	上海錦江豐田汽車銷售服務有限公司 (Shanghai Toyota Automobile Sales Co., Ltd.)	丁躍華 (Ding Yuehua)	10%
18	上海花樣年華廣告有限公司 (Shanghai Colorful Day Advertising Co., Ltd.)	周立平 (Liping Zhou)	20%
19	上海錦茂汽車銷售服務有限公司 (Shanghai Jinmao Automobile Distribution and Services Co., Ltd.)	上海榮茂工貿有限公司 (Shanghai Rongmao Industry & Trade Co.,Ltd.)	49.02%
20	上海錦江低溫物流發展有限公司 (Shanghai Jinjiang Cold Logistics Development Co., Ltd.)	Mitsui & Co. (Asia Pacific) Pte. Ltd.	49%
21	上海錦海捷亞物流管理有限公司 (Shanghai JHJ Logistic Management Co., Ltd.)	錦江國際集團(香港)有限公司 (Jin Jiang International Group (HK) Co., Ltd.)	21.75%
22	上海錦海捷亞物流管理有限公司 (Shanghai JHJ Logistic Management Co., Ltd.)	香港旋光有限公司 (Hongkong Xuanguang Co., Ltd.)	13.25%
23	上海錦江國際綠色假期旅遊有限公司 (Shanghai Jin Jiang International Green Holiday Travel Co., Ltd.)	上海廊下集體資產有限公司 (Shanghai Langxia assets management Co., Ltd.)	30%
24	靜安麵包房控股有限公司 (Jing An Bakery Holding Company Limited)	中國麵包投資有限公司 (China Bread Investment Limited)	30%
25	靜安麵包房控股有限公司 (Jing An Bakery Holding Company Limited)	中國烘焙集團有限公司 (China Baking Group Co., Ltd.)	10%
26	瀋陽錦富酒店投資管理有限公司 (Shenyang Jin Fu Hotel Investment and Management Company Limited)	瀋陽副食集團公司 (Shenyang Foodstuff Group Company)	45%

Save as disclosed above and so far as the Directors of the Company are aware, as at 31 December 2013, no other party, not being (1) a Director, chief executive or Supervisor of the Company or (2) a member of the Group, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

REPORT OF THE DIRECTORS

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

As of 31 December 2013 and at any time during the Reporting Period, there is or was no contract of significance (as defined in Appendix 16 of the Listing Rules) subsisting in which any of the Directors or the Supervisors of the Company is or was, whether directly or indirectly, materially interested in.

As of 31 December 2013 and at any time during the Reporting Period, there is or was no contract of significance in relation to the Company's business subsisting to which the Company, its subsidiaries, its holding company or a subsidiary of its holding company is or was a party and in which any of the Directors or the Supervisors of the Company has or had, or at any time during that period, in any way, whether directly or indirectly, a material interest.

As of 31 December 2013 and at any time during the Reporting Period, none of the Directors or the Supervisors of the Company is or was in any way, directly or indirectly, materially interested in any contract of significance in relation to the Company's business entered into or proposed to be entered into with the Company.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term expiring upon the conclusion of the annual general meeting of the Company to be held in 2015.

Commencement dates of the terms of each independent non-executive Director are as follows:

Name	Title	Commencement Date
Mr. Ji Gang	Independent Non-executive Director	20 November 2006 (last re-appointed on 16 October 2012)
Mr. Sun Dajian	Independent Non-executive Director	20 November 2006 (last re-appointed on 16 October 2012)
Dr. Rui Mingjie	Independent Non-executive Director	20 November 2006 (last re-appointed on 16 October 2012)
Mr. Yang Menghua	Independent Non-executive Director	20 November 2006 (last re-appointed on 16 October 2012)
Dr. Tu Qiyu	Independent Non-executive Director	20 November 2006 (last re-appointed on 16 October 2012)
Mr. Shen Chengxiang	Independent Non-executive Director	20 November 2006 (last re-appointed on 16 October 2012)

The Company did not enter into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) with any Director or Supervisor.

EMOLUMENT POLICY OF THE GROUP

The Group's staff emolument policy comprised basic salary, social security contribution and the Group's performance-based discretionary bonus.

The compensation of the Directors, Supervisors, the five highest paid individuals and senior management and information regarding pension scheme have been stated in Notes 29 and 41(d) to the consolidated financial statements on pages 193 to 197 and page 218, respectively. The Group has adopted the PRC government's social security system that comprises retirement fund, housing fund and medical insurance. For the retirement funds, the employer contribution ratio and employee contribution ratio in Shanghai are currently 22% and 8% respectively.

The Company determines the remuneration of the Directors on the basis of their qualifications, experience and contributions.

REPORT OF THE DIRECTORS

EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS, INDEPENDENT NON-EXECUTIVE DIRECTORS, SUPERVISORS

As of 31 December 2013, the executive Directors are Mr. Yu Minliang (chairman), Mr. Yang Weimin (vice chairman and chief executive officer), Ms. Chen Wenjun, Mr. Yang Yuanping, Mr. Shao Xiaoming, Mr. Han Min and Mr. Kang Ming, and the independent non-executive Directors are Mr. Ji Gang, Mr. Sun Dajian, Dr. Rui Mingjie, Mr. Yang Menghua, Dr. Tu Qiyu and Mr. Shen Chengxiang.

As of 31 December 2013, the Supervisors are Mr. Wang Xingze (chairman of the Supervisory Committee), Mr. Wang Guoxing, Mr. Ma Mingju, Ms. Chen Junjin, Mr. Zhou Qiquan and Ms. Zhou Yi.

Biographical details of the Directors and the Supervisors are set out on pages 17 to 20 in this report.

PENSION SCHEMES

In accordance with relevant PRC laws and regulations, full time employees of the Group are enrolled in various defined contribution pension schemes established by relevant domestic provincial or municipal governments. During the Reporting Period, the Group and its employees made monthly contributions to the schemes at a certain percentage of the wages of the employees in accordance with the aforesaid pension schemes.

NOMINATION COMMITTEE

The Board has established a nomination committee, which comprises the Chairman and the executive Director Mr. Yu Minliang (chairman) and two independent non-executive Directors, Dr. Rui Mingjie and Dr. Tu Qiyu. The major duties of the nomination committee include: (1) review the structure, number of members and composition (including the skills, knowledge and experience) of the Board at least annually, and make suggestions on any proposed changes of the Board in accordance with the corporate strategies of the Company; (2) identify candidates with appropriate qualifications to act as Directors, and select and nominate such candidates to act as Directors or make recommendations to the Board in this regard; (3) evaluate the independence of independent non-executive Directors; and (4) make suggestions to the Board on the appointment or re-appointment of Directors and the succession plan of Directors.

The Company has adopted a Board diversity policy (the “Board Diversity Policy”) and determined methods for achieving and maintaining Board diversity. The Company is aware that Board diversity is conducive to improving the quality of the work of the Board. A summary of the Board Diversity Policy is set out as follows:

When selecting Board members, the Company will consider a range of factors relating to diversity, including but not limited to gender, age, cultural and educational background, expertise, skills, know-how and term of service. The nomination committee will review Board diversity and report Board composition to the Board and monitor the implementation of the Board Diversity Policy.

The terms of reference of the nomination committee, which were revised on 28 March 2014 to adopt the Board Diversity Policy, have been posted on the websites of the Company and the Stock Exchange.

Mr. Zhang Xiaoqiang was appointed as vice president of the Company with effect from 28 November 2013. Mr. Xu Lei resigned as vice president of the Company with effect from 28 March 2014.

REPORT OF THE DIRECTORS

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. Yang Menghua (chairman), Mr. Sun Dajian and Mr. Ji Gang.

The annual results have been reviewed by the audit committee. The committee has reviewed the accounting principles and practices adopted by the Company and conducted a discussion on matters in relation to the audit, internal controls and financial reporting, including the review of the audited consolidated financial statements for the year 2013, together with the management.

REMUNERATION COMMITTEE

The Company has established a remuneration committee, the principal duty of which is to make recommendations to the Board in respect of the remuneration policy and structure formulated by the Company for the Directors and the senior management. The remuneration committee comprises the independent non-executive Director Mr. Ji Gang (chairman), the executive Director Mr. Yang Weimin and the independent non-executive Director Mr. Shen Chengxiang.

PUBLIC FLOAT

Based on information publicly available to the Company and so far as the Directors are aware, at least 25% of the Company's total issued share capital was held by the public as at the latest practicable date prior to the issue of this report.

NON-EXECUTIVE DIRECTOR

As of 31 December 2013, the Company did not have any non-executive Director.

CONFIRMATION OF INDEPENDENCE BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from all independent non-executive Directors, namely Mr. Ji Gang, Mr. Sun Dajian, Dr. Rui Mingjie, Mr. Yang Menghua, Dr. Tu Qiyu and Mr. Shen Chengxiang, the confirmation letters of their independence pursuant to Rule 3.13 of the Listing Rules. Based on their confirmations, the Company considers that all independent non-executive Directors are independent.

MANAGEMENT CONTRACTS

No contracts concerning the management and operation of the whole or any substantial part of the business of the Company were entered into or subsisted during the Reporting Period.

PRE-EMPTIVE RIGHTS

Under the Articles of Association and the laws of the PRC, no pre-emptive rights exist which require the Company to offer new shares to its existing shareholders in proportion to their shareholding.

REPORT OF THE DIRECTORS

TAX RELIEF AND EXEMPTION

The Company is not aware that any holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

INTERNATIONAL AUDITOR

The consolidated financial statements of the Company prepared in accordance with HKFRS have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By order of the Board
Yu Minliang
Chairman

28 March 2014

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the Reporting Period, under the principle of being accountable to all shareholders, all members of the Supervisory Committee have strictly adhered to the principles of conscientiousness and faithfully discharged their supervisory duties with prudence in accordance with the requirements set out in the Company Law of the PRC and the Articles of Association, for the purpose of facilitating a disciplined operation and sustainable development of the Company.

The Supervisory Committee convened two meetings during the Reporting Period. On 28 March 2013, the Supervisory Committee received relevant reports on the financial conditions of the Group in 2012, and considered and passed the 2012 Supervisory Committee report. On 29 August 2013, the Supervisory Committee received relevant reports on the financial conditions of the Group during the first half of 2013.

The current session of the Supervisory Committee has supervised the performance by the Directors and management of the Group of their duties and the implementation of the resolutions of the general meeting(s). The Supervisory Committee is of the view that the Directors and management of the Group have performed their duties in accordance with the resolutions of the general meeting(s) in a serious manner. There were no significant violations of laws and regulations or the Articles of Association or acts conducted jeopardizing the interests of the shareholders of the Group by the Directors and other members of the management of the Group in the performance of their duties.

Having conducted reviews on the financial system, financial reporting and internal audit of the Group, the current session of the Supervisory Committee is of the view that information contained in the annual report and interim report of the Group are true and reliable, and that the audit opinions issued by the accounting firm are fair and objective.

The current session of the Supervisory Committee has supervised the Group's operations. The scope of supervision includes financial control, operational control and compliance control as well as risk management functions. The Supervisory Committee is of the view that the Group has established comprehensive internal control systems, made significant improvements in the formation and implementation of internal work procedures and effectively controlled various operational risks of the Group. The Group has carried out its business operations in accordance with the PRC laws and regulations and the Articles of Association as well as internal work procedures.

By order of the Supervisory Committee
Wang Xingze
Chairman of the Supervisory Committee

28 March 2014

CORPORATE GOVERNANCE REPORT

The Board has reviewed the "Company Operation and Corporate Governance Guidelines" of the Company and is of the view that such guidelines have incorporated most of the principles and all of the code provisions of the "Corporate Governance Code" as set out in Appendix 14 to the Listing Rules. The Company was in compliance with the relevant code provisions set out in Appendix 14 to the Listing Rules for the financial year ended 31 December 2013.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for formulating the corporate governance policies of the Company and performing the following corporate governance duties:

(1) To develop and review the corporate governance policies and practices of the Group, and make suggestions;

(2) To review and monitor the training and continuous professional development of the Directors and senior management;

(3) To review and monitor the compliance with all requirements under laws and regulations by the Group's policies and practices (if applicable);

(4) To develop, review and monitor the codes of conduct and compliance guidelines applicable to all employees and Directors of the Group (if any); and

(5) To review the compliance with the disclosure requirements under the Corporate Governance Code and Corporate Governance Report by the Group.

During the Reporting Period, the Board has approved the terms of reference of the Board, shareholders communication policies, shareholders enquiry procedures and special request procedures.

THE BOARD

The Board of the Company currently consists of seven executive Directors and six independent non-executive Directors. (at least one independent non-executive Director possesses appropriate professional qualifications or possesses accounting or related financial management expertize). Biographical details of the Directors are set out on pages 17 to 19 in this report.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the third session of the Board of the Company held fifteen meetings. The attendance record of each respective Director of the third session of the Board at the Board meetings held in 2013 is set out in the following table:

Directors	Attendance/Number of meetings held
Mr. Yu Minliang *(chairman)*	15/15
Mr. Yang Weimin *(vice chairman and CEO)*	15/15
Ms. Chen Wenjun	15/15
Mr. Yang Yuanping	15/15
Mr. Shao Xiaoming	15/15
Mr. Han Min	15/15
Mr. Kang Ming	15/15
Mr. Ji Gang*	15/15
Mr. Sun Dajian*	15/15
Dr. Rui Mingjie*	15/15
Mr. Yang Menghua*	15/15
Dr. Tu Qiyu*	15/15
Mr. Shen Chengxiang*	15/15

* Independent non-executive director

CONTINUOUS TRAINING AND DEVELOPMENT FOR DIRECTORS

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide a comprehensive induction package covering the summary of the responsibilities and legal obligations of a director of a Hong Kong listed company, the Company's constitutional documents and the Guides on Directors' Duties issued by the Companies Registry to each newly appointed Director to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements.

The company secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials, and the legal advisers of the Company prepare and provide the Directors with detailed interpretations and analysis on the revised contents for them to understand the latest developments in a timely and accurate manner and to perform their duties in accordance with relevant laws and regulatory requirements. All Directors of the Company (namely Mr. Yu Minliang, Mr. Yang Weimin, Ms. Chen Wenjun, Mr. Yang Yuanping, Mr. Shao Xiaoming, Mr. Han Min, Mr. Kang Ming, Mr. Ji Gang, Dr. Rui Mingie, Mr. Yang Menghua, Mr. Sun Dajian, Dr. Tu Qiyu and Mr. Shen Chengxiang) have participated in relevant trainings, and were provided with the above information for further development and update on their knowledge and skills, which in turn ensures that they could make adequate and suitable contributions to the Board.

CORPORATE GOVERNANCE REPORT

NOMINATION OF DIRECTORS AND TERM OF OFFICE

A nomination committee has been set up under the Board of the Company on 28 March 2012. A shareholder holding 5% or more (including 5%) of the total number of shares of the Company with voting rights may nominate Director candidate(s) to the general meeting by the way of written proposal. A written notice stating their intention to nominate a candidate for directorship and the nominee's consent to be nominated shall be delivered to the Company after the dispatch of the notice of general meeting at which the election of Directors will be held and not less than 7 days before the general meeting, and the notice period shall not be less than 7 days. The criteria for nomination shall be based mainly on the academic qualifications, relevant experience and other biographical details of the candidates. The independence of the candidates and their potential contributions to the Board as a whole will also be considered.

Our Directors (including the non-executive Directors) shall be appointed for a term of three years from the effective date of their appointment.

RESPONSIBILITIES OF THE BOARD

The Board is accountable to the general meetings of the Company and exercises the following duties:

(1) To be responsible to convene general meetings and report their work therein;

(2) To execute the resolutions passed in general meetings;

(3) To determine the Company's business plans and investment plans;

(4) To prepare the Company's annual financial budget and final accounts;

(5) To formulate the Company's profit appropriation plan (including annual dividend payout plan) and loss recovery plan;

(6) To formulate plans to increase or reduce the registered capital of the Company and to issue the Company's debenture;

(7) To formulate the Company's merger, spin-off and dissolution plans;

(8) To determine the establishment of the Company's internal management structure;

(9) To engage or terminate the chief executive officer, and based on nominations of the chief executive officer, engage or terminate the Company's executive president, vice presidents, finance officers, and determine their remunerations;

(10) To formulate the Company's basic management system;

(11) To draw up proposals to amend the Articles of Association;

(12) To determine the Company's wage level, fringe benefits and incentive schemes according to the relevant PRC regulations;

(13) To determine major business and administrative matters not specified in the Articles of Association to be resolved in the Company's general meetings;

(14) To formulate major acquisition or disposal plans of the Company; and

(15) To perform other functions as authorized by the Articles of Association and general meetings of the Company.

CORPORATE GOVERNANCE REPORT

Resolutions in respect of matters referred to in items (6), (7) and (11) above shall be approved by two-third of the Directors, and approval by a simple majority of the Directors is required for the resolutions in respect of other preceding items.

The Board shall convene and the chairman shall call for regular meetings at least four times every year. Notices of such regular Board meetings shall be served on all of the Directors and Supervisors not less than 14 days before the dates of the meetings. A regular Board meeting shall not seek approval of the Board through the circulation of written resolutions. In case of any urgent matters, upon requisition by shareholders holding one tenth or more of the voting rights, one third or more of the Directors or the Supervisory Committee, an extraordinary Board meeting may be convened.

The time and venue for a Board meeting may be determined in advance by the Board and no separate notice for the meeting shall be necessary if such pre-determined time and venue have been put on record in the minutes of a previous meeting and such minutes have been sent to all Directors at least 10 days before the convening of the forthcoming Board meeting.

If the time and venue for a Board meeting have not been determined in advance by the Board, the chairman or the secretary to the Board shall dispatch a notice containing the time and venue of the Board meeting to all Directors at least 5 days (but not earlier than 10 days) prior to the date of the meeting by way of telex, telegraph, facsimile, express mail, registered mail or by hand.

The meeting agenda and relevant documents for regular Board meetings shall be delivered in full in a timely manner to all Directors at least 3 days (or any other agreed length of time) before the date set for such Board meetings.

The quorum of Board meetings shall be at least one half of all the Directors, who attend the meetings in person. Each Director shall have one vote.

Pursuant to relevant provisions of the Articles of Association and the Listing Rules, the Board has delegated the following duties to the senior management of the Company:

1. Preparation of the Company's annual financial budget and final accounts;

2. Adjustments to the internal management entities of the Company;

3. Establishment of the Company's daily management systems (such as human resources, finance, internal control, internal audit, asset management and investment management, etc); and

4. Determination of wages, fringe benefits and incentive schemes for the Company's staff (other than the Directors and senior management) in accordance with the relevant PRC regulations.

CORPORATE GOVERNANCE REPORT

SUPERVISORY COMMITTEE

By the end of 2013, the Supervisory Committee comprised six members. The background and biographical details of the Supervisors are set out in the section headed "Directors, Supervisors and Senior Management".

Supervisors of the Company acted diligently to effectively supervise on the lawfulness and compliance of the Company's financial matters and the performance of duties by the Directors and senior management.

BOARD COMMITTEES

(1) Audit Committee

The audit committee is a committee established under the Board. Its main duties are to review and supervise the Company's financial reporting procedures and internal controls and to maintain an appropriate relationship with the Company's auditors. The audit committee has adopted the terms of reference set out in "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants in February 2002.

The members of the audit committee are elected and appointed by the Board. The audit committee of the Company comprises three independent non-executive Directors, namely Mr. Yang Menghua, Mr. Sun Dajian and Mr. Ji Gang, and one of them is an independent non-executive Director who possesses appropriate accounting or related financial management expertize as required under Rule 3.10(2) of the Listing Rules. Mr. Yang Menghua is the chairman of the audit committee of the Company. The secretary to the audit committee is Dr. Ai Gengyun.

In 2013, the audit committee held 2 meetings in total. The attendance record of each respective member at the meetings of the audit committee held in 2013 is set out in the following table:

	Attendance/Number of meetings held
Mr. Yang Menghua	2/2
Mr. Sun Dajian	2/2
Mr. Ji Gang	2/2

The first meeting of the audit committee for 2013 was held on 27 March 2013, at which the consolidated financial statements, internal control report and corporate governance report of the Group for 2012 were tabled for review and discussion. The second meeting of the audit committee for 2013 was held on 22 August 2013, at which the condensed unaudited financial statements and the internal audit work of the Group for the first half of 2013 were reviewed and discussed. The first meeting of the audit committee for 2014 was held on 14 January 2014, at which the audit plans and internal control tests conducted during 2013 were reviewed and discussed. The second meeting of the audit committee for 2014 was held on 25 March 2014, at which the consolidated financial statements for 2013, internal control report and corporate governance report of the Group for 2013 were tabled for review and discussion.

CORPORATE GOVERNANCE REPORT

(2) Remuneration Committee

The remuneration committee is a committee established under the Board. Its main duties are to make recommendations to the Board on the remuneration policies and structure for all Directors and members of senior management and to draw up procedures for formulating a remuneration policy that is incentive-based and disciplined. The remuneration committee of the Company comprises one executive Director, Mr. Yang Weimin and two independent non-executive Directors, Mr. Ji Gang and Mr. Shen Chengxiang. Mr. Ji Gang is the chairman of the remuneration committee.

In 2013, the remuneration committee held 1 meeting in total. The attendance record of each respective member at the meeting of the remuneration committee held in 2013 is set out in the following table:

	Attendance/Number of meetings held
Mr. Ji Gang	1/1
Mr. Yang Weimin	1/1
Mr. Shen Chengxiang	1/1

The meeting of the remuneration committee for 2013 was held on 28 March 2013 to review, among other things, the remuneration of the senior management of the Company for 2012, the remuneration of the Directors, Supervisors and senior management disclosed in the 2012 annual report and the performance of duties by the remuneration committee.

(3) Nomination Committee

The nomination committee of the Company comprises the Chairman and the executive Director, Mr. Yu Minliang, and two independent non-executive Directors, Dr. Rui Mingjue and Dr. Tu Qiyu. Mr. Yu Minliang is the chairman of the nomination committee. The major duties of the nomination committee include: (1) review the structure, number of members and diversity of the Board at least annually, and make suggestions on any proposed changes of the Board in accordance with the corporate strategies of the Company; (2) identify candidates with appropriate qualifications to act as Directors, and select and nominate such candidates to act as Directors or make recommendations to the Board in this regard; (3) evaluate the independence of independent non-executive Directors; and (4) make suggestions to the Board on the appointment or re-appointment of Directors and the succession plan of Directors.

In 2013, the nomination committee held one meeting in total. The attendance record of each respective member at the meeting of the nomination committee held in 2013 is set out in the following table:

	Attendance/Number of meetings held
Mr. Yu Minliang	1/1
Dr. Rui Mingjue	1/1
Dr. Tu Qiyu	1/1

The meeting of the nomination committee for 2013 was held on 28 March 2013 to review, among other things, the structure, size and composition of the Board of the Company, as well as the skills, know-how and experience of the Directors, members of the Board committees, and senior management of the Company.

CORPORATE GOVERNANCE REPORT

(4) Strategic Investment Committee

The Board's strategic investment committee is a committee established under the Board. Its main duties are to provide advices and hypotheses with regard to strategic investments proposed to be made by the Company, and to oversee the execution and performance of other supervisory duties. The strategic investment committee of the Company comprises three members, including two executive Directors, Mr. Yang Weimin and Mr. Han Min, and one independent non-executive Director, Dr. Rui Mingjie. The chairman of the strategic investment committee is Mr. Yang Weimin.

In 2013, the strategic investment committee held two meetings in total. The attendance record of each respective member at the meetings of the strategic investment committee held in 2013 is set out in the following table:

	Attendance/Number of meetings held
Mr. Yang Weimin	2/2
Mr. Han Min	2/2
Dr. Rui Mingjie	2/2

The meetings of the strategic investment committee for 2013 were held on 28 August 2013 and 28 November 2013 respectively, and the matter discussed was a report on the strategic plans and proposed investment projects of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under paragraph A.2.1 of Appendix 14 to the Listing Rules, the roles of the chairman and the chief executive officer of an issuer should be separate and should not be performed by the same person. Currently, the chairman is Mr. Yu Minliang, who is an executive Director and is responsible for formulating overall corporate strategies and major decision-making, and the chief executive officer is Mr. Yang Weimin, who is an executive Director and authorized representative of the Company, and is fully responsible for daily operation and operation management of the Company as well as coordinating the implementation of Board resolutions. The Company is not aware of any financial, business or family relationships or significant relevant relationships between the Board members and the chairman on the one hand and the chief executive officer on the other hand.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its 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 year ended 31 December 2013, each of its Directors and Supervisors has complied with the requirements relating to Directors' and Supervisors' securities transactions as set out in the Model Code.

CORPORATE GOVERNANCE REPORT

EXTERNAL AUDITORS

The independence of the Company's external auditors is confirmed. The external auditors will retire on the date of convening the following annual general meeting and offer themselves for re-election at such meeting. During the Reporting Period, two external auditors were appointed, namely PricewaterhouseCoopers in Hong Kong for consolidated financial statements of the Group prepared in accordance with HKFRS and PricewaterhouseCoopers Zhong Tian LLP in the PRC for financial statements of the Company prepared in accordance with PRC Accounting Standards for Business Enterprises. An aggregate remuneration of RMB5,266,800 was paid to PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP for their provision of audit services on the consolidated financial statements and financial statements for the Company during the Reporting Period. An aggregate remuneration of RMB60,000 was paid to PricewaterhouseCoopers Consultants (Shenzhen) Limited for its provision of non-audit services for the Company during the Reporting Period. No remuneration was paid to PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP for the provision of non-audit related services.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES

The Directors have acknowledged their responsibilities for the preparation of the consolidated financial statements for the year ended 31 December 2013, and confirm that such statements give a true and fair view of the state of affairs of the Group as at 31 December 2013 and of the profit and cash flows for the Reporting Period. In preparing these consolidated financial statements, the Directors have selected and adopted suitable accounting policies and made accounting estimates that are reasonable under the circumstances; and have prepared the consolidated financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Group at any time.

PricewaterhouseCoopers, the international auditor of the Company, have set out their responsibilities in the independent auditor's report as set out on pages 73 to 74.

INVESTOR RELATIONS

The Company places strong emphasis on communications with shareholders and investors as well as the improvement in the transparency of the Company: designated departments and staff were put in place to provide reception for investors and analysts. During the Reporting Period, the Company received over 100 groups of funds managers and analysts in total and patiently answered their questions on the Company. Arrangements were made for visits to various types of hotels under the Company, allowing them to have a prompt understanding of the operations and latest business developments of the Company. The Company conducted true, accurate, complete and timely information disclosure in strict compliance with relevant laws and regulations, the Articles of Association and the Listing Rules. Investors can access information such as the basic conditions and statutory announcements of the Company at any time by visiting our website www.jinjianghotels.com.cn. Annual reports, interim reports, circulars and announcements published since the Company's listing are available under the section "Investor Relations" on the Company's website. Promotional presentations, press conferences and one-to-one meetings with institutional investors are held after the announcement of interim and annual results.

The annual general meeting is a formal occasion for direct communications between the Directors and shareholders. All shareholders will receive a notice convening the annual general meeting 45 days prior to the meeting is held, which sets out the date, venue and agenda of the meeting.

CORPORATE GOVERNANCE REPORT

GENERAL MEETINGS

The Company convened the annual general meeting on 19 June 2013, at which six ordinary resolutions and one special resolution on granting a general mandate to the Board of the Company were considered and approved. The Company convened the 2013 first extraordinary general meeting on 19 December 2013, at which the resolution on the transaction of transferring 45% of equity interests in Shanghai Hua Ting Hotel and Towers was considered and approved.

Details of the attendance of the Directors of the Company in the general meetings in 2013 are as follows:

Directors	Attendance/Number of meetings held
Mr. Yu Minliang *(chairman)*	2/2
Mr. Yang Weimin *(vice Chairman and CEO)*	2/2
Ms. Chen Wenjun	2/2
Mr. Yang Yuanping	2/2
Mr. Shao Xiaoming	2/2
Mr. Han Min	2/2
Mr. Kang Ming	2/2
Mr. Ji Gang	2/2
Mr. Sun Dajian	2/2
Dr. Rui Mingjie	2/2
Mr. Yang Menghua	2/2
Dr. Tu Qiyu	2/2
Mr. Shen Chengxiang	2/2

COMMUNICATION WITH SHAREHOLDERS

Shareholders' Rights

The Board is committed to maintain communication with its shareholders and discloses significant development of the Company to its shareholders and investors when appropriate. The annual general meeting of the Company provides a good communication opportunity between shareholders and the Board. In the event of convening a general meeting, a written notice, which specifies on the matters to be considered in the meeting and the date and venue of the meeting, should be sent to all shareholders whose names appear on the share register 45 days prior to convening the meeting. Shareholders who intend to attend the general meeting should send the written reply to the Company 20 days prior to convening the meeting.

Shareholders of the Company may propose to the Company new motions to be tabled at the general meeting and demand the convening of extraordinary general meetings or class meetings pursuant to relevant provisions of PRC laws and the Articles of Association. The Articles of Association have been posted on the website of the Stock Exchange.

Shareholder(s) individually or collectively holding more than ten percent (including ten percent) of the outstanding shares of the Company carrying voting rights may, by written requisition(s) stating the object of the meeting, require the Board to convene an extraordinary general meeting or a class shareholders' meeting. The Board shall as soon as possible within two months after the receipt of such written requisition(s) proceed to convene the extraordinary general meeting or class shareholders' meeting. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s) by shareholders.

Where the Board fails to issue notice of convening a meeting within thirty days upon receipt of the above written requisition(s), shareholder(s) individually or collectively holding more than ten percent (including ten percent) of the outstanding shares of the Company carrying voting rights is/are entitled to request by written requisition(s) the Supervisory Committee to convene the extraordinary general meeting or class shareholders' meeting. The Supervisory Committee may convene the meeting on its own accord within four months upon the Board having received such request. In case the Supervisory Committee does not convene

CORPORATE GOVERNANCE REPORT

and hold the meeting(s), shareholder(s) individually or collectively holding more than ten percent of the shares of the Company for 90 consecutive days may convene the meeting(s) on his/her/their own accord. The convening procedures shall as much as possible be equivalent to those of general meetings convened by the Board.

In accordance with the Articles of Association, at any annual general meeting convened by the Company, shareholder(s) holding shares conferring more than five percent (including five percent) of the total voting rights are entitled to propose new proposal(s) in writing to the Company and the matters within the scope of general meeting in such proposal shall be included in the agenda of that meeting.

Enquires of and Communication with Shareholders

The Company publishes its announcements, financial data and other relevant data on its website at www.jinjianghotels.com.cn, as a channel to promote effective communication. Shareholders are welcomed to make enquiries directly to the Company at its principal place of business in Shanghai by post. The Company will respond to all enquiries on a timely and proper basis.

The Board welcomes shareholders' views and encourages them to attend general meetings in order to propose any concerns they might have with the Board or the management directly. The chairman of the Board and the chairmen of all committees usually attend the annual general meeting and other general meetings. At the general meeting, all shareholders attending the meeting may make enquires to the Directors and other management in respect of matters relevant to the resolutions. At any other time other than at the general meeting, shareholders may make their enquiries or express their opinions to the Board by calling the investor hotline of the Company or in writing (including facsimile, letter, e-mail, online message, etc.). The Company has published detailed contact methods through its website, notices of the general meeting, circulars to the shareholders and annual reports for shareholders to express their views or make enquiries.

INTERNAL CONTROLS, AUDIT AND RISK MANAGEMENT

The Company has established a comprehensive set of compliance manual, which comprises the corporate governance regulations and operational regulations. It covers the structures of corporate governance, internal control for financial aspects, budgetary management system, fund raising and financing management system, management of external investment, engineering and projects management, and human resources management policies and procedures. The above systems, policies and procedures effectively cover all the decision-making and operational activities of the Company. Managerial employees in respective levels can effectively manage the risk level of their respective business activities. The compliance manual is reviewed and updated on a regular basis.

The audit committee is responsible for reviewing the internal control system of the Company. It has reviewed the effectiveness of internal control systems of the Company and its subsidiaries.

To further strengthen and meet the needs of corporate internal control and management, an internal control project force was established by the Company in March 2009, which is headed by Mr. Yang Weimin, the vice chairman and chief executive officer.

CORPORATE GOVERNANCE REPORT

JOINT COMPANY SECRETARIES

Ms. Ma Sau Kuen Gloria resigned as the joint company secretary of the Company with effect from 28 March 2014.

The Company has appointed Ms. Mok Ming Wai as the joint company secretary of the Company with effect from 28 March 2014. Her primary corporate contact person at the Company is Mr. Kang Ming, another joint company secretary and executive Director of the Company.

In compliance with Rule 3.29 of the Listing Rules, the joint company secretaries have undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2013.

MAJOR DUTIES OF INTERNAL AUDIT

Internal audit encompasses the Company's major operations and focuses on the enhancement of efficiency and improvement of operation and management, and audits the implementation of annual business plans and operational targets of members of the Group. In addition, the internal audit assignments also focus on the following issues:

— to conduct audit on the integrity of department heads of members of the Group during their appointment period and separate audit for those who have been transferred, resigned, dismissed or retired;

— to conduct audit on income, expenses and related business activities;

— to conduct audit on construction projects as well as upgrade and renovation projects for fixed assets of over RMB300,000;

— to conduct audit on the implementation of investment management, fund management, properties management and internal control;

— to implement internal control and formulate and optimize internal control policies and standards according to management requirements;

— to be responsible for the development of full-time and part-time internal audit workforce, and organize relevant assignments in the Company's system; and

— to accomplish other audit assignments from senior management team, the Board and the Supervisory Committee.

CORPORATE GOVERNANCE REPORT

EXCLUDED HOTEL BUSINESSES AND SHANGHAI NEW UNION BUILDING CO., LTD. ("NEW UNION")

The Company confirms that Jin Jiang International and its subsidiaries (other than the Group) have complied with the terms of the deed of non-competition dated 20 November 2006 entered into between the Company and Jin Jiang International ("Deed of Non-Competition").

In accordance with the arrangements disclosed in the Prospectus, the independent non-executive Directors held seven meetings in 2013 to consider whether or not to exercise the relevant Rights granted to the Company by Jin Jiang International over the relevant Excluded Hotel Businesses and New Union business under the Deed of Non-Competition and whether to take up any business opportunity which was referred to the Company by Jin Jiang International or any of its subsidiaries (other than the Group).

After considering the relevant proposals presented by the Company, the independent non-executive Directors present at the meetings have decided not to exercise the relevant Rights granted to the Company by Jin Jiang International over the relevant Excluded Hotel Businesses and New Union business under the Deed of Non-Competition for the reasons set out below:

Shanghai Eastern Jin Jiang Hotel Company Limited ("Eastern Jin Jiang"): Pursuant to the written notice of Jin Jiang International, Eastern Jin Jiang has been converted into a limited liability company and has obtained the business license of a limited liability company. The proportion of capital injected by each of the shareholders of Eastern Jin Jiang after it became a limited liability company was confirmed. As at the date of this report, Jin Jiang International has transferred its 90% equity interests in Eastern Jin Jiang to its wholly-owned subsidiary, Jin Jiang International Investment. Jin Jiang International Investment currently holds 90% equity interests in Eastern Jin Jiang. Jin Jiang International Investment is in a position to transfer its interests in Eastern Jin Jiang to the Company. It is up to the Company's decision whether to exercise its Right to purchase Jin Jiang International Investment's 90% direct and indirect equity interests in Eastern Jin Jiang.

In accordance with the relevant arrangements disclosed in the Prospectus, an internationally recognized independent valuer will be jointly appointed by the Company and Jin Jiang International to issue a valuation report that would determine the consideration for the purchase of the 90% equity interests in Eastern Jin Jiang. In accordance with the relevant PRC laws, Jin Jiang International will appoint another valuer qualified under the PRC laws to issue a second valuation report. Upon issuance of the two valuation reports, the independent non-executive Directors shall convene a meeting to make a final decision on whether to exercise its Right to purchase Jin Jiang International Investment's 90% equity interests in Eastern Jin Jiang after considering all factors.

Eastern Jin Jiang has in total 852 rooms. The revenue and net assets of Eastern Jin Jiang as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2013 amounted to approximately RMB143.78 million and RMB719.00 million, respectively.

Shanghai Jin Cang Mandarin Hotel Company Limited ("JC Mandarin"): As notified by Jin Jiang International in writing, Jin Jiang International has transferred its 100% equity interests in JC Mandarin through an open listing process at Shanghai United Assets and Equity Exchange. The relevant legal procedures of the equity transfer are still in process.

Prior to the said equity transfer, Jin Jiang International had notified the Company of the proposed transfer of its 100% equity interests in JC Mandarin. The independent non-executive Directors convened a meeting to make a final decision on the proposed transfer and decided not to exercise its Right to purchase Jin Jiang International Investment's 100% equity interests in JC Mandarin after considering all factors.

CORPORATE GOVERNANCE REPORT

Pacific Shanghai Hotel Company Limited ("Pacific Shanghai"): As at the date of this report, Jin Jiang International Investment holds 70% equity interests in Pacific Shanghai.

As the term of operation of Pacific Shanghai has not yet expired, the Company cannot exercise relevant right currently.

Pacific Shanghai has in total 496 rooms. The revenue and net assets of Pacific Shanghai as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2013 amounted to approximately RMB238.79 million and RMB331.23 million respectively.

Garden Hotel Shanghai: As at the date of this report, Jin Jiang International has transferred its right to acquire all the buildings and facilities of Garden Hotel Shanghai to Jin Jiang International Investment after the expiry of the joint venture term of operation of Garden Hotel Shanghai. Jin Jiang International Investment currently has the above-mentioned right to acquire all the buildings and facilities of Garden Hotel Shanghai.

The joint venture term of operation of Garden Hotel Shanghai has not expired and Jin Jiang International Investment has not yet obtained any of the buildings or facilities of this company. Accordingly, the Company is currently unable to exercise the relevant Right.

Garden Hotel Shanghai has in total 492 rooms. The revenue and net assets of Garden Hotel Shanghai as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2012 amounted to approximately RMB258.55 million and RMB35.33 million respectively.

Jinyuan Inn of Shanghai Foods Group Hotel Management Company Limited ("Jinyuan Inn") and Jiaozhou Road Inn of Shanghai Foods Group Hotel Management Company Limited ("Jiaozhou Road Inn"): Legal and valid land use right certificates and building ownership certificates for the land and buildings being used by Jinyuan Inn and Jiaozhou Road Inn have not yet been obtained and therefore it is not legally possible for the Company to exercise the relevant Right.

Jinyuan Inn and Jiaozhou Road Inn each has in total 82 rooms and 103 rooms respectively. The revenue and net assets of Jinyuan Inn as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2013 amounted to approximately RMB3.76 million and RMB0 respectively. The revenue and net assets of Jiaozhou Road Inn as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2013 amounted to approximately RMB7.76 million and RMB0 respectively.

New Union: The development project of New Union has received all necessary operational licenses. In accordance with the relevant arrangements disclosed in the Prospectus, the Company and Jin Jiang International will appoint an internationally recognized independent valuer to issue a valuation report that will determine the consideration for the purchase of the equity interests in New Union. In accordance with the relevant PRC laws, Jin Jiang International will appoint another valuer qualified under the PRC laws to issue a second valuation report. Upon issuance of the two valuation reports, the independent non-executive Directors shall convene a meeting to make a final decision on whether to exercise its Right to purchase Jin Jiang International's equity interests in New Union after considering all factors.

The revenue and net assets of New Union as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2013 amounted to approximately RMB237.16 million and RMB324.93 million respectively.

CORPORATE GOVERNANCE REPORT

Business opportunity: During the Reporting Period, the business opportunities reviewed by independent non-executive Directors were in relation to (1) Tanzanite Investment Limited proposed the disposal of its 69.3% equity interests in Pacific Shanghai Hotel Company Limited to Jin Jiang International Investment; (2) the acquisition of the Company's 45% equity interests in Shanghai Hua Ting Hotel and Towers; and (3) the acquisition of Jin Jiang International Investment's 100% equity interests in JC Mandarin.

Upon thorough studies and consideration by independent non-executive Directors on the documents presented by the Company, the independent non-executive Directors expected that the business opportunity stated above would be inconsistent with the Group's prevailing development strategies and would otherwise be not in the best interests of the shareholders of the Company as a whole. Accordingly, the independent non-executive Directors have decided not to take up such business opportunity.

Apart from the above business opportunity, Jin Jiang International and its subsidiaries (other than the Group) have not referred any other business opportunity to the Company for owning, investing, participating, developing, operating or engaging business opportunities, whether directly or indirectly, competing with the Restricted Businesses. Accordingly, the independent non-executive Directors have not made any other decision on whether to take up relevant business opportunities.

Terms used in this section shall be as defined in the Prospectus, unless the context requires otherwise.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of Shanghai Jin Jiang International Hotels (Group) Company Limited
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Shanghai Jin Jiang International Hotels (Group) Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 75 to 224, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2014

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	As at 31 December 2012 RMB'000 (Restated)	As at 1 January 2012 RMB'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	7	**7,074,106**	7,026,450	7,238,228
Investment properties	8	**227,888**	185,809	190,762
Land use rights	9	**2,030,284**	1,867,419	1,924,795
Intangible assets	10	**431,655**	386,420	391,406
Investments in joint ventures	12	**1,412,158**	1,444,765	1,342,642
Investments in associates	13	**538,175**	626,600	643,336
Available-for-sale financial assets	15	**1,888,002**	1,964,156	1,800,887
Deferred income tax assets	16	**490,905**	229,018	190,856
Trade receivables, prepayments and other receivables	19	**106,127**	41,764	65,818
		14,199,300	13,772,401	13,788,730
Current assets				
Financial assets at fair value through profit or loss	20	**80,662**	730	911
Available-for-sale financial assets	15	**121,780**	61,640	—
Inventories	18	**176,596**	150,743	144,572
Trade receivables, prepayments and other receivables	19	**1,305,785**	1,063,481	702,776
Restricted cash and bank deposits with maturities ranging from 3 months to 12 months	21	**1,369,680**	544,171	281,300
Cash and cash equivalents	22	**4,475,191**	2,536,253	2,139,839
		7,529,694	4,357,018	3,269,398
Non-current assets held for sale	17	**107,113**	—	—
		7,636,807	4,357,018	3,269,398
Total assets		**21,836,107**	18,129,419	17,058,128
EQUITY				
Capital and reserves attributable to shareholders of the Company				
Share capital	23(a)	**5,566,000**	5,566,000	5,566,000
Reserves	23(b)	**1,999,514**	1,746,389	1,609,255
— Proposed final dividend	35	**250,470**	166,980	222,640
— Others		**1,749,044**	1,579,409	1,386,615
		7,565,514	7,312,389	7,175,255
Non-controlling interests		**4,384,366**	4,823,056	4,663,772
Total equity		**11,949,880**	12,135,445	11,839,027

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	As at 31 December 2012 RMB'000 (Restated)	As at 1 January 2012 RMB'000 (Restated)
LIABILITIES				
Non-current liabilities				
Borrowings	25	1,711,659	1,394,093	1,178,007
Deferred income tax liabilities	16	500,402	638,651	609,770
Trade and other payables	24	210,725	114,219	174,872
		2,422,786	2,146,963	1,962,649
Current liabilities				
Borrowings	25	2,149,663	600,823	448,377
Income tax payable		546,951	103,416	112,557
Trade and other payables	24	4,766,827	3,142,772	2,695,518
		7,463,441	3,847,011	3,256,452
Total liabilities		9,886,227	5,993,974	5,219,101
Total equity and liabilities		21,836,107	18,129,419	17,058,128
Net current assets		173,366	510,007	12,946
Total assets less current liabilities		14,372,666	14,282,408	13,801,676

The notes on pages 85 to 224 are an integral part of these consolidated financial statements.

Yu Minliang
Chairman and Executive Director

Yang Weimin
Executive Director and CEO

BALANCE SHEET

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	As at 31 December 2012 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	597,145	801,195
Investment properties	8	35,146	4,416
Land use rights	9	315,903	328,547
Intangible assets	10	2,719	4,510
Investments in subsidiaries	11	7,819,935	7,897,901
Investments in joint ventures	12	838,245	838,245
Investments in associates	13	209,987	209,987
Available-for-sale financial assets	15	131,745	84,714
Trade receivables, prepayments and other receivables	19	19,244	15,582
		9,970,069	10,185,097
Current assets			
Inventories	18	2,251	3,280
Trade receivables, prepayments and other receivables	19	1,691,157	775,795
Cash and cash equivalents	22	280,649	172,571
		1,974,057	951,646
Total assets		11,944,126	11,136,743
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	23(a)	5,566,000	5,566,000
Reserves	23(c)	4,035,864	3,398,916
— Proposal final dividend	35	250,470	166,980
— Others		3,785,394	3,231,936
Total equity		9,601,864	8,964,916

BALANCE SHEET (CONTINUED)

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	As at 31 December 2012 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	25	**863,822**	910,460
Deferred income tax liabilities	16	**625,564**	560,532
		1,489,386	1,470,992
Current liabilities			
Borrowings	25	**624,194**	564,571
Trade and other payables	24	**117,183**	136,264
Income taxes payable		**111,499**	—
		852,876	700,835
Total liabilities		**2,342,262**	2,171,827
Total equity and liabilities		**11,944,126**	11,136,743
Net current assets		**1,121,181**	250,811
Total assets less current liabilities		**11,091,250**	10,435,908

The notes on pages 85 to 224 are an integral part of this financial statement.

Yu Minliang
Chairman and Executive Director

Yang Weimin
Executive Director and CEO

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000 (Restated)
Revenue	6(a)	9,288,331	9,004,124
Cost of sales	28	(7,654,889)	(7,430,876)
Gross profit		1,633,442	1,573,248
Other income	26	959,377	467,943
Selling and marketing expenses	28	(422,571)	(400,060)
Administrative expenses	28	(839,311)	(836,553)
Other expenses	27	(44,916)	(54,943)
Operating profit		1,286,021	749,635
Finance costs	30	(140,656)	(100,677)
Share of results of joint ventures and associates	31	130,939	220,589
Profit before income tax		1,276,304	869,547
Income tax expense	32	(433,600)	(161,689)
Profit for the year		842,704	707,858
Attributable to:			
Shareholders of the Company	33	443,772	317,006
Non-controlling interests		398,932	390,852
		842,704	707,858
Earnings per share for profit attributable to shareholders of the Company during the year (expressed in RMB cents per share) — basic and diluted	34	7.97	5.70

The notes on pages 85 to 224 are an integral part of these consolidated financial statements.

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000
Dividends	35	250,470	166,980

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000 (Restated)
Profit for the year		**842,704**	707,858
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Fair value changes on available-for-sale financial assets — gross	15(a)	**53,302**	433,075
Transfer of fair value changes on disposal of available-for-sale financial assets — gross		**(241,918)**	(250,441)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	32	**47,139**	(45,044)
Currency translation differences		**146**	(801)
Total other comprehensive income for the year		**(141,331)**	136,789
Total comprehensive income for the year		**701,373**	844,647
Attributable to:			
Shareholders of the Company		**357,369**	370,861
Non-controlling interests		**344,004**	473,786
		701,373	844,647

The notes on pages 85 to 224 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2013

	Attributable to shareholders of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2012, as previously presented	5,566,000	153,224	1,456,031	7,175,255	4,678,616	11,853,871
Impact of change in accounting policy (note 5)	—	—	—	—	(14,844)	(14,844)
Balance at 1 January 2012 (restated)	5,566,000	153,224	1,456,031	7,175,255	4,663,772	11,839,027
Comprehensive income:						
Profit for the year	—	—	317,006	317,006	390,852	707,858
Other Comprehensive income:						
Fair value changes on available-for-sale financial assets — gross	—	268,327	—	268,327	164,748	433,075
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	(195,775)	—	(195,775)	(54,666)	(250,441)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax (note 32)	—	(17,896)	—	(17,896)	(27,148)	(45,044)
Currency translation differences	—	(801)	—	(801)	—	(801)
Total other comprehensive income	**—**	**53,855**	**—**	**53,855**	**82,934**	**136,789**
Total comprehensive income	**—**	**53,855**	**317,006**	**370,861**	**473,786**	**844,647**
Transactions with owners:						
Contributions by and distributions to owners of the Company recognised directly in equity						
Profit appropriation	—	26,363	(26,363)	—	—	—
Dividends (note 35)	—	—	(222,640)	(222,640)	—	(222,640)
Total contributions by and distributions to owners of the Company recognised directly in equity	**—**	**26,363**	**(249,003)**	**(222,640)**	**—**	**(222,640)**
Dividends to non-controlling interests	—	—	—	—	(260,170)	(260,170)
Capital contribution from a non-controlling interest	—	—	—	—	1,500	1,500
Disposal of equity interests in a subsidiary	—	—	—	—	(2,000)	(2,000)
Acquisition of equity interests in a subsidiary from non-controlling interests	—	(11,087)	—	(11,087)	(53,832)	(64,919)
Total transactions with owners	**—**	**15,276**	**(249,003)**	**(233,727)**	**(314,502)**	**(548,229)**
Balance at 31 December 2012	**5,566,000**	**222,355**	**1,524,034**	**7,312,389**	**4,823,056**	**12,135,445**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the years ended 31 December 2013

	Attributable to shareholders of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013, as previously presented	5,566,000	222,355	1,524,034	7,312,389	4,837,997	12,150,386
Impact of change in accounting policy (note 5)	—	—	—	—	(14,941)	(14,941)
Balance at 1 January 2013 (restated)	5,566,000	222,355	1,524,034	7,312,389	4,823,056	12,135,445
Comprehensive income:						
Profit for the year	—	—	443,772	443,772	398,932	842,704
Other Comprehensive income:						
Fair value changes on available-for-sale financial assets — gross	—	23,910	—	23,910	29,392	53,302
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	(139,289)	—	(139,289)	(102,629)	(241,918)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax (note 32)	—	28,830	—	28,830	18,309	47,139
Currency translation differences	—	146	—	146	—	146
Total other comprehensive income	**—**	**(86,403)**	**—**	**(86,403)**	**(54,928)**	**(141,331)**
Total comprehensive income	**—**	**(86,403)**	**443,772**	**357,369**	**344,004**	**701,373**
Transactions with owners:						
Contributions by and distributions to owners of the Company recognised directly in equity						
Profit appropriation	—	70,404	(70,404)	—	—	—
Dividends (note 35)	—	—	(166,980)	(166,980)	—	(166,980)
Total contributions by and distributions to owners of the Company recognised directly in equity	**—**	**70,404**	**(237,384)**	**(166,980)**	**—**	**(166,980)**
Dividends to non-controlling interests	—	—	—	—	(242,144)	(242,144)
Capital contribution from a non-controlling interest	—	—	—	—	25,481	25,481
Disposal of equity interests in a subsidiary to a non-controlling shareholder with loss of control (note 36(b))	—	—	—	—	(602,609)	(602,609)
Disposal of equity interests in a subsidiary to non-controlling shareholders without change of control (note 40)	—	62,736	—	62,736	36,578	99,314
Total transactions with owners	**—**	**133,140**	**(237,384)**	**(104,244)**	**(782,694)**	**(886,938)**
Balance at 31 December 2013	**5,566,000**	**269,092**	**1,730,422**	**7,565,514**	**4,384,366**	**11,949,880**

The notes on pages 85 to 224 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2013

		Year ended 31 December	
	Note	**2013** **RMB'000**	2012 RMB'000 (Restated)
Cash flows from operating activities:			
Cash generated from operations	36(a)	**2,375,430**	1,219,103
Interest paid		**(125,399)**	(96,096)
Income tax paid		**(203,388)**	(225,155)
Transactions cost in relation to business combination	39	**(2,900)**	—
Net cash generated from operating activities		**2,043,743**	897,852
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment	36(a)	**106,998**	81,127
Proceeds from disposal of interests in associates		**91,146**	—
Proceeds from disposal of available-for-sale financial assets	15	**529,125**	443,105
Proceeds from disposal of financial assets at fair value through profit or loss	20	**20,700**	4,587
Proceeds from disposal of a subsidiary	36(b)	**706,727**	—
Purchase of property, plant and equipment		**(775,195)**	(725,138)
Purchase of intangible assets		**(9,001)**	(10,735)
Purchase of available-for-sale financial assets	15	**(359,665)**	(234,939)
Purchase of financial assets at fair value through profit or loss	20	**(100,563)**	(4,623)
Cash outflow for increase in investments in associates		**(5,385)**	(18,560)
Cash outflow for increase in investments in joint ventures		**—**	(94,215)
Bank deposits with maturities ranging from 3 months to 12 months		**(902,800)**	(135,000)
Interest received		**28,578**	22,566
Dividends received		**287,300**	325,119
Net of cash outflow for business combination	39	**(653,768)**	—
Repayments of borrowings for business combination	39	**(635,535)**	—
Capital contribution to a newly-incorporated subsidiary subsequently reclassified to non-current assets held for sale		**(24,000)**	—
Deferred consideration for acquisition of Shan Xi Jinguang Inn Company Limited ("Jinguang Inn")		**—**	(11,000)
Net cash used in investing activities		**(1,695,338)**	(357,706)

CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)

For the year ended 31 December 2013

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000 (Restated)
Cash flows from financing activities:			
Capital contribution from non-controlling interests		25,481	1,500
Prepayment to a non-controlling shareholder for acquisition of shares in a subsidiary		(11,369)	(46,919)
Proceeds from borrowings		3,759,157	1,785,026
Repayments of borrowings		(1,877,260)	(1,417,215)
Dividends paid to non-controlling interests		(243,918)	(255,151)
Dividends paid to shareholders of the Company	35	(166,980)	(222,640)
Disposal of equity interest in a subsidiary without loss of control	40	110,663	—
Release of deposit pledged for borrowings		—	12,000
Net cash generated from/(used in) financing activities		1,595,774	(143,399)
Increase in cash and cash equivalents		1,944,179	396,747
Cash and cash equivalents at beginning of the year		2,536,253	2,139,839
Exchange losses on cash and cash equivalents		(5,241)	(333)
Cash and cash equivalents at end of the year	22(a)	4,475,191	2,536,253

The notes on pages 85 to 224 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

1 GENERAL INFORMATION

Shanghai Jin Jiang International Hotels (Group) Company Limited (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 Holdings Company Limited ("Jin Jiang International"), which is also a wholly state-owned company directly under the administration and control of Shanghai SASAC.

During the years 2003 to 2006, the Company and its subsidiaries (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, joint ventures and associates which were engaged in hotels and related business and also transferred to Jin Jiang International equity interests in certain subsidiaries, a joint venture 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 were issued by the Company through a public offer in Hong Kong and an international placing, and the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")(the "Listing"). Consequently, 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 Shanghai Jin Jiang International Industrial Investment Co., Ltd. ("Jin Jiang Investment") and Shanghai Jin Jiang International Travel Co., Ltd. ("Jin Jiang Travel") (the "Acquisition"). As a result, 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.

The Group is principally engaged in investment and operation of hotels and related businesses (the "Hotel Related Businesses"), investment and operation of passenger transportation vehicles, logistics and related businesses (the "Passenger Transportation Vehicle and Logistics Business") and investment and operation of travel agency and related businesses (the "Travel Agency Business") in Mainland China.

These consolidated financial statements were approved for issue by the board (the "Board") of directors (the "Directors") of the Company on 28 March 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2.1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013.

- Amendment to HKAS 1 'Financial statement presentation' is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments). The Group has followed this amendment to make the related presentation.

- Amendment to HKFRSs 10, 11 and 12 on transition guidance are effective for annual periods beginning on or after 1 January 2013. These amendments provide additional transition relief to HKFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied. They did not have any significant impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

(a) New and amended standards adopted by the Group (continued)

- HKFRS 10 'Consolidated financial statements' is effective for annual periods beginning on or after 1 January 2013. The objective of HKFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The Group assessed that adoption of HKFRS 10 did not result in any change in the consolidation status of its subsidiaries, and did not have any significant impact on the Group's consolidated financial statements.

- HKAS 27 (revised 2011) 'Separate financial statements' is effective for annual periods beginning on or after 1 January 2013. It includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10. It did not have any significant impact on the Group's consolidated financial statements.

- HKFRS 11 'Joint arrangements' is effective for annual periods beginning on or after 1 January 2013. It is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

  HKAS 28 (revised 2011) 'Associates and joint ventures' is effective for annual periods beginning on or after 1 January 2013. It includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

  As HKFRS 11 and HKAS 28 (revised 2011) are adopted by the Group in the accounting period beginning on 1 January 2013 when effective, proportional consolidation of joint ventures is no longer applied. The Group recognised its interests in joint ventures as investments using the equity method in accordance with HKAS 28 (revised 2011), with restating comparatives. The adoption of HKFRS 11 and HKAS 28 (revised 2011) have significant impacts on the Group's total assets, liabilities, revenue and other consolidated income statement line items other than profit for the year attributable to shareholders of the Company, but no significant impacts on the Group's profit for the year attributable to shareholders of the Company and equity attributable to the shareholders of the Company. See note 5 for the impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

(a) New and amended standards adopted by the Group (continued)

- HKFRS 12 'Disclosure of interests in other entities' is effective for annual periods beginning on or after 1 January 2013. It includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group has followed HKFRS 12 to make the related disclosure.

- HKFRS 13 'Fair value measurements' is effective for annual periods beginning on or after 1 January 2013. It aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP. It did not have any significant impact on the Group's consolidated financial statements.

- Amendment to HKAS 19 'Employee benefits' is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. It did not have any significant impact on the Group's consolidated financial statements.

- Amendment to HKFRS 7 'Financial instruments: Disclosures — Offsetting financial assets and financial liabilities' is effective for annual periods beginning on or after 1 January 2013. The amendments also require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in balance sheet, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. It did not to have any significant impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

(b) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted

The Group's assessment of the impact of these new and amended standards is set out below.

- Amendment to HKAS 32 'Financial instruments: Presentation' on asset and liability offsetting. These amendments are to the application guidance in HKAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group is yet to assess full impact of the amendments and intends to adopt the amendments no later than the accounting period beginning on or after 1 January 2014.

- Amendments to HKFRS 10, 12 and HKAS 27 "Consolidation for investment entities". These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make. The Group is yet to assess full impact of the amendments and intends to adopt the amendments no later than the accounting period beginning on or after 1 January 2014.

- Amendment to HKAS 36, 'Impairment of assets' on recoverable amount disclosures. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Group is yet to assess full impact of the amendment and intends to adopt the amendment no later than the accounting period beginning on or after 1 January 2014.

- Amendment to HKAS 39 'Financial Instruments: Recognition and Measurement'—'Novation of derivatives'. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The Group is yet to assess full impact of the amendments and intends to adopt the amendment no later than the accounting period beginning on or after 1 January 2014.

- HK(IFRIC) 21 'Levies'. This is an interpretation of HKAS 37, 'Provisions, contingent liabilities and contingent assets'. HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Group is yet to assess HK(IFRIC) 21's full impact of the amendments and intends to adopt the HK(IFRIC) 21 no later than the accounting period beginning on or after 1 January 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

(b) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted (continued)

- Amendment to to HKAS19 regarding defined benefit plans applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits. The Group is yet to assess the amendment full impact of the amendment and intends to adopt the amendment no later than the accounting period beginning on or after 1 July 2014.

- HKFRS 9 "Financial Instruments" is the first standard issued as part of a wider project to replace HKAS 39. HKFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in HKAS 39 on impairment of financial assets and hedge accounting continues to apply. The Group is yet to assess the HKFRS 9's full impact of the amendments and intends to adopt the HKFRS 9 no later than the accounting period beginning on or after 1 January 2015.

There are no other HKFRSs, amendments to HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies

(a) Subsidiaries

(i) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

De-facto control may arise from circumstance where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and loss resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business Combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Business Combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement (note 2.2(i)).

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognise any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date from the acquisition date.

The carrying amount of an identifiable asset, liability or contingent liability that is recognised or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognised from that date. Goodwill or any gain recognised shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognised or adjusted. Comparative information presented in the separated and consolidated financial statements for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting had been completed from the acquisition date. This includes any additional depreciation, amortisation or other profit or loss effect recognised as a result of completing the initial accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Common control combinations

For common control combinations, the consolidated financial statements incorporate the financial entities of the combining entities or businesses as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration of goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combinations, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The consolidated financial statements are presented as if the entities or business had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) Separate financial statements

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment (note 2.2(j)). Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(b) Joint ventures

Joint ventures are all entities over which the Group has joint control but not solo control, generally accompanying a shareholding of 50% of the voting rights. Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition of profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. The Group's investment in joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss (notes 2.2(j)). See note 2.2(j) for the impairment of non-financial assets including goodwill.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognizes the amount adjacent to 'share of results of joint ventures and associates' in the consolidated statements of comprehensive income.

In the Company's balance sheet, the investments in joint ventures are stated at cost less provision for impairment losses (note 2.2(j)). The results of joint ventures are accounted for by the Company on the basis of dividend received or receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (notes 2.2(j)). See note 2.2(j) for the impairment of non-financial assets including goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of joint ventures and associates' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

In the Company's balance sheet, the investments in associates are stated at cost less provision for impairment losses (note 2.2(j)). The results of associates are accounted for by the Company on the basis of dividend received or receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income or costs". All other foreign exchange gains and losses are presented in the consolidated income statement within "other expenses".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(e) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

— income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(f) Property, plant and equipment

Property, plant and equipment other than construction-in-progress are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 to 50 years
Renovations and leasehold improvements	5 to 8 years but not exceeding the lease period
Plant and machinery	3 to 20 years
Operating vehicles	4 to 10 years
Motor vehicles	3 to 10 years
Furniture, fittings and equipment	3 to 17 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(f) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.2(j)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income or other expenses in the consolidated income statement.

Construction-in-progress represents properties under construction and is stated at cost less accumulated impairment, if any. This includes cost of construction, plant and equipment and other direct costs. Construction-in-progress is not depreciated until such time as the assets are completed and are ready for operational use.

(g) Investment properties

Investment properties comprise buildings, held for long-term rental yields or for capital appreciation or both and not occupied by the Group, and is measured initially at its cost, including related transaction costs. After initial recognition, the Group chooses the cost model to measure all of its investment properties, which are stated at historical costs less accumulated depreciation and accumulated impairment losses, if any. Depreciation of buildings is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives from 20 to 50 years.

The investment properties' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An investment properties's carrying amount is written down immediately to its recoverable amount if the investment properties' carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the consolidated income statement.

(h) Land use rights

Land use rights represent the prepaid operating lease payments, which are charged to the consolidated income statement on a straight-line basis over the period of the lease. The accounting policy is described in note 2.2(y)(i).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(i) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries, joint ventures and associates and represents the excess of the consideration transferred over Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisitions of joint ventures and associates is included in investments in joint ventures and associates and is tested for impairment as part of the overall impairment test of the investments in joint ventures and associates.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 to 5 years).

(iii) Favourable lease contracts

Favorable lease contract represents the fair value of favourable contractual lease agreements arising from the acquisition of subsidiaries which is amortised over the remaining period of the lease agreement from 5 years to 18 years.

(iv) Licenses of operating vehicles

Authorised licenses of operating vehicles are capitalised on the basis of cost incurred, which will not be expired and need to renewal, and are carried at cost less any subsequent accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(j) Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets

Assets that have an indefinite useful life, for example goodwill and licenses of operating vehicles, or have not yet been available for use are not subject to amortisation, which are at least tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

When an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement.

(k) Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below) are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, joint ventures and associates) and investment properties, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

(l) Financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(l) Financial assets (continued)

Classification (continued)

(i) Financial assets at fair value through profit or loss

This category includes financial assets designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade receivables, prepayments and other receivables, restricted cash and bank deposits over 3 months and cash and cash equivalents in the consolidated and company balance sheets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year ended 31 December 2013 and 2012, the Group did not hold any investments in this category.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the financial assets within 12 months from the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(l) Financial assets (continued)

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category, including interest and dividend income, are included in the consolidated income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the consolidated income statement as "other income". Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(l) Financial assets (continued)

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement — is removed from other comprehensive income and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. Impairment testing of trade receivables, prepayments and other receivables is described in note 2.2(n).

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(n) Trade receivables, prepayments and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade receivables, prepayments and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables, prepayments and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables, prepayments and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(p) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(q) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to issue financial liabilities, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(s) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(t) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(u) Employee benefits

(i) Pension obligations

The Group companies in Mainland China participate in defined contribution retirement benefit plans organised by relevant government authorities for its employees in Mainland China and contribute to these plans based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

The Group's subsidiary in Hong Kong participates in a mandatory provident fund ("MPF scheme") for its employees in Hong Kong. Both the subsidiary and the employees are required to contribute 5% of the salaries of the employee's, up to a maximum of Hong Kong Dollar ("HK$") 1,250 per employee per month. The assets of MPF scheme are held separately from those of the subsidiary in an independent administered fund.

The Group has no further obligation for post-retirement benefits beyond the contributions made. The contributions to these plans and MPF Scheme are recognised as employee benefit expense when incurred.

(ii) Housing benefits

Employees of the Group companies in Mainland China are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the funds are expensed as incurred.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(v) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(w) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are recognised in the consolidated income statement on a straight line basis over the expected lives of the related assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(x) Revenue recognition

Revenue from hotel accommodation, hotel management and refrigerated logistics is recognised on a straight-line basis over the periods of the respective services.

Revenue from food and beverage sales, vehicle operating, freight forwarding, travel agency and other ancillary services is recognised when the services are rendered.

Sales of goods are recognised when the Group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Rental revenue from properties and vehicles is recognised on a straight-line basis over the periods of the respective leases.

Amounts received or receivable from hotel accommodation and food and beverage sales with awards points granted to customers, should be allocated between revenue from the service and fair value of awards points. Cash received or amounts receivable less the fair value of awards points is recognized as revenue, the fair value of awards points is recognized as deferred income. When customers exchange awards points, the Group recognised amounts previously recorded as deferred income as revenue calculated upon the basis of percentage of amounts exchanged to amounts expected to be exchanged.

The Group operates a loyalty programme where customers accumulate points for hotel service purchases made which entitle them to discounts on future hotel service purchases. The reward points are recognised as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the award points and the other components of the sale such that the reward points are initially recognised as deferred income at their fair value. Revenue from the reward points is recognised when the points are redeemed. Breakage is recognised as reward points are redeemed based upon expected redemption rates. Reward points expire 24 months after the initial sale.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(y) Lease

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(ii) Finance leases

The Group leases certain equipment. Lease of equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(z) Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks on behalf of subsidiaries, joint ventures or associates to secure loans and other banking facilities.

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

Where guarantees in relation to loans or other payables of subsidiaries, joint ventures or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the consolidated financial statements.

(aa) Dividend distribution

Dividend distribution to shareholders of the Company is recognised as a liability in the Group's consolidated balance sheet and the Company's balance sheet in the period in which the dividends are approved by shareholders of the Company.

3 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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk

(1) Foreign exchange risk

The Group mainly operates in Mainland China and most of the Group's transactions, assets and liabilities are denominated in RMB and United States Dollars ("US$"). Other foreign currencies are however required to settle payments for the Group's purchases of equipment from overseas suppliers and certain expenses, and for foreign investments. Other foreign currencies are also received from overseas customers. The Group's trade receivables, prepayments and other receivables, cash and cash equivalents, trade and other payables, and borrowings as at 31 December 2013 and 2012 included foreign currencies, denominated in either US$ or other foreign currencies other than US$ ("Other foreign currencies") are disclosed in notes 19, 22, 24 and 25.

As at 31 December 2013, if RMB strengthens/weakens by 10% (2012: 10%) (i.e. RMB/US$ 6.0969 from 6.7066 to 5.4872) against US$ with all other variables held constant, post-tax profit for the year would have changed mainly as a result of foreign exchange gains/losses on translation of US$ denominated trade receivables, prepayments and other receivables, cash and cash equivalent, trade and other payables and borrowings. Details of the changes are as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
The Group		
Increase/(decrease) in profit for the year		
— Strengthened	**102,874**	6,537
— Weakened	**(102,874)**	(6,537)
The Company		
Increase/(decrease) in profit for the year		
— Strengthened	**5,831**	6,661
— Weakened	**(5,831)**	(6,661)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk (continued)

(2) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets and liabilities other than its bank deposits and borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Bank deposits and borrowings at fixed rates expose the Group to fair value interest rate risk. The Group has not hedged its cash flow and fair value interest rate risk. Details of the Group's bank deposits with maturities ranging from 3 months to 12 months, bank deposits with maturities within 3 months and borrowings have been disclosed in notes 21, 22 and 25.

As at 31 December 2013, if interest rates on bank deposits and borrowings are 10% (2012: 10%) (i.e. 5% from 4.5% to 5.5%) higher/lower with all other variables held constant, the post-tax profit for the year would have changed mainly as a result of higher/lower interest expenses. Details of the changes are as follows:

	Year ended 31 December	
	2013 **RMB'000**	2012 RMB'000 (Restated)
The Group		
(Decrease)/increase in profit for the year		
— Increase in interest rates	**(7,723)**	(5,136)
— Decrease in interest rates	**7,723**	5,136
The Company		
(Decrease)/increase in profit for the year		
— Increase in interest rates	**(5,743)**	(5,302)
— Decrease in interest rates	**5,743**	5,302

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk (continued)

(3) Price risk

The Group is exposed to major equity securities price risk because of its holding of listed equity investments which are classified on the consolidated balance sheet as available-for-sale financial assets (note 15). The Group has not hedged its price risk arising from investments in equity securities.

As at 31 December 2013, if the quoted market price of the listed equity investments increases/decreases 30% with all other variables held constant, the equity would have changed mainly as a result of fair value gain/losses on available-for-sales financial assets. Details of the changes are as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
The Group		
Increase/(decrease) in other comprehensive income		
— Increase in quoted market price	**364,256**	405,946
— Decrease in quoted market price	**(364,256)**	(405,946)
The Company		
Increase/(decrease) in other comprehensive income		
— Increase in quoted market price	**—**	11,951
— Decrease in quoted market price	**—**	(11,951)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(ii) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of trade receivables, prepayments and other receivables, restricted cash and bank deposits with maturities ranging from 3 months to 12 months, cash and cash equivalent included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 December 2013, these bank deposits and cash at bank were deposited in reputable financial institutions which are considered with low credit risk. The table below shows bank deposits and cash at bank balances by counterparties:

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
The Group		
Counterparties		
— People's Bank of China	**319,515**	399,348
— Big 4 domestic banks*	**2,186,066**	1,623,727
— Other domestic commercial banks	**2,496,705**	1,043,189
— Foreign owned banks	**833,084**	2,960
	5,835,370	3,069,224
The Company		
Counterparties		
— Big 4 domestic banks*	**8,122**	19,139
— Other domestic commercial banks	**86,190**	18,325
— Jin Jiang International Finance Company Limited	**186,116**	134,673
	280,428	172,137

* Big 4 domestic banks comprise Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of China Limited and China Construction Bank Corporation.

Management does not expect any losses from non-performance by these counterparties.

Most of the Group's sales are settled in cash or in credit card by its customers. Credit sales are made to selected customers with good credit history. The Group has policies in place to ensure that trade receivables are followed up on a timely basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

The Group granted financial guarantees to its joint ventures and associates with maximum exposure to credit risk as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB '000
		(Restated)
The Group		
Credit risk exposure relating to off-balance sheet items		
— Financial guarantees	**845,557**	920,571
The Company		
Credit risk exposure relating to off-balance sheet items		
— Financial guarantees*	**1,913,776**	1,889,541

* The amount includes the financial guarantees granted to the subsidiaries of the Company.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalent and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000
The Group				
As at 31 December 2013				
Borrowings (excluding finance lease liabilities)	2,147,172	1,080,872	609,690	—
Finance lease payables	3,762	3,344	9,433	14,478
Contractual interest payable	109,982	39,954	13,791	—
Trade and other payables (excluding non-financial liabilities)	3,542,171	210,725	—	—
Financial guarantees (off-balance sheet items)	20,000	825,557	—	—
As at 31 December 2012 (restated)				
Borrowings (excluding finance lease liabilities)	599,459	531,332	842,397	—
Finance lease payables	2,567	2,807	8,422	15,906
Contractual interest payable	85,260	61,928	21,381	—
Trade and other payables (excluding non-financial liabilities)	1,925,773	114,219	—	—
Financial guarantees (off-balance sheet items)	25,600	894,971	—	—
The Company				
As at 31 December 2013				
Borrowings (excluding finance lease liabilities)	624,194	863,822	—	—
Contractual interest payable	56,215	20,781	—	—
Trade and other payables (excluding non-financial liabilities)	60,090	—	—	—
Financial guarantees (off-balance sheet items)	1,092,169	821,607	—	—
As at 31 December 2012				
Borrowings (excluding finance lease liabilities)	564,571	219,571	690,889	—
Contractual interest payable	66,381	45,612	17,339	—
Trade and other payables (excluding non-financial liabilities)	56,206	—	—	—
Financial guarantees (off-balance sheet items)	1,014,110	868,631	6,800	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets. Total borrowings include non-current borrowings and current borrowings.

The gearing ratios at 31 December 2013 and 2012 were as follows:

	As at 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
The Group		
Total borrowings (note 25(a))	**3,861,322**	1,994,916
Total assets	**21,836,107**	18,129,419
Gearing ratio	**17.68%**	11.00%
The Company		
Total borrowings (note 25(b))	**1,488,016**	1,475,031
Total assets	**11,944,126**	11,136,743
Gearing ratio	**12.46%**	13.24%

The increase in the gearing ratio of the Group during 2013 results from the increase of total borrowings to mainly finance the consideration paid to/to be paid for business combination.

The decrease in the gearing ratio of the Company during 2013 results from the increase of total assets mainly due to the gain on disposal of investment in a subsidiary (note 36(b)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

3 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
The Group				
As at 31 December 2013				
Available-for-sale financial assets				
— Equity securities (note 15(a))	1,618,915	—	125,989	1,744,904
— Debenture securities (note 15(a))	—	121,780	—	121,780
Financial assets at fair value through profit or loss				
— Equity securities	662	—	—	662
— Convertible bond	80,000	—	—	80,000
	1,699,577	121,780	125,989	1,947,346
As at 31 December 2012 (restated)				
Available-for-sale financial assets				
— Equity securities (note 15(a))	1,798,631	—	25,844	1,824,475
— Debenture securities (note 15(a))	—	61,640	—	61,640
Financial assets at fair value through profit or loss				
— Equity securities	730	—	—	730
	1,799,361	61,640	25,844	1,886,845
The Company				
As at 31 December 2013				
Available-for-sale financial assets				
— Equity securities (note 15(b))	—	—	125,989	125,989
As at 31 December 2012				
Available-for-sale financial assets				
— Equity securities (note 15(b))	53,114	—	25,844	78,958

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

Fair value measurements using quoted prices (Level 1)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily Mainland China classified as financial assets at fair value through profit or loss or available-for-sale financial assets.

The Group's investments in equity securities in level 1 mainly comprise investments in shares which are listed on Shanghai Stock Exchange and Shenzhen Stock Exchange in Mainland China. 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 fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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.

The Group's investments in debenture 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 debenture securities of the counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

3 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 available-for-sale financial assets. 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.

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.

The following table presents the changes in level 3 instruments for the year ended 31 December 2013.

	Trading derivative at fair value through profit or loss RMB'000
Opening balance at 1 January 2012 and closing balance at 31 December 2012 (restated)	25,844

	Trading derivative at fair value through profit or loss RMB'000
Opening balance at 1 January 2013	25,844
Transfers into level 3 for the retained interest in the equity remeasured to its fair value when control is lost for the disposal of 45% equity interests in a subsidiary (note 36(b))	100,144
Closing balance at 31 December 2013	125,988

There were no significant transfers of financial assets among level 1, level 2 and level 3 fair value hierarchy classifications.

The fair value of available-for-sale financial assets and financial assets at fair value through profit or loss traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

Fair value measurements using significant unobservable inputs (Level 3) (continued)

When the fair value cannot be reliably measured because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, such available-for-sale financial assets are measured at cost and assessed whether there is objective evidence of impairment at each balance sheet date.

The fair values estimation of non-current borrowings are disclosed in note 25.

The carrying amounts for other financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. If the useful lives for property, plant and equipment had been 10% longer/shorter with all other variables held constant, profit for the year would have been RMB58,902,000 higher or RMB71,991,000 lower.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

(ii) Deferred income tax assets and liabilities

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group's management determines the deferred income tax assets based on the enacted or substantially enacted tax rates and laws and best knowledge of profit projections of the Group for coming years during which the deferred income tax assets are expected to be utilised. Management revises the assumptions and profit projections by the balance sheet date. If the profit projections of the Group had been 10% greater/less with all other variables held constant, profit for the year would have been RMB2,421,000 higher/lower.

(iii) Impairment of property, plant and equipment, investment properties, land use rights and intangible assets

Under HKAS 36, it is required to assess the conditions that could cause an asset to become impaired and to perform a recoverability test for potentially impaired assets held by the entity. These conditions include whether a significant decrease in the market value of the asset has occurred, whether changes in the entity's business plan for the asset have been made or whether a significant adverse change in the business and legal climate has arisen. In the last quarter of 2013, the Group's shares were trading at a level well below the carrying value of net assets. In addition, there has been a substantial downward shift in prices and economic activity over the recent months and a negative economic outlook for the coming years. This is considered an impairment indicator for the Group in total, and has resulted in a review of assets and cash generating units that might be impaired.

The Group's management assesses at each of the balance sheet date whether property, plant and equipment, investment properties, land use rights and intangible assets have any indication of impairment, in accordance with the accounting policy stated in note 2.2(j). The recoverable amount is higher of an asset's value in use and fair value less costs to sell, which is estimated based on the best information available to reflect the amount that is obtainable at each of the balance sheet date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs to disposal, or cash to be generated from continuously using the assets. Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the recoverable amount of the CGUs to fall below its carrying amount. No impairment loss was considered necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

(iv) Impairment of trade receivables

The Group's management estimates the provision of impairment of trade receivables by assessing their recoverability. Provisions are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible and require the use of estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of trade receivables and impairment charge in the period in which such estimate has been changed. If the provision for impairment of trade receivables had been 10% higher/lower with all other variables held constant, profit for the year would have been RMB1,632,000 lower/higher.

(v) Useful lives and estimated impairment of intangible assets — license of operating vehicles

The intangible assets of the Jin Jiang Investment mainly represented the license of operating vehicles which will not be expired and need no renewal. The management of the Group believes that the license will be in use and can bring in expected inflows of economic benefits in the foreseeable future. So, the useful lives of the license are indefinite. The license is subject to test of impairment losses annually and whenever there is an indicator that it may have been impaired.

Determining whether intangible assets — license of operating vehicles are impaired requires an estimation of the value in use of the cash-generating units to which intangible assets — license of operating vehicles has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and appropriate discount rates in order to calculate the present values. Where the actual cash flows are less than expected, a material impairment loss may arise.

For the purposes of impairment testing, license of operating vehicles has been allocated to the CGU of vehicle operating business that is expected to generate future economic benefits. As at 31 December 2013, management determined that the CGU containing license of operating vehicles had not suffered any impairment. The basis of recoverable amount of the above CGU and the major underlying assumptions are summarised below:

The recoverable amount of the CGU has been determined based on the value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group and applicable discount rates. Other key assumptions for the value in use calculation related to the estimation of cash inflows/outflows included budgeted sales and gross margin and such estimation was based on the CGU's past performance and management's expectations for the market development. Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the recoverable amount of the CGU to fall below its carrying amount. No impairment loss was considered necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

(vi) Estimated impairment of goodwill

Determining whether intangible goodwill are impaired requires an estimation of the value in use of the CGUs to goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and appropriate discount rates in order to calculate the present values. Where the actual cash flows are less than expected, a material impairment loss may arise.

For the purposes of impairment testing, goodwill has been allocated to the CGU of vehicle operating business that is expected to generate future economic benefits. As at 31 December 2013, management determined that the CGU containing goodwill had not suffered any impairment. The basis of recoverable amount of the above CGU and the major underlying assumptions are summarised below:

The recoverable amount of the CGU has been determined based on the value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group and applicable discount rates. Other key assumptions for the value in use calculation related to the estimation of cash inflows/outflows included budgeted sales and gross margin and such estimation was based on the CGU's past performance and management's expectations for the market development. Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the recoverable amount of the CGU to fall below its carrying amount. No impairment loss was considered necessary.

(b) Critical judgements in applying the Group's accounting policies

(i) Fair value of available-for-sale financial assets

The fair value of available-for-sale financial assets that are not traded in an active market can be determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on existing market conditions at each balance sheet date. When the fair value cannot be reliably measured because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, such available-for-sale financial assets are measured at cost and assessed whether there is objective evidence of impairment at each balance sheet date.

(ii) Consolidation of entities in which the group holds less than 50%

Management consider that the Group has de facto control of Jin Jiang Investment even though it has less than 50% of the voting rights. The Group is the majority shareholder of Jin Jiang Investment with a 39.26% equity interest, while all other shareholders individually own less than 2% of its equity shares. There is no history of other shareholders forming a group to exercise their votes collectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical judgements in applying the Group's accounting policies (continued)

(iii) Joint arrangements

The Group holds a series of joint arrangements with equity interests ranging from 33% to 57%. The Group has joint control over such arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangements are structured as a series of limited companies and provides the Group and the parties to the agreements with rights to the net assets of the limited companies under the arrangements. Therefore, such arrangements are classified as joint ventures.

5 CHANGES IN ACCOUNTING POLICY

The Group adopted HKFRS 10, 'Consolidated financial statements', HKFRS 11, 'Joint arrangements', HKFRS 12, 'Disclosure of interests in other entities', and consequential amendments to HKAS 28, 'Investments in associates and joint ventures' and HKAS 27, 'Separate financial statements', on 1 January 2013. The new accounting policies has had the following impact on the consolidated financial statements.

Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

The Group has applied the new policy for interests in joint ventures occurring on or after 1 January 2013 in accordance with the transition provisions of HKFRS 11. The Group recognised its investments in joint ventures at the beginning of the earliest period presented (1 January 2012), as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated by the Group. This is the deemed cost of the Group's investments in joint ventures for applying equity accounting.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition of profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2012. There are no impacts on the Group's profit for the year attributable to shareholders of the Company and equity attributable to shareholders of the Company of the years presented.

The effects of the change in accounting policies on the financial position of the Group at 31 December 2013, 31 December 2012 and 1 January 2012, the comprehensive income and the cash flows of the Group for the year ended 31 December 2013 and 2012 are summarised below. The change in accounting policy has had no impact on earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

5 CHANGES IN ACCOUNTING POLICY (CONTINUED)

Impact of changes in accounting policy on consolidated balance sheet

	As at 31 December 2013			As at 31 December 2012			As at 1 January 2012		
	Stated before changes in accounting policy RMB'000	Changes in accounting policy RMB'000	As presented RMB'000	Previously stated RMB'000	Changes in accounting policy RMB'000	As restated RMB'000	Previously stated RMB'000	Changes in accounting policy RMB'000	As restated RMB'000
ASSETS									
Non-current assets									
Property, plant and equipment	8,168,775	(1,094,669)	7,074,106	8,179,535	(1,153,085)	7,026,450	8,246,272	(1,008,044)	7,238,228
Investment properties	265,461	(37,573)	227,888	224,679	(38,870)	185,809	191,240	(478)	190,762
Land use rights	2,133,642	(103,358)	2,030,284	1,974,971	(107,552)	1,867,419	2,035,563	(110,768)	1,924,795
Intangible assets	986,638	(554,983)	431,655	954,155	(567,735)	386,420	981,374	(589,968)	391,406
Investments in joint ventures	–	1,412,158	1,412,158	–	1,444,765	1,444,765	–	1,342,642	1,342,642
Investments in associates	585,025	(46,850)	538,175	686,093	(59,493)	626,600	692,622	(49,286)	643,336
Available-for-sale financial assets	1,920,694	(32,692)	1,888,002	1,996,337	(32,181)	1,964,156	1,832,479	(31,592)	1,800,887
Deferred income tax assets	544,255	(53,350)	490,905	284,338	(55,320)	229,018	244,581	(53,725)	190,856
Trade receivables, prepayments and other receivables	120,139	(14,012)	106,127	42,038	(274)	41,764	71,722	(5,904)	65,818
	14,724,629	(525,329)	14,199,300	14,342,146	(569,745)	13,772,401	14,295,853	(507,123)	13,788,730
Current assets									
Financial assets at fair value through profit or loss	80,662	–	80,662	730	–	730	911	–	911
Available-for-sale financial assets	144,107	(22,327)	121,780	64,174	(2,534)	61,640	–	–	–
Inventories	185,166	(8,570)	176,596	160,236	(9,493)	150,743	153,353	(8,781)	144,572
Trade receivables, prepayments and other receivables	1,486,686	(180,901)	1,305,785	1,222,969	(159,488)	1,063,481	995,308	(292,532)	702,776
Restricted cash and bank deposits over 3 months	1,395,727	(26,047)	1,369,680	547,877	(3,706)	544,171	326,483	(45,183)	281,300
Cash and cash equivalents	5,002,750	(527,559)	4,475,191	2,921,139	(384,886)	2,536,253	2,494,175	(354,336)	2,139,839
	8,295,098	(765,404)	7,529,694	4,917,125	(560,107)	4,357,018	3,970,230	(700,832)	3,269,398
A non-current asset held for sale	107,113	–	107,113	–	–	–	–	–	–
	8,402,211	(765,404)	7,636,807	4,917,125	(560,107)	4,357,018	3,970,230	(700,832)	3,269,398
Total assets	23,126,840	(1,290,733)	21,836,107	19,259,271	(1,129,852)	18,129,419	18,266,083	(1,207,955)	17,058,128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

5 CHANGES IN ACCOUNTING POLICY (CONTINUED)

Impact of changes in accounting policy on consolidated balance sheet (continued)

	As at 31 December 2013			As at 31 December 2012			As at 1 January 2012		
	Stated before changes in accounting policy RMB'000	Changes in accounting policy RMB'000	As presented RMB'000	Previously stated RMB'000	Changes in accounting policy RMB'000	As restated RMB'000	Previously stated RMB'000	Changes in accounting policy RMB'000	As restated RMB'000
EQUITY									
Capital and reserves attributable to shareholders of the Company									
Share capital	5,566,000	–	5,566,000	5,566,000	–	5,566,000	5,566,000	–	5,566,000
Reserves	1,999,514	–	1,999,514	1,746,389	–	1,746,389	1,609,255	–	1,609,255
– Proposed dividend	250,470	–	250,470	166,980	–	166,980	222,640	–	222,640
– Others	1,749,044	–	1,749,044	1,579,409	–	1,579,409	1,386,615	–	1,386,615
	7,565,514	–	7,565,514	7,312,389	–	7,312,389	7,175,255	–	7,175,255
Non-controlling interests	4,400,049	(15,683)	4,384,366	4,837,997	(14,941)	4,823,056	4,678,616	(14,844)	4,663,772
Total equity	11,965,563	(15,683)	11,949,880	12,150,386	(14,941)	12,135,445	11,853,871	(14,844)	11,839,027
LIABILITIES									
Non-current liabilities									
Borrowings	2,434,222	(722,563)	1,711,659	2,053,322	(659,229)	1,394,093	1,858,710	(680,703)	1,178,007
Deferred income tax liabilities	527,223	(26,821)	500,402	672,618	(33,967)	638,651	640,371	(30,601)	609,770
Trade and other payables	205,996	4,729	210,725	137,097	(22,878)	114,219	165,232	9,640	174,872
	3,167,441	(744,655)	2,422,786	2,863,037	(716,074)	2,146,963	2,664,313	(701,664)	1,962,649
Current liabilities									
Borrowings	2,341,177	(191,514)	2,149,663	612,428	(11,605)	600,823	520,423	(72,046)	448,377
Income tax payable	556,013	(9,062)	546,951	120,567	(17,151)	103,416	120,944	(8,387)	112,557
Trade and other payables	5,096,646	(329,819)	4,766,827	3,512,853	(370,081)	3,142,772	3,106,532	(411,014)	2,695,518
	7,993,836	(530,395)	7,463,441	4,245,848	(398,837)	3,847,011	3,747,899	(491,447)	3,256,452
Total liabilities	11,161,277	(1,275,050)	9,886,227	7,108,885	(1,114,911)	5,993,974	6,412,212	(1,193,111)	5,219,101
Total equity and liabilities	23,126,840	(1,290,733)	21,836,107	19,259,271	(1,129,852)	18,129,419	18,266,083	(1,207,955)	17,058,128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

5 CHANGES IN ACCOUNTING POLICY (CONTINUED)

Impact of changes in accounting policy on consolidated income statement

	For the year ended 31 December 2013			For the year ended 31 December 2012		
	Stated before changes in accounting policy RMB'000	Changes in accounting policy RMB'000	As presented RMB'000	Previously stated RMB'000	Changes in accounting policy RMB'000	As restated RMB'000
Revenue	14,131,739	(4,843,408)	9,288,331	13,884,461	(4,880,337)	9,004,124
Cost of sales	(11,976,600)	4,321,711	(7,654,889)	(11,784,426)	4,353,550	(7,430,876)
Gross profit	2,155,139	(521,697)	1,633,442	2,100,035	(526,787)	1,573,248
Other income	1,016,332	(56,955)	959,377	523,608	(55,665)	467,943
Selling and marketing expenses	(631,653)	209,082	(422,571)	(612,730)	212,670	(400,060)
Administrative expenses	(1,027,087)	187,776	(839,311)	(1,032,530)	195,977	(836,553)
Other expenses	(81,197)	36,281	(44,916)	(88,949)	34,006	(54,943)
Operating profit	1,431,534	(145,513)	1,286,021	889,434	(139,799)	749,635
Finance costs	(183,473)	42,817	(140,656)	(137,612)	36,935	(100,677)
Share of results of joint ventures and associates	49,480	81,459	130,939	144,017	76,572	220,589
Profit before income tax	1,297,541	(21,237)	1,276,304	895,839	(26,292)	869,547
Income tax expense	(452,914)	19,314	(433,600)	(186,701)	25,012	(161,689)
Profit for the year	844,627	(1,923)	842,704	709,138	(1,280)	707,858
Attributable to:						
Shareholders of the Company	443,772	—	443,772	317,006	—	317,006
Non-controlling interests	400,855	(1,923)	398,932	392,132	(1,280)	390,852
	844,627	(1,923)	842,704	709,138	(1,280)	707,858
Earnings per share for profit attributable to shareholders of the Company during the year (expressed in RMB cents per share) — basic and diluted	7.97	—	7.97	5.70	—	5.70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

5 CHANGES IN ACCOUNTING POLICY (CONTINUED)

Impact of changes in accounting policy on consolidated income statement (continued)

	For the year ended 31 December 2013			For the year ended 31 December 2012		
	Stated before changes in accounting policy RMB'000	Changes in accounting policy RMB'000	As presented RMB'000	Previously stated RMB'000	Changes in accounting policy RMB'000	As restated RMB'000
Profit for the year	844,627	(1,923)	842,704	709,138	(1,280)	707,858
Other comprehensive income						
Items that may be subsequently reclassified to profit or loss						
Fair value changes on available-for-sale financial assets — gross	57,753	(4,451)	53,302	432,995	80	433,075
Transfer of fair value changes of available-for-sale financial assets — gross	(245,914)	3,996	(241,918)	(250,383)	(58)	(250,441)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	46,684	455	47,139	(45,024)	(20)	(45,044)
Currency translation differences	146	—	146	(801)	—	(801)
Total other comprehensive income for the year	(141,331)	—	(141,331)	136,787	2	136,789
Total comprehensive income for the year	703,296	(1,923)	701,373	845,925	(1,278)	844,647
Attributable to:						
Shareholders of the Company	357,369	—	357,369	370,861	—	370,861
Non-controlling interests	345,927	(1,923)	344,004	475,064	(1,278)	473,786
	703,296	(1,923)	701,373	845,925	(1,278)	844,647

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

5 CHANGES IN ACCOUNTING POLICY (CONTINUED)

Impact of changes in accounting policy on consolidated statement of cash flows

	For the year ended 31 December 2013			For the year ended 31 December 2012		
	Stated before changes in accounting policy RMB'000	Changes in accounting policy RMB'000	As presented RMB'000	Previously stated RMB'000	Changes in accounting policy RMB'000	As restated RMB'000
Cash flows from operating activities:						
Cash generated from operations	2,414,834	(39,404)	2,375,430	1,635,127	(416,024)	1,219,103
Interest paid	(167,383)	41,984	(125,399)	(134,574)	38,478	(96,096)
Income tax paid	(235,967)	32,579	(203,388)	(239,871)	14,716	(225,155)
Transactions cost in relation to business combination/acquisition of a joint venture	(2,900)	—	(2,900)	(952)	952	—
Net cash generated from operating activities	2,008,584	35,159	2,043,743	1,259,730	(361,878)	897,852
Cash flows from investing activities:						
Proceeds from disposal of property, plant and equipment	191,488	(84,490)	106,998	186,411	(105,284)	81,127
Proceeds from disposal of interests in associates	91,146	—	91,146	—	—	—
Proceeds from disposal of available-for-sale financial assets	533,701	(4,576)	529,125	462,964	(19,859)	443,105
Proceeds from disposal of financial assets at fair value through profit or loss	20,700	—	20,700	4,587	—	4,587
Proceeds from disposal of a subsidiary	745,464	(38,737)	706,727	—	—	—
Purchase of property, plant and equipment	(911,750)	136,555	(775,195)	(906,358)	181,220	(725,138)
Purchase of intangible assets	(9,001)	—	(9,001)	(42,434)	31,699	(10,735)
Purchase of available-for-sale financial assets	(387,636)	27,971	(359,665)	(238,794)	3,855	(234,939)
Purchase of financial assets at fair value through profit or loss	(100,563)	—	(100,563)	(4,623)	—	(4,623)
Cash outflow for increase in investments in associates	(5,385)	—	(5,385)	(30,057)	11,497	(18,560)
Acquisition of joint ventures, net of cash acquired	—	—	—	(91,502)	91,502	—
Cash outflow for increase in investments in joint ventures	—	—	—	—	(94,215)	(94,215)
Bank deposits with maturities ranging from 3 months to 12 months	(902,800)	—	(902,800)	(135,000)	—	(135,000)
Interest received	31,563	(2,985)	28,578	25,283	(2,717)	22,566
Dividends received	249,583	37,717	287,300	260,386	64,733	325,119
Net of cash outflow for business combination	(653,768)	—	(653,768)	—	—	—
Repayments of borrowings for business combination	(635,535)	—	(635,535)	—	—	—
Capital contribution to a newly-incorporated subsidiary subsequently reclassified to non-current assets held for sale	(24,000)	—	(24,000)	—	—	—
Deferred consideration for acquisition of Shan Xi Jinguang Inn Company Limited ("Jinguang Inn")	—	—	—	(11,000)	—	(11,000)
Net cash used in investing activities	(1,766,793)	71,455	(1,695,338)	(520,137)	162,431	(357,706)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

5 CHANGES IN ACCOUNTING POLICY (CONTINUED)

Impact of changes in accounting policy on consolidated statement of cash flows (continued)

	For the year ended 31 December 2013			For the year ended 31 December 2012		
	Stated before changes in accounting policy RMB'000	Changes in accounting policy RMB'000	As presented RMB'000	Previously stated RMB'000	Changes in accounting policy RMB'000	As restated RMB'000
Cash flows from financing activities:						
Capital contribution from non-controlling interests	25,481	—	25,481	1,500	—	1,500
Prepayment to a non-controlling shareholder for acquisition of shares in a subsidiary	(11,369)	—	(11,369)	(46,919)	—	(46,919)
Proceeds from borrowings	4,694,807	(935,650)	3,759,157	1,839,851	(54,825)	1,785,026
Repayments of borrowings	(2,553,319)	676,059	(1,877,260)	(1,680,101)	262,886	(1,417,215)
Dividends paid to non-controlling interests	(245,099)	1,181	(243,918)	(256,332)	1,181	(255,151)
Dividends paid to shareholders of the Company	(166,980)	—	(166,980)	(222,640)	—	(222,640)
Disposal of subsidiaries without loss of control	110,663	—	110,663	—	—	—
Release of deposit pledged for borrowings	—	—	—	52,610	(40,610)	12,000
Net cash generated from/(used in) financing activities	1,854,184	(258,410)	1,595,774	(312,031)	168,632	(143,399)
Increase in cash and cash equivalents	2,095,975	(151,796)	1,944,179	427,562	(30,815)	396,747
Cash and cash equivalents at beginning of the year	2,921,139	(384,886)	2,536,253	2,494,175	(354,336)	2,139,839
Exchange losses on cash and cash equivalents	(14,364)	9,123	(5,241)	(598)	265	(333)
Cash and cash equivalents at end of the year	5,002,750	(527,559)	4,475,191	2,921,139	(384,886)	2,536,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

6 TURNOVER AND 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 reports.

With restructuring and brand positioning of the Hotel Related Businesses, management renamed "Star-rated hotels" and "Budget hotels" segments as "Full Service Hotels" and "Select Service Hotels" segments, respectively.

Upon adoption of HKFRS 11, the Group does not proportionately consolidate Interstate Hotels & Resorts Co., Ltd. and its subsidiaries ("IHR Group"). Since the share of results of IHR Group was immaterial to the Group, the segment of "IHR Group" was combined into the segment of "Full Service Hotels".

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

(1) Full Service Hotels (previously named as "Star-rated hotels"): ownership, operation and management of full service hotels;

(2) Select Service Hotels (previously named as "Budget hotels"): operation of self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels owned by other parties;

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

(4) Passenger Transportation Vehicles and Logistics: vehicle operating, trading of automobiles, refrigerated logistics, freight forwarding and related services;

(5) Travel Agency: provision of travel agency and related services; and

(6) 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 year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

6 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(a) Turnover

The Group's revenue which represents turnover is as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Full Service Hotels	**2,225,092**	2,419,703
— Accommodation revenue	**1,013,456**	1,118,282
— Food and beverage sales	**812,617**	888,709
— Rendering of ancillary services	**105,230**	107,448
— Rental revenue	**199,217**	190,187
— Sales of hotel supplies	**15,036**	39,395
— Hotel management	**79,536**	75,682
Select Service Hotels	**2,407,394**	2,101,736
— Accommodation revenue	**1,734,949**	1,501,706
— Food and beverage sales	**201,231**	203,702
— Rendering of ancillary services	**38,138**	51,619
— Rental revenue	**29,118**	23,379
— Sales of hotel supplies	**34,691**	23,117
— Hotel management and franchise	**289,642**	229,482
— Revenue under customer loyalty programme	**79,625**	68,731
Food and Restaurants	**357,934**	314,315
Passenger Transportation Vehicles and Logistics	**2,081,777**	2,019,753
— Vehicle operating	**1,214,971**	1,167,234
— Trading of automobile	**730,324**	708,421
— Refrigerated logistics	**118,972**	121,284
— Others	**17,510**	22,814
Travel Agency	**2,116,332**	2,077,873
— Travel agency	**2,092,506**	2,054,512
— Others	**23,826**	23,361
Other Operations	**99,802**	70,744
	9,288,331	9,004,124

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 year ended 31 December 2013 and 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

6 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information

The segment results for the year ended 31 December 2013 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels 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 sales (note 6(a))	2,225,092	2,407,394	357,934	2,081,777	2,116,332	99,802	9,288,331
Inter-segment sales	10,062	1,046	6,915	4,494	1,298	26,128	49,943
Total gross segment sales	2,235,154	2,408,440	364,849	2,086,271	2,117,630	125,930	9,338,274
Profit for the year	119,927	273,744	23,810	273,047	61,835	90,341	842,704
Other income (note 26)	464,908	35,546	59,712	133,401	62,935	202,875	959,377
Including: interest income (note 26)	6,508	782	119	10,274	10,526	704	28,913
Depreciation of property, plant and equipment (note 7)	(249,097)	(331,457)	(11,776)	(249,102)	(6,493)	(2,758)	(850,683)
Depreciation of investment properties (note 8)	(4,814)	–	–	–	–	–	(4,814)
Amortization of land use rights (note 9)	(59,313)	(11,091)	–	(1,239)	–	(356)	(71,999)
Amortization of intangible assets (note 10)	(5,052)	(8,882)	(1,234)	–	(513)	(322)	(16,003)
Write-down/(reversal of) inventories (note 18)	78	(144)	–	–	–	–	(66)
Reversal of/(provision) for impairment of trade receivables, prepayments and other receivables (note 19)	10,924	1,214	(279)	165	277	–	12,301
Finance costs (note 30)	(107,343)	(1,687)	–	(1,374)	–	(30,252)	(140,656)
Share of results of joint ventures and associates (note 31)	29,069	–	(8,505)	115,865	(7,420)	1,930	130,939
Income tax expense (note 32)	(232,657)	(86,964)	(1,270)	(55,525)	(12,828)	(44,356)	(433,600)
Capital expenditure	110,631	2,187,242	8,689	378,543	16,494	880	2,702,479

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

6 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

The restated segment results for the year ended 31 December 2012 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels 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 sales (note 6(a))	2,419,703	2,101,736	314,315	2,019,753	2,077,873	70,744	9,004,124
Inter-segment sales	9,756	1,917	9,790	5,089	1,165	52,681	80,398
Total gross segment sales	2,429,459	2,103,653	324,105	2,024,842	2,079,038	123,425	9,084,522
Profit for the year	76,356	251,084	48,431	223,455	49,301	59,231	707,858
Other income (note 26)	179,191	31,988	48,492	54,597	57,933	95,742	467,943
Including: interest income (note 26)	4,850	602	257	9,190	9,251	158	24,308
Depreciation of property, plant and equipment (note 7)	(307,906)	(286,856)	(14,959)	(252,393)	(5,931)	(2,657)	(870,702)
Depreciation of investment properties (note 8)	(158)	–	–	(510)	(4,285)	–	(4,953)
Amortization of land use rights (note 9)	(44,736)	(10,843)	(101)	(1,340)	–	(356)	(57,376)
Amortization of intangible assets (note 10)	(5,933)	(7,550)	(1,007)	–	(514)	(606)	(15,610)
Inventories write-down (note 18)	(363)	–	–	–	–	–	(363)
Provision for impairment of trade receivables, prepayments and other receivables (note 19)	(324)	(3,332)	–	(156)	449	(15)	(3,378)
Finance costs (note 30)	(94,753)	(1,839)	–	(3,524)	–	(561)	(100,677)
Share of results of joint ventures and associates (note 31)	59,377	–	46,027	123,550	(7,435)	(930)	220,589
Income tax expense (note 32)	1,945	(80,988)	193	(37,764)	(12,555)	(32,520)	(161,689)
Capital expenditure	111,098	416,173	4,395	181,183	7,054	6,882	726,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

6 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

The segment assets as at 31 December 2013 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels 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	5,256,099	5,857,803	148,252	2,581,219	1,297,743	4,744,658	19,885,774
Investments in joint ventures	1,029,252	–	–	365,049	–	17,857	1,412,158
Investments in associates	47,230	–	133,667	334,322	15,921	7,035	538,175
Total assets	6,332,581	5,857,803	281,919	3,280,590	1,313,664	4,769,550	21,836,107

The restated segment assets as at 31 December 2012 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels 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	5,160,521	3,540,493	148,240	2,274,490	1,314,247	3,620,063	16,058,054
Investments in joint ventures	1,070,148	–	–	356,494	–	18,123	1,444,765
Investments in associates	46,815	–	187,225	364,383	23,339	4,838	626,600
Total assets	6,277,484	3,540,493	335,465	2,995,367	1,337,586	3,643,024	18,129,419

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 consolidated income statement.

Other income in the segment of "Full Service Hotels" for the year ended 31 December 2013 mainly includes gain on disposal of available-for-sale financial assets of RMB42,663,000 (for the year ended 31 December 2012: gain on disposal of available-for-sale financial assets of RMB159,781,000) and gain on disposal of a subsidiary of RMB398,172,000 (for the year ended 31 December 2012: nil). Other income in segment of "Passenger Transportation Vehicles and Logistics" for the year ended 31 December 2013 mainly includes gain on disposal of investment in an associate of RMB80,829,000 (for the year ended 31 December 2012: nil). Other income in the segment of "Other Operations" for the year ended 31 December 2013 mainly includes gain on disposal of available-for-sale financial assets of RMB172,737,000 (for the year ended 31 December 2012: RMB77,849,000).

Capital expenditure comprises additions to property, plant and equipment (note 7), investment properties (note 8), land use rights (note 9), intangible assets (note 10), including additions resulting from acquisition through business combination (note 39) and prepayment for capital expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

7 PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings RMB'000	Renovations and leasehold improvements RMB'000	Plant and machinery RMB'000	Operating vehicles RMB'000	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost								
At 1 January 2012 (restated)	5,497,738	3,067,649	1,572,365	1,622,776	98,855	770,892	200,613	12,830,888
Additions	431	18,294	16,100	57	5,021	39,086	635,234	714,223
Transfers from construction-in-progress	7,989	220,942	47,737	146,269	2,696	34,446	(460,079)	–
Disposals	(1,538)	(62,784)	(45,456)	(174,349)	(15,781)	(38,041)	–	(337,949)
At 31 December 2012 (restated)	5,504,620	3,244,101	1,590,746	1,594,753	90,791	806,383	375,768	13,207,162
Additions	2,189	5,623	17,826	6,096	7,434	33,933	802,917	876,018
Additions resulting from acquisition through business combination (note 39)	492,455	34,821	19,755	–	–	31,477	124,700	703,208
Transfers from construction-in-progress	66,587	365,931	74,432	343,066	2,691	72,878	(925,585)	–
Transfers from investment properties (note 8)	7,557	–	–	–	–	–	–	7,557
Disposals	(868)	(28,367)	(29,975)	(433,014)	(13,234)	(21,845)	–	(527,303)
Disposals of a subsidiary (note 36(b))	(690,299)	(138,737)	(65,158)	–	(7,241)	(45,448)	(40)	(946,923)
Transferred to non-current assets held for sale (note 17)	(121,545)	(14,549)	(57,672)	–	(51)	(3,795)	–	(197,612)
Transferred to investment properties (note 8)	(64,455)	–	–	–	–	–	–	(64,455)
At 31 December 2013	5,196,241	3,468,823	1,549,954	1,510,901	80,390	873,583	377,760	13,057,652
Accumulated depreciation and impairment								
At 1 January 2012 (restated)	(1,844,954)	(1,342,593)	(891,129)	(859,705)	(70,784)	(583,495)	–	(5,592,660)
Depreciation charge for the year (note 28)	(156,279)	(289,146)	(88,149)	(231,863)	(7,368)	(97,897)	–	(870,702)
Disposals	511	42,039	40,782	150,123	13,608	35,587	–	282,650
At 31 December 2012 (restated)	(2,000,722)	(1,589,700)	(938,496)	(941,445)	(64,544)	(645,805)	–	(6,180,712)
Depreciation charge for the year (note 28)	(152,544)	(277,226)	(90,479)	(225,492)	(6,455)	(98,487)	–	(850,683)
Transfers from investment properties (note 8)	(2,369)	–	–	–	–	–	–	(2,369)
Disposals	641	13,404	23,981	375,243	10,137	18,764	–	442,170
Disposals of a subsidiary (note 36(b))	244,679	120,654	51,987	–	6,713	40,810	–	464,843
Transferred to non-current assets held for sale (note 17)	63,081	10,564	54,095	–	49	3,042	–	130,831
Transferred to investment properties (note 8)	12,374	–	–	–	–	–	–	12,374
At 31 December 2013	(1,834,860)	(1,722,304)	(898,912)	(791,694)	(54,100)	(681,676)	–	(5,983,546)
Net book amount								
At 31 December 2013	3,361,381	1,746,519	651,042	719,207	26,290	191,907	377,760	7,074,106
At 31 December 2012 (restated)	3,503,898	1,654,401	652,250	653,308	26,247	160,578	375,768	7,026,450

Operating vehicles represent the vehicles operated for the business segment of Passenger Transportation Vehicle and Logistics, and motor vehicles represents the vehicles used for other business segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The Group (continued)

Depreciation has been charged to the consolidated income statement as follows (note 28):

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Cost of sales	**795,968**	814,700
Selling and marketing expenses	**21,388**	21,102
Administrative expenses	**33,327**	34,900
	850,683	870,702

The net book amount (note 36) of property, plant and equipment disposed is:

	2013	2012
	RMB'000	RMB'000
		(Restated)
Cost	**527,303**	337,949
Less: accumulated depreciation and impairment	**(442,170)**	(282,650)
	85,133	55,299

Construction-in-progress mainly includes renovations, leasehold improvements and operating vehicles, which are under construction for their intended use.

No borrowing costs (2012: nil) arising on financing entered into for the construction of certain property, plant and equipment have been capitalised and are included in "Additions" in property, plant and equipment.

Machinery includes the following amounts where the Group is a lessee under a finance lease:

	2013	2012
	RMB'000	RMB'000
		(Restated)
Cost — capitalised finance leases	**29,731**	26,249
Accumulated depreciation	**(8,621)**	(5,753)
Net book amount	**21,110**	20,496

The Group leases machinery under non-cancellable finance lease agreements. The lease terms are between 10 and 15 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) The Company

	Buildings RMB'000	Renovations and leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Construction-In-progress RMB'000	Total RMB'000
Cost							
At 1 January 2012	716,027	119,798	57,063	1,669	4,696	10,745	909,998
Additions	—	6,211	1,238	696	9,224	7,432	24,801
Disposals	—	—	(2,940)	(695)	(2,836)	—	(6,471)
Transfers from construction-in-progress	—	4,935	3,037	—	1,210	(9,182)	—
Transfer from non-current assets held for sale	—	134,063	4,807	—	3,105	—	141,975
At 31 December 2012	716,027	265,007	63,205	1,670	15,399	8,995	1,070,303
Additions	—	1,813	2,087	—	994	7,264	12,158
Disposals	—	(139,072)	(7,623)	(133)	(3,965)	(6,202)	(156,995)
Transfers from construction-in-progress	—	7,454	1,230	—	346	(9,030)	—
Transfers to investment properties (note 8(b))	(43,658)	(58,441)	—	—	—	—	(102,099)
At 31 December 2013	**672,369**	**76,761**	**58,899**	**1,537**	**12,774**	**1,027**	**823,367**
Accumulated depreciation and impairment							
At 1 January 2012	(99,521)	(61,895)	(40,995)	(658)	(3,548)	—	(206,617)
Depreciation charge for the year	(21,342)	(34,676)	(4,653)	(254)	(4,363)	—	(65,288)
Disposals	—	—	2,732	643	2,593	—	5,968
Transfer from non-current assets held for sale	—	(2,937)	(146)	—	(88)	—	(3,171)
At 31 December 2012	(120,863)	(99,508)	(43,062)	(269)	(5,406)	—	(269,108)
Depreciation charge for the year	(20,412)	(28,408)	(4,703)	(275)	(4,716)	—	(58,514)
Disposals	—	26,788	4,105	126	1,934	—	32,953
Transfer to investment properties (note 8(b))	16,444	52,003	—	—	—	—	68,447
At 31 December 2013	(124,831)	(49,125)	(43,660)	(418)	(8,188)	—	(226,222)
Net book amount							
At 31 December 2013	**547,538**	**27,636**	**15,239**	**1,119**	**4,586**	**1,027**	**597,145**
At 31 December 2012	595,164	165,499	20,143	1,401	9,993	8,995	801,195

Construction-in-progress for the Company mainly includes renovations and leasehold improvements, which are under construction for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

8 INVESTMENT PROPERTIES

(a) The Group

	Buildings RMB'000
Cost	
At 1 January 2012 and at 31 December 2012 (restated)	256,786
Transfers to property, plant and equipment (note 7)	(7,557)
Transfers from property, plant and equipment (note 7)	64,455
At 31 December 2013	313,684
Accumulated depreciation	
At 1 January 2012 (restated)	(66,024)
Charge for the year (note 28)	(4,953)
At 31 December 2012 (restated)	(70,977)
Charge for the year (note 28)	(4,814)
Transfers to property, plant and equipment (note 7)	2,369
Transfers from property, plant and equipment (note 7)	(12,374)
At 31 December 2013	(85,796)
Net book amount	
At 31 December 2013	**227,888**
At 31 December 2012 (restated)	185,809

Depreciation has been charged to the consolidated income statement as follows (note 29):

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Cost of sales	**4,814**	4,953

Amounts recognised in profit and loss for investment properties

	2013 RMB'000	2012 RMB'000 (Restated)
Rental revenue	**61,623**	60,908
Direct operating expenses from properties that generated rental revenue	**(11,216)**	(13,105)
	50,407	47,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

8 INVESTMENT PROPERTIES (CONTINUED)

(a) The Group (continued)

Valuation basis

The land use right and buildings located on, which are held to earn rentals, could not be separated for valuation purpose under income approach. The fair value of the properties as at 31 December 2013, which includes the building with the carrying amount of RMB227,888,000 (31 December 2012: RMB185,809,000) and the related land use right with the carrying amount of RMB21,003,000 (31 December 2012: RMB21,576,000), is approximately RMB882,499,000 (31 December 2012: RMB830,015,000).

At the end of each reporting period, the Directors update their assessment of the fair value of each property. The Directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar investment properties. Where such information is not available, the Directors consider information from a variety of sources including:

(i) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;

(ii) discounted cash flow projections based on reliable estimates of future cash flows;

(iii) capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The Group adopted the income approach to arrive at the fair value. The income approach determines the fair value by discounting its annual expected cash flows using an appropriate rate of return.

At the end of the reporting year, the key assumptions used by the Directors in determining fair value were in the following ranges for the Group's portfolio of properties:

	2013	2012
Discount rate	**8.8%~11.0%**	8.8%~11.0%
Rental growth rate	**1.7%~5.0%**	1.7%~5.0%

All of the above key assumptions have been taken from the latest valuation assessment in the portfolio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

8 INVESTMENT PROPERTIES (CONTINUED)

(a) The Group (continued)

Leasing arrangements

Some of the investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum future lease rentals under non-cancellable operating leases of investment properties not recognised in the consolidated financial statements are as follows:

	2013 **RMB'000**	2012 RMB'000 (Restated)
Not later than 1 year	**70,157**	55,817
Later than 1 year but not later than 5 years	**259,820**	185,515
Later than 5 years	**546,793**	525,300
	876,770	766,632

(b) The Company

	Buildings RMB'000	Renovations and leasehold improvements RMB'000	Total RMB'000
Cost			
At 1 January 2012 and 31 December 2012	6,616	—	6,616
Transfers from property, plant and equipment (note 7)	43,658	58,441	102,099
At 31 December 2013	50,274	58,441	108,715
Accumulated depreciation			
At 1 January 2012	(2,043)	—	(2,043)
Charge for the year	(157)	—	(157)
At 31 December 2012	(2,200)	—	(2,200)
Charge for the year	(1,080)	(1,842)	(2,922)
Transfers from property, plant and equipment (note 7)	(16,444)	(52,003)	(68,447)
At 31 December 2013	(19,724)	(53,845)	(73,569)
Net book amount			
At 31 December 2013	**30,550**	**4,596**	**35,146**
At 31 December 2012	4,416	—	4,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

8 INVESTMENT PROPERTIES (CONTINUED)

(b) The Company (continued)

Valuation basis

The fair value of the properties as at 31 December 2013, which includes the buildings and renovations and leasehold improvements with the carrying amount of RMB35,146,000 (31 December 2012: RMB4,416,000) and the related land use right with the carrying amount of RMB122,917,000 (31 December 2012: RMB10,192,000), is approximately RMB534,716,000 (31 December 2012: RMB344,015,000). The valuation approach and basis for the fair value of the properties of the Company is the same as the approach and basis of the Group.

At the end of the reporting year the key assumptions used by the Directors in determining fair value were as follows:

	2013	2012
Discount rate	11.0%	11.0%
Rental growth rate	0.0%-1.7%	1.7%

All of the above key assumptions have been taken from the latest valuation assessment in the portfolio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

9 LAND USE RIGHTS

Land use rights represent the net book amount of prepaid operating lease payments. All the land use rights of the Group are located in the Mainland China and are held on leases ranging from 20 to 50 years. Movements in land use rights are as follows:

(a) The Group

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Cost		
At beginning of the year	**2,157,657**	2,157,657
Additions resulting from acquisition through business combination (note 39)	**1,061,409**	—
Disposal of a subsidiary (note 36(b))	**(867,406)**	—
Transfer to non-current assets held for sale (note 17)	**(20,576)**	—
At end of the year	**2,331,084**	2,157,657
Accumulated amortisation		
At beginning of the year	**(290,238)**	(232,862)
Charge for the year (note 28)	**(71,999)**	(57,376)
Disposal of a subsidiary (note 36(b))	**57,193**	—
Transfer to non-current assets held for sale (note 17)	**4,244**	—
At end of the year	**(300,800)**	(290,238)
Net book amount		
At end of the year	**2,030,284**	1,867,419

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

9 LAND USE RIGHTS (CONTINUED)

(a) The Group (continued)

Amortisation has been charged to the consolidated income statement as follows (note 28):

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Cost of sales	**(71,999)**	(57,376)

(b) The Company

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Cost		
At the beginning and end of the year	**373,685**	373,685
Accumulated amortisation		
At beginning of the year	**(45,138)**	(32,494)
Charge for the year	**(12,644)**	(12,644)
At end of the year	**(57,782)**	(45,138)
Net book amount		
At end of the year	**315,903**	328,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

10 INTANGIBLE ASSETS

(a) The Group

	Goodwill RMB'000	Computer Software RMB'000	Favourable lease contract RMB'000	Licences of operation vehicles RMB'000	Total RMB'000
Cost					
At 1 January 2012 (restated)	74,996	65,886	58,139	241,786	440,807
Addition	—	10,276	—	459	10,735
Disposal	—	(140)	—	—	(140)
At 31 December 2012 (restated)	74,996	76,022	58,139	242,245	451,402
Additions	—	8,560	—	441	9,001
Additions resulting from acquisition through business combination (note 39)	51,786	502	—	—	52,288
Disposal	—	(76)	—	—	(76)
Disposal of a subsidiary (note 36(b))	—	(835)	—	—	(835)
At 31 December 2013	**126,782**	**84,173**	**58,139**	**242,686**	**511,780**
Accumulated amortisation					
At 1 January 2012 (restated)	—	(40,166)	(9,235)	—	(49,401)
Charge for the year (note 28)	—	(10,940)	(4,670)	—	(15,610)
Disposal	—	29	—	—	29
At 31 December 2012 (restated)	—	(51,077)	(13,905)	—	(64,982)
Charge for the year (note 28)	—	(11,333)	(4,670)	—	(16,003)
Disposal	—	31	—	—	31
Disposal of a subsidiary (note 36(b))	—	829	—	—	829
At 31 December 2013	—	(61,550)	(18,575)	—	(80,125)
Net book amount					
At 31 December 2013	**126,782**	**22,623**	**39,564**	**242,686**	**431,655**
At 31 December 2012 (restated)	74,996	24,945	44,234	242,245	386,420

Amortisation has been charged to the consolidated income statement as follows (note 28):

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Cost of sales	**16,003**	15,610

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

10 INTANGIBLE ASSETS (CONTINUED)

(a) The Group (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's CGUs. An operating segment level summary of the goodwill allocated to the CGUs within operating segments is presented below:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Full service hotels	**28,377**	28,377
Select service hotels	**98,405**	46,619
	126,782	74,996

The principal component of goodwill represents the excess of cost of acquisition of certain full service hotels and select service hotels over the fair value of the identified net assets acquired. The goodwill impairment assessment is based on recoverable amounts of respective CGUs which are determined by their value in use.

The recoverable amounts of a CGUs are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGUs operates.

The key assumption used for value-in-use calculations in 2013 are as follows:

	Full Service Hotels	**Select Service Hotels**
Gross margin	**32.0%**	**23.0%**
Growth rate	**3.8%**	**3.8%**
Discount rate (pre-tax)	**10.0%**	**10.0%**

The key assumption used for value-in-use calculations in 2012 are as follows:

	Full Service Hotels	Select Service Hotels
Gross margin	32.0%	21.0%
Growth rate	3.8%	3.8%
Discount rate (pre-tax)	10.0%	10.0%

In view of the value-in-use of the CGUs, no provision for impairment losses is considered necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

10 INTANGIBLE ASSETS (CONTINUED)

(a) The Group (continued)

Impairment tests for licenses of operation vehicles

The licenses of operation vehicles impairment assessment is based on recoverable amounts which are determined by their value in use.

The recoverable amounts of licenses of operation vehicles are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The key assumption used for value-in-use calculations are as follows:

	2013	2012
Gross margin	26.5%	32.8%
Growth rate	4.8%	4.8%
Discount rate (pre-tax)	10.0%	10.0%

(b) The Company

	Computer Software RMB'000
Cost	
At 1 January 2012	11,911
Additions	1,399
At 31 December 2012	13,310
Additions	1,020
Disposal	(75)
At 31 December 2013	14,255
Accumulated amortisation	
At 1 January 2012	(6,534)
Charge for the year	(2,266)
At 31 December 2012	(8,800)
Charge for the year	(2,767)
Disposal	31
At 31 December 2013	(11,536)
Net book amount	
At 31 December 2013	2,719
At 31 December 2012	4,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

11 INVESTMENTS IN SUBSIDIARIES — THE COMPANY

(a) Investments in subsidiaries

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Investments at cost		
— Shares of listed companies (i)	**2,909,793**	2,909,793
— Unlisted equity investments	**4,910,142**	4,988,108
	7,819,935	7,897,901
Market value of listed shares	**7,845,540**	6,383,591

	At 31 December	
	2013	2012
	RMB'000	RMB'000
At beginning of the year	**7,897,901**	7,897,901
Additions	**141,000**	—
Disposals	**(218,966)**	—
Investment at cost	**7,819,935**	7,897,901

(i) The balance represents the Group's investment in Shanghai Jin Jiang International Hotels Development Company Limited ("Jin Jiang Hotels Development"), Jin Jiang Investment and Jin Jiang Travel.

Particulars of the Company's principal subsidiaries are set out in note 42.

Investment in subsidiaries are measured at the fair value of the consideration paid.

(b) Material non-controlling interests

The total non-controlling interest as at 31 December 2013 is RMB4,384,366,000 (31 December 2012: RMB4,823,056,000), of which RMB4,267,084,000 (31 December 2012: RMB4,100,625,000) is for Jin Jiang Hotels Development, Jin Jiang Investment and Jin Jiang Travel. The non-controlling interests in respect of other subsidiaries are not material individually.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. See Note 40 for transactions with non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

11 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (CONTINUED)

(b) Material non-controlling interests (continued)

Summarised balance sheet

	Jin Jiang Hotels Development		Jin Jiang Travel		Jin Jiang Investment	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Non-current assets	6,206,185	4,477,415	808,887	810,272	2,208,552	2,177,723
Current assets	876,882	934,758	541,070	563,238	1,114,721	921,378
Total assets	7,083,067	5,412,173	1,349,957	1,373,510	3,323,273	3,099,101
Non-current liabilities	(328,684)	(219,647)	(93,181)	(106,145)	(128,101)	(63,895)
Current liabilities	(2,373,579)	(907,274)	(356,790)	(365,039)	(695,756)	(667,008)
Total liabilities	(2,702,263)	(1,126,921)	(449,971)	(471,184)	(823,857)	(730,903)
Net assets	4,380,804	4,285,252	899,986	902,326	2,499,416	2,368,198

Summarised statement of comprehensive income

	Jin Jiang Hotels Development		Jin Jiang Travel		Jin Jiang Investment	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Revenue	2,684,411	2,335,992	2,116,332	2,086,430	2,088,592	2,025,515
Profit before income tax expense	496,648	468,866	70,588	54,425	332,219	265,711
Income tax expense	(114,498)	(97,208)	(12,828)	(12,555)	(55,525)	(37,764)
Profit for the year	382,150	371,658	57,760	41,870	276,694	227,947
Other comprehensive income	(57,052)	167,422	(38,892)	(1,699)	(8,568)	(405)
Total comprehensive income	325,098	539,080	18,868	40,171	268,126	227,542
Total comprehensive income allocated to non-controlling interests	4,677	2,501	650	264	41,749	43,118
Dividends paid to non-controlling interests	5,982	2,635	—	—	27,188	37,039

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

11 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (CONTINUED)

(b) Material non-controlling interests (continued)

Summarised cash flows

	Jin Jiang Hotels Development		Jin Jiang Travel		Jin Jiang Investment	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Net cash generated from/(used in) operating activities	**639,138**	555,665	**16,573**	(22,498)	**258,446**	310,903
Net cash (used in)/generated from investing activities	**(1,088,629)**	(171,216)	**(9,308)**	(111,500)	**50,700**	(21,390)
Net cash generated from/(used in) financing activities	**376,553**	(226,473)	**(21,209)**	(13,256)	**(155,316)**	(201,224)
Net (decrease)/increase in cash and cash equivalents	**(72,938)**	157,976	**(13,944)**	(147,254)	**153,830**	88,289

The information above is the amount (100% basis) before inter-company eliminations.

12 INVESTMENTS IN JOINT VENTURES

(a) The Group

	2013 RMB'000	2012 RMB'000
At 1 January	**1,444,765**	1,342,642
Additions	**—**	94,215
Share of results (note 31)	**55,662**	82,279
— Profit before income tax	**74,977**	107,295
— Income tax expense	**(19,315)**	(25,016)
Declaration of dividends	**(67,627)**	(71,355)
Exchange differences	**(20,642)**	(3,016)
At 31 December	**1,412,158**	1,444,765

The joint ventures have share capital consisting solely of ordinary shares, which is held directly by the Group.

Particulars of the Group's principal joint ventures are set out in note 42.

All joint ventures are private companies and there is no quoted market price available for their shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

12 INVESTMENTS IN JOINT VENTURES (CONTINUED)

(a) The Group (continued)

Commitments and contingent liabilities in respect of joint ventures

The Group has the following commitments relating to its joint ventures.

	2013 RMB'000	2012 RMB'000
Proportionate interests in joint ventures' capital and lease commitments	**179,509**	135,406

There are no material contingent liabilities relating to the Group's interest in the joint ventures.

Summarised financial information for joint ventures

A summary of the financial information of the Group's joint ventures, attributable to the shares of the Group and in aggregate, is as follows:

Summarised balance sheet

	2013 RMB'000	2012 RMB'000
Non-current assets	**1,892,725**	1,983,164
Current assets		
Cash and cash equivalents	**633,924**	429,039
Other current assets (excluding cash)	**403,824**	428,141
Total current assets	**1,037,748**	857,180
Total assets	**2,930,473**	2,840,344
Non-current liabilities		
Financial liabilities (excluding trade payables)	**(720,809)**	(657,339)
Other non-current liabilities (including trade payables)	**(665)**	(28,723)
Total non-current liabilities	**(721,474)**	(686,062)
Current Liabilities		
Financial liabilities (excluding trade payables)	**(310,030)**	(253,250)
Other current liabilities (including trade payables)	**(486,811)**	(456,267)
Total current liabilities	**(796,841)**	(709,517)
Total liabilities	**(1,518,315)**	(1,395,579)
Net assets	**1,412,158**	1,444,765

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

12 INVESTMENTS IN JOINT VENTURES (CONTINUED)

(a) The Group (continued)

Summarised statement of comprehensive income

	2013 RMB'000	2012 RMB'000
Revenue	4,861,096	4,899,420
Depreciation and amortisation	(131,902)	(157,941)
Interest income	2,678	3,333
Interest expense	(43,092)	(37,649)
Profit before income tax expense	74,977	107,295
Income tax expense	(19,315)	(25,016)
Profit for the year	55,662	82,279
Dividends received from joint ventures	67,627	71,355

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interests in joint ventures.

	2013 RMB'000	2012 RMB'000
Opening net assets	1,444,765	1,342,642
Additions	—	94,215
Profit for the year	55,662	82,279
Declaration of dividends	(67,627)	(71,355)
Currency translation differences	(20,642)	(3,016)
Closing net assets	1,412,158	1,444,765
Carrying value	1,412,158	1,444,765

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

12 INVESTMENTS IN JOINT VENTURES (CONTINUED)

(b) The Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Unlisted equity investments, at cost	**838,245**	838,245

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
At beginning of the year	**838,245**	823,245
Additions	**—**	15,000
Unlisted equity investments, at cost	**838,245**	838,245

The Company's share of assets and liabilities, revenue and results of joint ventures are included in the Group's share of assets and liabilities, revenue and results of joint ventures described in note 12(a).

13 INVESTMENTS IN ASSOCIATES

(a) The Group

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
At beginning of the year	**626,600**	643,336
Additions	**5,385**	27,103
Share of results	**75,277**	138,310
— Profit before income tax	**108,955**	188,285
— Income tax expense	**(33,678)**	(49,975)
Declaration of dividends	**(138,907)**	(182,149)
Disposals	**(30,180)**	—
At end of the year	**538,175**	626,600

Particulars of the Group's principal associates are set of in note 42.

All associates are private companies and there is no quoted market price available for their shares.

There are no material contingent liabilities relating to the Group's interest in the associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

13 INVESTMENTS IN ASSOCIATES (CONTINUED)

(a) The Group (continued)

Summarised financial information for associates

A summary of the financial information of the Group's associates attributable to the shares of the Group and in aggregate is as follows:

Summarised balance sheet

	2013 RMB'000	2012 RMB'000
Non-current assets	687,886	698,638
Current assets	548,267	622,713
Total assets	1,236,153	1,321,351
Non-current liabilities	(94,281)	(79,312)
Current liabilities	(603,697)	(615,439)
Total liabilities	(697,978)	(694,751)
Net assets	538,175	626,600

Summarised statement of comprehensive income

	2013 RMB'000	2012 RMB'000
Revenue	1,936,500	2,337,328
Profit before income tax expense	108,955	188,285
Income tax expense	(33,678)	(49,975)
Profit for the year	75,277	138,310
Dividends received from associates	138,907	182,149

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

13 INVESTMENTS IN ASSOCIATES (CONTINUED)

(a) The Group (continued)

Reconciliation of summaries financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interests in associates.

	2013 RMB'000	2012 RMB'000
Opening net assets	626,600	643,336
Additions	5,385	27,103
Profit for the year	75,277	138,310
Declaration of dividends	(138,907)	(182,149)
Disposal	(30,180)	—
Closing net assets	538,175	626,600
Carrying value	538,175	626,600

(b) The Company

	At 31 December	
	2013 RMB'000	2012 RMB'000
Unlisted equity investments, at cost	215,387	215,387
Less: provision for impairment	(5,400)	(5,400)
	209,987	209,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
For the year ended 31 December 2013

14 FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY

(a) The Group

	Loans and receivables RMB'000	Financial assets at fair value through the profit or loss RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
31 December 2013				
Available-for-sale financial assets (note 15)	—	—	2,009,782	2,009,782
Trade receivables, prepayments and other receivables excluding non-financial assets (note 19)	1,126,226	—	—	1,126,226
Financial assets at fair value through profit or loss (note 20)	—	80,662	—	80,662
Restricted cash and bank deposits with maturities ranging from 3 months to 12 months (note 21)	1,369,680	—	—	1,369,680
Cash and cash equivalents (note 22)	4,475,191	—	—	4,475,191
	6,971,097	80,662	2,009,782	9,061,541

	Financial liabilities at amortised cost RMB'000
31 December 2013	
Borrowings (excluding finance lease liabilities) (note 25)	3,837,734
Finance lease liabilities (note 25)	23,588
Trade and other payables excluding non-financial liabilities	3,752,896
	7,614,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

14 FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY (CONTINUED)

(a) The Group (continued)

	Loans and receivables RMB'000	Financial assets at fair value through profit or loss RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
31 December 2012 (restated)				
Available-for-sale financial assets (note 15)	—	—	2,025,796	2,025,796
Trade receivables, prepayments and other receivables excluding non-financial assets (note 19)	836,409	—	—	836,409
Financial assets at fair value through profit or loss (note 20)	—	730	—	730
Restricted cash and bank deposits with maturities ranging from 3 months to 12 months (note 21)	544,171	—	—	544,171
Cash and cash equivalents (note 22)	2,536,253	—	—	2,536,253
	3,916,833	730	2,025,796	5,943,359

	Financial liabilities at amortised cost RMB'000
31 December 2012 (restated)	
Borrowings (excluding finance lease liabilities) (note 25)	1,973,187
Finance lease liabilities (note 25)	21,729
Trade and other payables excluding non-financial liabilities	2,039,992
	4,034,908

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

14 FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY (CONTINUED)

(b) The Company

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
31 December 2013			
Available-for-sale financial assets (note 15)	—	131,745	131,745
Trade and other receivables excluding non-financial assets (note 19)	1,700,896	—	1,700,896
Cash and cash equivalents (note 22)	280,649	—	280,649
	1,981,545	131,745	2,113,290

	Financial liabilities at amortised cost 2013 RMB'000
31 December 2013	
Borrowings (note 25)	1,488,016
Trade and other payables excluding non-financial liabilities	70,090
	1,558,106

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
31 December 2012			
Available-for-sale financial assets (note 15)	—	84,714	84,714
Trade and other receivables excluding non-financial assets (note 19)	776,816	—	776,816
Cash and cash equivalents (note 22)	172,571	—	172,571
	949,387	84,714	1,034,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

14 FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY (CONTINUED)

(b) The Company (continued)

	Financial liabilities at amortised cost 2012 RMB'000
31 December 2012	
Borrowings (note 25)	1,475,031
Trade and other payables excluding non-financial liabilities	56,206
	1,531,237

15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a) The Group

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
At beginning of the year	**2,025,796**	1,800,887
Additions	**359,665**	234,939
Additions for the retained interest in the entity remeasured to its fair value when control is lost for the disposal of 45% equity interests in a subsidiary (note 36(b))	**100,144**	—
Fair value changes (recorded under other comprehensive income)	**53,302**	433,075
Disposals	**(529,125)**	(443,105)
At end of the year	**2,009,782**	2,025,796
Less: current portion of available-for-sale financial assets (i)	**(121,780)**	(61,640)
	1,888,002	1,964,156
Current portion of available-for-sale financial assets (i)	**121,780**	61,640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

15 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(a) The Group (continued)

(i) Current portion of available-for-sale financial assets represents the unlisted debenture securities with maturity within 12 months.

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Listed securities, at fair value		
— Equity securities, listed in Mainland China	**1,618,915**	1,798,631
Unlisted securities, at fair value		
— Equity securities	**125,989**	25,844
— Debenture securities	**121,780**	61,640
Unlisted securities, at cost		
— Equity securities (i)	**159,741**	158,324
Less: provision for impairment of unlisted equity investments, at cost	**(16,643)**	(18,643)
	2,009,782	2,025,796
Market value of listed equity investments	**1,618,915**	1,798,631

(i) The balance represents the Group's investments in various companies which do not have a quoted market price in an active market and whose fair value cannot be reliably measured because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

15 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(b) The Company

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
At beginning of the year	**84,714**	155,857
Additions for the retained interest in the entity remeasured to its fair value when control is lost for the disposal of 45% equity interests in a subsidiary (note 36(b))	**100,144**	—
Fair value changes (recorded under other comprehensive income)	**(7,697)**	101,553
Disposals	**(45,416)**	(172,696)
At end of the year	**131,745**	84,714

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Listed securities, at fair value		
— Equity securities, listed in Mainland China	**—**	53,114
Unlisted securities, at fair value		
— Equity securities	**125,989**	25,844
Unlisted securities, at cost		
— Equity securities (i)	**5,756**	7,756
Less: provision for impairment	**—**	(2,000)
	131,745	84,714
Market value of listed equity investments	**—**	53,114

(i) The balance represents the Group's investments in various companies which do not have a quoted market price in an active market and whose fair value cannot be reliably measured because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

16 DEFERRED INCOME TAX

(a) The Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Deferred income tax assets		
— Deferred income tax assets to be recovered after more than 12 months	**197,953**	213,688
— Deferred income tax assets to be recovered within 12 months	**292,952**	15,330
	490,905	229,018
Deferred income tax liabilities		
— Deferred income tax liabilities to be settled after more than 12 months	**(499,291)**	(629,193)
— Deferred income tax liabilities to be settled within 12 months	**(1,111)**	(9,458)
	(500,402)	(638,651)
	(9,497)	(409,633)

The movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
At beginning of the year	**(409,633)**	(418,914)
Additions resulting from acquisition through business combination (note 39)	**(110,382)**	—
Effect of disposal of a subsidiary (note 36(b))	**260,874**	—
Credited to consolidated income statement (note 32)	**202,505**	54,325
Credited/(charged) to other comprehensive income (note 32)	**47,139**	(45,044)
At end of the year	**(9,497)**	(409,633)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

16 DEFERRED INCOME TAX (CONTINUED)

(a) The Group (continued)

The movement in deferred income tax assets and liabilities during the year ended 31 December 2013, without taking into consideration of the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets:

	Impairment of assets RMB'000	Accelerated accounting depreciation RMB'000	Tax losses RMB'000	Provisions RMB'000	Asset basis differences (i) RMB'000	Other temporary differences (ii) RMB'000	Total RMB'000
At 1 January 2012 (restated)	8,283	8,464	85,885	45,944	80,688	40,252	269,516
Credited/(charged) to consolidated income statement	818	(327)	23,712	7,973	—	5,729	37,905
At 31 December 2012 (restated)	9,101	8,137	109,597	53,917	80,688	45,981	307,421
Additions resulting from acquisition through business combination (note 39)	12	993	2,203	—	—	—	3,208
(Charged)/credited to consolidated income statement	(3,025)	1,216	(77,645)	(664)	276,758	12,436	209,076
At 31 December 2013	**6,088**	**10,346**	**34,155**	**53,253**	**357,446**	**58,417**	**519,705**

(i) The amount as at 1 January 2012 and 31 December 2012 represents the land appreciation tax in connection with reorganisation with Jin Jiang Hotels Development, which can be deducted against future appreciation when the related land use right and properties are sold out of the Group. However, these appreciation of the related land use right and properties were eliminated in the consolidated balance sheet under intercompany transactions, which resulted in a deferred income tax asset.

The amount incurred in 2013 represents the income tax in connection with the capital contribution into Shanghai Jin Yun Assets Management Co., Ltd. ("Jin Yun Company", a newly-incorporated subsidiary of the Group) in forms of cash, property, plant and equipment and land use right at their fair value (note 17). The appreciation of property, plant and equipment and land use right between the fair value and carrying amount shall be taxable when capital contribution was made into Jin Jun Company, which can be deducted against future taxable profit when the investments in Jin Yun Company are sold out of the Group. However, these appreciation of the related property, plant and equipment and land use right were eliminated in the consolidated balance sheet under intercompany transactions, which resulted in a deferred income tax asset.

(ii) The amount mainly includes the deferred income tax effect for deferred revenue under customer loyalty program and accrued rental expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

16 DEFERRED INCOME TAX (CONTINUED)

(a) The Group (continued)

Deferred income tax liabilities:

	Impairment of assets (i) RMB'000	Accelerated tax depreciation RMB'000	Fair value changes in financial assets RMB'000	Fair value adjustments on assets recognised upon business combination RMB'000	Total RMB'000
At 1 January 2012 (restated)	(4,336)	(58,798)	(296,989)	(328,307)	(688,430)
(Charged)/credited to consolidated income statement	(1,000)	67	—	17,353	16,420
Credited to other comprehensive income	—	—	(45,044)	—	(45,044)
At 31 December 2012 (restated)	(5,336)	(58,731)	(342,033)	(310,954)	(717,054)
Additions resulting from acquisition through business combination	—	—	—	(113,590)	(113,590)
Effect of disposal of a subsidiary (note 36(b))	—	—	—	260,874	260,874
(Charged)/credited to consolidated income statement	(1,993)	11,632	—	(16,210)	(6,571)
Credited to other comprehensive income	—	—	47,139	—	47,139
At 31 December 2013	**(7,329)**	**(47,099)**	**(294,894)**	**(179,880)**	**(529,202)**

(i) Certain provisions for impairment of loans granted to subsidiaries were deductible for PRC current income tax purpose. However, these provisions were eliminated in the consolidated balance sheet, which resulted in a deferred income tax liability.

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB191,276,000 (2012: RMB161,354,000) in respect of tax losses, as the Directors believe it is more likely than not that such tax losses would not be realised before their expiry between 2014 and 2018. The expiry of related unrecognised deferred income tax assets are analysed as follows:

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Within 1 year	**32,499**	26,078
Between 1 and 2 years	**34,758**	33,912
Between 2 and 3 years	**58,967**	25,588
Between 3 and 4 years	**37,341**	44,128
Between 4 and 5 years	**27,711**	31,648
	191,276	161,354

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

16 DEFERRED INCOME TAX (CONTINUED)

(b) The Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Deferred income tax assets to be settled after more than 12 months	**—**	—
Deferred income tax liabilities to be settled after more than 12 months	**(625,564)**	(560,532)
	(625,564)	(560,532)

The movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
At beginning of the year	**(560,532)**	(559,130)
(Charged)/credited to income statement	**(53,522)**	5,118
Charged to other comprehensive income	**(11,510)**	(6,520)
At end of the year	**(625,564)**	(560,532)

The movement in deferred income tax assets and liabilities during the year ended 31 December 2013, without taking into consideration of the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets:

	Impairment of assets RMB'000	Tax loss RMB'000	Provision RMB'000	Others RMB'000	Total RMB'000
At 1 January 2012	5,492	33,554	4,646	6,238	49,930
Credited to income statement	(10)	17,014	—	(6,111)	10,893
At 31 December 2012	5,482	50,568	4,646	127	60,823
Credited to income statement	(2,628)	(50,568)	(326)	—	(53,522)
At 31 December 2013	**2,854**	**—**	**4,320**	**127**	**7,301**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

16 DEFERRED INCOME TAX (CONTINUED)

(b) The Company (continued)

Deferred income tax liabilities:

	Fair value changes in financial assets RMB'000	Asset basis differences (i) RMB'000	Total RMB'000
At 1 January 2012	(1,324)	(607,736)	(609,060)
Credited to income statement	—	(5,775)	(5,775)
Credited to other comprehensive income	(6,520)	—	(6,520)
At 31 December 2012	(7,844)	(613,511)	(621,355)
Credited to other comprehensive income	(11,510)	—	(11,510)
At 31 December 2013	**(19,354)**	**(613,511)**	**(632,865)**

(i) In 2010, the Company entered into a reorganisation transaction with Jin Jiang Hotels Development, through which the Company obtained certain assets and liabilities in form of branches, and certain equity interests in subsidiaries, joint ventures, an associate and an available-for-sale financial asset, which were all engaged in the full service hotels and related business, and also transferred to Jin Jiang Hotels Development certain equity interests in certain subsidiaries which were all engaged in the select service hotels and related business. The special tax treatment rules are applied in the reorganisation with Jin Jiang Hotels Development according to Caishui [2009] No. 59 "Notice Regarding Several Questions about Corporate Income Tax Treatment for Corporate Restructuring", and accordingly it is not taxable for the difference between the fair value of the assets (accounting basis) in forms of branches transferred to the Company and their historical costs (tax basis) recorded by Jin Jiang Hotels Development. Such difference between accounting basis and tax basis leads to a future income tax effect which is recognized as a deferred income tax liability.

17 NON-CURRENT ASSETS HELD FOR SALE

The Group

In October 2013, Shanghai Galaxy Hotel Co., Ltd. ("Galaxy Hotel") and Shanghai Jin Jiang Hotel Co., Ltd. ("Jin Jiang Hotel"), two of which are wholly-owned subsidiaries of the Group, established a new subsidiary named Jin Yun Company. Galaxy Hotel contributed capital in forms of cash of RMB23,200,000, property, plant and equipment with carrying amount of RMB66,781,000 and land use rights with carrying amount of RMB16,332,000, and Jin Jiang Hotel contributed capital in forms of cash of RMB800,000. The fair value of related property, plant and equipment and land use right was RMB1,239,128,000. Upon the completion of the capital contribution, Galaxy Hotel and Jin Jiang Hotel held 99% and 1% equity interest in Jin Yun Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

17 NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

The Group (continued)

In November 2013, the Board approved the proposal of the disposal of 100% equity interest in Jin Yun Company. In December 2013, Galaxy Hotel and Jin Jiang Hotel announced information on the official website of Shanghai United Assets and Equity Exchange in connection with the disposal of the 100% equity interest in Jin Yun Company for a price of RMB1,262,468,000 through an open listing process. The net assets of Jin Yun Company with carrying amount of RMB107,113,000, including property, plant and equipment with carrying amount of RMB66,781,000 (note 7) and land use rights with carrying amount of RMB16,332,000 (note 9), were classified as non-current assets held for sale as current assets in the consolidated balance sheet of the Group as at 31 December 2013.

18 INVENTORIES

(a) The Group

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Raw materials	**40,889**	49,314
Finished goods/goods held for resale	**106,296**	74,546
Consumables and supplies	**29,411**	26,883
	176,596	150,743

As at December 31 2013, goods held for resale amounted to RMB11,299,000 (31 December 2012: RMB6,957,000) were pledged for issuing bank acceptance bills of RMB11,299,000 (31 December 2012: RMB6,957,000).

The cost of inventories recognised as expense and included in cost of sales amounted to RMB3,254,714,000 (2012: RMB3,295,057,000) (note 28).

The Group provided the write-down of inventories by RMB66,000 for the year ended 31 December 2013 (2012: write-down of inventories by RMB363,000) (note 28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

18 INVENTORIES (CONTINUED)

(b) The Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Raw materials	**1,710**	2,561
Finished goods/Goods held for resale	**272**	431
Consumables and supplies	**269**	288
	2,251	3,280

19 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

(a) The Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Trade receivables	**277,227**	279,843
Less: provision for impairment of trade receivables	**(7,876)**	(10,211)
Trade receivables — net	**269,351**	269,632
Amounts due from related parties (note 41(b))	**743,328**	507,802
Prepayments and deposits	**285,686**	268,836
Accrual rental revenue	**23,752**	16,062
Value-added tax ("VAT") recoverable	**22,592**	—
Prepayments for acquisition of non-controlling interests	**11,369**	—
Others receivables	**60,425**	59,491
Less: provision for impairment of other receivables	**(4,591)**	(16,578)
Prepayments and other receivables — net	**1,142,561**	835,613
	1,411,912	1,105,245
Less: non-current portion of trade receivables, prepayments and other receivables	**(106,127)**	(41,764)
	1,305,785	1,063,481
Non-current portion of trade receivables, prepayments and other receivables	**106,127**	41,764

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

19 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(a) The Group (continued)

The majority of the Group's sales in Hotel Related Business, Passenger transportation vehicle and logistics Business and Travel Agency Business are retail sales, with immediate cash settlement and no credit terms granted. For certain corporate or travel agency customers, the sales are made generally with credit terms ranging from 30 to 90 days. Ageing analysis of trade receivables at respective balance sheet dates are as follows:

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
0 to 3 months	**255,472**	261,083
3 months to 1 year	**15,385**	14,245
Over 1 year	**6,370**	4,515
	277,227	279,843

As of 31 December 2013, trade receivables of RMB11,070,000 (31 December 2012: RMB12,450,000) were impaired and the corresponding amount of the provision was RMB7,876,000 (31 December 2012: RMB10,211,000). The impairment is firstly assessed individually for individual significant or long ageing balances, and the remaining balances are grouped for collective assessment according to their ageing and historical default rates as these customers are of similar credit risk characteristics. Ageing analysis of these impaired receivables at respective balance sheet dates are as follows:

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
3 months to 1 year	**4,898**	7,986
Over 1 year	**6,172**	4,464
	11,070	12,450

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

19 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(a) The Group (continued)

As of 31 December 2013, trade receivables of RMB10,685,000 (31 December 2012: RMB6,310,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
3 months to 1 year	**10,487**	6,259
Over 1 year	**198**	51
	10,685	6,310

The carrying amounts of the Group's trade receivables, prepayments and other receivables are denominated in the following currencies:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
RMB	**1,398,407**	1,098,795
US$	**11,602**	5,333
Other foreign currencies	**1,903**	1,117
	1,411,912	1,105,245

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

19 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(a) The Group (continued)

Movements on the provision for impairment of trade receivables, prepayments and other receivables are as follows:

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
At beginning of the year	**(26,789)**	(23,411)
Receivables written off as uncollectible	**2,021**	—
Reversal of/(provision for) impairment of trade receivables, prepayments and other receivables (note 28)	**12,301**	(3,378)
At end of the year	**(12,467)**	(26,789)

The creation and usage of provision for impaired receivables have been included in "Administrative expenses" in the consolidated income statement (note 28).

The maximum exposure of the Group to credit risk at the balance sheet date was the carrying value of trade receivables, prepayments and other receivables as mentioned above.

(b) The Company

	At 31 December	
	2013 RMB'000	2012 RMB'000
Trade receivables	**4,075**	5,895
Less: provision for impairment of trade receivables	**(153)**	(165)
Trade receivables — net	**3,922**	5,730
Amounts due from related parties (note 41(b))	**1,675,506**	762,962
Accrual rental revenue	**19,244**	15,582
Prepayments and deposits	**9,505**	14,561
Others receivables	**2,497**	3,315
Less: provision for impairment of other receivables	**(273)**	(10,773)
Prepayments and other receivables — net	**1,706,479**	785,647
	1,710,401	791,377
Less: non-current portion of trade receivables, prepayments and other receivables	**(19,244)**	(15,582)
	1,691,157	775,795
Non-current portion of trade receivables, prepayments and other receivables	**19,244**	15,582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

19 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(b) The Company (continued)

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

Provision for impairment of other receivables mainly represents the provision for impairment of amounts due from related parties.

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
0 to 3 months	**3,719**	5,403
3 months to 1 year	**157**	286
Over 1 year	**199**	206
	4,075	5,895

As of 31 December 2013, trade receivables of RMB153,000 (31 December 2012: RMB236,000) were impaired. The amount of the provision was RMB153,000 (31 December 2012: RMB165,000). The impairment is firstly assessed individually for individual significant or long ageing balances, and the remaining balances are grouped for collective assessment according to their ageing and historical default rates as these customers are of similar credit risk characteristics. Ageing analysis of these receivables at respective balance sheet dates are as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
3 months to 1 year	**–**	78
Over 1 year	**153**	158
	153	236

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

19 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(b) The Company (continued)

As of 31 December 2013, trade receivables of RMB203,000 (31 December 2012: RMB256,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
3 months to 1 year	**157**	208
Over 1 year	**46**	48
	203	256

The carrying amounts of the Company's trade receivables, prepayments and other receivables are denominated in the following currencies:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
RMB	**1,710,167**	791,199
US$	**234**	178
	1,710,401	791,377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS — THE GROUP

	2013 RMB'000	2012 RMB'000
At beginning of the year	730	911
Additions	100,563	4,623
Fair value changes transferred to profit or loss	69	(217)
Disposals	(20,700)	(4,587)
At end of the year	80,662	730

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Listed securities, at fair value		
— Equity securities, listed in Mainland China	662	730
— Convertible bond	80,000	—
	80,662	730
Market value of listed equity investments	662	730

21 RESTRICTED CASH AND BANK DEPOSITS WITH MATURITIES RANGING FROM 3 MONTHS TO 12 MONTHS — THE GROUP

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Mandatory reserve deposit (i)	319,515	399,348
Other restricted cash (ii)	12,365	9,823
Bank deposits with maturities ranging from 3 months to 12 months (iii)	1,037,800	135,000
	1,369,680	544,171

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

21 RESTRICTED CASH AND BANK DEPOSITS WITH MATURITIES RANGING FROM 3 MONTHS TO 12 MONTHS — THE GROUP (CONTINUED)

The restricted cash and bank deposits with maturities ranging from 3 months to 12 months is all denominated in RMB.

(i) Mandatory reserve deposit of Jin Jiang International Finance Company Limited, a subsidiary and non-bank finance company, was placed with the People's Bank of China, the central bank of the Mainland China. The weighted average effective interest rate on mandatory reserve deposit was 1.62% (2012: 1.62%) per annum.

(ii) Other restricted cash included (1) guarantee fund for providing travel agency services of RMB7,270,000 (31 December 2012: RMB8,982,000) as is required by National Tourism Administration of the People's Republic of China with effective interest rate of 3.25% (2012: 3.25%), (2) deposit pledged for issuance of letters of credit of RMB5,095,000 (31 December 2012: RMB841,000) with effective interest rate of 0.35% (2012: 0.35%).

(iii) Bank deposits of RMB1,037,800,000 (31 December 2012: RMB135,000,000) with effective interest rate of 4.09% (2012: 4.05%) per annum, which cannot be withdrawn before maturities ranging from 3 months to 12 months.

22 CASH AND CASH EQUIVALENTS

(a) The Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Cash at bank and in hand	**3,113,452**	1,951,740
Bank deposits with maturities within 3 months	**1,361,739**	584,513
	4,475,191	2,536,253
Cash and cash equivalents denominated in		
— RMB	**3,832,514**	2,487,622
— US$	**642,176**	47,396
— Other foreign currencies	**501**	1,235
	4,475,191	2,536,253

The weighted average effective interest rate on bank deposits with maturities within 3 months, was 6.46% (2012: 3.41%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

22 CASH AND CASH EQUIVALENTS (CONTINUED)

(b) The Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Cash at bank and in hand	**279,649**	115,571
Bank deposits with maturities within 3 months	**1,000**	57,000
	280,649	172,571
Cash and cash equivalents denominated in		
— RMB	**279,383**	168,470
— US$	**1,230**	4,071
— Other foreign currencies	**36**	30
	280,649	172,571

The weighted average effective interest rate on bank deposits with maturities within 3 months, was 2.86% (2012: 2.89%) per annum.

23 SHARE CAPITAL AND RESERVES

(a) Share capital — the Group and the Company

	Share capital	
	Number of shares	Amount
	'000	RMB'000
At 31 December 2012 and 2013	5,566,000	5,566,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

23 SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Reserves — the Group

	Other reserves							
	Capital surplus (i) RMB'000	Statutory and discretionary surplus reserve (ii) RMB'000	Merger reserve (iii) RMB'000	Available-for-sale financial assets (iv) RMB'000	Currency translation differences RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2012	1,992,159	444,508	(2,886,243)	616,660	(13,860)	153,224	1,456,031	1,609,255
Profit for the year	—	—	—	—	—	—	317,006	317,006
Fair value changes on available-for-sale financial assets-gross	—	—	—	268,327	—	268,327	—	268,327
Transfer of fair value changes on disposal of available-for-sale financial assets-gross	—	—	—	(195,775)	—	(195,775)	—	(195,775)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	—	—	(17,896)	—	(17,896)	—	(17,896)
Profit appropriation	—	26,363	—	—	—	26,363	(26,363)	—
Currency translation differences	—	—	—	—	(801)	(801)	—	(801)
Dividends declared (note 35)	—	—	—	—	—	—	(222,640)	(222,640)
Acquisition of equity interests in a subsidiary from a non-controlling interest	(11,087)	—	—	—	—	(11,087)	—	(11,087)
At 31 December 2012	1,981,072	470,871	(2,886,243)	671,316	(14,661)	222,355	1,524,034	1,746,389

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

23 SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Reserves — the Group (continued)

	Other reserves							
	Capital surplus (i) RMB'000	Statutory and discretionary surplus reserve (ii) RMB'000	Merger reserve (iii) RMB'000	Available-for-sale financial assets (iv) RMB'000	Currency translation differences RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2013	1,981,072	470,871	(2,886,243)	671,316	(14,661)	222,355	1,524,034	1,746,389
Profit for the year	—	—	—	—	—	—	443,772	443,772
Fair value changes on available-for-sale financial assets-gross	—	—	—	23,910	—	23,910	—	23,910
Transfer of fair value changes on disposal of available-for-sale financial assets-gross	—	—	—	(139,289)	—	(139,289)	—	(139,289)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	—	—	28,830	—	28,830	—	28,830
Profit appropriation	—	70,614	—	—	—	70,404	(70,404)	—
Currency translation differences	—	—	—	—	146	146	—	146
Dividends declared (note 35)	—	—	—	—	—	—	(166,980)	(166,980)
Disposal of equity interests in a subsidiary to non-controlling shareholders without change of control (note 40)	62,736	—	—	—	—	62,736	—	62,736
At 31 December 2013	2,043,808	541,485	(2,886,243)	584,767	(14,515)	269,092	1,730,422	1,999,514

(i) Capital surplus represents premium arising from shareholders' contribution in excess of paid-in capital or from the issue of shares at a price in excess of their par value per share, and the effect for transactions with non-controlling interests on changes in equity attributable to shareholders of the Company.

(ii) Pursuant to the Company Law of the Mainland China and the articles of association of certain group companies, the Company is required to transfer 10% of its net profit, as determined under the Mainland China accounting regulations, to statutory surplus reserve until the fund aggregates to 50% of their share capital; after the transfer of statutory surplus reserves, the Company can appropriate profit, subject to respective shareholders' approval, to discretionary surplus reserve.

The transfer to statutory and discretionary reserves must be made before distribution of dividends to shareholders. These reserves shall only be used to make good previous years' losses, to expand production operations, or to increase the capital of the Company. The Company may transfer the statutory surplus reserve into share capital, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of the registered capital.

(iii) Merger reserve represents the net effect arising from the application of merger accounting for business combinations resulting from transactions among entities under common control. It includes (1) the paid-in capital of certain subsidiaries, which were transferred to the Group in the Reorganisation and Acquisition, and their retained earnings/(accumulated losses) before acquisitions by Jin Jiang International, which were credited/(debited) to merger reserve and (2) the considerations and other settlements paid by the Group in the Reorganisation and Acquisition to obtain the interests in these subsidiaries, which were debited to merger reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

23 SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Reserves — the Group (continued)

(iv) Reserve on available-for-sale financial assets represents the accumulated changes in fair value, net of tax, on available-for-sale financial assets through equity.

(c) Reserves — the Company

	Other reserves					
	Capital surplus RMB'000	Statutory surplus reserve RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2012	1,539,497	198,299	3,972	1,741,768	1,583,688	3,325,456
Profit for the year	—	—	—	—	276,542	276,542
Fair value changes on available-for-sale financial assets — gross	—	—	101,553	101,553	—	101,553
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	—	(75,475)	(75,475)	—	(75,475)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	—	(6,520)	(6,520)	—	(6,520)
Dividends declared (note 35)	—	—	—	—	(222,640)	(222,640)
Profit appropriation	—	26,363	—	26,363	(26,363)	—
At 31 December 2012	1,539,497	224,662	23,530	1,787,689	1,611,227	3,398,916
Profit for the year	—	—	—	—	769,045	769,045
Fair value changes on available-for-sale financial assets — gross	—	—	69,688	69,688	—	69,688
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	—	(23,295)	(23,295)	—	(23,295)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	—	(11,510)	(11,510)	—	(11,510)
Dividends declared (note 35)	—	—	—	—	(166,980)	(166,980)
Profit appropriation	—	70,404	—	70,404	(70,404)	—
At 31 December 2013	**1,539,497**	**295,066**	**58,413**	**1,892,976**	**2,142,888**	**4,035,864**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

24 TRADE AND OTHER PAYABLES

(a) The Group

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Trade payables	461,382	415,929
Advances from customers	631,727	610,860
Employee benefit payables	438,246	448,927
Payables for purchases of property, plant and equipment, and intangible assets	402,901	311,382
Amounts due to related parties (note 41(b))	2,282,204	712,255
Deposits from lessees and constructors	318,566	291,773
Other tax payable	164,684	157,212
Accrued expenses	92,528	95,728
Deferred payment of acquisition of a subsidiary (note 39)	21,662	—
Dividend payable to non-controlling interests	17,906	25,150
Notes payable	17,286	19,364
Interest payable	16,768	7,832
Deferred government grants	5,092	2,950
Deferred revenue for customer loyalty programme	983	2,759
Other payables	105,617	154,870
	4,977,552	3,256,991
Less: non-current portion of trade and other payables	(210,725)	(114,219)
	4,766,827	3,142,772
Non-current portion of trade and other payables	210,725	114,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

24 TRADE AND OTHER PAYABLES (CONTINUED)

(a) The Group (continued)

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
0 to 3 months	**380,098**	379,518
3 months to 1 year	**76,508**	27,035
Over 1 year	**4,776**	9,376
	461,382	415,929

The carrying amount of trade and other payables approximates their fair value. The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
RMB	**4,953,228**	3,191,314
US$	**14,515**	55,819
Other foreign currencies	**9,809**	9,858
	4,977,552	3,256,991

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

24 TRADE AND OTHER PAYABLES (CONTINUED)

(b) The Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Trade payables	**5,795**	7,409
Payables for purchases of property, plant and equipment, and intangible assets	**3,962**	25,063
Amounts due to related parties (note 41(c))	**2,253**	3,262
Employee benefit payables	**33,726**	49,057
Other taxes payable	**13,330**	13,330
Accrued expenses	**9,207**	8,597
Advances from customers	**10,037**	17,671
Deposits	**32,308**	3,747
Other payables	**6,565**	8,128
	117,183	136,264

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
0 to 3 months	**5,487**	6,414
3 months to 1 year	**308**	786
Over 1 year	**—**	209
	5,795	7,409

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

All of the Company's trade and other payables are dominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

25 BORROWINGS

(a) The Group

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Borrowings included in non-current liabilities:		
Bank borrowings — secured	79,016	94,031
Bank borrowings — unsecured	1,592,332	1,324,268
Borrowings from related parties (note 41(b))	304,845	—
Finance lease liabilities	23,588	21,729
	1,999,781	1,440,028
Less: current portion of long-term secured bank borrowings	(12,194)	(12,571)
current portion of long-term unsecured bank borrowings	(273,437)	(32,000)
current portion of long-term finance lease	(2,491)	(1,364)
	1,711,659	1,394,093
Borrowings included in current liabilities:		
Bank borrowings — secured	14,634	33,668
Bank borrowings — unsecured	1,493,907	11,220
Borrowings from related parties (note 41(b))	348,000	105,000
Other borrowings — unsecured	5,000	405,000
Current portion of long-term secured bank borrowings	12,194	12,571
Current portion of long-term unsecured bank borrowings	273,437	32,000
Current portion of long-term financial lease	2,491	1,364
	2,149,663	600,823

As at 31 December 2013, the secured bank borrowings included:

(1) Bank borrowings of US$12,960,000, equivalent to RMB79,016,000 (31 December 2012: US$14,960,000, equivalent to RMB94,031,000), which were guaranteed by Jin Jiang International.

(2) Bank borrowings of RMB14,634,000 (31 December 2012: RMB33,668,000), which were guaranteed by a non-controlling shareholder of a subsidiary of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

25 BORROWINGS (CONTINUED)

(a) The Group (continued)

(i) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity whichever is the earlier date are as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Within 6 months	**2,963,734**	657,187
Between 6 and 12 months	**100,588**	508,729
Between 1 and 5 years	**797,000**	829,000
	3,861,322	1,994,916

(ii) The maturity of the borrowings included in non-current liabilities is as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Between 1 and 2 years	**1,082,987**	532,926
Between 2 and 5 years	**616,222**	847,831
Over 5 years	**12,450**	13,336
	1,711,659	1,394,093

(iii) The effective interest rates at respective balance sheet dates were as follows:

	At 31 December	
	2013	2012
		(Restated)
Borrowings denominated in RMB	**5.3425%**	5.8442%
Borrowings denominated in US$	**2.4145%**	3.3207%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

25 BORROWINGS (CONTINUED)

(a) The Group (continued)

(iv) The carrying amounts and fair values of non-current bank borrowings are as follows:

	Carrying amounts RMB'000	Fair values RMB'000
At 31 December 2013		
— Bank borrowings	1,385,717	1,274,717
— Borrowings from related parties	304,845	267,309
— Finance lease liabilities	21,097	21,097
	1,711,659	1,563,123
At 31 December 2012 (restated)		
— Bank borrowings	1,373,728	1,267,757
— Finance lease liabilities	20,365	20,365
	1,394,093	1,288,122

The fair values of non-current borrowings are estimated based on discounted cash flow approach using the market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the respective balance sheet dates.

The carrying amounts of current borrowings approximate their fair values.

(v) The carrying amounts of the Group's borrowings are denominated in the following currencies:

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
RMB	**2,714,129**	1,437,616
US$	**1,147,193**	557,300
	3,861,322	1,994,916

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

25 BORROWINGS (CONTINUED)

(a) The Group (continued)

(vi) Finance lease liabilities

Finance lease liabilities with carrying amount of RMB23,588,000 (2012: RMB21,729,000) are effectively secured as the rights to the leased asset with carrying amount of RMB21,110,000 (2012: RMB20,496,000) (note 7(a)) revert to the lessor in the event of default.

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Gross finance lease liabilities — minimum lease payments		
Within 1 year	**3,761**	2,566
Between 1 year and 2 years	**3,344**	2,807
Between 2 years and 5 years	**9,433**	8,422
Over 5 years	**14,479**	15,907
	31,017	29,702
Future finance charges on finance leases	**(7,429)**	(7,973)
Present value of finance lease liabilities	**23,588**	21,729
The present value of finance lease liabilities is as follows:		
Within 1 year	**2,491**	1,364
Between 1 year and 2 years	**2,115**	1,594
Between 2 years and 5 years	**6,532**	5,434
Over 5 years	**12,450**	13,337
	23,588	21,729

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

25 BORROWINGS (CONTINUED)

(b) The Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Bank borrowing — secured	**79,016**	94,031
Bank borrowing — unsecured	**829,000**	861,000
Borrowings from a subsidiary of the Company (note 41(c))	**—**	20,000
	908,016	975,031
Less: current portion of long-term bank borrowing — secured	**(12,194)**	(12,571)
current portion of long-term bank borrowing — unsecured	**(32,000)**	(32,000)
current portion of long-term bank borrowing from a subsidiary of the Company	**—**	(20,000)
	863,822	910,460
Borrowings included in current liabilities:		
Borrowings from a subsidiary of the Company (note 41(c))	**100,000**	100,000
Other borrowing — unsecured	**480,000**	400,000
Current portion of long-term bank borrowings — secured	**12,194**	12,571
Current portion of long-term bank borrowing — unsecured	**32,000**	32,000
Current portion of long-term bank borrowing from a subsidiary of the Company	**—**	20,000
	624,194	564,571

The secured bank borrowings of approximately US$12,960,000, equivalent to RMB79,016,000 (2012: US$14,960,000, equivalent to RMB94,031,000) were guaranteed by Jin Jiang International.

(i) The exposure of the Company's borrowings to interest-rate changes and the contractual repricing dates or maturity whichever is the earlier date are as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Within 6 months	**559,016**	94,031
Between 6 and 12 months	**132,000**	552,000
Between 1 and 5 years	**797,000**	829,000
	1,488,016	1,475,031

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

25 BORROWINGS (CONTINUED)

(b) The Company (continued)

(ii) The maturity of the borrowings included in non-current liabilities is as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Between 1 and 2 years	**863,822**	219,571
Between 2 and 5 years	**—**	690,889
	863,822	910,460

(iii) The effective interest rates at respective balance sheet dates were as follows:

	At 31 December	
	2013	2012
Borrowings denominated in RMB	**5.5894%**	5.8056%
Borrowings denominated in US$	**2.5480%**	2.7083%

(iv) The carrying amounts and fair values of non-current borrowings are as follows:

	Carrying amounts RMB'000	Fair values RMB'000 (Restated)
At 31 December 2013		
— Bank borrowings	**863,822**	809,579
At 31 December 2012		
— Bank borrowings	**910,460**	848,039

(v) The carrying amounts of the Group's borrowings are denominated in the following currencies:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
RMB	**1,409,000**	1,381,000
US$	**79,016**	94,031
	1,488,016	1,475,031

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

26 OTHER INCOME

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Gain on disposal of investments in a subsidiary (note 36(b))	**398,172**	—
Gain on disposal of available-for-sale financial assets	**241,918**	274,483
Dividend income	**111,193**	80,516
— Unlisted equity investments	**59,674**	51,503
— Listed equity investments	**51,519**	29,013
Gain on disposal of investment in associates	**80,966**	—
Government grants income (a)	**57,617**	38,847
Interest income	**28,913**	24,308
Gain on disposal of property, plant and equipment	**23,080**	28,284
Others	**17,518**	21,505
	959,377	467,943

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

27 OTHER EXPENSES

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Bank charges	**42,375**	50,224
Loss on disposal of property, plant and equipment	**1,215**	2,456
Loss on disposal of intangible assets	**—**	111
Others	**1,326**	2,152
	44,916	54,943

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

28 EXPENSES BY NATURE

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

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Cost of inventories sold (note 18)	**3,254,714**	3,295,057
Employee benefit expense (note 29)	**2,479,696**	2,248,781
Depreciation of property, plant and equipment (note 7)	**850,683**	870,702
Utility cost and consumables	**650,348**	635,982
Operating leases — land and buildings	**386,964**	363,105
Business tax, property tax, VAT through a simplified method and other tax surcharges	**376,870**	361,490
Repairs and maintenance	**168,503**	168,819
Laundry costs	**79,994**	72,740
Amortisation of land use rights (note 9)	**71,999**	57,376
Advertising costs	**48,585**	43,086
Commissions paid to travel agencies	**39,400**	36,270
Transportation expenses	**35,884**	36,618
Legal and consulting fees	**17,536**	10,398
Telecommunication expenses	**16,104**	18,763
Amortisation of intangible assets (note 10)	**16,003**	15,610
Entertainment expenses	**12,316**	14,467
Auditors' remuneration	**13,975**	14,461
— Audit service	**13,915**	14,112
— Non-audit service	**60**	349
Pre-operation expenses	**12,065**	7,003
Depreciation of investment properties (note 8)	**4,814**	4,953
Provision for inventories to net realisable value (note 18)	**66**	363
(Reversal of)/provision for impairment of trade receivables, prepayments and other receivables (note 19)	**(12,301)**	3,378
Others	**392,553**	388,067
	8,916,771	8,667,489

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

29 EMPLOYEE BENEFIT EXPENSE

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Wages and salaries	**1,786,568**	1,620,199
Retirement and housing benefits (a)	**446,642**	384,923
Welfare and other expenses	**246,486**	243,659
	2,479,696	2,248,781
Number of employee	**31,792**	30,078

(a) Retirement benefit and housing benefits schemes

The employees of the Group participate in various pension plans organised by the relevant municipal and provincial governments under which the Group is obliged to make monthly defined contributions to these plans based on percentages of the employees' monthly salaries and wages, subject to a certain ceiling. The employees of the Group companies in Mainland China are also entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds.

The Group had no further obligation for post-retirement benefits or housing funds beyond the payments above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

29 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Directors' and supervisors' emoluments

The emoluments of every director and supervisor for the year ended 31 December 2013, on a named basis, are set out as below:

Name	Director's/ supervisor's fee RMB'000	Salary and allowances RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors					
Mr. Yu Minliang	–	–	–	–	–
Ms. Chen Wenjun	–	–	–	–	–
Mr. Yang Weimin (i)	–	311	256	50	617
Mr. Yang Yuanping	–	500	–	–	500
Mr. Shao Xiaoming	–	518	–	–	518
Mr. Han Min	–	256	153	48	457
Mr. Kang Ming	–	282	110	48	440
Mr. Ji Gang	120	–	–	–	120
Dr. Rui Mingjie	120	–	–	–	120
Mr. Yang Menghua	120	–	–	–	120
Mr. Sun Dajian	120	–	–	–	120
Dr. Tu Qiyu	120	–	–	–	120
Mr. Shen Chengxiang	120	–	–	–	120
	720	1,867	519	146	3,252
Supervisors					
Mr. Wang Xingze	–	245	150	48	443
Mr. Wang Guoxing	–	–	–	–	–
Mr. Ma Mingju	–	–	–	–	–
Ms. Chen Junjin	–	319	–	47	366
Mr. Zhou Qiquan	36	–	–	–	36
Ms. Zhou Yi	36	–	–	–	36
	72	564	150	95	881
	792	2,431	669	241	4,133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

29 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Directors' and supervisors' emoluments (continued)

The emoluments of every director and supervisor for the year ended 31 December 2012, on a named basis, are set out as below:

Name	Director's fee RMB'000	Salary and allowances RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors					
Mr. Yu Minliang	—	—	—	—	—
Mr. Shen Maoxing (iii)	—	—	—	—	—
Ms. Chen Wenjun	—	—	—	—	—
Mr. Yang Weimin (i)	—	302	208	62	572
Mr. Chen Hao (iii)	—	224	205	—	429
Mr. Yang Yuanping (ii)	—	500	—	—	500
Mr. Shao Xiaoming (ii)	—	502	—	—	502
Mr. Han Min	—	238	153	57	448
Mr. Kang Ming	—	265	92	57	414
Mr. Ji Gang	105	—	—	—	105
Dr. Rui Mingjie	105	—	—	—	105
Mr. Yang Menghua	105	—	—	—	105
Mr. Sun Dajian	105	—	—	—	105
Dr. Tu Qiyu	105	—	—	—	105
Mr. Shen Chengxiang	105	—	—	—	105
Mr. Xia Dawei (iii)	75	—	—	—	75
Mr. Lee Chung Bo (iii)	75	—	—	—	75
	780	2,031	658	176	3,645
Supervisors					
Mr. Wang Xingze	—	228	150	57	435
Mr. Wang Guoxing	—	—	—	—	—
Mr. Ma Mingju	—	—	—	—	—
Ms. Chen Junjin	—	127	—	55	182
Mr. Zhou Qiquan	9	—	—	—	9
Ms. Zhou Yi (ii)	9	—	—	—	9
	18	355	150	112	635
	798	2,386	808	288	4,280

(i) Chief executive of the Company.

(ii) Appointed as the director or the supervisor on 16 October 2012.

(iii) Resigned as the director on 15 October 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

29 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Directors' and supervisors' emoluments (continued)

The emoluments fell within following bands:

	Year ended 31 December	
	2013	2012
	Number	Number
Nil to RMB393,100 (equivalent to HK$500,000)	**13**	16
RMB393,100 (equivalent to HK$500,000) to RMB786,200 (equivalent to HK$1,000,000)	**6**	7
	19	23

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year ended 31 December 2013 do not include any directors of the Company. The emoluments payable to these individuals during the year ended 31 December 2013 are as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Salary and allowances	**6,737**	8,520
Discretionary bonuses	**1,834**	242
Retirement scheme contributions	**227**	122
	8,798	8,884

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

29 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(c) Five highest paid individuals (continued)

The emoluments fell within the following bands:

	Year ended 31 December	
	2013 Number	2012 Number
RMB786,200 (equivalent to HK$1,000,000) to RMB1,179,300 (equivalent to HK$1,500,000)	**—**	—
RMB1,179,300 (equivalent to HK$1,500,000) to RMB1,572,400 (equivalent to HK$2,000,000)	**3**	2
RMB1,572,400 (equivalent to HK$2,000,000) to RMB1,965,500 (equivalent to HK$2,500,000)	**1**	2
RMB1,965,500 (equivalent to HK$2,500,000) to RMB2,358,600 (equivalent to HK$3,000,000)	**—**	—
RMB2,358,600 (equivalent to HK$3,000,000) to RMB2,751,700 (equivalent to HK$3,500,000)	**1**	1
	5	5

(d) During the year ended 31 December 2013, no directors, supervisors, senior management or the five highest paid individuals of the Group waived any emoluments and no other emoluments were paid by the Group to any of the directors, supervisors, senior management or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

30 FINANCE COSTS

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Interest expenses	**142,839**	100,187
— Bank borrowings	**123,387**	46,684
— Borrowings from related parties	**14,619**	21,669
— Other unsecured borrowings	**3,342**	30,664
— Financial lease liabilities	**1,491**	1,170
Net foreign exchange (gain)/loss on borrowings	**(2,183)**	490
	140,656	100,677

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

31 SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES

	2013 RMB'000	2012 RMB'000
Share of results of joint ventures (note 12)	55,662	82,279
Share of results of associates (note 13)	75,277	138,310
	130,939	220,589

32 INCOME TAX EXPENSE

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Current tax:		
Mainland China current corporate income tax ("CIT")	636,105	216,014
Deferred tax:		
Mainland China deferred income tax (note 16)	(202,505)	(54,325)
	433,600	161,689

Other than Lhasa Jin Jiang Inn Company Limited 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 the group companies operating in Mainland China for the year ended 31 December 2013 (2012: 25%) in accordance with the Corporate Income Tax Law of PRC and its Detail Implementation Regulations.

The Group's subsidiary incorporated in Hong Kong is subject to a rate of 16.5% on the estimated assessable profits for the year ended 31 December 2013 (2012: 16.5%). For the year ended 31 December 2013 and 2012, the Group's subsidiary incorporated in Hong Kong did not have assessable profit and therefore has not provided for any Hong Kong profits tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

32 INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of 25% (2012: 25%) in the Mainland China as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Profit before income tax	**1,276,304**	869,547
Tax calculated at a tax rate of 25% (2012: 25%)	**319,076**	217,387
Effect of different taxation rates	**(207)**	(249)
Income not subject to tax	**(32,065)**	(41,064)
Expenses not deductible for tax purposes	**4,420**	3,602
Tax losses and tax credit for which no deferred income tax assets were recognised	**89,075**	53,031
Utilization and recognition of previous unrecognised tax losses	**(14,914)**	(15,871)
Effect of exclusion of share of profit tax of joint ventures and associates	**(32,735)**	(55,147)
Recognition of deferred income tax liability in connection with investment in Hua Ting Hotels and Towers upon change of intention (i)	**100,950**	—
	433,600	161,689

(i) When the Group made the business combination of Hua Ting Hotel and Towers in 2011, the Group recognised a gain of RMB403,801,000 as a result of remeasuring its previously held 50% equity interest. In 2011 and 2012, the Group expected to recover its investment in Hua Ting Hotel and Towers through dividend distribution. Accordingly, no deferred income tax liability was recognised as the dividend distribution between two tax resident enterprises in Mainland China shall be tax-exempt income. In September 2013, the Group planned to dispose 45% equity interest in Hua Ting Hotel and Tower and such plan was approved by the Directors of the Company. Upon the change of management's intention, a deferred income tax liability of RMB100,950,000 was recorded at a tax rate of 25%. In December 2013, the Group sold its 45% equity interest in Hua Ting Hotel and Towers to Shanghai Jin Jiang International Investment and Management Company Limited ("Jin Jiang International Investment and Management") (note 36(b)). The consideration for such disposal in excess of the initial cost of 45% equity interest in Hua Ting Hotel and Towers obtained by the Group, which mostly includes revaluation gain of RMB403,801,000 previously recognised in 2011 and gain of RMB398,172,000 on such disposal recognized in 2013, was taxable in 2013. Such recognition of deferred tax liability in connection with the revaluation gain previously recognized in 2011 was recorded as an income tax expense in 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

32 INCOME TAX EXPENSE (CONTINUED)

The tax (charge)/credit relating to other comprehensive income is as follow:

	2013			2012		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
	RMB'000	RMB'000	RMB'000	RMB'000 (Restated)	RMB'000 (Restated)	RMB'000 (Restated)
Fair value changes on available-for-sale financial assets	**53,302**	**(13,326)**	**39,976**	433,075	(108,269)	324,806
Transfer of fair value changes on disposal of available-for-sale financial assets	**(241,918)**	**60,465**	**(181,453)**	(250,441)	63,225	(187,216)
Currency translation differences	**146**	**—**	**146**	(801)	—	(801)
Other comprehensive income	**(188,470)**	**47,139**	**(141,331)**	181,833	(45,044)	136,789

33 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit attributable to shareholders of the Company has been dealt with in the financial statements of the Company to the extent of RMB769,045,000 (2012: RMB276,542,000).

34 EARNINGS PER SHARE

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000
Profit attributable to shareholders of the Company	**443,772**	317,006
Weighted average number of ordinary shares in issue (thousands)	**5,566,000**	5,566,000
Basic earnings per share (RMB cents)	**7.97**	5.70

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

35 DIVIDENDS

A final dividend in respect of the year ended 31 December 2012 of RMB3.0 cents per share, totalling RMB166,980,000 (final dividend in respect of the year ended 31 December 2011: RMB4.0 cents per share, totalling RMB222,640,000) was paid in July 2013.

On 28 March 2014, the Directors recommended the payment of a final dividend of RMB4.5 cents per share, totalling RMB250,470,000 in respect of the year ended 31 December 2013. Such dividend is to be approved by the shareholders at the Annual General Meeting. The consolidated financial statements do not reflect this dividend payable.

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Proposed final dividend of RMB4.5 cents (2012: RMB 3.0 cents) per share	**250,470**	166,980

The aggregate amounts of the dividends paid and proposed during 2013 and 2014 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

36 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit for the year to cash generated from operations:

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000 (Restated)
Profit before income tax		**1,276,304**	869,547
Adjustments for:			
— depreciation of property, plant and equipment	28	**850,683**	870,702
— depreciation of investment properties	28	**4,814**	4,953
— amortisation of land use rights	28	**71,999**	57,376
— amortisation of intangible assets	28	**16,003**	15,610
— transaction cost in relation to business combination	39	**2,900**	—
— gain on disposal of property, plant and equipment	26	**(23,080)**	(28,284)
— loss on disposal of property, plant and equipment	27	**1,215**	2,456
— gain on disposal of investment in joint ventures and associates	26	**(80,966)**	—
— loss on disposal of intangible assets	27	**—**	111
— gain on disposal of available-for-sale financial assets	26	**(241,918)**	(274,483)
— gain on disposal of investments in a subsidiary	26	**(398,172)**	—
— (gain)/loss on revaluation of financial assets at fair value through profit or loss	20	**(69)**	217
— (reversal) of/provision for impairment of trade receivables, prepayments and other receivables	28	**(12,301)**	3,378
— provision for inventories to net realisable value	28	**66**	363
— interest income	26	**(28,913)**	(24,308)
— interest expenses	30	**142,839**	100,187
— net foreign exchange (gain)/loss	30	**(2,183)**	490
— share of results of joint ventures and associates	31	**(130,939)**	(220,589)
— dividend income	26	**(111,193)**	(80,516)
Changes in working capital:			
— restricted cash		**77,291**	(139,871)
— inventories		**(22,208)**	(6,534)
— trade receivables, prepayments and other receivables		**(201,082)**	(348,543)
— trade and other payables		**1,184,340**	416,841
Cash generated from operations		**2,375,430**	1,219,103

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

36 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Reconciliation of profit for the year to cash generated from operations: (continued)

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Net book amount (note 7(a))	**85,133**	55,299
Gain on disposal of property, plant and equipment (note 26)	**23,080**	28,284
Loss on disposal of property, plant and equipment (note 27)	**(1,215)**	(2,456)
Proceeds from disposal of property, plant and equipment	**106,998**	81,127

Principal non-cash transactions

There are no principal non-cash transaction in 2013 and 2012.

(b) Disposal of a subsidiary

In December 2013, the Group sold its 45% equity interest in Hua Ting Hotel and Towers to Shanghai Jin Jiang International Investment and Management Company Limited ("Jin Jiang International Investment and Management", controlled by Jin Jiang International) for a cash consideration of RMB901,303,000. Before the transaction, the Company held 50% equity interest in Hua Ting Hotel and Towers, the Directors concluded that the Company had control over Hua Ting Hotel and Towers and accounted for a subsidiary after taking into consideration, among the things: (i) a majority of the Board (3 out of 5) of Hua Ting Hotel and Towers can be appointed by the Company; and (ii) being authorized by the Board of Hua Ting Hotel and Towers, the Company can appoint the general manager who is responsible for decisions making on financial and operational policies of Hua Ting Hotel and Towers as well as for dealing with the matters arising from the ordinary course of operation and production of Hua Ting Hotel and Towers. After the completion of the transaction, the Group holds 5% equity interest in Hua Ting Hotel and Towers and account for an available-for sale financial asset by the remeasured fair value.

	Year ended 31 December 2013 RMB'000
Total cash consideration received at the end of the year	**901,303**
Add: the retained interest (5%) remeasured to its fair value when upon loss of control	**100,144**
Less: share of net assets disposed	**(602,609)**
transaction cost	**(666)**
Gain on disposal of a subsidiary (note 26)	**398,172**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

36 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Disposal of a subsidiary (continued)

The assets and liabilities of Hua Ting Hotel and Towers at the date of disposal are as below:

	Year ended 31 December 2013 RMB'000
Cash and cash equivalents	193,910
Property, plant and equipment (note 7(a))	482,080
Land use rights (note 9(a))	810,213
Intangible assets (note 10(a))	6
Inventories	4,307
Trade and other receivables	7,349
Deferred income tax liabilities(note 16(a))	(260,874)
Income taxes payable	(531)
Trade and other payable	(31,242)
Total net assets	1,205,218
Less: Non-controlling interest disposed	(602,609)
Share of net assets disposed	602,609
Cash proceeds received	901,303
Transaction cost	(666)
Cash and cash equivalents disposed	(193,910)
Cash inflow on disposal	706,727

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

37 FINANCIAL GUARANTEE CONTRACTS

(a) The Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Not later than 1 year	**20,000**	25,600
Later than 1 year and not later than 5 years	**825,557**	894,971
	845,557	920,571

The Group provides guarantees for bank borrowings of joint ventures and associates of the Group. Under the terms of the financial guarantee contracts, the Group will make payments to reimburse the lenders upon failure of the guaranteed entities to make payments when due.

The financial guarantee contracts have not been recognised in the consolidated financial statements as the Group considered that the possibility of failure of the guaranteed entities to make payments when the bank borrowings due is remote and the fair value of the guarantees contract was insignificant.

(b) The Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Not later than 1 year	**569,825**	511,301
Later than 1 year and not later than 5 years	**1,343,952**	1,378,240
	1,913,777	1,889,541

The Company provides guarantees for bank borrowings of subsidiaries of the Company and joint ventures of the Group. Under the terms of the financial guarantee contracts, the Company will make payments to reimburse the lenders upon failure of the guaranteed entities to make payments when due.

The financial guarantee contracts have not been recognised in the financial statements as the Company considered that the possibility of failure of the guaranteed entities to make payments when the bank borrowings due is remote and the fair value of the guarantees contract was insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

38 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for but not yet incurred is as follows:

(i) The Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Acquisition of property, plant and equipment	**63,438**	95,753

(ii) The Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Acquisition of property, plant and equipment	**424**	4,254

(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 and the operating lease expenses recognised in the consolidated income statement for the year ended 31 December 2013 are disclosed in notes 6(a) and 28, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

38 COMMITMENTS (CONTINUED)

(b) Operating lease commitments (continued)

(i) The Group

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Not later than 1 year	**183,729**	181,395
Later than 1 year and not later than 5 years	**494,230**	495,493
Later than 5 years	**613,815**	631,944
	1,291,774	1,308,832

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Not later than 1 year	**360,584**	329,751
Later than 1 year and not later than 5 years	**1,426,686**	1,420,894
Later than 5 years	**2,478,760**	2,528,233
	4,266,030	4,278,878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

38 COMMITMENTS (CONTINUED)

(b) Operating lease commitments (continued)

(ii) The Company

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Not later than 1 year	**81,135**	47,117
Later than 1 year and not later than 5 years	**364,336**	186,192
Later than 5 years	**704,072**	525,829
	1,149,543	759,138

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Not later than 1 year	**2,131**	2,095

(c) Loan commitments — The Group

Loan commitments of RMB406,500,000 (31 December 2012: RMB631,000,000) represent undrawn loan facilities offered by Jin Jiang International Finance Company Limited and granted to related parties (note 41).

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

As at 31 December 2013, 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 RMB17,760,000. Pursuant to a further agreement signed between the Purchaser and the Company on 10 May 2013, the Purchaser committed to pay the consideration of RMB17,760,000 and the interests for late payment of RMB1,450,000 before 31 December 2013. The transaction was not completed as at 28 March 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

39 BUSINESS COMBINATIONS

Smart Hotels

Pursuant to the equity transfer agreement signed among Jin Jiang Hotels Development, Tianjin Huasheng Tourism Equity Investment Partners (LLP) ("Huasheng Tourism") and China Wallink Holding Group Co., Ltd. ("Wallink Holding"), Jin Jiang Hotels Development acquired 99% and 1% equity interest in Smart Hotels from Huasheng Tourism and Wallink Holding, respectively.

The equity transfer was completed on 30 June 2013 with a cash consideration of RMB686,345,000 and Jin Jiang Hotels Development held 100% equity interest in Smart Hotel thereafter. Jin Jiang Hotels Development also provided a loan of RMB635,535,000 to Smart Hotels to repay Smart Hotels' borrowing of RMB635,535,000 due to Huasheng Tourism in June 2013.

If the acquisition had occurred on 1 January 2013, Group revenue would have been RMB9,353,848,000, and profit for the year would have been RMB834,391,000. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation that would have been charged assuming the fair value adjustments to property, plant and equipment had applied from 1 January 2013, together with the consequential tax effects.

Details of purchase consideration are as follows:

	RMB'000
Purchase consideration:	
— Cash paid	664,683
— Deferred cash consideration to be paid	21,662
Total purchase consideration	686,345

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

39 BUSINESS COMBINATIONS (CONTINUED)

Smart Hotels (continued)

The assets and liabilities as of 30 June 2013 arising from the acquisition are as follows:

	Fair values RMB'000
Property, plant and equipment (note 7(a))	703,208
Land use right (note 9(a))	1,061,409
Intangible assets (note 10(a))	502
Deferred income tax assets (note 16)	3,208
Trade receivables, prepayments and other receivables — non-current portion	40,357
Inventories	8,018
Trade receivables, prepayments and other receivables — current portion	15,617
Cash and cash equivalents	10,915
Deferred income tax liabilities (note 16)	(113,590)
Trade and other payables	(1,095,085)
Net assets	634,559
Share of net assets (100%)	634,559
Add: Goodwill (note 10)	51,786
Total purchase consideration	686,345
Total purchase consideration settled in cash for the year ended 31 December 2013	(664,683)
100% share of cash and cash equivalents in the subsidiary acquired	10,915
Cash outflow of cash consideration on acquisition	(653,768)
Cash outflow of repayments of the borrowings on acquisition	(635,535)
Total transaction cost	2,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

40 CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

Disposal of equity interests in Jing Jiang Investment

The Company and its subsidiaries held 38.54% and 2.37% equity interest respectively in Jin Jing Investment before. In 2013, the subsidiaries disposed 1.65% equity interest at a cash consideration of RMB110,663,000. The equity transfer was completed in 2013 and thereafter the Company and its subsidiaries held 38.54% and 0.72% equity interest respectively.

Although the Company holds less than half of the equity interest in Jin Jiang Investment and therefore has less than half of its voting rights, the Director concludes that the Company has de facto control over Jin Jiang Investment and accounts for a subsidiary after taking into consideration, among the things: (i) the dispersed shareholder structure excluding those interests directly and indirectly held by the Company; (ii) the ability to demonstrate effective control during the shareholders' meetings and board meetings; and (iii) the extent of involvement of directors of Jin Jiang Investment nominated by the Company in its operational and financial policy setting and decision making.

Details of disposal consideration are as follows:

	RMB'000
Cash consideration received in 2013	110,663
Less: income tax to be paid for the transaction	(11,349)
	99,314
Carrying amount of 1.65% equity interest in Jin Jiang Investment disposed	(36,578)
Excess of consideration received	62,736
Effect of changes on the equity attributable to the shareholders of the Company	62,736
Effect of changes on non-controlling interests	36,578

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

41 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is controlled by Jin Jiang International (incorporated in Mainland China), which owns 75% of the Company's share. The remaining 25% of the shares are widely held. The ultimate parent and controlling party of the Group is Jin Jiang International.

(a) Related party transactions — the Group

Other than the disposal of a subsidiary to Jin Jiang International Investment and Management (note 36(b)), the Group had the following significant related party transactions during the year ended 31 December 2013:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Transactions with Jin Jiang International		
— Provision of other services	**1,163**	1,367
— Interest Income received	**776**	334
— Provision of food and beverage service	**629**	1,297
— Provision of hotel services	**100**	646
— Provision of training services	**63**	972
	2,731	4,616
— Interest expenses paid	**15,214**	23,833
— Rental expenses paid	**9,738**	10,087
— Receipt of food and beverage service	**471**	589
— Receipt of other services	**248**	270
— Borrowing repaid	**—**	950,000
	25,671	984,779
Transactions with subsidiaries of Jin Jiang International		
— Provision of hotel services	**23,330**	17,296
— Rental income received	**8,152**	6,274
— Provision of other services	**7,007**	6,681
— Sales of hotel supplies	**1,880**	2,053
— Hotel franchise fees	**607**	802
	40,976	33,106
— Borrowing repaid	**50,000**	20,000
— Receipt of other services	**28,732**	12,155
— Rental expenses paid	**24,701**	21,125
— Interest expenses paid	**8,466**	2,919
— Purchase of food and beverage	**5,524**	4,330
	117,423	60,529

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

41 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions — the Group (continued)

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Transactions with joint ventures of the Group		
— Interest income received	21,465	18,625
— Sales of hotel supplies	4,831	2,941
— Management fees received	4,149	4,447
— Provision of other services	286	299
	30,731	26,312
— Borrowing repaid	55,000	15,000
— Interest expenses paid	5,583	5,229
— Receipt of other services	3,249	3,487
— Purchase of goods	2,003	3,194
— Rental expenses paid	1,252	616
	67,087	27,526
Transactions with associates of the Group		
— Management fees received	3,992	2,957
— Rental income received	3,486	3,501
— Interest income received	1,120	1,230
— Sales of hotel supplies	588	986
— Receipt of other services	51	466
	9,237	9,140
— Purchase of vehicles and related parts	31,012	25,278
— Purchase of food and beverage	462	762
— Interest expenses paid	261	74
— Provision of other services	77	150
	31,812	26,264

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

41 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from/due to related parties — the Group

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Amounts due from related parties (note 19)		
— Jin Jiang International (i)	400,311	1,444
— Joint ventures of the Group (ii)	302,898	467,591
— Associates of the Group (iii)	33,515	35,237
— Subsidiaries, joint ventures and associates of Jin Jiang International	6,604	3,530
	743,328	507,802
Amounts due to related parties (note 24)		
— Jin Jiang International (iv)	(1,708,985)	(431,934)
— Subsidiaries, jointly ventures and associates of Jin Jiang International (v)	(321,408)	(125,284)
— Joint ventures of the Group (vi)	(190,753)	(102,301)
— Associates of the Group (vii)	(61,058)	(52,736)
	(2,282,204)	(712,255)
Borrowings from related parties (note 25)		
— A subsidiary of Jin Jiang International (viii)	(404,845)	(50,000)
— Jin Jiang International (ix)	(248,000)	—
— A joint venture of the Group (x)	—	(55,500)
	(652,845)	(105,500)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

41 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from/due to related parties — the Group (continued)

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Loan commitments (note 38)		
— Jointly ventures of the Group	**254,500**	500,000
— Jin Jiang International	**100,000**	90,000
— Associates of the Group	**52,000**	41,000
	406,500	631,000
Financial guarantees provided to related parties (note 37)		
— Associates of the Group	**4,000**	15,600
— Joint ventures of the Group	**841,557**	904,971
	845,557	920,571
Financial guarantees provided by related party (note 25)		
— Jin Jiang International	**79,016**	94,031

(i) The balance includes secured loans to Jin Jiang International of RMB400,000,000 as at December 2013 (31 December 2012: nil) with effective interest rate of 4.20% (2012:nil) per annum.

(ii) The balance includes secured loans to a joint venture of RMB245,500,000 as at 31 December 2013 (31 December 2012: RMB357,500,000) with effective interest rate of 5.80% (2012: 5.91%) per annum which were guaranteed by its properties, and an unsecured loan to a joint venture of RMB10,000,000 as at 31 December 2013 (31 December 2012: RMB12,500,000) with effective interest rate of 5.40% (2012: 5.80%) per annum which was guaranteed by a subsidiary of the Group. An unsecured loan of RMB38,000,000 as at 31 December 2012 with effective interest rate of 5.90% per annum was repaid by the joint venture in 2013.

(iii) The balance includes secured loans to an associate of the Group of RMB16,000,000 as at 31 December 2013 (31 December 2012: RMB17,000,000) with effective interest rate of 6.15% (2012: 6.65%) per annum which were guaranteed by their properties, an unsecured loan to an associate of the Group of RMB4,500,000 as at 31 December 2013 (31 December 2012: nil) with effective interest rate of 6.00% (31 December 2012: nil).

(iv) The balance includes deposits from Jin Jiang International of RMB1,683,102,000 as at 31 December 2013 (31 December 2012: RMB409,640,000) with effective interest rate of 0.39% (2012: 0.39%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

41 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from/due to related parties — the Group (continued)

(v) The balance includes deposits from subsidiaries, joint ventures and associates of Jin Jiang International of RMB303,621,000 as at 31 December 2013 (31 December 2012: RMB118,709,000) with effective interest rate of 2.80% (2012: 2.48%) per annum.

(vi) The balance includes deposits from joint ventures of RMB159,549,000 as at 31 December 2013 (31 December 2012: RMB78,241,000) with effective interest rate of 3.65% (2012: 4.02%) per annum.

(vii) The balance includes deposits from associates of the Group of RMB15,216,000 as at 31 December 2013 (31 December 2012: RMB13,078,000) with effective interest rate of 1.93% (2012: 2.03%) per annum.

(viii) The balance includes an unsecured borrowing from a subsidiary of Jin Jiang International of RMB404,845,000 as at 31 December 2013 (31 December 2012: RMB50,000,000) with effective interest rate of 3.25% (2012: 5.51%) per annum.

(ix) The balance includes unsecured borrowings from Jin Jiang International of RMB248,000,000 as at 31 December 2013 (31 December 2012: nil) with effective interest rate of 5.44% (2012: nil) per annum.

(x) An unsecured borrowing from a joint venture of the Group of RMB55,000,000 as at 31 December 2012 with effective interest rate of 5.77% per annum was repaid to the joint venture in 2013.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2013

41 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Amounts due from/to related parties — the Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Amounts due from related parties (note 19)		
— Subsidiaries of the Company (i)	**1,643,498**	749,755
— Joint ventures of the Company (ii)	**28,924**	1,229
— Subsidiaries of Jin Jiang International	**3,084**	1,118
— Associates of the Company	**—**	10,860
	1,675,506	762,962
Amounts due to related parties (note 24)		
— Subsidiaries of the Company	**(1,274)**	(3,196)
— Subsidiaries of Jin Jiang International	**(817)**	—
— Joint ventures of the Company	**(162)**	(66)
— Jin Jiang International	**—**	—
	(2,253)	(3,262)
Borrowing (note 25)		
— Subsidiaries of the Company (iii)	**(100,000)**	(120,000)
Financial guarantees provided to related parties		
— Subsidiaries of the Company	**1,092,219**	1,020,910
— Joint ventures of the Group	**821,557**	868,631
	1,913,776	1,889,541
Financial guarantees provided by a related party (note 25)		
— Jin Jiang International	**79,016**	94,031

(i) The balance includes unsecured loans of RMB611,000,000 as at 31 December 2013 (31 December 2012: RMB646,000,000) to subsidiaries of the Group with effective interest rates of 5.59% (31 December 2012: 6.20%) per annum.

(ii) An unsecured loan of RMB1,000,000 as at 31 December 2012 to a joint venture of the Group with effective interest rates of 4.76% per annum was repaid by the joint venture in 2013.

(iii) The balance includes unsecured borrowings from subsidiaries of the Group of RMB100,000,000 as at 31 December 2013 (31 December 2012: RMB120,000,000) with effective interest rates of 4.20% (31 December 2012: 5.55%) per annum.

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

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41 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management compensation

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Salary and other allowances	**2,415**	2,057
Discretionary bonus	**1,278**	928
Retirement scheme contributions	**376**	429
	4,069	3,414

The emoluments fell within following bands:

	Year ended 31 December	
	2013	2012
	Number	Number
Nil to RMB393,100 (equivalent to HK$500,000)	**1**	2
RMB393,100 (equivalent to HK$500,000) to RMB786,200 (equivalent to HK$1,000,000)	**9**	7
	10	9

(e) Balances and transactions with stated-owned enterprises in China other than Jin Jiang International and its subsidiaries, joint ventures and associates ("Other State-owned Enterprises")

As at 31 December 2013, majority of the Group's bank balances and borrowings are with state-owned banks. The Group also has transactions with Other State-owned Enterprises in China including but not limited to sales of products, purchases of raw material, utilities and services. The Directors of the Company are of the opinion that these transactions are conducted in the ordinary business of the Group.

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42 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As at 31 December 2013, the Company had direct and indirect interests in the following subsidiaries, joint ventures and associates:

Company name	Country and date of incorporation	Issued/ registered and paid in capital '000	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities and place of operation	Type of legal entity
(a) Subsidiaries						
Jin Jiang Hotel Company Limited 上海錦江飯店有限公司	Mainland China, 30 May 1982	RMB206,920	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Park Hotel Company Limited 上海錦江國際飯店有限公司	Mainland China, 21 December 1979	RMB91,583	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Cypress Hotel Company Limited 上海龍柏飯店有限公司	Mainland China, 28 January 1984	RMB84,182	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Pacific Hotel Company Limited 上海錦江金門大酒店有限公司	Mainland China, 21 December 1979	RMB40,649	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Marvel Hotel 上海商悦青年會大酒店有限公司	Mainland China, 23 October 1984	RMB40,000	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Rainbow Hotel Company Limited 上海虹橋賓館有限公司	Mainland China, 9 February 1988	RMB21,951	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Galaxy Hotel Company Limited 上海銀河賓館有限公司	Mainland China, 22 August 1990	RMB19,885	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Hua Ting Guest House Company Limited 上海南華亭酒店有限公司	Mainland China, 15 July 2002	RMB26,099	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Hotel Company Limited 上海市上海賓館有限公司	Mainland China, 23 August 1991	RMB88,000	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jing An Hotel Company Limited 上海靜安賓館有限公司	Mainland China, 31 December 2010	RMB46,886	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Jinsha Hotel Company Limited 上海金沙江大酒店有限公司	Mainland China, 22 January 2003	RMB68,000	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Magnolia Hotel Company Limited 上海白玉蘭賓館有限公司	Mainland China, 25 March 1998	RMB59,166	99.0%	1.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Da Hua Hotel Company Limited 上海錦江達華賓館有限公司	Mainland China, 18 February 1982	RMB31,704	–	100.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai New Asia Plaza Great Wall Hotel Company Limited 上海新亞廣場長城酒店有限公司	Mainland China, 26 April 1994	RMB120,000	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Peace Hotel Company Limited 上海和平飯店有限公司	Mainland China, 11 November 1998	RMB345,460	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Linqing Hotel Company Limited 上海臨青賓館有限公司	Mainland China, 18 November 1999	RMB16,600	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Kunming Jin Jiang Hotel Company Limited 昆明錦江大酒店有限公司	Mainland China, 7 December 1985	US$8,000	75.0%	25.0%	Hotel ownership and operations, Kunming, Mainland China	Limited liability company
Jin Jiang International Finance Company Limited 錦江國際集團財務有限責任公司	Mainland China, 16 October 1997	RMB500,000	90.0%	10.0%	Provision of intra-group treasury and financing services, Shanghai, Mainland China	Limited liability company
Jin Jiang Inn Company Limited 錦江之星旅館有限公司	Mainland China, 17 May 1996	RMB179,712	–	100.0%	Budget hotel ownership, operations and franchising, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang International Hotel Investment Company Limited 上海錦江國際旅館投資有限公司	Mainland China, 20 December 2004	RMB1,225,000	–	100.0%	Budget hotel ownership, operations and franchising, Shanghai, Mainland China	Limited liability company

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42 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/ registered and paid in capital '000	Attributable equity interest Direct	Indirect	Principal activities and place of operation	Type of legal entity
(a) Subsidiaries (continued)						
Wuhan Jin Jiang International Hotel Company Limited 武漢錦江國際大酒店有限公司	Mainland China, 22 November 2004	RMB220,000	100.0%	–	Hotel ownership and operations, Wuhan, Mainland China	Limited liability company
Shanghai Jin Jiang International Hotels Development Company Limited 上海錦江國際酒店發展股份有限公司	Mainland China, 9 June 1993	RMB603,241	50.3%	–	Hotel and restaurant ownership and operations, Shanghai, Mainland China	Joint stock limited company
Shanghai New Asia Food Company Limited 上海新亞食品有限公司	Mainland China, 1 November 1996	RMB11,415	–	100.0%	Food manufacturing, Shanghai, Mainland China	Limited liability company
Jin Jiang International Hotel Management Company Limited 錦江國際酒店管理有限公司	Mainland China, 1 December 1992	RMB200,000	100.0%	–	Star-rated hotel management, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang International Catering Investment Company Limited 上海錦江國際餐飲投資管理有限公司	Mainland China, 1 December 1992	RMB149,930	–	100.0%	Investment in and operation of restaurants, Shanghai, Mainland China	Limited liability company
Shanghai Jin Ya Hotel Company Limited 上海錦亞旅館有限公司	Mainland China, 1 December 1992	RMB18,000	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Tianjin Jin Jiang Inn Company Limited 天津錦江之星旅館有限公司	Mainland China, 1 July 2003	RMB40,000	–	100.0%	Budget hotel ownership and operations, Tianjin, Mainland China	Limited liability company
Qingdao Jin Jiang Inn Company Limited 青島錦江之星旅館有限公司	Mainland China, 21 March 2005	RMB20,000	–	100.0%	Budget hotel ownership and operations, Qingdao, Mainland China	Limited liability company
Beijing Jin Jiang Inn Investment and Management Company Limited 北京錦江之星旅館投資管理有限公司	Mainland China, 22 July 2003	RMB28,000	–	100.0%	Budget hotel ownership and operations, Beijing, Mainland China	Limited liability company
Xi'an Jin Jiang Inn Company Limited 西安錦江之星旅館有限公司	Mainland China, 24 June 2005	RMB20,000	–	100.0%	Budget hotel ownership and operations, Xi'an, Mainland China	Limited liability company
Zhengzhou Jin Jiang Inn Company Limited 鄭州錦江之星旅館有限公司	Mainland China, 5 July 2005	RMB20,000	–	100.0%	Budget hotel ownership and operations, Zhengzhou, Mainland China	Limited liability company
Shanghai Di Shui Hu Jin Jiang Inn Company Limited 上海滴水湖錦江之星旅館有限公司	Mainland China, 22 September 2005	RMB20,000	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Min Hotel Company Limited 上海錦閔旅館有限公司	Mainland China, 5 July 2005	RMB40,000	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai YuJin Hotel Management Company Limited 上海豫錦酒店管理有限公司	Mainland China, 30 October 2008	RMB20,000	–	60.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Tianjin Hedong District Jin Jiang Inn Company Limited 天津河東區錦江之星旅館有限公司	Mainland China, 15 January 2008	RMB21,000	–	100.0%	Budget hotel ownership and operations, Tianjin, Mainland China	Limited liability company
Shenyang Songhua River Street Jin Jiang Inn Company Limited 瀋陽松花江街錦江之星旅館有限公司	Mainland China, 21 February 2008	RMB20,000	–	100.0%	Budget hotel ownership and operations, Shenyang, Mainland China	Limited liability company
Shanghai Jin Jiang International Hotels Group (HK) Company Limited 上海錦江國際酒店集團（香港）有限公司	Hong Kong, 14 February 2000	RMB70,736	98.6%	1.4%	Hotel reservation, Hong Kong	Limited liability company
Jian Guo Hotel 上海建國賓館有限公司	Mainland China, 30 October 1986	RMB80,000	65.0%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Sofitel Hyland Shanghai 上海海侖賓館有限公司	Mainland China, 22 November 1985	RMB62,626	66.7%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company

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42 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/ registered and paid in capital '000	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities and place of operation	Type of legal entity
(a) Subsidiaries (continued)						
Shanghai New Asia Café de Coral Company Limited 上海新亞大家樂餐飲有限公司	Mainland China, 12 December 1997	RMB68,670	—	75.0%	Fast food operations, Shanghai, Mainland China	Limited liability company
West Capital International Hotel Company Limited 西安西京國際飯店有限公司	Mainland China, 17 May 2005	RMB80,000	100.0%	—	Hotel ownership and operations, Xi'an, Mainland China	Limited liability company
Capital Gathering LLC 上海錦江酒店集團(美國)有限公司	USA, 15 May 2009	US$39,600	100.0%	—	Investment operations Wilmington, USA	Limited liability company
ShanXi Jinguang Inn Company Limited 山西金廣快捷酒店管理有限公司	China Mainland, 15 August 2006	RMB68,333	—	100%	Budget hotel ownership and operations, Shanxi, Mainland China	Limited liability company
Jing An Bakery Holding Co., Ltd 靜安麵包房控股有限公司	British Virgin Islands Britain, 21 April 2009	RMB41,692	—	60.0%	Investment operation Hong Kong, China	Limited liability company
Shanghai Jin Jiang International Travel Co., Ltd 上海錦江國際旅遊股份有限公司	Mainland China, 24 September 1994	RMB132,556	50.2%	—	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang International Industrial Investment Co., Ltd 上海錦江國際實業投資股份有限公司	Mainland China, 24 February 1993	RMB551,610	38.54%	0.72%	Passenger transportation vehicle and logistics, Shanghai, Mainland China	Limited liability company
Shanghai Jing An Bakery Company Limited 上海靜安麵包房有限公司	Mainland China, 1 January 1993	US$1,000	—	65.9%	Fast food operations, Shanghai, Mainland China	Limited liability company
Shanghai Jinjiang International Cold Logistics Development Co., Ltd. 上海錦江國際低溫物流發展有限公司	Mainland China, 28 August 2006	RMB83,338	—	51.0%	Provision of logistics management and relevant business services, Shanghai, Mainland China	Limited liability company
Shanghai Shanghai Food Co., Ltd. 上海尚海食品有限公司	Mainland China, 20 February 2010	RMB25,000	—	100.0%	Trading of food, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Auto Service Co., Ltd. 上海錦江汽車服務有限公司	Mainland China, 3 May 1993	RMB338,480	—	95.0%	Provision of vehicle rental services, Shanghai, Mainland China	Limited liability company
Shanghai CITS International Travel Services Co., Ltd. 上海國旅國際旅行社有限公司	Mainland China, 29 December 1993	RMB20,000	—	100.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Tourism Co., Ltd. 上海錦江旅遊有限公司	Mainland China, 25 August 1993	RMB24,990	—	100.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Travel Agency Co., Ltd. 上海旅行社有限公司	Mainland China, 2 September 1992	RMB2,000	—	100.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Jin Cai Association Co., Ltd. 上海錦璨會務有限公司	Mainland China, 1 November 2013	RMB10,000	100%	—	Investment operation, Shanghai, Mainland China	Limited liability company
Shanghai Ji Gan Industrial Investment Co., Ltd. 上海佶苷實業投資有限公司	Mainland China, 26 November 2013	RMB1,000	100%	—	Investment operation, Shanghai, Mainland China	Limited liability company

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42 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/ registered and paid in capital '000	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities and place of operation	Type of legal entity
(b) Joint ventures (i)						
Beijing Kunlun Hotel Company Limited 北京昆侖飯店有限公司	Mainland China, 24 May 1988	US$34,167	35.0%	12.5%	Hotel ownership and operations, Beijing, Mainland China	Limited liability company
Shanghai Jin Jiang Tomson Hotel Company Limited 上海錦江湯臣大酒店有限公司	Mainland China, 10 July 1993	US$24,340	50.0%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Thayer Jin Jiang Interactive Co., Ltd. 上海錦江德爾互動有限公司	Mainland China, 31 October 2005	US$3,000	50.0%	–	Software development and related services, Shanghai, Mainland China	Limited liability company
Shanghai New Garden Hotel 上海新苑賓館	Mainland China, 26 November 1984	RMB13,975	57.0%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Hotel Acquisition Company, LLC	USA, 6 July 2009	US$223,000	–	50.0%	Investment operations company, Wilmington, USA	Limited liability company
Interstate Hotels & Resorts, INC 美國州際酒店與度假村集團	USA, 31 July 2002	US$195,240	–	50.0%	Hotel real estate investment and hotel management, Arlington, USA	Limited liability company
Interstate (China) Hotels & Resorts Co., Limited 州際(中國)酒店和度假村有限公司	Hong Kong, 24 March 2010	US$1,282	–	50.0%	Investment Holding, Hong Kong, China	Limited liability company
Shanghai Thayer Jin Jiang Equity Investment Management Company Limited 上海錦江德爾股權投資管理有限公司	Mainland China, 13 August 2010	US$2,500	50.0%	–	Investment Management, Shanghai, Mainland China	Limited liability company
Interstate (Shanghai) Hotels & Retors Co., Limited 上海州際卓逸酒店和度假村管理有限公司	Mainland China, 16 September 2010	US$9,300	–	50.0%	Hotel management, Shanghai, Mainland China	Limited liability company
Shanghai Tower Jin Jiang Hotel Asset Management Co.,Ltd 上海中心大厦錦江酒店資產管理有限公司	Mainland China, 16 May 2011	RMB60,000	50.0%	–	Hotel management, Shanghai, Mainland China	Limited liability company
JHJ International Transportation Co., Ltd. 錦海捷亞國際貨運有限公司	Mainland China, 6 December 1992	US$10,000	–	50.0%	Transportation and logistics, Shanghai, Mainland China	Limited liability company
Shanghai Dazhong New Asia Co., Ltd. 上海大眾新亞出租汽車有限公司	Mainland China, 27 April 2000	RMB30,000	–	49.5%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Jiayou Automobile Services Co., Ltd. 上海錦江佳友汽車服務有限公司	Mainland China, 8 September 1993	RMB24,700	–	50.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Vehicle Driver Training Centre 上海市機動車駕駛員培訓中心	Mainland China, 25 August 1989	RMB4,340	–	33.33%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Zhendong Automobile Services Co., Ltd. 上海振東汽車服務有限公司	Mainland China, 25 June 1991	US$7,900	–	50.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Jinmao Jin Jiang Automobile Services Co., Ltd. 上海金茂錦江汽車服務有限公司	Mainland China, 11 January 1996	RMB22,000	–	50.0%	Transportation services, Shanghai, Mainland China	Limited liability company

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42 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/ registered and paid in capital '000	Attributable equity interest Direct	Indirect	Principal activities and place of operation	Type of legal entity
(c) Associates (i)						
Chengdu Jinhe Real Estate Company Limited 成都錦和物業發展有限公司	Mainland China, 12 August 1993	RMB18,000	30.0%	–	Hotel ownership and operations, Chengdu, Mainland China	Limited liability company
Wuxi Jin Jiang Grand Hotel Company Limited 無錫錦江大酒店有限公司	Mainland China, 16 December 1994	RMB67,570	25.0%	–	Hotel ownership and operations, Wuxi, Mainland China	Limited liability company
The Yangtze Hotel Limited 上海揚子江大酒店有限公司	Mainland China, 4 February 1985	US$53,000	40.0%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Kentucky Fried Chicken Company Limited 上海肯德基有限公司	Mainland China, 5 May 1989	US$27,010	–	42.0%	Fast food operations, Shanghai, Mainland China	Limited liability company
Shanghai New Asia Fulihua Catering Company Limited 上海新亞富麗華餐飲股份有限公司	Mainland China, 25 June 1992	RMB35,000	–	41.0%	Restaurant operations, Shanghai, Mainland China	Limited liability company
Shanghai Yoshinoya Company Limited 上海吉野家快餐有限公司	Mainland China, 3 June 2002	US$12,300	–	42.8%	Fast food operations, Shanghai, Mainland China	Limited liability company
Jiangsu Jin Jiang Nanjing Hotel Company Limited 江蘇錦江南京飯店有限公司	Mainland China, 12 October 1982	RMB34,640	40.0%	–	Hotel ownership and operations, Nanjing, Mainland China	Limited liability company
Nanjing Long Distance Passenger Transport Group Co., Ltd. 江蘇南京長途汽車客運集團有限公司	Mainland China, 4 June 1991	RMB110,000	–	23.0%	Transportation services, Nanjing, Mainland China	Limited liability company
Shanghai Pudong Int'l Airport Cargo Terminal Co.,Ltd 上海浦東國際機場貨運站有限公司	Mainland China, 8 October 1999	RMB311,610	–	20.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Yongda Fengdu Automobile Distribution and Services Co., Ltd. 上海永達風度汽車銷售服務有限公司	Mainland China, 21 January 2002	RMB15,000	–	40.0%	Trading of automobile and related parts, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Passenger Transport Co., Ltd. 上海錦江客運有限公司	Mainland China, 24 February 2003	RMB10,000	–	30.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Automobile Sales Co., Ltd. 上海錦江汽車銷售服務有限公司	Mainland China, 14 January 2004	RMB5,000	–	30.0%	Trading of automobile and related parts, Shanghai, Mainland China	Limited liability company
Shanghai Shuijin Yang Food Co., Ltd. 上海水錦洋食品有限公司	Mainland China, 20 August 2012	RMB25,000	–	40.0%	Frozen food and agricultural products operation, Shanghai, Mainland China	Limited liability company
Shanghai Huangpu River Cruise Co., Ltd. 上海浦江遊覽有限公司	Mainland China, 4 May 1982	RMB50,000	–	20.0%	Travel agency, Shanghai, Mainland China	Limited liability company
China Oriental International Travel & Transport Co., Ltd. 上海東方航空國際旅遊運輸有限公司	Mainland China, 16 August 1990	RMB8,000	–	49.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Waihang International Travel Service Co., Ltd. 上海外航國際旅行社有限公司	Mainland China, 25 May 1993	RMB3,500	–	30.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Oneday Travel Service Co., Ltd. 上海一日旅行社有限公司	Mainland China, 4 May 1999	RMB3,500	–	22.9%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Juxing Property Management Co., Ltd. 上海聚星物業管理有限公司	Mainland China, 10 January 2000	RMB1,000	–	24.7%	Travel agency, Shanghai, Mainland China	Limited liability company

(i) All investments in joint ventures and associates are accounted for by equity method in the consolidated financial statements of the Group. All the principal joint ventures and associates provide products and services in connection with Hotel Related Businesses, Passenger Transportation Vehicle and Logistics Businesses or Travel Agency Businesses, and are the strategic partnership for the Group.

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43 SUBSEQUENT EVENTS

Further to the information disclosed in note 17, on 28 January 2014, an equity transfer agreement was entered into between Galaxy Hotel, Jin Jiang Hotel (the "Transferors") and a third party purchaser, pursuant to which the Transferors agreed to transfer the 100% equity interest in Jin Yun Company to the third party purchaser for a cash consideration of RMB1,262,468,000. On 27 February 2014, the amendment to the equity transfer agreement was entered into between the Transferors and the third party purchaser, pursuant to which the cash consideration was revised from RMB1,262,468,000 to RMB1,225,600,000.

44 RESTATEMENT OF COMPARATIVE FIGURES

Certain comparative figures have been restated according to the adoption of HKFRS 11 (note 5).