



## Shanghai Jin Jiang International Hotels (Group) Company Limited

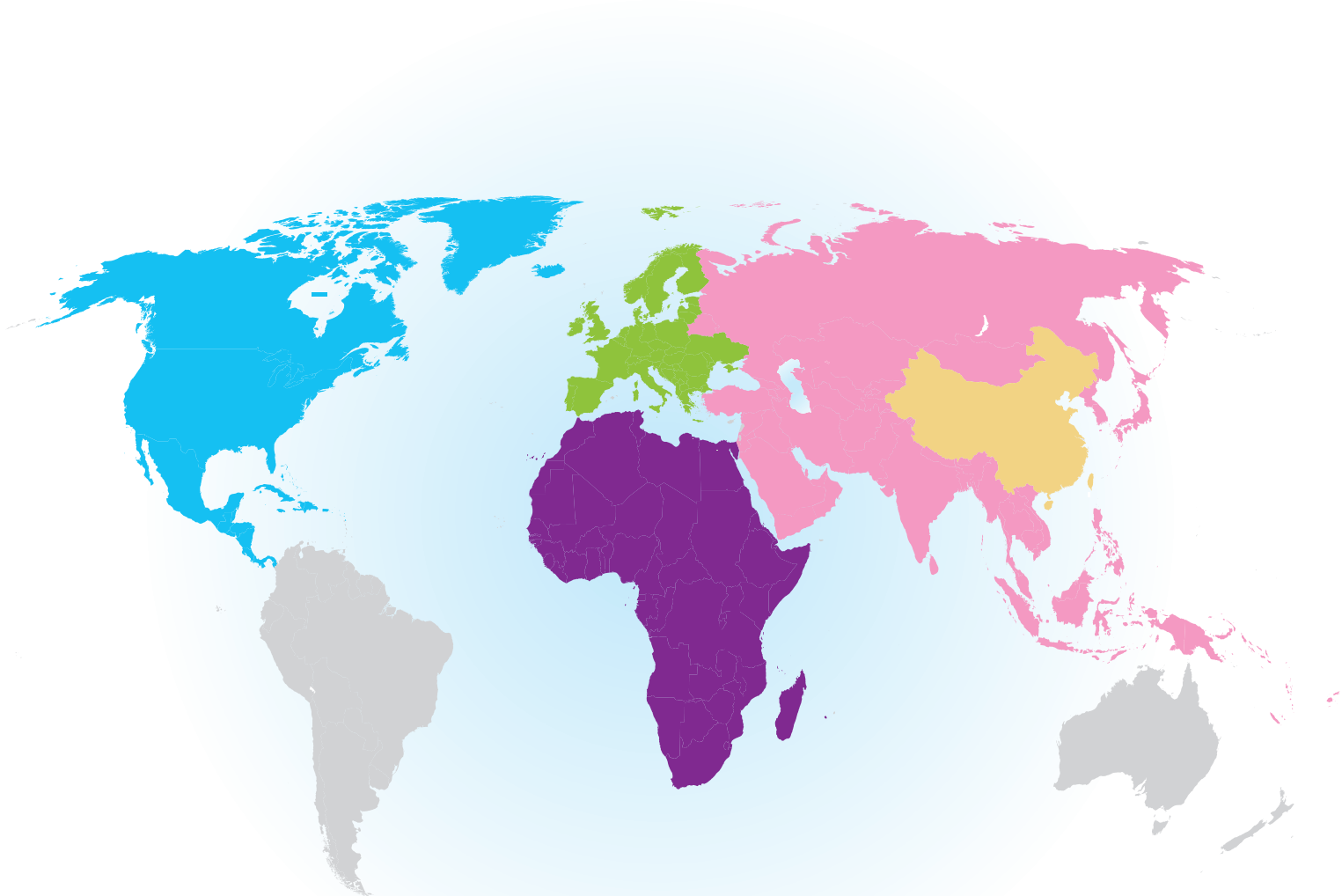
(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 02006



## Interim Report 2015

# Global Hotel Deployment



**China**  
Number of hotels: **1,398**

**Europe**  
Number of hotels: **1,070**

**Africa**  
Number of hotels: **42**

**Asia (except China)**  
Number of hotels: **95**

**Americas**  
Number of hotels: **404**

**Total**  
Number of hotels: **3,009**

Note: Inclusive of hotels managed and owned by IHR Group.

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## CORPORATE INFORMATION

### **The fourth session of the Board**

#### **EXECUTIVE DIRECTORS**

Mr. Yu Minliang  
 Ms. Guo Lijuan  
 Mr. Chen Liming  
 Mr. Xu Ming  
 Mr. Zhang Qian  
 Mr. Zhang Xiaoqiang  
 Mr. Han Min  
 Mr. Kang Ming

#### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

Mr. Ji Gang  
 Dr. Rui Mingjie  
 Dr. Tu Qiyu  
 Dr. Xu Jianxin  
 Mr. Xie Hongbing  
 Dr. He Jianmin

### **The fourth session of the supervisory committee**

#### **SUPERVISORS**

Mr. Wang Guoxing  
 Mr. Ma Mingju  
 Mr. Zhou Qiquan  
 Ms. Zhou Yi  
 Ms. Zhang Wei  
 Ms. Chen Junjin

#### **AUTHORIZED REPRESENTATIVES**

Mr. Guo Lijuan  
 Mr. Kang Ming

#### **JOINT COMPANY SECRETARIES**

Mr. Kang Ming  
 Ms. Mok Ming Wai

#### **QUALIFIED ACCOUNTANT**

Dr. Ai Gengyun

#### **INTERNATIONAL AUDITOR**

PricewaterhouseCoopers

#### **PRC AUDITOR**

PricewaterhouseCoopers  
 Zhong Tian LLP

#### **LEGAL ADVISERS**

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

As to PRC law:  
 King & Wood Mallesons

#### **CHINESE NAME OF THE COMPANY**

上海錦江國際酒店（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 & Mather

#### **PRINCIPAL BANKERS**

Industrial and Commercial Bank of China, Shanghai Branch  
 Bank of China, 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

**Directors of the fourth session of the Board and supervisors of the fourth session of the supervisory committee were appointed at the extraordinary general meeting held on 25 September 2015.**

## INFORMATION ON HOTELS OF THE GROUP

### INFORMATION ON HOTEL PROJECTS

	Full Service Hotels		Select Service Hotels		Total	
	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms
China	126	38,561	1,272	150,951	1,398	189,512
Asia (other than China)	1	271	94	13,888	95	14,159
Europe	82	13,015	988	69,938	1,070	82,953
America	365	66,159	39	7,058	404	73,217
Africa	0	0	42	7,593	42	7,593
<b>Total</b>	<b>574</b>	<b>118,006</b>	<b>2,435</b>	<b>249,428</b>	<b>3,009</b>	<b>367,434</b>

As at 30 June 2015, the Group owned or managed 3,009 hotels with a total of 367,434 guest rooms located in 55 countries around the world, including 1,398 hotels in operation or under development with a total of 189,512 guest rooms owned or managed in China.

## INFORMATION ON HOTELS OF THE GROUP

### STATISTICS OF ALL HOTELS

All hotels (As at 30 June 2015)	Hotels in which the Group held Hotel Interests and managed by the Group		Hotels in which the Group held Hotel Interests but managed by third parties		Hotels owned by third parties but managed by the Group		Hotels owned by third parties but operated under franchises granted by the Group		Total number of hotels	
	Total		Total		Total		Total		Total	
	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms
<b>Hotel Category</b>										
Full Service Hotels										
– 5-star Luxury hotels	5	2,267	2	940	62	20,423	–	–	69	23,630
– 4-star Luxury hotels	10	3,479	2	926	41	9,710	–	–	53	14,115
Sub-total	15	5,746	4	1,866	103	30,133	–	–	122	37,745
Commercial Hotels	2	271	–	–	2	545	–	–	4	816
Total Number of Full Service Hotels	17	6,017	4	1,866	105	30,678	–	–	126	38,561
Select Service Hotels										
– Jin Jiang Metropolo	305	42,303	–	–	–	–	953	105,804	1,258	148,107
– GDL	253	19,085	–	–	–	–	924	82,236	1,177	101,321
Total Number of Select Service Hotels	558	61,388	–	–	–	–	1,877	188,040	2,435	249,428
Total	575	67,405	4	1,866	105	30,678	1,877	188,040	2,561	287,989

The above figures exclude statistics of hotels owned and managed by IHR Group (number of hotels: 448; total number of guest rooms: 79,445).

## INFORMATION ON HOTELS OF THE GROUP

### STATISTICS OF HOTELS IN OPERATION

In operation (As at 30 June 2015)	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
<b>Hotel Category</b>										
Full Service Hotels										
– 5-star Luxury hotels	5	2,267	2	940	43	15,254	–	–	50	18,461
– 4-star Luxury hotels	10	3,479	2	926	35	8,253	–	–	47	12,658
Sub-total	15	5,746	4	1,866	78	23,507	–	–	97	31,119
Commercial Hotels	2	271	–	–	2	545	–	–	4	816
Total Number of Full Service Hotels	17	6,017	4	1,866	80	24,052	–	–	101	31,935
Select Service Hotels										
– Jin Jiang Metropolo	272	37,340	–	–	–	–	750	84,551	1,022	121,891
– GDL	253	19,085	–	–	–	–	878	74,546	1,131	93,631
Total Number of Select Service Hotels	525	56,425	–	–	–	–	1,628	159,097	2,153	215,522
<b>Total</b>	<b>542</b>	<b>62,442</b>	<b>4</b>	<b>1,866</b>	<b>80</b>	<b>24,052</b>	<b>1,628</b>	<b>159,097</b>	<b>2,254</b>	<b>247,457</b>

The above figures exclude statistics of hotels owned and managed by IHR Group.

## INFORMATION ON HOTELS OF THE GROUP

### STATISTICS OF HOTELS UNDER DEVELOPMENT

Under development (As at 30 June 2015)	Hotels in which the Group held Hotel Interests and managed by the Group		Hotels in which the Group held Hotel Interests but managed by third parties		Hotels owned by third parties but managed by the Group		Hotels owned by third parties but operated under franchises granted by the Group		Total number of hotels	
	Total		Total		Total		Total		Total	
	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms
<b>Hotel Category</b>										
Full Service Hotels										
– 5-star Luxury hotels	–	–	–	–	19	5,169	–	–	19	5,169
– 4-star Luxury hotels	–	–	–	–	6	1,457	–	–	6	1,457
Sub-total	–	–	–	–	25	6,626	–	–	25	6,626
Commercial Hotels	–	–	–	–	–	–	–	–	–	–
Total Number of Full Service Hotels	–	–	–	–	25	6,626	–	–	25	6,626
Select Service Hotels										
– Jin Jiang Metropolo	33	4,963	–	–	–	–	203	21,253	236	26,216
– GDL	–	–	–	–	–	–	46	7,690	46	7,690
Total Number of Select Service Hotels	33	4,963	–	–	–	–	249	28,943	282	33,906
Total	33	4,963	–	–	25	6,626	249	28,943	307	40,532

The above figures exclude statistics of hotels owned and managed by IHR Group.



## OPERATIONAL STATISTICS

	January to June 2015	January to June 2014
<b>Average Occupancy Rate</b>		
<b>Full Service Hotels</b>		
– 5-star Luxury Hotels	69%	67%
– 4-star Luxury Hotels	68%	65%
<b>Select Service Hotels</b>		
– Jin Jiang Metropolo	74%	77%
– GDL	65%	—
<b>Average room rate (RMB)</b>		
<b>Full Service Hotels</b>		
– 5-star Luxury Hotels	847	832
– 4-star Luxury Hotels	515	499
<b>Select Service Hotels</b>		
– Jin Jiang Metropolo	190	190
– GDL (Eur/room)	61	—
<b>RevPAR (RMB)</b>		
<b>Full Service Hotels</b>		
– 5-star Luxury Hotels	582	555
– 4-star Luxury Hotels	350	324
<b>Select Service Hotels</b>		
– Jin Jiang Metropolo	142	147
– GDL (Eur/room)	39	—

## Notes:

1. 5-star Luxury Hotels include: Jin Jiang Hotel, Peace Hotel, Wuhan Jin Jiang International Hotel, Beijing Kunlun Hotel, Jin Jiang Tower, Jin Jiang Tomson Hotel and Yangtze Hotel.
2. 4-star Luxury Hotels include: Park Hotel, Jian Guo Hotel, Cypress Hotel, Holiday Inn Downtown Shanghai, Rainbow Hotel, Shanghai Hotel, Shanghai Jing An Hotel, Sofitel Hotel, Jiangsu Nanjing Hotel, Wuxi Jin Jiang Grand Hotel, West Capital International Hotel and Kunming Jin Jiang Hotel.
3. Amongst Select Service Hotels, hotels operated by Jin Jiang Metropolo included all operating self-owned chain hotels under the brands of: “Jin Jiang Metropolo”, “Jin Jiang Inn”, “Bestay Hotels Express” and “Jinguang Inn”. Hotels operated by GDL included operational data of four brands, namely, “PremiereClasse”, “Campanile”, “Kyriad” and “GoldenTulip”, for April to June 2015.

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“ADR”	room revenue divided by rooms in use
“Audit Committee”	the audit committee of the Company
“Available Rooms”	number of rooms available of each hotel after deducting Permanent House Use
“Board”	the board of Directors of the Company
“China” or “PRC”	The People’s Republic of China
“Company”	Shanghai Jin Jiang International Hotels (Group) Company Limited
“Director(s)”	the director(s) of the Company
“EUR”	Euro, the lawful currency of the eurozone
“Full Service Hotels”	hotels which provide all-rounded quality services for guests on the bases of comprehensive hotel functions and facilities
“Galaxy Hotel”	Shanghai Galaxy Hotel Co., Ltd.
“GDL”	Groupe du Louvre, a société par actions simplifiée incorporated under the laws of France
“Group”	the Company and its subsidiaries or, where the context so requires, in respect of the period prior to the date of incorporation of the Company, those entities and businesses which were consolidated into and operated by the Company upon its establishment
“IHR”	Interstate Hotels & Resorts, Inc.
“IHR Group”	Interstate Hotels & Resorts, Inc. and its subsidiaries
“JHJ Transportation”	JHJ International Transportation Co., Ltd.
“Jin Jiang Automobile”	Shanghai Jin Jiang Automobile Service Co., Ltd.
“Jin Jiang Hotels Development”	Shanghai Jin Jiang International Hotels Development Company Limited
“Jin Jiang Inn”	Jin Jiang Inn Company Limited
“Jin Jiang International”	Jin Jiang International Holdings Company Limited
“Jin Jiang International Finance”	Jin Jiang International Finance Company Limited
“Jin Jiang Investment”	Shanghai Jin Jiang International Industrial Investment Company Limited
“Jin Jiang Metropolo”	Shanghai Jin Jiang Metropolo Hotel Management Company Limited

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Jin Jiang Travel”	Shanghai Jin Jiang International Travel Co., Ltd.
“Jin Yun Company”	Shanghai Jin Yun Assets Management Co., Ltd.
“LHG”	Louvre Hotels Group, a société par actions simplifiée incorporated under the laws of France
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Occupancy Rate”	rooms in use divided by Available Rooms for a given period
“Permanent House Use”	guest rooms which have been removed from the rentable inventory for a period longer than six months
“PLN”	Polish zloty, the lawful currency of Poland
“Reporting Period”	the period from 1 January 2015 to 30 June 2015
“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” or “Star-rated”	number of star(s) conferred by the National Tourism Administration of the PRC to a hotel according to the Star-rating Standard Manual and a Star-rated hotel refers to a hotel with Star-rating conferred as mentioned above
“Star-Rating Standard Manual”	the star-rating standard for tourist hotels published by the National Tourism Administration of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Total Number of Rooms”	number of available rooms per hotel
“US\$”	United States Dollars, the lawful currency of the United States

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the first half of 2015, the Group overcame unfavourable factors and capitalised on favourable ones to actively engage in developments and innovations amidst a complicated economic landscape and market circumstances. While procuring proper handover of our external investments and international acquisitions, we also focused on the transformation and development of our operations and management. Our business scale has been expanding and our asset efficiency and shareholders' equity have been effectively enhanced as a result.

During the Reporting Period, the Group realised sales revenue of approximately RMB5,454,860,000, representing an increase of approximately 26.2% as compared to the same period of last year. Operating profit of the Group amounted to approximately RMB1,324,680,000, representing an increase of approximately 50.5% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB629,002,000, representing an increase of approximately 49.2% as compared to the same period of last year.

As at 30 June 2015, the Group owned or managed over 3,000 hotels throughout the world, with a total number of rooms over 360,000 in 55 countries, amongst which approximately 1,400 hotels are owned or managed by the Group in the PRC and are in operation or under construction with approximately 190,000 rooms.

As at the end of the Reporting Period, J Club (錦江禮享+), an electronic commerce platform of Jin Jiang, had more than 20 million registered members.

Following its development strategy of "global deployment and multinational operation", the Group entered into a share purchase agreement with Star SDL Investment Co S.à.r.l. on 16 February 2015 through Luxembourg Sailing Investment, a wholly-owned subsidiary of Jin Jiang Hotels Development for the acquisition of 100% equity interests in GDL. On 27 February 2015 (Beijing time), all procedures relating to the closing of the transaction were completed and the Company acquired effective control of GDL, the financial results of which had been included in the consolidated financial statements of the Company as from 28 February 2015. The successful acquisition of GDL has contributed to significant growth in the Group's total assets, operating income, cash flow, number of hotels and number of guest rooms. In the meantime, the Group advanced various post-acquisition tasks, such as management structure, system improvement, platform building and business handover in a steady manner.

During the Reporting Period, the business segments of the Company and its relevant subsidiaries focused on requirements to enhance quality and efficiency and attempted cross-segment cooperation in line with the development of the Internet, making new endeavours in marketing innovation, joint application of resources and R&D for the transformation and upgrade of products. Modern information technology and management concepts were applied, while active efforts were made to learn from advanced enterprises and introduce performance excellence management. Headquarters control was strengthened and further improvements were made to the refined management model, driving continuous upgrade in management abilities and standards in a steady manner towards the construction of a standardised platform.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Full Service Hotels

The business of Full Service Hotels represents one of the major sources of revenue for the Group. During the Reporting Period, operation of Full Service Hotels contributed approximately RMB923,618,000 to the Group's revenue, representing a decrease of approximately 0.4% as compared to the same period of last year and accounting for approximately 16.9% of the Group's turnover.

As at 30 June 2015, the Group owned and managed 126 Full Service Hotels in the PRC, offering 38,561 guest rooms.

During the Reporting Period, the Group's Full Service Hotels recorded steady growth in RevPAR, which increased by nearly 6.1% for self-managed hotels and nearly 8.3% for self-managed hotels in Shanghai, the PRC. There was a slight decrease in labour cost even though we managed to sustain growth in per capita salary and benefits. Meanwhile, the Group has effectively lowered its financial costs by enhancing income management and adjustment its funding structure.

During the Reporting Period, in connection with joint brand marketing, Jin Jiang International Hotel Management Company Limited ("Jin Jiang Hotel Management") actively pursued partnerships in an Internet-driven business environment, as it entered into a marketing alliance with Prince Hotel of Japan to leverage the respective resources of the two parties in markets with ascertained sources for key customers, in a bid to enhance its brand reputation. Jin Jiang Hotel Management was also engaged in joint applications of resources with Jin Jiang Travel in the first-ever online pre-sale for guest rooms in new hotels; one-stop services covering accommodation, transportation and travel, which provided quality assurance for Jin Jiang Travel's domestic travel packages. Jin Jiang Hotel Management instructed its hotels to enhance the standard of refined management in the areas of income management, customer evaluation and integration of membership resources by actively employing Internet technologies. The Jin Jiang Public Feedback System, launched in association with Brand Wisdom website (慧評網) with a focus on the multi-dimensional performances of hotels, has helped to optimise our products and services and enhance online interaction with and closeness of customers. Our cooperation with IDEAS has been conducive to accurate analysis of the competitive landscape of the hotels for better income management.

During the Reporting Period, the hotel assets management centre of the Group steadily developed the operation and management of its hotel assets to enhance asset efficiency. The Full Service Hotels continued to report progress in asset liquidity, business transformation and lease operation. During the Reporting Period, the Group completed the transfer of 50% equity interest in of Galaxy Hotel (the podium complex) through an open listing process, which has further enhanced the Group's asset liquidity and financial conditions and optimised the Group's asset allocation.

During the Reporting Period, the Group further strengthened collective management and resource integration in respect of its hotel assets. The construction of a centralised procurement system and unified payment platform was optimised and rolled out in full scale among companies within the Group, resulting in effective reduction of working capital outlay and an enhanced fund utilisation ratio. Centralised control was exercised in respect of resource allocation in the process of corporate structure realignment, as subsidiary hotels were instructed to convert various equipment for energy-saving purposes and control costs and expenses within reasonable limits, resulting in improvements in the core competitiveness of our hotels. Through implementation of the lease management system, management over lease projects has been further enhanced.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, IHR Group reported stable business development with sound operation of its three major operation platforms in the PRC, the United States and Europe. The average room rate of IHR Group's managed hotels for the first half of 2015 was US\$147.8 with an average occupancy rate of 76.9%, while RevPAR was US\$113.6, representing an increase of 7.6% as compared to the same period of last year.

### Select Service Hotels

The business of Select Service Hotels mainly covering Select Service Hotels operated by Jin Jiang Metropolo and GDL, represents another principal operation of the Group.

During the Reporting Period, the Group completed the acquisition of 100% equity interests in GDL, the results of which were included in the Group's consolidated financial statements. Turnover of the Select Service Hotels increased substantially, contributing approximately RMB2,362,293,000 to the Group's revenue, representing an increase of approximately 90.6% as compared to the same period of last year and accounting for approximately 43.3% of the Group's turnover.

As at 30 June 2015, there were a total of 2,435 contracted chain Select Service Hotels (comprising 1,258 Jin Jiang Metropolo Hotels and 1,177 GDL hotels), offering 249,428 guest rooms in aggregate. There were 1,877 contracted franchised hotels, accounting for approximately 77% of all contracted Select Service Hotels.

As at 30 June 2015, there were a total of 2,153 contracted chain Select Service Hotels in operation offering 215,522 guest rooms in aggregate, comprising 1,022 Jin Jiang Metropolo Hotels with 121,891 guest rooms and 1,131 GDL hotels with 93,631 guest rooms.

Out of the Select Service Hotels that had commenced operation, 525 were self-managed hotels, accounting for approximately 24% of all the Select Services Hotels in operations, while 1,628 were franchised hotels, accounting for approximately 76% of all the Select Services Hotels in operations.

During the Reporting Period, Jin Jiang Metropolo advanced its pilot attempts under the performance excellence management model in a steady manner and developed the operating system for the performance excellence management. Meanwhile, through the commissioning of the new paging centre of Jin Jiang Metropolo and strengthening of its promotional efforts for online reservation, the room reservation functions have been continuously enhanced, thereby providing additional marketing support for chain outlets throughout the PRC with increasing capacity for guest reception.

During the Reporting Period, GDL entered into a brand cooperation framework agreement with Magnuson Hotel Group of the United States and a general financial service cooperation framework agreement with the Industrial and Commercial Bank of China Corporation. Preparatory work for the introduction of brands such as Companile to the PRC market also advanced steadily.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Food and Restaurants

During the Reporting Period, the Group reported stable development of food and restaurant operations through several food and restaurant chain companies invested by Jin Jiang Hotels Development, generating revenue of approximately RMB172,031,000, which represented a decrease of approximately 0.6% as compared to the same period of last year and accounting for approximately 3.2% of the Group's turnover.

During the Reporting Period, Jin Jiang Hotels Development made a major effort to develop the group catering business, managing 48 group catering restaurants as at the end of the Reporting Period, as compared to 43 at the end of last year. As at 30 June 2015, Shanghai KFC, "New Asia Snacks" and "Shanghai Yoshinoya" had a total of 300, 47 and 9 outlets, respectively. "Chinoise Story" currently operates 2 feature restaurants. In addition, 2 "Ting Mei Yuen" (鼎味源) restaurants were managed by Shanghai Jinzhu Catering Management Co., Ltd.

Jin Jiang Catering Investment Company worked actively with Jin Jiang Hotel to establish a R&D centre to develop processed food with input from the national-grade chefs of Jin Jiang Hotel, and started to market food products under the Jin Jiang brand to other customers, in addition to direct supply to our hotels.

### Passenger Transportation Vehicles and Logistics

During the Reporting Period, passenger transportation vehicles and logistics business reported an operating revenue of approximately RMB1,063,938,000, representing growth of approximately 1.3% as compared to the same period of last year and accounting for approximately 19.5% of the Group's turnover.

During the Reporting Period, the "Jin Jiang Automobile Service Centre" was actively engaged in the conversion of surrounding facilities to fully realise the accumulative effect. The four 4S auto sales outlets of the centre sold more than 3,400 new cars and completed over 35,000 car maintenance orders.

During the Reporting Period, Jin Jiang Automobile advanced its efforts in performance excellence management and achieved cost reductions and efficiency enhancement by employing information-based methods, such as dynamic control and data analysis. A total of 445 new Touran (途安) white cabs were put into service to provide more comfortable and convenient services for citizens and tourists. Meanwhile, regarding our travel coach business, 63 coaches were added to the business shuttle service, 83% of which were providing charter services. We topped the cruise reception business in Shanghai as our travel coaches served 21 cruise ships, including Sapphire Princess and Arcadia, in 728 outings.

During the Reporting Period, in accordance with requirements to upgrade industrial capabilities and standards and to accelerate transformation, Shanghai Jin Jiang International Cold Logistics Development Co., Ltd. ("Jin Jiang Cold Logistics") developed a customer-oriented, end-to-end supply chain management business model covering food imports, customs declaration, inspection, storage and distribution on the back of its logistics service chain, as part of its efforts to transform into a modern service business.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Travel Agency

During the Reporting Period, operating revenue of the travel agency business amounted to approximately RMB898,514,000, representing a growth of approximately 1.6% as compared to the same period of last year and accounting for approximately 16.5% of the Group's turnover.

During the Reporting Period, Jin Jiang Travel reported a higher proportion of long-haul tours as a result of adjustments to its product mix. In particular, the quality and services for outbound tours have been significantly improved, evidenced by a notable increase in per capita spending despite the decline in the number of tour participants.

During the Reporting Period, Jin Jiang Travel leveraged the resources afforded by Jin Jiang Hotel and actively facilitated business cooperation with LHG. As an "Approved Travel Service Provider" for the China Corporate United Pavilion ("CCUP") at the Milan Expo 2015, Jin Jiang Travel appointed business teams to work with CCUP during the preparatory stage and subsequent VIP reception and to organise various travel agencies to undertake 24 corporate sponsorships. Its meticulous and attentive services were widely commended by all parties concerned.

During the Reporting Period, Jin Jiang Travel organised its travel agencies to participate in the Shanghai World Travel Fair 2015. Innovative sales approaches and product planning were introduced, with a flexible combination of online and offline pre-sales and on-site sales during the fair. A total of 208 travel routes were promoted during the fair, giving visitors full exposure to the one-stop services of Jin Jiang.

During the Reporting Period, Jin Jiang Travel actively fostered new businesses by enhancing its ability to cover the MICE (Meeting, Incentive, Conference and Exhibition) sector and extending its business outreach to increase its competitiveness. The provision of standardized, premium convention high-quality meeting and incentive services has been identified as one of the major focuses for development in future, with a special emphasis on extended services relating to business meetings and incentive tourism.



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Turnover

The Group's financial information during the Reporting Period as compared to the same period in 2014 is set out as follows:

	Six months ended 30 June 2015		Six months ended 30 June 2014	
	RMB in million	% of turnover	RMB in million	% of turnover
Full Service Hotels	923.6	16.9%	927.3	21.5%
Select Service Hotels — managed and operated by Jin Jiang Metropolo	1,295.4	23.7%	1,239.6	28.7%
Select Service Hotels — managed and operated by GDL	1,066.9	19.6%	—	—
Food and Restaurants	172.0	3.2%	173.0	4.0%
Passenger Transportation Vehicles and Logistics	1,063.9	19.5%	1,050.5	24.3%
Travel Agency	898.5	16.5%	884.6	20.5%
Other Operations	34.6	0.6%	47.8	1.0%
<b>Total</b>	<b>5,454.9</b>	<b>100.0%</b>	<b>4,322.8</b>	<b>100.0%</b>

#### Full Service Hotels

The following table sets out the percentage of contribution from the Group's Full Service Hotels segment and other types of business to the Full Service Hotels segment's turnover for the Reporting Period and the same period in 2014:

	Six months ended 30 June 2015		Six months ended 30 June 2014	
	RMB in million	% of turnover	RMB in million	% of turnover
— Accommodation revenue	447.1	48.4%	420.0	45.3%
— Food and beverage sales	291.5	31.6%	304.7	32.9%
— Rendering of ancillary services	50.2	5.4%	51.4	5.5%
— Rental revenue	86.6	9.4%	91.0	9.8%
— Sales of hotel supplies	4.3	0.5%	13.4	1.5%
— Hotel management	43.9	4.7%	46.8	5.0%
<b>Total</b>	<b>923.6</b>	<b>100.0%</b>	<b>927.3</b>	<b>100.0%</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Accommodation revenue*

Accommodation revenue was mainly determined by the number of available rooms, occupancy rate and ADR (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 RMB447,107,000, representing an increase of approximately 6.5% or approximately RMB27,140,000 as compared to the same period in 2014. The aforesaid change mainly reflected a year-on-year growth in ADR and occupancy rate attributable to the Group's proactive response to challenges and implementation of a range of measures to enhance income by capitalising on favourable factors and market opportunities, such as the increasing number of conventions and exhibitions held at the National Exhibition and Convention Center (Shanghai) and the robust demand in the hotel market of Shanghai, the PRC.

### *Food and beverage sales*

Food and beverage sales in the Group's hotels comprised catering for wedding banquets and conferences, room catering services for guests and other sales in restaurants and bars in the hotels. During the Reporting Period, the food and beverage sales in Full Service Hotels amounted to approximately RMB291,500,000, representing a decrease of approximately 4.3% or approximately RMB13,254,000 from the same period of last year. The aforesaid change was mainly attributable to the change in social sentiments, budget cuts on banquets and conferences as well as the decline in wedding banquet sales, which had affected revenue from food and beverage sales.

### *Rendering of ancillary services*

Revenue from the rendering of 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 RMB50,240,000, representing a decrease of approximately 2.2% or RMB1,144,000 from the same period of last year.

### *Rental revenue*

Rental revenue was mainly generated from the leasing of shops at the Group's Full Service Hotels for catering, retail, exhibition and other purposes as well as the outsourced leasing of certain restaurant venues. During the Reporting Period, rental revenue amounted to approximately RMB86,605,000, representing a decrease of approximately 4.9% or approximately RMB4,429,000, which was mainly attributable to the disposal of Jin Yun Company in the same period of last year and to a certain extent affected by the discontinuation of certain hotel shop tenancies upon expiry of their leases.

### *Sales of hotel supplies*

Turnover from guest supplies and hotel products decreased by approximately RMB9,104,000 from the same period of last year. Such decrease was mainly attributable to adjustments in the business model of the supplies company to transform from a merchandise supplier to a system platform service provider.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Hotel management revenue*

The revenue of hotel management was mainly generated from the management fees received for the provision of management services to Full Service Hotels not controlled by the Group. Revenue of Full Service Hotels management amounted to approximately RMB43,878,000 during the Reporting Period, representing a decrease of approximately 6.2% or RMB2,900,000 as compared to the same period of last year. The decrease was mainly attributable to the year-by-year decrease in supply in the China market and the adjustment in demand, which resulted in more balanced demand and supply. While hotels managed by Jin Jiang Hotel Management in East China and the Northern Region reported year-on-year increase in RevPAR, hotels managed in other regions in China reported year-on-year decrease in RevPAR, resulting in the reduction of management fees received.

### **Select Service Hotels — managed and operated by Jin Jiang Metropolo**

The revenue of Select Service Hotels during the Reporting Period amounted to approximately RMB1,295,369,000, representing an increase of approximately RMB55,790,000 or approximately 4.5% as compared to the same period of last year. The increase reflected mainly revenue from new directly-operated hotels amounting to approximately RMB31,250,000 and revenue from Minxing Hotel, which was re-opened after renovation during the year, amounting to approximately RMB14,310,000. Revenue from franchise fee and central room reservation channels increased by approximately 15.6% and 16.1%, respectively, as compared to the same period of last year.

### **Select Service Hotels — managed and operated by GDL**

The Group has incorporated GDL into its consolidated financial statements as from 28 February 2015. Revenue from newly added hotels managed and operated by GDL amounted to approximately RMB1,066,924,000 for the period from March to June 2015.

### **Food and Restaurants**

Revenue of food and restaurants segment was mainly derived from Shanghai Jin Ya Catering Management Co., Ltd. (上海錦亞餐飲管理有限公司) (“Jin Ya Catering”, formerly known as Shanghai New Asia Café de Coral Company Limited), Jing An Bakery, Jin Jiang International Catering, Chinese Story and Shanghai New Asia Food Company Limited. During the Reporting Period, total sales from the food and restaurants segment amounted to approximately RMB172,031,000, representing a decrease of approximately RMB964,000 or approximately 0.6% as compared to the same period of last year. The decrease in food and restaurants revenue for the Reporting Period primarily reflected the decline in operating revenue as a result of the downsizing of outlets by Jin Ya Catering.

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

During the Reporting Period, the revenue of passenger transportation vehicles and logistics was approximately RMB1,063,938,000, representing an increase of approximately 1.3% or approximately RMB13,454,000 as compared to same period of last year. The increase primarily reflected the increase in revenue from auto and related trading businesses.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Travel Agency

During the Reporting Period, the revenue of travel agency was approximately RMB898,514,000, representing an increase of approximately 1.6% or approximately RMB13,883,000 as compared to the same period of last year. The increase was attributable mainly to the ongoing rapid development of outbound travel business.

### Other Operations

In addition, the Group is also engaged in other business, including the provision of financial services via Jin Jiang International Finance and the provision of training services by Jin Jiang International Management Institute. During the Reporting Period, revenue of other operations was approximately RMB34,466,000, representing a decrease of approximately 27.9% as compared to the same period of last year, which was primarily due to a decrease in interest income from borrowings to related parties of Jin Jiang International Finance.

### Cost of Sales

Cost of sales for the Reporting Period amounted to approximately RMB4,273,075,000, representing an increase of approximately 22.4% as compared to the same period of last year. The increase reflected mainly the increase in cost of sales attributable to newly added select service hotel chain businesses outside Mainland China, such as GDL. Excluding this factor, cost of sales would have increased by approximately 3% as compared to the same period of last year, which was mainly attributable to the business expansion of select service hotels managed and operated by Jin Jiang Metropolo.

### Gross Profit

As a result of the factors described above, the Group recorded a gross profit of approximately RMB1,181,785,000 for the Reporting Period, representing an increase of approximately RMB350,760,000 or approximately 42.2% as compared to the same period of last year.

### Other Income

Other income for the Reporting Period amounted to approximately RMB1,183,170,000 (same period in 2014: approximately RMB1,383,849,000), representing a decrease of approximately 14.5% as compared to the same period of last year. The decrease was primarily due to a gain of approximately RMB716,702,000 on transfer of equity interest in Galaxy Hotel during the Reporting Period versus a gain of approximately RMB1,109,652,000 on transfer of equity interest in Jin Yun Company for the same period in 2014, as well as gain of approximately RMB194,897,000 (same period in 2014: approximately RMB94,432,000) on disposal available-for-sale financial assets, such as Changjiang Securities Company Limited and Shanghai Yuyuan Tourist Mart Co. Ltd. in the Reporting Period. Dividend received by the Group during the Reporting Period was approximately RMB96,467,000 (same period in 2014: approximately RMB83,244,000).

### Sales and Marketing Expenses

Sales and marketing expenses comprise primarily of labor costs, travel agent commissions and advertising fees, which amounted to approximately RMB289,321,000 during the Reporting Period (same period in 2014: approximately RMB221,226,000), representing an increase of approximately 30.8% as compared to the same period of last year. The increase reflected mainly the increase in sales and marketing expenses attributable to newly added Select Service Hotel chain businesses outside China, such as GDL. Excluding this factor, sales and marketing expenses would have increased by approximately 1% as compared to the same period of last year, which was mainly attributable to the business expansion of Select Service Hotels managed and operated by Jin Jiang Metropolo, and the increase in cost as a result of stronger advertising and promotion efforts.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Administrative Expenses

Administrative expenses for the Reporting Period was approximately RMB637,266,000 (same period in 2014: approximately RMB1,064,813,000), representing a decrease of approximately 40.2% as compared to the same period of last year. Although administrative expenses were incurred as a result of newly added Select Service Hotel chain businesses outside China, such as GDL. During the Reporting Period, administrative expenses for the same period of last year included the Group's provision for staff resettlement costs amounting to approximately RMB690,780,000, which had been applied for redundancy payment, early retirement benefits and long-term employee benefits for the redundant employees during hotel renovations. As a result, administrative expenses decreased substantially as compared to the same period of last year.

### Other Expenses and Other Losses

Other expenses and other losses consisted primarily of bank charges, losses from the disposal of property, plant and equipment and losses from the impairment of financial assets. For the Reporting Period, other expenses and other losses amounted to approximately RMB113,688,000 (same period in 2014: approximately RMB48,882,000), representing an increase of approximately RMB64,806,000 as compared to the same period of last year. The increase mainly reflected the combined effect of losses from the impairment of financial assets for the Reporting Period amounting to approximately RMB84,614,000, a compensatory payment of approximately RMB26,000,000 for the early termination of lease contracts in respect of the transfer of equity interest in Jin Yun Company recorded for the same period of last year, and other expenses and other losses in connection with newly added Select Service Hotel chain business outside China, such as GDL.

### Finance Cost

Finance cost comprises of interest expenses in respect of the Group's bank borrowings. During the Reporting Period, finance cost was approximately RMB202,571,000 (same period in 2014: approximately RMB84,360,000), representing an increase of approximately 140.1% as compared to the same period of last year. The increase reflected primarily the combined effect of loan interest expenses arising from the acquisition of GDL and new GDL interest expenses.

### 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 Transportation, 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 and China Oriental International Travel & Transport Co., Ltd. Share of results of joint ventures and associates for the Reporting Period was approximately RMB93,623,000 (same period in 2014: approximately RMB88,101,000). For the Reporting Period, operating results of newly added associated companies held by GDL amounted to approximately RMB5,869,000, share of operating results of Shanghai Pudong International Airport Transport Terminal Co. Ltd. increased by RMB5,107,000 as compared to the same period of last year, and operating results of other associate companies increased by RMB7,049,000 as compared to the same period of last year, while operating results of Shanghai Kentucky Fried Chicken Company Limited for the first half of 2015 decreased by approximately RMB12,503,000 compared to the same period last year as it continued to be affected by the food safety incidents occurring in the second half of 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Taxation

The effective tax rate for the Reporting Period was approximately 26.6% (same period in 2014: approximately 30.2%). The decrease in effective tax rate was mainly due to the issue of a series of detailed employee arrangement plans during the same period of last year by the Company, provision for employee arrangement expenses and certain recognition of the corresponding deferred tax assets according to the expected profits in the future.

### Net Profit

As a result of the factors described above, net profit for the Reporting Period attributable to shareholders of the Company was approximately RMB629,002,000 (same period in 2014: approximately RMB421,511,000), representing an increase of approximately RMB207,491,000 or approximately 49.2%.

### Borrowings and Pledge of Assets

As at 30 June 2015, the borrowings included:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings — secured	10,461,433	1,596,814
Bank borrowings — unsecured	552,279	1,320,952
Finance lease liabilities	157,755	24,713
	<b>11,171,467</b>	2,942,479
Less: current portion of long-term secured bank borrowings	(6,498)	(67,064)
current portion of long-term unsecured bank borrowings	(242,099)	(1,010,502)
current portion of long-term finance lease liabilities	(11,200)	(3,044)
	<b>10,911,670</b>	1,861,869
Borrowings included in current liabilities:		
Bank borrowings — secured	33,668	32,806
Bank borrowings — unsecured	3,797,998	507,343
Borrowings from related parties	1,100,000	100,000
Current portion of long-term secured bank borrowings	6,498	67,064
Current portion of long-term unsecured bank borrowings	242,099	1,010,502
Current portion of long-term finance lease liabilities	11,200	3,044
	<b>5,191,463</b>	1,720,759

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2015, the secured bank borrowings included:

- (a) bank borrowings of US\$250,000,000, equivalent to RMB1,528,400,000 (31 December 2014: US\$250,000,000, equivalent to RMB1,529,750,000), which were pledged by bank deposits amounting to US\$5,000,000, equivalent to RMB30,568,000.
- (b) bank borrowings of EUR1,289,126,000, equivalent to RMB8,856,166,000 (31 December 2014: nil), which were pledged by bank deposits of RMB4,723,560,000 and the ownership of a subsidiary, and guaranteed by Jin Jiang International.
- (c) bank borrowings of PLN46,893,000, equivalent to RMB76,867,000 (31 December 2014: nil), pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland.
- (d) bank borrowings of RMB23,668,000 (31 December 2014: RMB32,806,000), which were guaranteed by a non-controlling shareholder of a subsidiary of the Group.
- (e) bank borrowings of RMB10,000,000 (31 December 2014: nil), which were secured by bank deposits amounting to RMB5,000,000 from a subsidiary of the Group and RMB5,000,000 from a non-controlling shareholder of such subsidiary, respectively.

As at 31 December 2014, other secured bank borrowings also included:

- (f) bank borrowings of US\$10,960,000, equivalent to RMB67,064,000, which were guaranteed by Jin Jiang International.

Finance lease liabilities with carrying amount of RMB157,755,000 (31 December 2014: RMB24,713,000) effectively secured as the rights to the leased assets with carrying amount of RMB389,384,000 (31 December 2014: RMB21,789,000) would revert to the lessor in the event of default.

### Gearing Ratio

The Group's gearing ratio, calculated as total borrowings divided by total assets, rose from 14.8% as at 31 December 2014 to 38.5% as at 30 June 2015. The rise in gearing ratio was mainly attributable to new loans incurred in connection with the Group's acquisition of LHG.

### TREASURY MANAGEMENT AND INTEREST RATE RISK MANAGEMENT

Cash and cash equivalents as at 30 June 2015 and 31 December 2014 amounted to approximately RMB6,117,701,000 and RMB5,876,801,000, respectively, providing generally sufficient cash flow.

Jin Jiang International Finance, a subsidiary of the Company, acts as a non-bank financial institution within the Group that centralises available cash resources of the Group's subsidiaries, joint ventures and associates. Funding and financing requirements of Group members were fulfilled through entrusted loans and self-operated loans, resulting in lower financing costs and greater efficiency in fund application. In addition, Jin Jiang International Finance also leverages its expertise to provide consultation services in relation to external financing of the Group's subsidiaries, with a view to optimising external financing plans and their costs.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group was not subject to the risk of significant exchange rate volatility. The Company will continue to monitor the foreign exchange and interest rate markets and actively consider the application of relevant financial instruments to manage risks associated with foreign exchange rates and interest rates.

### AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets held by the Group included 119,000,000 shares in Changjiang Securities Company Limited (000783.SZ), 42,973,976 shares in Bank of Communications Co., Ltd. (601328.SH), 13,068,422 shares in Yu Yuan Trade Mart (600655.SH) and 30,514,523 shares in Pudong Development Bank Co., Ltd (600000.SH).

### HUMAN RESOURCES

As at 30 June 2015, the Group had approximately 48,000 employees.

For the Reporting Period, the Group implemented structural adjustment of human resources for optimising position establishment and staff allocation, further enhancing its commercialization.

### CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT

The uncertainties in the 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. Nevertheless, with the implementation of policies represented by the documents entitled "Certain Opinions on Promoting the Reform and Development of the Tourism Industry" and "Several Opinions on Further Promoting Tourism Investment and Spending" issued by the State Council of the PRC, as well as the stimulating effect of the opening of Shanghai Disneyland, broad prospects for future development still hold out for China's hotel and tourism industry, which will embrace opportunities as well as challenges. With full confidence in its future development, the Group will actively address any challenges and seize any opportunities that might arise.

The Group will step up with the development of its core business and drive internationalisation. The synergies of our international acquisitions will be brought into full play with the proper handover of the operations of acquired companies. We will seek to improve our management standard and core competitiveness 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. We will also further advance our domestic as well as international deployment and strengthen our ability in multinational operations to facilitate transformation from a regional to an international hotel group.

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 the innovation and transformation of business and service models compatible with the age of Internet economy, while optimising our market-based remuneration regime and restraint and incentive mechanism. We will leverage our strengths in specialisation to integrate the industry chains of hotel, passenger transport logistics and tourism, in a bid to foster a modern tourism service industry chain centered on hotel operations. We will continue to improve the asset liquidity and adjust our property portfolio to further increase our overall asset return and enterprise value. The construction of functional centres and system platforms will be optimised 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, staff costs and staff development plans will also be optimised in an effort to expedite the building of a modern human resource management regime compatible with our international business development.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Group will focus on international business deployment, multinational operations and its vision to build “Jin Jiang Hotel” into a world-class brand name. By strengthening our core competitive strengths in branding, network, human resources and management systems, we will strive to develop into a leader in the PRC hotel and tourism industry with international competitiveness.

### **INTERIM DIVIDEND**

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

### **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

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

## OTHER INFORMATION

### INTERESTS IN SHARES OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS

As at 30 June 2015 none of the Directors, chief executive or Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

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

As at 30 June 2015 Director Mr. Yu Minliang held the following number of shares in Jin Jiang Hotels Development:

Name	Number of shares held in Jin Jiang Hotels Development	Nature of interest	Capacity	Percentage in total share capital of Jin Jiang Hotels Development
Yu Minliang	14,305	Long position	Beneficial owner	0.0024%

Save as disclosed above, as at 30 June 2015 none of the Directors, chief executive 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors, chief executive or Supervisors of the Company were taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

## OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

As at 30 June 2015 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%	2.75%
Harvest Fund Management Co., Ltd.	H shares	71,286,000 (long position)	Investment manager (Note 1)	5.12%	1.28%
China Credit Trust Co., Ltd.	H shares	71,286,000 (long position)	Interests in a controlled corporation (Note 1)	5.12%	1.28%
Deutsche Bank Aktiengesellschaft	H shares	69,586,000 (long position)	Beneficial owner/person holding security interests in shares/interests in a controlled corporation	5.22%	1.31%
	H shares	789,642 (short position)	Beneficial owner		
	H shares	2,294,000 (long position) (lending pool)	Custodian – corporation/ approved lending agent		

Note:

- (1) According to the form of disclosure of interests submitted by Harvest Fund Management Co., Ltd. and China Credit Trust Co., Ltd., China Credit Trust Co., Ltd. held 40% interests in Harvest Fund Management Co., Ltd. Accordingly, China Credit Trust Co., Ltd. was deemed to be interested in the shares held by Harvest Fund Management Co., Ltd. according to the SFO.

Save as disclosed above and so far as the Directors are aware, as at 30 June 2015 no other person had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the Company's register pursuant to section 336 of the SFO.

## OTHER INFORMATION

### AUDIT COMMITTEE

The Company has established the 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 of the Third session of the Board comprises three independent non-executive Directors, namely, Mr. Yang Menghua (chairman), Mr. Sun Dajian and Mr. Ji Gang.

The Audit Committee held meetings on 25 March 2015 and 25 August 2015 respectively. The consolidated financial statements for the year ended 31 December 2014 and the unaudited condensed consolidated interim financial statements as at 30 June 2015 of the Group were respectively reviewed at such meetings. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group as at 30 June 2015 and agreed with the accounting treatment adopted by the Company.

### Re-election of the Board

The third session of the Board comprises 12 Directors, including 6 executive Directors (Mr. Yu Minliang, Ms. Guo Lijuan, Ms. Chen Wenjun, Mr. Shao Xiaoming, Mr. Han Min and Mr. Kang Ming) and 6 independent non-executive Directors (Mr. Ji Gang, Dr. Rui Mingjie, Mr. Yang Menghua, Mr. Sun Dajian, Dr. Tu Qiyu and Mr. Shen Chengxiang). The term of office of the third session of the Board concluded upon the extraordinary general meeting held on 25 September 2015.

Directors of the fourth session of the Board were appointed at the extraordinary general meeting held on 25 September 2015. The fourth session of the Board comprises 14 Directors, including 8 executive Directors (Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming, Mr. Xu Ming, Mr. Zhang Qian, Mr. Zhang Xiaoqiang, Mr. Han Min and Mr. Kang Ming) and 6 independent non-executive Directors (Mr. Ji Gang, Dr. Rui Mingjie, Dr. Tu Qiyu, Dr. Xu Jianxin, Mr. Xie Hongbing and Dr. He Jianmin).

### Re-election of the Supervisory Committee

The third session of the supervisory committee comprises 6 Supervisors, including 2 shareholders' representative Supervisors (Mr. Wang Guoxing and Mr. Ma Mingju), 2 staff representative Supervisors (Mr. Wang Xingze and Ms. Chen Junjin) and 2 independent Supervisors (Mr. Zhou Qiquan and Ms. Zhou Yi). The term of office of the third session of the supervisory committee concluded upon the extraordinary general meeting held on 25 September 2015.

Supervisors of the fourth session of the supervisory committee were appointed at the extraordinary general meeting held on 25 September. The fourth session of the supervisory committee comprises 6 Supervisors, including 2 shareholders' representative Supervisors (Mr. Wang Guoxing and Mr. Ma Mingju), 2 staff representative Supervisors (Ms. Zhang Wei and Ms. Chen Junjin) and 2 independent Supervisors (Mr. Zhou Qiquan and Ms. Zhou Yi).

## OTHER INFORMATION

### **SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

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

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

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

By order of the Board

**Yu Minliang**

*Chairman of the Board*

28 August 2015

## UNAUDITED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2015

	Note	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	7	<b>10,669,498</b>	6,932,094
Investment properties	7	<b>218,802</b>	221,845
Land use rights	7	<b>1,933,299</b>	1,961,915
Intangible assets	7	<b>6,546,734</b>	429,417
Investments in joint ventures		<b>1,767,791</b>	1,394,187
Investments in associates		<b>597,254</b>	552,936
Available-for-sale financial assets		<b>5,254,564</b>	3,643,840
Deferred income tax assets		<b>577,195</b>	262,521
Trade receivables, prepayments and other receivables	8	<b>140,298</b>	103,863
Restricted bank deposits		<b>3,778,848</b>	—
		<b>31,484,283</b>	15,502,618
Current assets			
Financial assets at fair value through profit or loss		<b>122,963</b>	94,629
Available-for-sale financial assets		<b>293,987</b>	121,467
Inventories		<b>185,877</b>	168,129
Trade receivables, prepayments and other receivables	8	<b>2,221,948</b>	1,197,631
Prepaid income tax		<b>37,860</b>	—
Restricted cash and bank deposits with maturities ranging from 3 months to 12 months		<b>1,346,575</b>	1,140,997
Cash and cash equivalents		<b>6,117,701</b>	5,876,801
		<b>10,326,911</b>	8,599,654
Non-current assets held for sale		—	61,214
		<b>10,326,911</b>	8,660,868
<b>Total assets</b>		<b>41,811,194</b>	24,163,486

## UNAUDITED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

As at 30 June 2015

	Note	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
<b>EQUITY</b>			
Capital and reserves attributable to shareholders of the Company			
Share capital		<b>5,566,000</b>	5,566,000
Reserves	9	<b>3,877,720</b>	3,053,292
— Proposed dividend	16	<b>—</b>	278,300
— Others		<b>3,877,720</b>	2,774,992
		<b>9,443,720</b>	8,619,292
Non-controlling interests		<b>7,738,674</b>	6,757,006
Total equity		<b>17,182,394</b>	15,376,298
<b>LIABILITIES</b>			
Non-current liabilities			
Borrowings	11	<b>10,911,670</b>	1,861,869
Deferred income tax liabilities		<b>2,519,256</b>	937,910
Trade payables, provisions and other payables	10	<b>919,407</b>	608,167
		<b>14,350,333</b>	3,407,946
Current liabilities			
Financial liabilities at fair value through profit or loss		<b>5,495</b>	—
Borrowings	11	<b>5,191,463</b>	1,720,759
Income tax payable		<b>207,890</b>	237,619
Dividend payable to shareholders of the Company		<b>278,300</b>	—
Trade payables, provisions and other payables	10	<b>4,595,319</b>	3,358,221
		<b>10,278,467</b>	5,316,599
Liabilities directly associated with non-current assets held for sale		<b>—</b>	62,643
		<b>10,278,467</b>	5,379,242
Total liabilities		<b>24,628,800</b>	8,787,188
Total equity and liabilities		<b>41,811,194</b>	24,163,486
Net current assets		<b>48,444</b>	3,281,626
Total assets less current liabilities		<b>31,532,727</b>	18,784,244

The notes on pages 36 to 68 are an integral part of these unaudited condensed consolidated interim financial statements.

## UNAUDITED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Revenue	6(a)	<b>5,454,860</b>	4,322,778
Cost of sales	13	<b>(4,273,075)</b>	(3,491,753)
Gross profit		<b>1,181,785</b>	831,025
Other income	12	<b>1,183,170</b>	1,383,849
Selling and marketing expenses	13	<b>(289,321)</b>	(221,226)
Administrative expenses	13	<b>(637,266)</b>	(1,064,813)
Other expenses and other loss		<b>(113,688)</b>	(48,882)
Operating profit		<b>1,324,680</b>	879,953
Finance costs		<b>(202,571)</b>	(84,360)
Share of results of joint ventures and associates		<b>93,623</b>	88,101
Profit before income tax		<b>1,215,732</b>	883,694
Income tax expense	14	<b>(323,039)</b>	(266,645)
Profit for the period		<b>892,693</b>	617,049
Attributable to:			
Shareholders of the Company		<b>629,002</b>	421,511
Non-controlling interests		<b>263,691</b>	195,538
		<b>892,693</b>	617,049
Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB cents per share)			
— basic and diluted	15	<b>11.30</b>	7.57

The notes on pages 36 to 68 are an integral part of these unaudited condensed consolidated interim financial statements.

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Dividends	16	—	—



## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
<b>Profit for the period</b>	<b>892,693</b>	617,049
<b>Other comprehensive income</b>		
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Remeasurements on the net defined benefit liabilities	<b>(855)</b>	—
<i>Items that may be subsequently reclassified to profit or loss</i>		
Fair value changes on available-for-sale financial assets — gross	<b>1,883,033</b>	(111,399)
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	<b>(172,600)</b>	(93,224)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	<b>(427,538)</b>	51,155
Cash flow hedges — net of tax	<b>1,377</b>	—
Currency translation differences	<b>550</b>	5,887
<b>Total other comprehensive income for the period</b>	<b>1,283,967</b>	(147,581)
<b>Total comprehensive income for the period</b>	<b>2,176,660</b>	469,468
<b>Attributable to:</b>		
— Shareholders of the Company	<b>1,102,728</b>	350,415
— Non-controlling interests	<b>1,073,932</b>	119,053
	<b>2,176,660</b>	469,468

The notes on pages 36 to 68 are an integral part of these unaudited condensed consolidated interim financial statements.

## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to shareholders of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
<b>Balance at 1 January 2015</b>	<b>5,566,000</b>	<b>1,033,256</b>	<b>2,020,036</b>	<b>8,619,292</b>	<b>6,757,006</b>	<b>15,376,298</b>
<b>Comprehensive income:</b>						
Profit for the period	—	—	629,002	629,002	263,691	892,693
<b>Other comprehensive income:</b>						
Fair value changes on available-for-sale financial assets — gross	—	719,139	—	719,139	1,163,894	1,883,033
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	(86,274)	—	(86,274)	(86,326)	(172,600)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	(158,216)	—	(158,216)	(269,322)	(427,538)
Cash flow hedges — net of tax	—	693	—	693	684	1,377
Remeasurements on the net defined benefit liabilities	—	(430)	—	(430)	(425)	(855)
Currency translation differences	—	(1,186)	—	(1,186)	1,736	550
<b>Total other comprehensive income</b>	<b>—</b>	<b>473,726</b>	<b>—</b>	<b>473,726</b>	<b>810,241</b>	<b>1,283,967</b>
<b>Total comprehensive income</b>	<b>—</b>	<b>473,726</b>	<b>629,002</b>	<b>1,102,728</b>	<b>1,073,932</b>	<b>2,176,660</b>
<b>Transaction with owners:</b>						
Dividends to non-controlling interests	—	—	—	—	(273,774)	(273,774)
Dividends declared (note 16)	—	—	(278,300)	(278,300)	—	(278,300)
Establishment of a subsidiary with non-controlling interest	—	—	—	—	8,274	8,274
Non-controlling interest arising from business combination	—	—	—	—	173,236	173,236
<b>Total transactions with owners</b>	<b>—</b>	<b>—</b>	<b>(278,300)</b>	<b>(278,300)</b>	<b>(92,264)</b>	<b>(370,564)</b>
<b>Balance at 30 June 2015</b>	<b>5,566,000</b>	<b>1,506,982</b>	<b>2,370,738</b>	<b>9,443,720</b>	<b>7,738,674</b>	<b>17,182,394</b>

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

For the six months ended 30 June 2015

	Attributable to shareholders of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
<b>Balance at 1 January 2014</b>	5,566,000	269,092	1,730,422	7,565,514	4,384,366	11,949,880
<b>Comprehensive income:</b>						
Profit for the period	—	—	421,511	421,511	195,538	617,049
<b>Other comprehensive income:</b>						
Fair value changes on available-for-sale financial assets — gross	—	(56,072)	—	(56,072)	(55,327)	(111,399)
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	(46,571)	—	(46,571)	(46,653)	(93,224)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	25,660	—	25,660	25,495	51,155
Currency translation differences	—	5,887	—	5,887	—	5,887
<b>Total other comprehensive income</b>	—	(71,096)	—	(71,096)	(76,485)	(147,581)
<b>Total comprehensive income</b>	—	(71,096)	421,511	350,415	119,053	469,468
<b>Transaction with owners:</b>						
Dividends to non-controlling interests	—	—	—	—	(225,679)	(225,679)
Dividends declared (note 16)	—	—	(250,470)	(250,470)	—	(250,470)
Acquisition of equity interests in a subsidiary from a non-controlling interest	—	(2,197)	—	(2,197)	(9,172)	(11,369)
<b>Total transactions with owners</b>	—	(2,197)	(250,470)	(252,667)	(234,851)	(487,518)
<b>Balance at 30 June 2014</b>	5,566,000	195,799	1,901,463	7,663,262	4,268,568	11,931,830

The notes on pages 36 to 68 are an integral part of these unaudited condensed consolidated interim financial statements.

## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
<b>Cash flows from operating activities:</b>			
Cash generated from operations		<b>774,821</b>	531,163
Net increase/(decrease) in deposits from customers (*)		<b>144,735</b>	(1,684,093)
Net (increase)/decrease in loans to customers (*)		<b>(3,000)</b>	119,500
Interest paid		<b>(165,817)</b>	(86,743)
Income tax paid		<b>(302,739)</b>	(403,348)
Transaction costs in relation to business combination		<b>(39,356)</b>	—
Net cash generated/(used in) from operating activities		<b>408,644</b>	(1,523,521)
<b>Cash flows from investing activities:</b>			
Proceeds from disposal of property, plant and equipment		<b>19,867</b>	21,022
Proceeds from disposal of available-for-sale financial assets		<b>327,243</b>	243,773
Proceeds from disposal of financial assets at fair value through profit or loss		<b>78,424</b>	99,112
Proceeds from disposal of a subsidiary		<b>422,659</b>	625,056
Proceeds from disposal of an associate		<b>587</b>	—
Proceeds from disposal of intangible assets		<b>178</b>	—
Proceeds for a transaction of a subsidiary disposed		—	227,706
Purchase of property, plant and equipment		<b>(384,079)</b>	(452,888)
Purchase of intangible assets		<b>(9,067)</b>	(1,687)
Purchase of available-for-sale financial assets		<b>(280,331)</b>	(93,246)
Purchase of financial assets at fair value through profit or loss		<b>(96,395)</b>	(117,310)
Loans granted to related parties		<b>(3,200)</b>	(201,500)
Bank deposits with maturities ranging from 3 months to 12 months		<b>618,375</b>	510,000
Interest received		<b>77,985</b>	38,800
Dividends received		<b>99,764</b>	77,335
Cash outflow for business combination	18	<b>(2,956,868)</b>	(11,866)
Repayments of borrowings for business combination	18	<b>(5,553,588)</b>	—
Net cash (used in)/generated from investing activities		<b>(7,638,446)</b>	964,307

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

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
<b>Cash flows from financing activities:</b>			
Capital contribution from non-controlling interests		<b>8,274</b>	—
Proceeds from borrowings	11	<b>13,918,849</b>	1,764,692
Repayments of borrowings and finance leases		<b>(1,784,896)</b>	(2,408,854)
Dividends paid to non-controlling interests		<b>(18,929)</b>	(121,588)
Restricted bank deposits pledged for borrowings		<b>(4,723,560)</b>	—
Net cash generated from/(used in) financing activities		<b>7,399,738</b>	(765,750)
Increase/(decrease) in cash and cash equivalents		<b>169,936</b>	(1,324,964)
Cash and cash equivalents at beginning of the period		<b>5,876,801</b>	4,475,191
Exchange gains on cash and cash equivalents		<b>70,964</b>	4,355
Cash and cash equivalents at end of the period		<b>6,117,701</b>	3,154,582

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

The notes on pages 36 to 68 are an integral part of these unaudited condensed consolidated interim financial statements.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

### 1 GENERAL INFORMATION

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

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing”). The share capital of the Company is RMB5,566,000,000.

The address of the Company’s registered office is Room 316–318, No. 24, Yang Xin Road East, Shanghai, the People’s Republic of China (the “PRC” or “Mainland China”).

The Company and its subsidiaries (the “Group”) are 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 “Vehicles and Logistics Business”) and investment and operation of travel agency and related businesses (the “Travel Agency Business”).

These unaudited condensed consolidated interim financial statements were approved for issue by the board (the “Board”) of directors (the “Director”) of the Company on 28 August 2015.

#### Key events

##### *(a) Acquisition of 100% shares in Group du Louve (“GDL”)*

On 27 February 2015, Sailing Investment Co, S.à.r.l (“Luxembourg Sailing Investment”), a newly-established wholly-owned subsidiary of Shanghai Jin Jiang International Hotels Development Company Limited (“Jin Jiang Hotels Development”, a subsidiary of the Group) acquired 100% shares in GDL from Star SDL Investment Co S.à.r.l. (the “Vendor”) with cash consideration of EUR475.1 million (equivalent to RMB3,290,281,000). GDL, together with its subsidiaries (the “Target Group”) are principally engaged in the operation of chain budget hotel business. The total cash consideration was paid in February 2015 together with the payment of the net receivable due from Target Group to the Vendor and its affiliate amounted to EUR521.4 million (equivalent to RMB3,610,952,000) and the payment of the syndicated loan owed by Target Group amounted to EUR280.5 million (equivalent to RMB1,942,636,000). The amount of the actual consideration may be adjusted in accordance with the price adjustment mechanism set out in the share purchase agreement of GDL. As at 30 June 2015, the price adjustment has not been finalised.

Upon the completion of the transaction, the Group holds 50.32% indirect interest in GDL.

Further information is disclosed in note 18.

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

For the six months ended 30 June 2015

### 1 GENERAL INFORMATION (CONTINUED)

#### Key events (continued)

*(b) The disposal of 50% equity interest in Shanghai Galaxy Hotel Co., Ltd (“Galaxy Hotel”)*

In June 2015, the Company disposed 50% equity interest in Galaxy Hotel to Shanghai Sheng Pu Investment Management Co., Ltd. (“Sheng Pu Investment”) with total consideration of RMB421,678,000.

The Company received the consideration of RMB227,706,000 and RMB193,972,000 in June 2014 and June 2015, respectively. The Company further received the related interests of the consideration amounted to RMB9,470,000 in June 2015. In addition, the Company should bear the loss of Galaxy Hotel from March 2014 (valuation date to determine consideration) to June 2015 amounted to RMB41,502,000, which shall be paid to Sheng Pu Investment and recorded in other payables as at 30 June 2015.

Upon the completion of the transaction in June 2015, Galaxy Hotel became a joint venture of the Group and the Group holds 50% interest in Galaxy Hotel.

### 2 BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The unaudited condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by HKICPA.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 December 2014, as described in those annual financial statements.

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

#### (a) Amended standards adopted by the Group

The following amended standards are mandatory for the first time for the financial year beginning 1 January 2015:

HKFRS 3 (Amendment) “Business combinations” and consequential amendments to HKFRS9, ‘Financial instruments’, HKAS 37, ‘Provisions, contingent liabilities and contingent assets’, and HKAS 39, ‘Financial instruments — Recognition and measurement’ are effective for annual periods beginning on or after 1 July 2014. This standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in HKAS 32, ‘Financial instruments: Presentation’. All non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

HKFRS 8 (Amendment) “Operating segments” is effective for annual periods beginning on or after 1 July 2014. This standard is amended to require disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity’s assets when segment assets are reported.

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

For the six months ended 30 June 2015

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

#### (a) Amended standards adopted by the Group (continued)

HKAS 24 (Amendment) "Related Party Disclosures" is effective for annual periods beginning on or after 1 July 2014. This standard is amended to address that the reporting entity is not required to disclose the compensation paid by the management entity (as a related party) to the management entity's employee or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

Amendments as mentioned above are not expected to have a material effect on the Group's operating results, financial position or comprehensive income.

#### (b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
HKFRS 11	Accounting for acquisitions of interests in joint operation	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKAS 1 (Amendments)	Disclosure initiative	1 January 2016
HKFRS 5 (Amendment)	Non-current assets held for sale and discontinued operations	1 January 2016
HKFRS 7 (Amendments)	Financial instruments: Disclosures	1 January 2016
HKAS 19 (Amendment)	Employee benefits	1 January 2016
HKAS 34 (Amendment)	Interim financial reporting	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

None of these new and amended standards is expected to have a significant effect on the interim condensed consolidated financial statements of the Group.

#### (c) GDL's significant amounting policies

Since the Group acquired GDL on 27 February 2015, GDL's related significant accounting policies adopted by the Group are as follows:

##### (i) Property, plant and equipment

GDL's property, plant and equipment consist of land, which are recorded at cost and not depreciated.



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

For the six months ended 30 June 2015

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

#### (c) GDL's significant accounting policies (continued)

##### (ii) Intangible assets

The intangible assets of GDL mainly include the brands acquired in connection with business combination (note 18) and with remaining legal life ranging from 1 to 9 years, which can be renewed continually with minimal cost of every 10 to 30 years. The useful life of the brands is indefinite and brands are carried at cost less any subsequent accumulated impairment losses.

##### (iii) Financial derivatives and hedge accounting

GDL designates certain derivatives as hedging instruments for cash flow hedges and fair value hedges.

At the inception of the hedge relationship, GDL documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, GDL documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

##### *Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in other reserves are transferred from other reserve and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the GDL revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

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

For the six months ended 30 June 2015

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

#### (c) GDL's significant amounting policies (continued)

##### (iii) *Financial derivatives and hedge accounting (continued)*

###### *Fair value hedges*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the GDL revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

##### (iv) *Employee benefits*

###### *Retirement benefit costs — GDL*

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

GDL presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

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

For the six months ended 30 June 2015

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

#### (c) GDL's significant amounting policies (continued)

##### (iv) Employee benefits (continued)

###### *Retirement benefit costs — GDL (continued)*

The retirement benefit obligation recognised in the consolidated balance sheet represents the actual deficit or surplus in GDL's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

### 4 ESTIMATES

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

In preparing the unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014 and GDL's accountant's report ("GDL Accountant's Report") included in the circular of major transaction of 100% shares in GDL published on 26 May 2015.

### 5 FINANCIAL RISK MANAGEMENT

#### (a) Financial risk factors

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

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2014 and GDL's Accountant's Report.

#### (b) 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).

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

For the six months ended 30 June 2015

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

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
As at 30 June 2015				
Available-for-sale financial assets				
— Equity securities	<b>5,111,008</b>	<b>9,398</b>	<b>45,875</b>	<b>5,166,281</b>
— Debenture securities	—	<b>313,987</b>	—	<b>313,987</b>
Financial assets at fair value through profit or loss				
— Equity securities	<b>904</b>	—	—	<b>904</b>
— Debenture securities	—	<b>122,059</b>	—	<b>122,059</b>
Financial liabilities at fair value through profit or loss				
— Derivative financial instruments	—	<b>(5,495)</b>	—	<b>(5,495)</b>
	<b>5,111,912</b>	<b>439,949</b>	<b>45,875</b>	<b>5,597,736</b>
As at 31 December 2014				
Available-for-sale financial assets				
— Equity securities	3,357,101	—	125,989	3,483,090
— Debenture securities	—	141,467	—	141,467
— Convertible bond	5,052	—	—	5,052
Financial assets at fair value through profit or loss				
— Equity securities	616	—	—	616
— Debenture securities	—	94,013	—	94,013
	3,362,769	235,480	125,989	3,724,238

For the six months ended 30 June 2015, there were no material changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

For the six months ended 30 June 2015, there were no reclassifications of financial assets and financial liabilities.

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

The Group's investments in equity securities in level 1 mainly comprise investments in shares which are listed on Shanghai Stock Exchange 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.

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

For the six months ended 30 June 2015

### 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Fair value estimation (continued)

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

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.

##### *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.

There were no other changes in valuation techniques during the six months ended 30 June 2015.

In preparing the unaudited consolidated interim financial statements, the significant judgements made by management in applying the valuation method for the financial instruments carried at fair value and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014 and GDL's Accountant's Report.

### 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.

Upon the acquisition of 100% shares in GDL, the Board assessed the performance of GDL as an individual business segment and named it as "Select Service Hotels-managed and operated by GDL" segment. The former "Select Service Hotels" segment was renamed as "Select Service Hotels-managed and operated by Jin Jiang Metropolo" segment.

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

- (1) Full Service Hotels: ownership, operation and management of full service hotels;
- (2) Select Service Hotels-managed and operated by Jin Jiang Metropolo: operation of Jin Jiang Metropolo self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels owned by other parties with brands owned by Jin Jiang Metropolo;

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

For the six months ended 30 June 2015

### 6 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

- (3) Select Service Hotels-managed and operated by GDL: operation of GDL's wholly-owned select service hotels and provision of management and franchising to other parties to operate select service hotels owned by other parties with brands owned by GDL;
- (4) Food and Restaurants: operation of fast food or upscale restaurants, moon cake production and related investments;
- (5) Passenger Transportation Vehicles and Logistics: vehicle operating, trading of automobiles, refrigerated logistics, freight forwarding and related services;
- (6) Travel Agency: provision of travel agency and related services; and
- (7) Other Operations: intra-group financial services, training and education, and corporate function.

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

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

For the six months ended 30 June 2015

**6 TURNOVER AND SEGMENT INFORMATION (CONTINUED)****(a) Turnover**

The Group's revenue which represents turnover for the six months ended 30 June 2015 is as follows:

	<b>Six months ended 30 June</b>	
	<b>2015</b> <b>RMB'000</b>	2014 RMB'000
Full Service Hotels	<b>923,618</b>	927,309
— Accommodation revenue	<b>447,107</b>	419,967
— Food and beverage sales	<b>291,500</b>	304,754
— Rendering of ancillary services	<b>50,240</b>	51,384
— Rental revenue	<b>86,605</b>	91,034
— Sales of hotel supplies	<b>4,288</b>	13,392
— Hotel management	<b>43,878</b>	46,778
Select Service Hotels-managed and operated by Jin Jiang Metropolo	<b>1,295,369</b>	1,239,579
— Accommodation revenue	<b>945,563</b>	910,452
— Food and beverage sales	<b>81,360</b>	84,372
— Rendering of ancillary services	<b>15,804</b>	21,032
— Rental revenue	<b>26,424</b>	16,713
— Sales of hotel supplies	<b>19,068</b>	13,763
— Hotel management, franchise and reservation distribution fee	<b>166,115</b>	150,561
— Revenue under customer royalty programme	<b>41,035</b>	42,686
Select Service Hotels-managed and operated by GDL	<b>1,066,924</b>	—
— Accommodation revenue	<b>573,052</b>	—
— Catering and sale of products	<b>243,878</b>	—
— Hotel management and franchise	<b>249,994</b>	—
Food and Restaurants	<b>172,031</b>	172,995
Passenger Transportation Vehicles and Logistics	<b>1,063,938</b>	1,050,484
— Vehicle operating	<b>586,970</b>	603,390
— Trading of automobile	<b>425,112</b>	377,063
— Refrigerated logistics	<b>39,487</b>	58,406
— Others	<b>12,369</b>	11,625
Travel Agency	<b>898,514</b>	884,631
— Travel agency	<b>881,126</b>	866,786
— Others	<b>17,388</b>	17,845
Other Operations	<b>34,466</b>	47,780
	<b>5,454,860</b>	4,322,778

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

For the six months ended 30 June 2015

### 6 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

#### (a) Turnover (continued)

The majority of the Group's sales are retail sales and no revenues from transactions with a single external customer account for 10% or more of the Group's revenue for the six months ended 30 June 2015 (30 June 2014: nil).

#### (b) Segment information

The segment results for the six months ended 30 June 2015 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels- managed and operated by Jin Jiang Metropolo RMB'000	Select Service Hotels- managed and operated by GDL 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))	923,618	1,295,369	1,066,924	172,031	1,063,938	898,514	34,466	5,454,860
Inter-segment sales	5,183	1,356	—	3,283	2,109	7	19,988	31,926
Total gross segment sales	928,801	1,296,725	1,066,924	175,314	1,066,047	898,521	54,454	5,486,786
Profit for the period	403,578	80,308	86,487	25,112	134,710	52,312	110,186	892,693
Other income (note 12)	745,639	31,551	4,274	32,569	35,267	54,828	279,042	1,183,170
Including: interest income (note 12)	3,103	6,234	2,324	60	7,146	5,857	92,013	116,737
Depreciation of property, plant and equipment (note 7)	(116,197)	(186,674)	(73,828)	(4,029)	(109,479)	(4,018)	(564)	(494,789)
Depreciation of investment properties (note 7)	(716)	—	—	—	(257)	(2,070)	—	(3,043)
Amortization of land use rights (note 7)	(7,845)	(20,034)	—	—	(540)	—	(197)	(28,616)
Amortization of intangible assets (note 7)	(2,085)	(4,792)	(10,397)	(740)	—	(258)	(46)	(18,318)
(Provision for)/reversal of impairment of trade receivables, prepayments and other receivables (note 13)	(93)	(1,015)	857	—	—	—	—	(251)
Reversal of inventories write-down (note 13)	—	41	—	—	—	—	—	41
Finance costs	(69,297)	(12,706)	(50,390)	—	(1,224)	—	(68,954)	(202,571)
Share of results of joint ventures and associates	2,934	—	5,869	14,523	70,589	203	(495)	93,623
Income tax expense (note 14)	(143,673)	(73,635)	(60,888)	(673)	(20,611)	(5,582)	(17,977)	(323,039)
Capital expenditure	31,528	199,522	10,117,244	7,781	108,592	706	13	10,465,386



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

For the six months ended 30 June 2015

**6 TURNOVER AND SEGMENT INFORMATION (CONTINUED)****(b) Segment information (continued)**

The segment results for the six months ended 30 June 2014 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels- managed and operated by Jin Jiang Metropolo RMB'000	Select Service Hotels- managed and operated by GDL 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))	927,309	1,239,579	—	172,995	1,050,484	884,631	47,780	4,322,778
Inter-segment sales	5,887	965	—	1,966	2,320	23	18,289	29,450
<b>Total gross segment sales</b>	<b>933,196</b>	<b>1,240,544</b>	<b>—</b>	<b>174,961</b>	<b>1,052,804</b>	<b>884,654</b>	<b>66,069</b>	<b>4,352,228</b>
<b>Profit for the period</b>	<b>262,587</b>	<b>92,620</b>	<b>—</b>	<b>33,256</b>	<b>122,665</b>	<b>38,419</b>	<b>67,502</b>	<b>617,049</b>
Other income (note 12)	1,168,980	14,576	—	28,342	23,709	40,996	107,246	1,383,849
Including: interest income (note 12)	38,484	529	—	47	5,891	4,131	503	49,585
Depreciation of property, plant and equipment (note 7)	(105,576)	(176,315)	—	(4,176)	(116,857)	(3,636)	(1,909)	(408,469)
Depreciation of investment properties (note 7)	(815)	—	—	—	(256)	(2,070)	—	(3,141)
Amortization of land use rights (note 7)	(8,860)	(12,414)	—	—	(670)	—	(297)	(22,241)
Amortization of intangible assets (note 7)	(2,032)	(4,495)	—	(697)	—	(257)	(45)	(7,526)
Reversal of impairment of trade receivables, prepayments and other receivables (note 13)	157	103	—	—	—	—	—	260
Reversal of inventories write-down (note 13)	26	—	—	—	—	—	—	26
Finance costs	(55,445)	(686)	—	—	(1,568)	—	(26,661)	(84,360)
Share of results of joint ventures and associates	(142)	—	—	25,014	63,497	(1,429)	1,161	88,101
Income tax expense (note 14)	(184,213)	(40,388)	—	(799)	(19,968)	(4,690)	(16,587)	(266,645)
Capital expenditure	2,234	181,512	—	1,841	209,611	5,331	770	401,299

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

For the six months ended 30 June 2015

**6 TURNOVER AND SEGMENT INFORMATION (CONTINUED)****(b) Segment information (continued)**

The segment assets as at 30 June 2015 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels- managed and operated by Jin Jiang Metropolo RMB'000	Select Service Hotels- managed and operated by GDL RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
Segment assets	4,049,574	6,242,180	11,662,566	126,119	4,855,970	1,948,365	10,561,375	39,446,149
Investments in joint ventures	1,377,999	—	—	—	388,003	—	1,789	1,767,791
Investments in associates	46,705	—	72,845	136,254	315,067	15,776	10,607	597,254
Total assets	5,474,278	6,242,180	11,735,411	262,373	5,559,040	1,964,141	10,573,771	41,811,194

The segment assets as at 31 December 2014 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels- managed and operated by Jin Jiang Metropolo RMB'000	Select Service Hotels- managed and operated by GDL RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
Segment assets	4,789,954	6,236,032	—	127,227	2,649,119	1,665,836	6,748,195	22,216,363
Investments in joint ventures	1,016,981	—	—	—	375,415	—	1,791	1,394,187
Investments in associates	44,298	—	—	125,963	357,553	15,573	9,549	552,936
Total assets	5,851,233	6,236,032	—	253,190	3,382,087	1,681,409	6,759,535	24,163,486

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

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

For the six months ended 30 June 2015

### 6 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

#### (b) Segment information (continued)

Other income in the segment of “Full Service Hotels” for the six months ended 30 June 2015 mainly includes a gain on disposal of a subsidiary of RMB716,702,000 (for the six months ended 30 June 2014: RMB1,109,652,000). Administrative expense in the segment of “Full Service Hotels” for the six months ended 30 June 2015 includes the employee benefit expense of RMB107,006,000 for early retirement welfare for the employee of Galaxy Hotel (for the six months ended 30 June 2014: RMB690,780,000 for termination plan, early retirement plan and redundant employee plan for hotel renovation).

Unallocated costs which mainly represent corporate expenses are included in the segment of “Other Operations”. Other income in the segment of “Other Operations” for the six months ended 30 June 2015 mainly includes gains on disposal of available-for-sale financial assets of RMB166,076,000 (for the six months ended 30 June 2014: RMB82,198,000).

Segment assets consist of all assets except for investments in joint ventures and investments in associates. They also include goodwill recognised arising from acquisition of subsidiaries relating to the respective segments.

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

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

For the six months ended 30 June 2015

**7 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, LAND USE RIGHTS AND INTANGIBLE ASSETS**

	<b>Property, plant and equipment</b>	<b>Investment properties</b>	<b>Land use rights</b>	<b>Intangible assets</b>
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
At 1 January 2015	13,302,496	313,725	2,317,188	526,816
Additions	378,784	—	—	9,067
Additions resulting from acquisition through business combination (note 18)	3,901,069	—	—	6,176,466
Disposals	(128,117)	—	—	(390)
Exchange differences	(30,901)	—	—	(49,838)
At 30 June 2015	17,423,331	313,725	2,317,188	6,662,121
At 1 January 2014	13,057,652	313,684	2,331,084	511,780
Additions	399,612	—	—	1,687
Transferred to non-current assets held for sale	(169,482)	—	(13,897)	(13)
Disposals	(147,478)	—	—	—
At 30 June 2014	13,140,304	313,684	2,317,187	513,454
<b>Accumulated depreciation, amortization and impairment</b>				
At 1 January 2015	(6,370,402)	(91,880)	(355,273)	(97,399)
Depreciation and amortization charge for the period (note 13)	(494,789)	(3,043)	(28,616)	(18,318)
Disposals	108,463	—	—	212
Exchange differences	2,895	—	—	118
At 30 June 2015	(6,753,833)	(94,923)	(383,889)	(115,387)
At 1 January 2014	(5,983,546)	(85,796)	(300,800)	(80,125)
Depreciation and amortization charge for the period (note 13)	(408,469)	(3,141)	(22,241)	(7,526)
Transferred to non-current assets held for sale	118,480	—	3,098	10
Disposals	130,107	—	—	—
At 30 June 2014	(6,143,428)	(88,937)	(319,943)	(87,641)
<b>Net book amount</b>				
At 30 June 2015	10,669,498	218,802	1,933,299	6,546,734
At 30 June 2014	6,996,876	224,747	1,997,244	425,813

The fair value of the investment properties is approximately RMB853,487,000 (31 December 2014: approximately RMB853,487,000).

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

For the six months ended 30 June 2015

**8 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES**

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Trade receivables	<b>858,636</b>	331,512
Less: provision for impairment of trade receivables	<b>(89,732)</b>	(7,591)
Trade receivables — net	<b>768,904</b>	323,921
Loans to related parties by Jin Jiang International Finance (note 19(b))	<b>338,000</b>	335,000
Amounts due from related parties (note 19(b))	<b>225,599</b>	40,659
Loans to related parties by the Group other than Jin Jiang International Finance (note 19(b))	<b>212,200</b>	219,000
Prepayments and deposits	<b>565,502</b>	290,323
Other prepaid tax	<b>95,913</b>	—
Interest receivables	<b>41,684</b>	3,921
Accrual rental revenue	<b>39,131</b>	30,222
Value-added tax (“VAT”) recoverable	<b>8,572</b>	14,854
Other receivables	<b>75,611</b>	48,355
Less: provision for impairment of amounts due from related parties and other receivables	<b>(8,870)</b>	(4,761)
Prepayments and other receivables — net	<b>1,593,342</b>	977,573
	<b>2,362,246</b>	1,301,494
Less: non-current portion of trade receivables, prepayments and other receivables	<b>(140,298)</b>	(103,863)
Current portion of trade receivables, prepayments and other receivables	<b>2,221,948</b>	1,197,631
Non-current portion of trade receivables, prepayments and other receivables:		
Amounts due from related parties	<b>9,000</b>	9,000
Prepayments and deposits	<b>92,167</b>	64,641
Accrual rental revenue	<b>39,131</b>	30,222
	<b>140,298</b>	103,863

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

For the six months ended 30 June 2015

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

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

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
0 to 3 months	<b>627,445</b>	311,817
3 months to 1 year	<b>207,277</b>	13,546
Over 1 year	<b>23,914</b>	6,149
	<b>858,636</b>	331,512

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

### 9 RESERVES

	Other reserves								Retained earnings RMB'000	Total RMB'000
	Capital surplus (i) RMB'000	Statutory and discretionary surplus reserve (ii) RMB'000	Merger reserve (iii) RMB'000	Available- for- sales financial assets (iv) RMB'000	Currency translation differences RMB'000	Others RMB'000	Total RMB'000	Total RMB'000		
At 31 December 2014	<b>2,041,625</b>	<b>622,416</b>	<b>(2,886,243)</b>	<b>1,274,518</b>	<b>(19,060)</b>	—	<b>1,033,256</b>	<b>2,020,036</b>	<b>3,053,292</b>	
Profit for the period	—	—	—	—	—	—	—	<b>629,002</b>	<b>629,002</b>	
Fair value changes on available-for-sale financial assets-gross	—	—	—	<b>719,139</b>	—	—	<b>719,139</b>	—	<b>719,139</b>	
Transfer of fair value changes on disposal of available-for-sale financial assets-gross	—	—	—	<b>(86,274)</b>	—	—	<b>(86,274)</b>	—	<b>(86,274)</b>	
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	—	—	<b>(158,216)</b>	—	—	<b>(158,216)</b>	—	<b>(158,216)</b>	
Dividends declared (note 16)	—	—	—	—	—	—	—	<b>(278,300)</b>	<b>(278,300)</b>	
Cash flow hedges — net of tax	—	—	—	—	—	<b>693</b>	<b>693</b>	—	<b>693</b>	
Remeasurements on the net defined benefit liabilities	—	—	—	—	—	<b>(430)</b>	<b>(430)</b>	—	<b>(430)</b>	
Currency translation differences	—	—	—	—	<b>(1,186)</b>	—	<b>(1,186)</b>	—	<b>(1,186)</b>	
At 30 June 2015	<b>2,041,625</b>	<b>622,416</b>	<b>(2,886,243)</b>	<b>1,749,167</b>	<b>(20,246)</b>	<b>263</b>	<b>1,506,982</b>	<b>2,370,738</b>	<b>3,877,720</b>	

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

For the six months ended 30 June 2015

## 9 RESERVES (CONTINUED)

	Other reserves						Total	Retained earnings	Total
	Capital surplus (i)	Statutory and discretionary surplus reserve (ii)	Merger reserve (iii)	Available-for-sales financial assets (iv)	Currency translation differences	Others			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2013	2,043,808	541,275	(2,886,243)	584,767	(14,515)	—	269,092	1,730,422	1,999,514
Profit for the period	—	—	—	—	—	—	—	421,511	421,511
Fair value changes on available-for-sale financial assets-gross	—	—	—	(56,072)	—	—	(56,072)	—	(56,072)
Transfer of fair value changes on disposal of available-for-sale financial assets-gross	—	—	—	(46,571)	—	—	(46,571)	—	(46,571)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	—	—	25,660	—	—	25,660	—	25,660
Dividends declared (note 16)	—	—	—	—	—	—	—	(250,470)	(250,470)
Acquisition of equity interests in a subsidiary from non-controlling interests	(2,197)	—	—	—	—	—	(2,197)	—	(2,197)
Currency translation differences	—	—	—	—	5,887	—	5,887	—	5,887
At 30 June 2014	2,041,611	541,275	(2,886,243)	507,784	(8,628)	—	195,799	1,901,463	2,097,262

(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 Mainland China and the articles of association of certain group the companies, the Company is required to transfer 10% of its net profit, as determined under 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 UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

### 9 RESERVES (CONTINUED)

- (iv) Reserve on available-for-sale financial assets represents the changes in fair value, net of tax, on available-for-sale financial assets through equity.

### 10 TRADE PAYABLES, PROVISIONS AND OTHER PAYABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Trade payables	793,148	493,198
Employee benefits payables	1,349,258	977,684
Advances from customers	739,963	614,468
Deposits from related parties in Jin Jiang International Finance (note 19(b))	552,132	407,397
Other amounts due to related parties (note 19(b))	341,246	118,948
Payables for purchases of property, plant and equipment, and intangible assets	337,364	331,404
Other tax payables	313,748	175,677
Deposits from lessees and constructors	299,988	292,109
Dividend payable to non-controlling interests	283,079	28,234
Accrued expenses	108,776	126,493
Provisions for other liabilities and charges	68,810	6,981
Deferred government grants	64,655	67,999
Interests payable	45,378	20,512
Payables related to the disposal of Galaxy Hotel (note 1(b))	41,502	—
Deferred revenue for customer royalty programme	39,609	5,793
Deferred payment of acquisition of a subsidiary	9,796	9,796
Advance for the transaction of a subsidiary disposed (note 1(b))	—	227,706
Other payables	126,274	61,989
	<b>5,514,726</b>	3,966,388
Less: non-current portion of trade payables, provisions and other payables	<b>(919,407)</b>	(608,167)
Current portion of trade payables, provisions and other payables	<b>4,595,319</b>	3,358,221
Non-current portion of trade payables, provisions and other payables:		
Employee benefits payables	747,176	521,241
Provisions for other liabilities and charges	68,810	6,981
Deferred government grants	52,413	55,432
Deferred revenue for customer royalty programme	39,609	5,793
Payables for purchases of property, plant and equipment, and intangible assets	3,163	11,768
Other payables	8,236	6,952
	<b>919,407</b>	608,167



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

For the six months ended 30 June 2015

**10 TRADE PAYABLES, PROVISIONS AND OTHER PAYABLES (CONTINUED)**

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

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
0 to 3 months	<b>679,156</b>	419,520
3 months to 1 year	<b>104,916</b>	71,670
Over 1 year	<b>9,076</b>	2,008
	<b>793,148</b>	493,198

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

**11 BORROWINGS**

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings — secured	<b>10,461,433</b>	1,596,814
Bank borrowings — unsecured	<b>552,279</b>	1,320,952
Finance lease liabilities	<b>157,755</b>	24,713
	<b>11,171,467</b>	2,942,479
Less: current portion of long-term secured bank borrowings	<b>(6,498)</b>	(67,064)
current portion of long-term unsecured bank borrowings	<b>(242,099)</b>	(1,010,502)
current portion of long-term finance lease liabilities	<b>(11,200)</b>	(3,044)
	<b>10,911,670</b>	1,861,869
Borrowings included in current liabilities:		
Bank borrowings — secured	<b>33,668</b>	32,806
Bank borrowings — unsecured	<b>3,797,998</b>	507,343
Borrowings from related parties (note 19(b))	<b>1,100,000</b>	100,000
Current portion of long-term secured bank borrowings	<b>6,498</b>	67,064
Current portion of long-term unsecured bank borrowings	<b>242,099</b>	1,010,502
Current portion of long-term finance lease liabilities	<b>11,200</b>	3,044
	<b>5,191,463</b>	1,720,759

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

For the six months ended 30 June 2015

### 11 BORROWINGS (CONTINUED)

As at 30 June 2015, the secured bank borrowings included:

- (a) Bank borrowings of US\$250,000,000, equivalent to RMB1,528,400,000 (31 December 2014: US\$250,000,000, equivalent to RMB1,529,750,000), which were pledged by bank deposits amounted to US\$5,000,000, equivalent to RMB30,568,000.
- (b) Bank borrowings of EUR1,289,126,000, equivalent to RMB8,856,166,000 (31 December 2014: nil), which were pledged by the bank deposits of RMB4,723,560,000 and the ownership of a subsidiary, and guaranteed by Jin Jiang International.
- (c) Bank borrowings of PLN46,893,000, equivalent to RMB76,867,000 (31 December 2014: nil), pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland.
- (d) Bank borrowings of RMB23,668,000 (31 December 2014: RMB32,806,000), which were guaranteed by a non-controlling shareholder of a subsidiary of the Group.
- (e) Bank borrowings of RMB10,000,000 (31 December 2014: nil), which were secured by the bank deposits amounted to RMB5,000,000 from a subsidiary of the Group and RMB5,000,000 from a non-controlling shareholder of the subsidiary respectively.

As at 31 December 2014, other secured bank borrowings also included:

- (f) Bank borrowings of US\$10,960,000, equivalent to RMB67,064,000, which were guaranteed by Jin Jiang International.

Finance lease liabilities with carrying amount of RMB157,755,000 (31 December 2014: RMB24,713,000) are effectively secured as the rights to the leased assets with carrying amount of RMB389,384,000 (31 December 2014: RMB21,789,000) revert to the lessor in the event of default.

Movements in borrowings are analysed as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
At beginning of the period	<b>3,582,628</b>	3,861,322
Bank borrowings additions resulting from business combination (note 18)	<b>3,635,103</b>	—
Proceeds from borrowings	<b>13,918,849</b>	1,764,692
Repayments of borrowings	<b>(5,155,786)</b>	(2,407,569)
Finance lease additions resulting from business combination (note 18)	<b>208,426</b>	—
Payments of finance leases	<b>(74,114)</b>	(1,285)
Foreign exchange (gain)/loss	<b>(11,973)</b>	7,724
At end of the period	<b>16,103,133</b>	3,224,884

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

For the six months ended 30 June 2015

**12 OTHER INCOME**

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
Gain on disposal of investments in a subsidiary	<b>716,702</b>	1,109,652
Gain on disposal of available-for-sale financial assets	<b>194,897</b>	94,432
Interest income	<b>116,737</b>	49,585
Dividend income	<b>96,467</b>	83,244
— Unlisted equity investments	<b>41,028</b>	38,497
— Listed equity investments	<b>55,439</b>	44,747
Government grants income (a)	<b>36,926</b>	20,548
Gain on disposal of financial assets at fair value through profit or loss	<b>3,189</b>	2,387
Gain on disposal of property, plant and equipment	<b>2,978</b>	5,040
Gain on disposal of a joint venture	<b>—</b>	14,836
Others	<b>15,274</b>	4,125
	<b>1,183,170</b>	1,383,849

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

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

For the six months ended 30 June 2015

### 13 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Employee benefit expenses	<b>1,596,653</b>	1,849,301
Cost of inventories sold	<b>790,595</b>	701,927
Cost of travel agency	<b>783,399</b>	783,399
Depreciation of property, plant and equipment (note 7)	<b>494,789</b>	408,469
Utility cost and consumables	<b>324,152</b>	328,683
Operating leases — land and buildings	<b>293,958</b>	201,188
Business tax, property tax, VAT through a simplified method and other tax surcharges	<b>193,642</b>	171,310
Repairs and maintenance	<b>142,916</b>	49,105
Consulting fee	<b>94,319</b>	7,713
Advertising cost	<b>78,712</b>	37,662
Amortisation of land use rights (note 7)	<b>28,616</b>	22,241
Transactions cost in relation to acquisition of GDL	<b>23,440</b>	—
Amortisation of intangible assets (note 7)	<b>18,318</b>	7,526
Transportation expenses	<b>17,089</b>	8,742
Commission paid to travel agency	<b>15,300</b>	15,335
Laundry costs	<b>13,468</b>	12,413
Telecommunication expenses	<b>9,395</b>	9,037
Auditors' remuneration	<b>7,961</b>	4,809
Depreciation of investment properties (note 7)	<b>3,043</b>	3,141
Entertainment expenses	<b>2,352</b>	4,895
Provision for/(reversal of) impairment of trade receivables, prepayments, and other receivables	<b>251</b>	(260)
Reversal of inventories write-down	<b>(41)</b>	(26)
Others	<b>267,335</b>	151,182
	<b>5,199,662</b>	4,777,792

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

For the six months ended 30 June 2015

**14 INCOME TAX EXPENSE**

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Current tax:		
Mainland China current income tax ("CIT")	<b>212,364</b>	32,407
Deferred tax:		
Mainland China deferred income tax	<b>110,675</b>	234,238
	<b>323,039</b>	266,645

Provision for Mainland China CIT is calculated based on the statutory income tax rate of 25% on the assessable income of Group companies operating in Mainland China for the six months ended 30 June 2015 (the six months ended 30 June 2014: 25%) as determined in accordance with the Corporate Income Tax Law of PRC and the Detail Implementation Regulations.

Hong Kong profits tax is provided at a rate of 16.5% on the estimated assessable profits of Group's subsidiary incorporated in Hong Kong for the six months ended 30 June 2015 (the six months ended 30 June 2014: 16.5%). For the six months ended 30 June 2015, the Group's subsidiary incorporated in Hong Kong did not have assessable profit and therefore has not provided for any Hong Kong profits tax (the six months ended 30 June 2014: nil).

GDL and its subsidiaries in France are subject to French income tax at 34.43% for the six months ended 30 June 2015.

Income tax arising in other countries is calculated at the rates prevailing in the relevant countries.

**15 EARNINGS PER SHARE**

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

	Six months ended 30 June	
	2015	2014
Profit attributable to shareholders of the Company (RMB'000)	<b>629,002</b>	421,511
Weighted average number of ordinary shares in issue (thousands)	<b>5,566,000</b>	5,566,000
Basic earnings per share (RMB cents)	<b>11.30</b>	7.57

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

**16 DIVIDENDS**

The final dividend for the year 2014 of RMB5.0 cents (2013 final dividend: RMB4.5 cents) per share, totalling RMB278,300,000 (2013 final dividend: RMB250,470,000) was paid subsequently in July 2015. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014 interim dividend: nil).

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

For the six months ended 30 June 2015

### 17 COMMITMENTS

#### (a) Capital commitments

Capital expenditure at 30 June 2015 contracted but not yet incurred is as follows:

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Acquisition of property, plant and equipment	<b>70,625</b>	75,019

#### (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 recognised and the lease expenditure expensed in the unaudited condensed consolidated interim income statement during the six months ended 30 June 2015 is disclosed in note 6(a) and note 13, respectively.

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

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

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Not later than 1 year	<b>159,307</b>	187,940
Later than 1 year and not later than 5 years	<b>487,515</b>	519,757
Later than 5 years	<b>581,783</b>	647,267
	<b>1,228,605</b>	1,354,964

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

For the six months ended 30 June 2015

**17 COMMITMENTS (CONTINUED)****(b) Operating lease commitments (continued)**

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

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Not later than 1 year	<b>527,823</b>	366,966
Later than 1 year and not later than 5 years	<b>2,102,330</b>	1,406,715
Later than 5 years	<b>3,179,616</b>	2,224,365
	<b>5,809,769</b>	3,998,046

**18 BUSINESS COMBINATIONS**

Following the information of acquisition of 100% shares in GDL as disclosed in note 1(a), details of purchase consideration are as follows:

	RMB'000
Purchase consideration:	
— Cash paid	3,290,281

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

For the six months ended 30 June 2015

### 18 BUSINESS COMBINATIONS (CONTINUED)

The assets and liabilities as of 27 February 2015 arising from the acquisition are as follows:

	<b>Fair values</b> RMB'000
Property, plant and equipment	3,901,069
Intangible assets (other than goodwill)	2,161,321
Investments in associates	75,585
Available-for-sale financial assets	9,444
Deferred income tax assets	449,736
Trade receivables, prepayments and other receivables — non-current portion	35,438
Financial assets at fair value through profit or loss	6,442
Inventories	19,877
Trade receivables, prepayments and other receivables — current portion	1,398,361
Cash and cash equivalents	333,413
Borrowings — non-current portion	(930,588)
Deferred income tax liabilities	(1,175,853)
Trade payables, provisions and other payables — non-current portion	(3,172,450)
Financial liabilities at fair value through profit or loss	(7,385)
Borrowings — current portion	(2,912,941)
Trade payables, provisions and other payables — current portion	(719,558)
Income tax payable	(23,539)
Minority interests	(173,236)
<b>Net liabilities</b>	<b>(724,864)</b>
Share of net liabilities (100%)	(724,864)
Add: Goodwill	4,015,145
<b>Total purchase consideration</b>	<b>3,290,281</b>
Total purchase consideration settled in cash for the period ended 30 June 2015	(3,290,281)
100% share of cash and cash equivalents in the subsidiary acquired	333,413
<b>Cash outflow of cash consideration on acquisition</b>	<b>(2,956,868)</b>
<b>Cash outflow of repayments of the borrowings on acquisition</b>	<b>(5,553,588)</b>
<b>Total transaction cost</b>	<b>67,876</b>

If the acquisition had occurred on 1 January 2015, Group revenue would have been RMB5,852,730,000, and profit for the period would have been RMB941,152,000. 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 2015, together with the consequential tax effects.



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

For the six months ended 30 June 2015

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

The Group had the following significant related party transactions during six months ended 30 June 2015:

	<b>Six months ended 30 June</b>	
	<b>2015</b> <b>RMB'000</b>	2014 RMB'000
<b>Transactions with Jin Jiang International</b>		
— Sales of hotel supplies	<b>1,386</b>	61
— Interest income received	<b>1,171</b>	544
— Provision of management fees	<b>543</b>	—
— Provision of vehicle operating services	<b>209</b>	3
— Provision of food and beverage services	<b>28</b>	65
— Provision of hotel services	<b>16</b>	16
— Provision of other services	<b>—</b>	1,199
— Provision of training services	<b>—</b>	63
	<b>3,353</b>	1,951
— Rental expenses paid	<b>6,359</b>	6,314
— Interest expenses paid	<b>2,728</b>	2,880
— Receipt of food and beverage services paid	<b>320</b>	289
	<b>9,407</b>	9,483

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

For the six months ended 30 June 2015

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

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
<b>Transactions with subsidiaries, joint ventures and associates of Jin Jiang International</b>		
— Provision of hotel services	<b>13,965</b>	9,441
— Provision of other services	<b>5,443</b>	3,515
— Rental income received	<b>1,766</b>	2,042
— Sales of hotel supplies	<b>653</b>	417
— Provision of vehicle operating services	<b>244</b>	303
	<b>22,071</b>	15,718
— Rental expenses paid	<b>11,352</b>	11,992
— Receipt of other services	<b>3,795</b>	4,019
— Interest expenses paid	<b>2,281</b>	1,226
— Purchase of food and beverage	<b>1,115</b>	1,588
	<b>18,543</b>	18,825
<b>Transactions with joint ventures of the Group</b>		
— Interest income received	<b>7,997</b>	13,867
— Management fees received	<b>1,703</b>	1,697
— Sales of vehicles	<b>349</b>	1,332
	<b>10,049</b>	16,896
— Interest expenses paid	<b>3,520</b>	2,287
— Rental expenses paid	<b>119</b>	596
— Receipt of other services	<b>—</b>	245
	<b>3,639</b>	3,128

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

For the six months ended 30 June 2015

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

	<b>Six months ended 30 June</b>	
	<b>2015</b> RMB'000	2014 RMB'000
<b>Transaction with associates of the Group</b>		
— Interest income received	<b>1,729</b>	666
— Management fees received	<b>946</b>	956
— Rental income received	<b>812</b>	1,903
— Sales of vehicles	<b>206</b>	415
— Provision of hotel services	<b>33</b>	40
	<b>3,726</b>	3,980
— Purchase of property, plant and equipment	<b>48,738</b>	47,763
— Receipt of maintenance services	<b>1,114</b>	—
— Rental expenses paid	<b>376</b>	329
— Interest expenses paid	<b>6</b>	50
— Receipt of travel services	<b>7</b>	47
— Purchase of goods	<b>—</b>	700
	<b>50,241</b>	48,889

**(b) Amount due from/to related parties**

	<b>At</b> <b>30 June</b> <b>2015</b> RMB'000	At 31 December 2014 RMB'000
<b>Loans to related parties by Jin Jiang International Finance (note 8)</b>		
— Joint ventures of the Group (i)	<b>283,000</b>	280,000
— Associates of the Group (ii)	<b>55,000</b>	55,000
	<b>338,000</b>	335,000
<b>Loans to related parties by the Group other than Jin Jiang International Finance (note 8)</b>		
— Joint ventures of the Group (iii)	<b>203,200</b>	210,000
— Associates of the Group (iv)	<b>9,000</b>	9,000
	<b>212,200</b>	219,000

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

For the six months ended 30 June 2015

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

	<b>At 30 June 2015 RMB'000</b>	<b>At 31 December 2014 RMB'000</b>
<b>Other amounts due from related parties (note 8)</b>		
— Associates of the Group	<b>152,000</b>	8,499
— Joint ventures of the Group	<b>55,053</b>	24,995
— Subsidiaries, joint ventures and associates of Jin Jiang International	<b>18,473</b>	6,841
— Jin Jiang International	<b>73</b>	324
	<b>225,599</b>	40,659
<b>Deposits from related parties in Jin Jiang International Finance (note 10)</b>		
— Subsidiaries, joint ventures and associates of Jin Jiang International (v)	<b>(362,200)</b>	(189,394)
— Joint ventures of the Group (vi)	<b>(158,679)</b>	(144,006)
— Jin Jiang International (vii)	<b>(23,430)</b>	(66,952)
— Associates of the Group (viii)	<b>(7,823)</b>	(7,045)
	<b>(552,132)</b>	(407,397)
<b>Other amounts due to related parties (note 10)</b>		
— Joint ventures of the Group	<b>(234,438)</b>	(36,459)
— Associates of the Group	<b>(59,231)</b>	(45,864)
— Jin Jiang International	<b>(33,884)</b>	(26,880)
— Subsidiaries, joint ventures and associates of Jin Jiang International	<b>(13,693)</b>	(9,745)
	<b>(341,246)</b>	(118,948)
<b>Dividend payables to related parties</b>		
— Jin Jiang International	<b>(208,725)</b>	—

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

For the six months ended 30 June 2015

## 19 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
<b>Borrowings from related parties (note 11)</b>		
— Jin Jiang International (ix)	<b>(1,000,000)</b>	—
— A subsidiary of Jin Jiang International (x)	<b>(100,000)</b>	(100,000)
	<b>(1,100,000)</b>	(100,000)
<b>Loan commitments</b>		
— Joint ventures of the Group	<b>24,700</b>	24,000
— Associates of the Group	<b>100</b>	—
	<b>24,800</b>	24,000
<b>Financial guarantees provided to related parties</b>		
— Joint ventures of the Group	<b>853,808</b>	844,535
— Associates of the Group	<b>—</b>	4,000
	<b>853,808</b>	848,535

- (i) The balance includes secured loans to a joint venture of RMB265,500,000 as at 30 June 2015 (31 December 2014: RMB265,500,000) with effective interest rate of 4.93% (2014: 5.80%) per annum which were guaranteed by its properties, and an unsecured loan to a joint venture of RMB17,500,000 as at 30 June 2015 (31 December 2014: RMB14,500,000) with effective interest rate of 4.59% (2014: 5.80%) per annum which was guaranteed by a subsidiary of the Group.
- (ii) The balance includes secured loans to an associate of the Group of RMB55,000,000 as at 30 June 2015 (31 December 2014: RMB55,000,000) with effective interest rate of 6.00% (2014: 6.12%) per annum which were guaranteed by their properties.
- (iii) The balance includes unsecured loans to joint ventures of RMB203,200,000 as at 30 June 2015 (31 December 2014: RMB210,000,000) with effective interest rate of 5.60% per annum (2014: 5.60%).
- (iv) The balance includes unsecured loans to an associate of the Group of RMB9,000,000 as at 30 June 2015 (31 December 2014: RMB9,000,000) with effective interest rate of 5.60% (2014: 5.60%) per annum.

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

For the six months ended 30 June 2015

### 19 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

- (v) The balance includes deposits from subsidiaries, joint ventures and associates of Jin Jiang International of RMB362,200,000 as at 30 June 2015 (31 December 2014: RMB189,394,000) with effective interest rate of 2.17% (2014: 2.75%) per annum.
- (vi) The balance includes deposits from joint ventures of RMB158,679,000 as at 30 June 2015 (31 December 2014: RMB144,006,000) with effective interest rate of 4.76% (2014: 3.65%) per annum.
- (vii) The balance includes deposits from Jin Jiang International of RMB23,430,000 as at 30 June 2015 (31 December 2014: RMB66,952,000) with effective interest rate of 0.46% (2014: 0.39%) per annum.
- (viii) The balance includes deposits from associates of the Group of RMB7,823,000 as at 30 June 2015 (31 December 2014: RMB7,045,000) with effective interest rate of 1.31% (2014: 1.93%) per annum.
- (ix) The balance includes an unsecured borrowing from Jin Jiang International of RMB1,000,000,000 as at 30 June 2015 (31 December 2014: nil) with effective interest rate of 4.20% per annum.
- (x) The balance includes an unsecured borrowing from a subsidiary of Jin Jiang International of RMB100,000,000 as at 30 June 2015 (31 December 2014: RMB100,000,000) with effective interest rate of 5.06% (2014: 5.40%) per annum.

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

#### (c) Key management compensation

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Salary and other allowances	1,001	1,270
Discretionary bonus	142	168
Retirement scheme contributions	188	237
	<b>1,331</b>	1,675

### 20 SUBSEQUENT EVENTS

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

With the significant decrease of the market prices of the listed equity investments held by the Group subsequent to the balance sheet date, the relevant fair value of available-for-sale financial assets as at 30 June 2015 decreased by RMB1,815,842,000 and the corresponding equity attributable to shareholders of the Company decreased by RMB610,590,000 based on the market prices as at 27 August 2015.

