



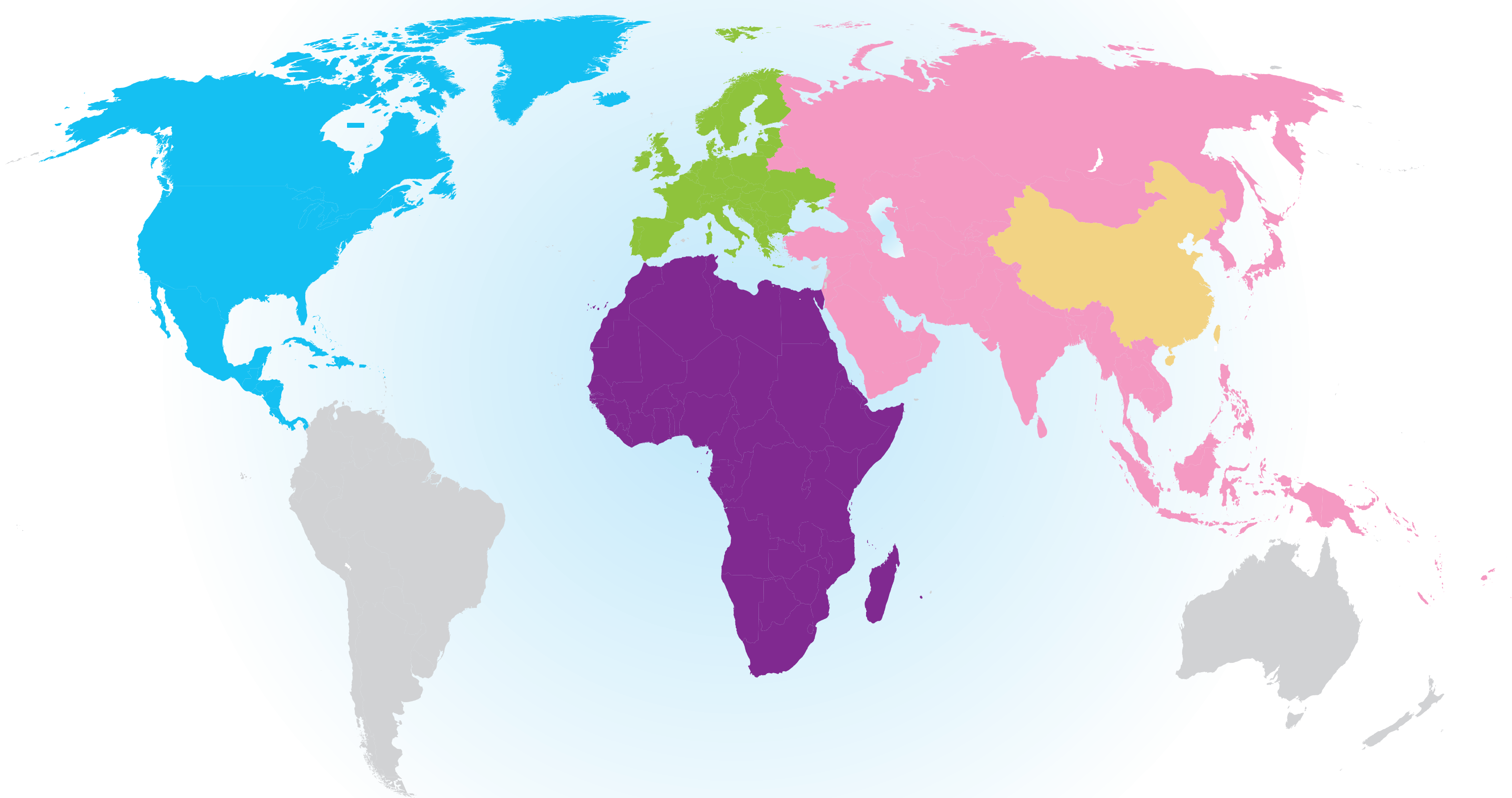
Shanghai Jin Jiang International Hotels (Group) Company Limited

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

Stock Code : 02006

ANNUAL REPORT 2015

Global Hotel Deployment



China
Number of hotels: **1,451**

Europe
Number of hotels: **1,095**

Africa
Number of hotels: **46**

Asia (excluding China)
Number of hotels: **112**

Americas
Number of hotels: **386**

Total
Number of hotels: **3,090**

Note: Excluding figures relating to Plateno Group hotels.

Contents

CORPORATE INFORMATION

THE FOURTH SESSION OF THE BOARD

EXECUTIVE DIRECTORS

Mr. Yu Minliang *(Chairman)*
Ms. Guo Lijuan *(Vice Chairman)*
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
(Chairman of Supervisory Committee)
Mr. Ma Mingju
Mr. Zhou Qiquan
Ms. Zhou Yi
Ms. Zhang Wei
Ms. Liu Chenjian

AUTHORIZED REPRESENTATIVES

Ms. Guo Lijuan
Mr. Kang Ming

JOINT COMPANY SECRETARIES

Mr. Kang Ming
Ms. Mok Ming Wai

QUALIFIED ACCOUNTANT

Dr. Ai Gengyun

NOMINATION COMMITTEE

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

AUDIT COMMITTEE

Dr. Xu Jianxin *(Chairman)*
Mr. Ji Gang
Dr. He Jianmin

REMUNERATION COMMITTEE

Mr. Ji Gang *(Chairman)*
Ms. Guo Lijuan
Mr. Xie Hongbing

STRATEGIC INVESTMENT COMMITTEE

Ms. Guo Lijuan *(Chairman)*
Mr. Han Min
Dr. Rui Mingjie

INTERNATIONAL AUDITOR

PricewaterhouseCoopers

PRC AUDITOR

PricewaterhouseCoopers Zhong Tian LLP

LEGAL ADVISERS

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

As to PRC law:
King & 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
Bank of China

LEGAL ADDRESS

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

PRINCIPAL PLACES OF BUSINESS IN THE PRC

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

PRINCIPAL PLACES OF BUSINESS IN HONG KONG

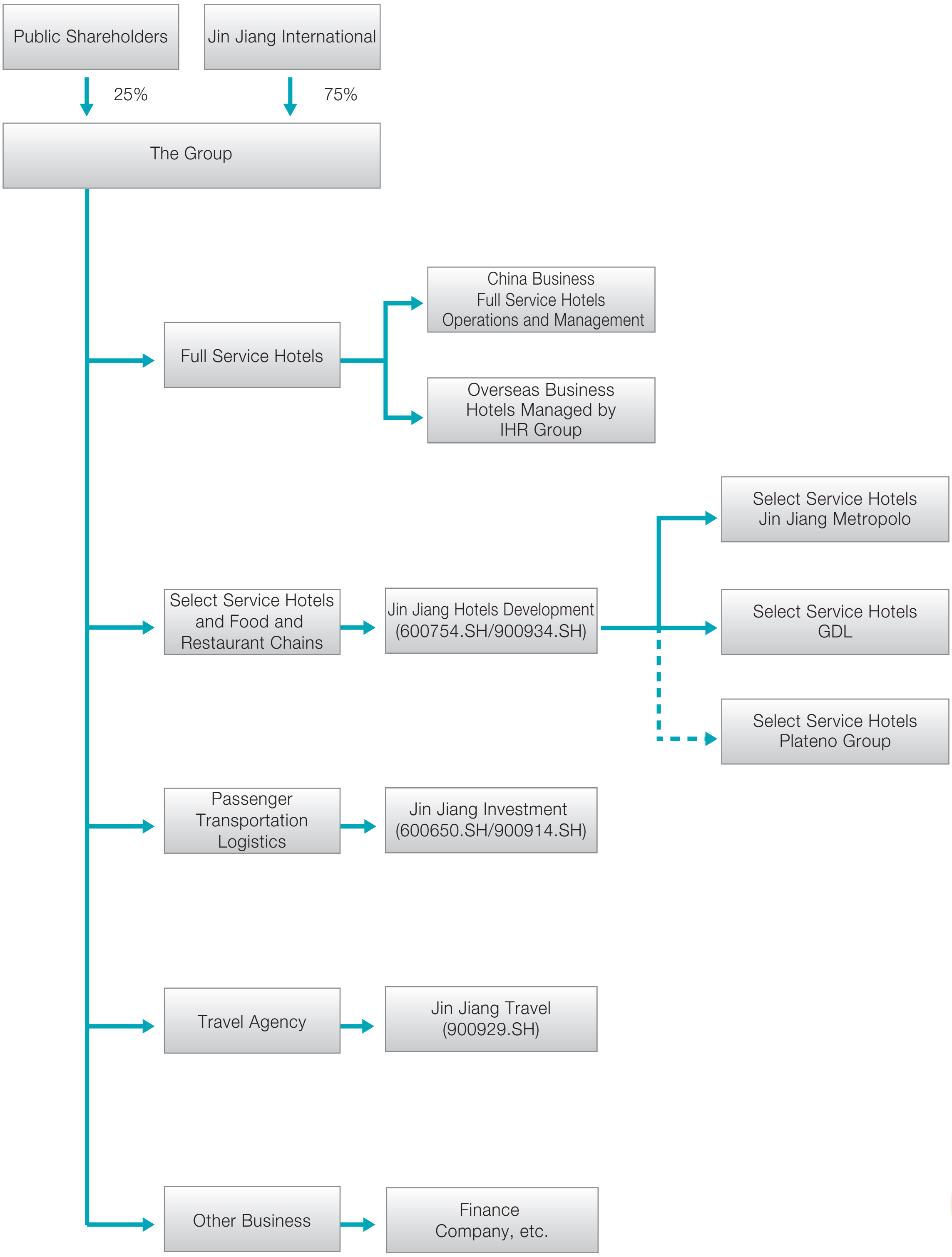
Room 3203, 32nd Floor
Shun Tak Centre, West Tower
200 Connaught Road Central
Hong Kong Special Administrative Region of the PRC ("Hong Kong")

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

Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")
Abbreviation of H Shares:
JINJIANG HOTELS 錦江酒店
Stock code: 02006
Website: www.jinjianghotels.com.cn
Tel: (86-21) 6326 4000
Fax: (86-21) 6323 8221

CORPORATE STRUCTURE

The following graph sets out the major business segments of the Company as at 31 December 2015:



INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP

	Full Service Hotels		Select Service Hotels		Total	
	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms
China	130	38,989	1,321	156,350	1,451	195,339
Asia (excluding China)	1	271	111	16,362	112	16,633
Europe	77	11,980	1,018	72,841	1,095	84,821
Americas	343	61,731	43	7,800	386	69,531
Africa	—	—	46	7,796	46	7,796
Total	551	112,971	2,539	261,149	3,090	374,120

Notes:

1. As at 31 December 2015, the Group owned or managed 3,090 hotels with a total of 374,120 guest rooms located in 61 countries around the world, including 1,451 hotels in operation or under development with a total of 195,339 guest rooms owned or managed in China.

2. Excluding figures relating to Plateno Group hotels.

INFORMATION ON HOTELS OF THE GROUP

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

All hotels (As of 31 December 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
Hotel Category										
Full Service Hotels										
— 5-star Luxury hotels	5	2,267	2	940	61	19,918	–	–	68	23,125
— 4-star Luxury hotels	10	3,479	2	926	45	10,322	–	–	57	14,727
Sub-total	15	5,746	4	1,866	106	30,240	–	–	125	37,852
Commercial Hotels	2	271	–	–	3	866	–	–	5	1,137
Total Number of Full Service Hotels	17	6,017	4	1,866	109	31,106	–	–	130	38,989
Select Service Hotels										
— Jin Jiang Metropolo	308	42,775	–	–	–	–	998	110,632	1,306	153,407
— GDL	282	21,516	–	–	–	–	951	86,226	1,233	107,742
Total Number of Select Service Hotels	590	64,291	–	–	–	–	1,949	196,858	2,539	261,149
Total	607	70,308	4	1,866	109	31,106	1,949	196,858	2,669	300,138

The above figures exclude statistics of hotels owned and managed by IHR Group outside the PRC (number of hotels: 421; total number of guest rooms: 73,982).

INFORMATION ON HOTELS OF THE GROUP

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

In operation (As of 31 December 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
Hotel Category										
Full Service Hotels										
— 5-star Luxury hotels	5	2,267	2	940	42	14,964	–	–	49	18,171
— 4-star Luxury hotels	10	3,479	2	926	35	8,142	–	–	47	12,547
Sub-total	15	5,746	4	1,866	77	23,106	–	–	96	30,718
Commercial Hotels	2	271	–	–	2	545	–	–	4	816
Total Number of Full Service Hotels	17	6,017	4	1,866	79	23,651	–	–	100	31,534
Select Service Hotels										
— Jin Jiang Metropolo	274	37,691	–	–	–	–	792	89,198	1,066	126,889
— GDL	257	19,700	–	–	–	–	900	78,077	1,157	97,777
Total Number of Select Service Hotels	531	57,391	–	–	–	–	1,692	167,275	2,223	224,666
Total	548	63,408	4	1,866	79	23,651	1,692	167,275	2,323	256,200

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

INFORMATION ON HOTELS OF THE GROUP

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

Under development (As of 31 December 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
Hotel Category										
Full Service Hotels										
— 5-star Luxury hotels	–	–	–	–	19	4,954	–	–	19	4,954
— 4-star Luxury hotels	–	–	–	–	10	2,180	–	–	10	2,180
Sub-total	–	–	–	–	29	7,134	–	–	29	7,134
Commercial Hotels	–	–	–	–	1	321	–	–	1	321
Total Number of Full Service Hotels	–	–	–	–	30	7,455	–	–	30	7,455
Select Service Hotels										
— Jin Jiang Metropolo	34	5,084	–	–	–	–	206	21,434	240	26,518
— GDL	25	1,816	–	–	–	–	51	8,149	76	9,965
Total Number of Select Service Hotels	59	6,900	–	–	–	–	257	29,583	316	36,483
Total	59	6,900	–	–	30	7,455	257	29,583	346	43,938

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

INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP 4 — STATISTICS OF HOTELS OWNED AND MANAGED BY IHR GROUP AS OF 31 DECEMBER 2015

	Number of hotels	Total Number of Rooms
USA	342	61,448
UK	56	7,370
Russia	11	3,159
Belgium	4	449
Canada	1	283
Ireland	3	526
Bosnia and Herzegovina	2	209
Kazakhstan	1	271
Belarus	1	267
Total	421	73,982

INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP 5 — LIST OF FULL SERVICE HOTELS IN WHICH THE GROUP HOLDS SUBSTANTIAL INTERESTS (INSIDE THE PRC)

Name of hotel	Effective interests held by the Company	Number of rooms	Address
5-star hotels			
Shanghai Jin Jiang Hotel	100.00%	442	No. 59, Maoming South Road, Shanghai, the PRC
Shanghai Peace Hotel	100.00%	270	No. 20, Nanjing East Road, Shanghai, the PRC
Shanghai Jin Jiang Tower	100.00%	582	No. 161, Changle Road, Shanghai, the PRC
Shanghai Jin Jiang Tomson Hotel	50.00%	398	No. 777, Zhangyang Road, Shanghai, the PRC
Shanghai Yangtze Hotel	40.00%	542	No. 2099, Yan'an West Road, Shanghai, the PRC
Beijing Kunlun Hotel	47.50%	575	No. 2, Xinyuan South Road, Beijing, the PRC
Wuhan Jin Jiang International Hotel	100.00%	398	No. 707, Jianshi Avenue, Wuhan, Hubei Province, the PRC
4-star hotels			
Shanghai Park Hotel	100.00%	261	No. 170, Nanjing West Road, Shanghai, the PRC
Shanghai Jian Guo Hotel	65.00%	455	No. 439, Caoxi North Road, Shanghai, the PRC
Shanghai Rainbow Hotel	100.00%	640	No. 2000, Yan'an West Road, Shanghai, the PRC
Shanghai Cypress Hotel	100.00%	149	No. 2419, Hongqiao Road, Shanghai, the PRC
Shanghai Hotel	100.00%	521	No. 505, Wulumuqi North Road, Shanghai, the PRC
Shanghai Jing An Hotel	100.00%	234	No. 370, Huashan Road, Jingan District, Shanghai, the PRC
Shanghai Sofitel Hotel	66.67%	383	No. 505, Nanjing East Road, Shanghai, the PRC
Holiday Inn Downtown Shanghai	100.00%	543	No. 585, Hengfeng Road, Shanghai, the PRC
Wuxi Jin Jiang Grand Hotel	25.00%	351	No. 218, Zhongshan Road, Chongan District, Wuxi, Jiangsu Province, the PRC
Kunming Jin Jiang Hotel	100.00%	320	No. 98, Beijing Road, Kunming, Yunnan Province, the PRC
West Capital International Hotel	100.00%	238	No. 135, West Street, Lianhu District, Xi'an, Shaanxi Province, the PRC
Jiangsu Nanjing Hotel	40.00%	310	No. 259, Zhongshan North Road, Nanjing, Jiangsu Province, the PRC
Commercial Hotels			
Shanghai Pacific Hotel	100.00%	174	No. 108, Nanjing West Road, Shanghai, the PRC

Note: Substantial interests refer to 20% or more equity interests held by the Group.

MAJOR AWARDS

MAJOR AWARDS RECEIVED BY THE GROUP IN 2015

• Best Chain Hotel Brand in China	Globe Magazine — CGT-tested Annual Award
• Hotel Management Group with the Most Operational Value Award	China Business News — Annual Award for Leaders in Business Hotels
• Best Content Award	PR Newswire
• Top 60 Hotel Groups in China	China Tourist Hotels Association
• Top 10 Influential Brands for Domestic High-end Hotels	Meadin.com
• TTG China Travel Award — Best Local Chain Hotel Group in Greater China Market	TTG China
• Leading Brand among PRC Domestic Hotel Groups with Best Development Potential	15th China Hotel Golden Horse Award
• PRC Hotel Groups with Best Development Potential — Jin Jiang Metropolo	Asia Hotel Forum
• PRC Hotel Brands with Best Development Potential — Jin Jiang Metropolo	Asia Hotel Forum
• Best Economy Hotel Chain in China — Jin Jiang Inn	Asia Hotel Forum
• Best Chain Hotel in China Brand 2015 — Jin Jiang Metropolo	China Hotel Association
• Top 500 Brands of Excellence in China	League Table for Brands of Excellence in China
• Award for International Development of PRC Domestic Brands	League Table for Brands of Excellence in China
• Top 10 Influential Brands — Jin Jiang Metropolo	Meadin.com — Portal for PRC Hotel Industries
• Top 10 Influential Brands — Jin Jiang Inn	Meadin.com — Portal for PRC Hotel Industries
• Branded Hotel Group with Best Development Value for the Year — Jin Jiang Metropolo	World Hotel Association
• PRC Franchise O2O and Internet Marketing Award — Jin Jiang Metropolo	China Chain Store and Franchise Association
• The Most Popular Business Hotel Award 2015 — Jin Jiang Metropolo	China Business News — China Real Estate and Finance Magazine

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"ADR"	room revenue divided by rooms in use
"Available Rooms"	number of rooms available of each hotel after deducting Permanent House Use
"Board"	the board of Directors of the Company
"Commercial Hotels"	hotels in which the Group holds Hotel Interests or which are owned by the third parties but managed by the Group, which have obtained or are expected to obtain 3-star or 2-star ratings, according to the criteria set by the Group
"Company"	Shanghai Jin Jiang International Hotels (Group) Company Limited
"Director(s)"	the director(s) of the Company
"EUR€"	Euros, the lawful currency of the European Union
"Finance Company"	Jin Jiang International Finance Company Limited
"Franchisee(s)"	third party(ies) who have entered into franchise agreement(s) with the Group for the license to use the Jin Jiang trademark or Jin Jiang Inn trademark
"Full Service Hotels"	hotels which provide all-rounded quality services for guests on the basis of comprehensive hotel functions and facilities
"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
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IHR"	Interstate Hotels & Resorts Inc.
"IHR China"	Interstate (China) Hotels & Resorts Co., Ltd.
"IHR Group"	IHR and its subsidiaries
"Jin Jiang Hotel Investment"	Shanghai Jin Jiang International Hotel Investment Company Limited
"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 Investment"	Shanghai Jin Jiang International Investment & Management Company Limited
"Jin Jiang Investment"	Shanghai Jin Jiang International Industrial Investment Company Limited
"Jin Jiang Metropolo"	budget hotels in which the Group holds Substantial Hotel Interests and managed by Jin Jiang Metropolo Hotel Management Limited, or Select Service Hotels which are owned by third parties to which Jin Jiang Metropolo Hotel Management Limited has granted a franchise, most of which are operating under the brand names of Jin Jiang Metropolo or Jin Jiang Inn

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.
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Luxury Hotels"	hotels in which the Group holds Hotel Interests or which are owned by third parties but managed by the Group which have obtained or are expected to obtain 5-star or 4-star ratings, according to the criteria set by the Group
"Occupancy Rate"	rooms in use divided by Available Rooms for a given period
"Permanent House Use"	guest rooms which have been removed from the rentable inventory for a period longer than six months
"Plateno Group"	Keystone Lodging Holdings Limited and its subsidiaries
"Prospectus"	the prospectus issued by the Company on 30 November 2006
"Reporting Period"	the period from 1 January 2015 to 31 December 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
"Substantial Hotel Interests"	the equity interests held by the Group in companies engaged in hotel operations which are associated companies, joint ventures or subsidiaries of the Company
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Total Number of Rooms"	number of available rooms per hotel
"US$"	United States Dollars, the lawful currency of the United States

FINANCIAL HIGHLIGHTS

	2015	2014	2013	2012 (Restated)*	2011
Items of Consolidated Income Statement (RMB million)					
Revenue	**12,160**	9,364	9,288	9,004	12,653
Profit attributable to shareholders of the Company	**866**	621	444	317	536
Earnings per share on profit attributable to shareholders of the Company (RMB cents)	**15.55**	11.16	7.97	5.70	9.63
Items of Consolidated Balance Sheet (RMB million)					
Total assets	**42,265**	24,163	21,836	18,129	18,266
Total liabilities	**25,517**	8,787	9,886	5,994	6,412
Total equity	**16,748**	15,376	11,950	12,135	11,854
Total equity attributable to the shareholders of the Company	**9,291**	8,619	7,566	7,312	7,175
Item of Consolidated Statement of Cash Flows (RMB million)					
Net cash generated from operating activities	**2,464**	(796)	2,044	898	1,307
Non-HKFRS Financial Information					
Proposed dividend (RMB million)	**362**	278	250	167	223
Proposed dividend per share (RMB cents)	**6.50**	5.00	4.50	3.00	4.00
Earnings before interests, taxes, depreciation and amortization ("EBITDA") (RMB million)	**3,395**	2,647	2,360	1,919	2,177
Total equity per share (RMB)	**3.01**	2.76	2.15	2.18	2.13
Total equity per share attributable to the shareholders of the Company (RMB)	**1.67**	1.55	1.36	1.31	1.29
Gearing ratio	**38.8%**	14.8%	17.7%	11.0%	13.0%
Capital expenditure	**11,304**	845	2,702	727	2,543

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

OPERATIONAL STATISTICS

	2015	2014
Average occupancy rate		
Full Service Hotels		
— 5-star Luxury Hotels	**72%**	70%
— 4-star Luxury Hotels	**71%**	70%
Select Service Hotels		
— Jin Jiang Metropolo	**75%**	79%
— GDL	**70%**	—
Average room rate (RMB/room)		
Full Service Hotels		
— 5-star Luxury Hotels	**842**	824
— 4-star Luxury Hotels	**512**	500
Select Service Hotels		
— Jin Jiang Metropolo	**193**	193
— GDL (EUR€/room)	**53**	—
RevPAR (RMB/room)		
Full Service Hotels		
— 5-star Luxury Hotels	**603**	575
— 4-star Luxury Hotels	**363**	348
Select Service Hotels		
— Jin Jiang Metropolo	**146**	152
— GDL (EUR€/room)	**37**	—

Notes:

1. 5-star Luxury Hotels include: Jin Jiang Hotel, Peace Hotel, Wuhan Jin Jiang International Hotel, Jin Jiang Tower, Beijing Kunlun Hotel, 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, Shanghai Sofitel Hotel, Jiangsu Nanjing Hotel, Wuxi Jin Jiang Grand Hotel, West Capital International Hotel and Kunming Jin Jiang Hotel.

3. Data of Select Service Hotels cover all directly-operated chain hotels in operation under the brands of Jin Jiang Metropolo, Jin Jiang Inn, Bestay Hotels Express and Jinguang Inn operated by Jin Jiang Metropolo and, for the period from March to December 2015, all directly-operated chain hotels in operation under the four brands of "Premiere Classe", "Campanile", "Kyriad" and "Golden Tulip" operated by GDL.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present on behalf of the Board of the Company the annual report of the Group for the year ended 31 December 2015.

2015 has been an important year for the Group's advancement of its global business deployment and multinational operations. Through measures to enhance quality, increase efficiency, drive innovation and transformation and reinforce reforms, the internationalisation strategy was implemented to expedite the formation of an internationally reputed hotel group with solid core competitiveness. To address the complex economic situation and marketplace, the Group focused on its development strategy and made proactive moves to adapt itself to the new normal status of economic development. We resorted to a double-edged approach featuring both productive operations and the application of capital. We persisted in prudent progress, innovation and transformation with the primary aim of strengthening our principal business, while improving our mechanism for achieving stable growth and implementing multiple measures to overcome various hurdles. Our key projects were advancing in a disciplined manner, as new progress was achieved in various tasks.

During the Reporting Period, the Group realised revenue of approximately RMB12.16 billion, representing an increase of approximately 29.9% as compared to the same period of last year. EBITDA of the Group amounted to approximately RMB3.39 billion, representing an increase of approximately 28.3% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB866 million, representing an increase of approximately 39.3% as compared to the same period of last year. The Board has proposed a final dividend of RMB6.5 cents (inclusive of tax) for the year ended 31 December 2015.

AN INITIAL GLOBAL NETWORK COMING INTO SHARE FOLLOWING BREAKTHROUGH IN INTERNATIONALISATION

During the Reporting Period, the Group reported breakthroughs in its development in internationalisation. In February 2015, the Group entered into a share purchase agreement with Star SDL Investment Co S.à.r.l. through Sailing Investment Co, S.à.r.l., a wholly-owned subsidiary of Jin Jiang Hotels Development, for the acquisition of 100% equity interests in GDL. At the end of February 2015, all the matters relating to the closing of the acquisition were completed and GDL was consolidated in our financial statements. The successful completion of the acquisition has resulted in substantial growth in various operating indicators for the Group, such as total assets, operating revenue, cash flow and the scale of its hotel operations. In the meantime, the Group advanced in a steady and disciplined manner post-acquisition tasks relating to the management structure, institutional improvements, platform building, business matching and consolidation on the back of interactive integration of markets, brands, human resources and culture.

In September 2015, Jin Jiang Hotels Development entered into an agreement for strategic investments in Plateno Group and completed the transaction in February 2016. In accordance with the principle of "keeping basic elements unchanged, integrating back offices and coordinating front-desk operations for co-development", synergies and complementary effects were realised to create more room for global development and multinational operations. Following the completion of the transaction, the Group owned or managed over 6,000 hotels in the world with more than 650,000 guest rooms resulting in a substantial growth in the size of its hotel operations.

ACTIVE EFFORTS IN CAPITAL AND ASSET-BASED OPERATIONS AND TREASURY MANAGEMENT COMPLEMENTED BY OPTIMISED RESOURCE ALLOCATION IN CHINA AND ELSEWHERE

During the Reporting Period, the Group initiated the plan for the private placing of new A shares in Jin Jiang Hotels Development for an issue size of approximately RMB4.5 billion. As at the date of the publication of this report, the proposed placing has been examined and approved by China Securities Regulatory Commission.

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 year, the Group completed the transfer of 50% equity interest in of Shanghai Galaxy Hotel Company Limited ("Galaxy Hotel") (the podium complex) and the wholesale leasing of Great Wall Tower of Holiday Inn Downtown Shanghai. The Group has achieved notable results in its effort to drive the adjustment of asset mix, strengthen exchange rate management, optimise staff allocation and increase asset efficiency and shareholders' interests.

CHAIRMAN'S STATEMENT

FOCUSED ON QUALITY AND EFFICIENCY WHILE ENHANCING OUR BRAND REGIME

In 2015, all business segments of the Group made focused efforts on quality improvement and efficiency enhancement, while experimenting cross-sector cooperation in line with the development of Internet-related businesses, launching new attempts in innovative marketing, coordinated resource application, product research and development and transformation and upgrade. The creation of the travel service chain and brand regime was expedited with the vigorous implementation of the platform strategy. Our brand regime were enhanced as efforts were made to advance coordinated development of multiple brands. State-of-the-art information technology and management concepts were applied modeling on advanced enterprises, as we introduced the performance excellence management model and improved our human resources management regime to enhance our management capabilities, actively fulfill our social responsibilities and strengthen risk control over multinational operations.

FUTURE DEVELOPMENT OPPORTUNITIES AND CHALLENGES

Looking to 2016, 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, 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. As such, the Group will actively address any challenges and seize any opportunities that might arise.

The Group will adopt a philosophy of development emphasising innovation, coordination, eco-friendliness and sharing in line with the "13th Five Year Plan" planning, step up with the development of its core business and drive internationalisation through worldwide marketing of the "Jin Jiang" brand. 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 business deployment and strengthen our ability in multinational operations.

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. The Group 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 and shared economic platform centered on hotel operations.

Last but not least, I would like to express my sincere gratitude to all employees for the invaluable contributions they made to the Group. I would also like to take this opportunity to thank all shareholders, investors and the public for their longstanding support of the Group. We pledge to continue to work with our shareholders in a concerted effort, with a view to enhancing the value of the Company and delivering sound rewards for all.

Yu Minliang
Chairman
Shanghai, the PRC
30 March 2016

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Yu Minliang (俞敏亮), aged 58, the chairman of the Board and an executive Director. Mr. Yu is an economist with a master's degree in economics from Fudan University. With rich experience in hotel management, he has been the general manager respectively of Shanghai Yangtze Hotel Company Limited, Jin Jiang Hotels Development and Shanghai New Asia (Group) Company Limited, chairman of Jin Jiang (Group) Company Limited and chairman, chief executive officer and chairman of the executive committee of the board of Jin Jiang International since joining the Group in 1984. Mr. Yu is currently the chairman of Jin Jiang International, Jin Jiang Hotels Development and Shanghai Yangtze Hotel Company Limited, respectively.

Ms. Guo Lijuan (郭麗娟), aged 53, the vice chairperson and an executive Director. Ms. Guo obtained a master's degree in business administration from China Europe International Business School (CEIBS). Ms. Guo was formerly the deputy head of the suburban department and the rights and interests department of China Communist Youth League Shanghai Committee (共青團上海市委); general manager and chairperson of Shanghai Advertising Co., Ltd. (上海廣告有限公司); director and vice president of Shanghai World Expo (Group) Co., Ltd. (上海世博（集團）有限公司); executive director and chairperson of Shanghai Foreign Service Co., Ltd. (上海對外服務有限公司); as well as vice president of Shanghai East Best International (Group) Co., Ltd. (上海東浩國際服務貿易（集團）有限公司). Ms. Guo is currently president and director of Jin Jiang International and vice-chairperson of Jin Jiang Hotels Development.

Mr. Chen Liming (陳禮明), aged 55, an executive Director. Mr. Chen is an economist with a master's degree in business administration. He was previously the general manager of Holland Shanghai City Restaurant Co., Ltd. (荷蘭上海城酒家有限公司), deputy general manager of Shanghai Sofitel Hyland Hotel (上海海侖賓館), executive manager of Jin Jiang Hotels Development and secretary general (vice president) of the executive committee of the board of directors of Jin Jiang International. He is currently a vice president of Jin Jiang International and a director of Jin Jiang Hotels Development.

Mr. Xu Ming (許銘), aged 45, an executive Director and the executive president. He holds a bachelor's degree and has extensive experience in hotel management He was formerly the deputy general manager of Nanjing Hotel of Jin Jiang Hotels Development, as well as general manager of Metropole Hotel of Jin Jiang Hotels Development, Shanghai Jian Guo Hotel, Shanghai Rainbow Hotel and Jin Jiang Hotel, respectively. He is also currently a vice president of Jin Jiang International and directors of Jin Jiang Hotels Development and Interstate (China) Hotels & Resorts Co., Ltd.

Mr. Zhang Qian (張謙), aged 48, an executive Director and the vice president. He holds a master's degree and has extensive experience in hotel management. He was previously the director of the marketing department of Shanghai Jian Guo Hotel, deputy general manager of Shanghai Renaissance Yangtze Hotel and general manager of Shanghai Jin Jiang Tomson Hotel Company Limited. He is currently a vice president of Jin Jiang International, general manager of Jin Jiang Hotel and general manager of Shanghai Jin Jiang Tower.

Mr. Zhang Xiaoqiang (張曉強), aged 47, an executive Director and the vice president. He holds a bachelor's degree and has extensive experience in hotel management. He was formerly the head of catering respectively of Jin Jiang Tian Cheng Hotel and Wenzhou Dynasty Hotel, general manager of Xinya Lijing Tower Company Limited (新亞麗景大廈有限公司), deputy general manager of Sofitel Shanghai Hyland Hotel, general manager of Shanghai Rainbow Hotel, and chief executive officer and director of Jin Jiang Hotels Development. He is currently the chief executive officer of Jin Jiang International Hotel Management Company Limited.

Mr. Han Min (韓敏), aged 58, an executive Director and the chief investment officer. He holds a master's degree in international law from Fudan University. He has been a manager of the Investment Development Division of Jin Jiang (Group) Company Limited, manager of the Merger Division of Jin Jiang International and director of Jin Jiang Travel since joining the Group in 2005. Mr. Han is currently also the chairman of Kunming Jin Jiang Hotel Company Limited.

Mr. Kang Ming (康鳴), aged 44, an executive Director, authorized representative, joint company secretary, Board secretary of the Company and chief secretary (vice president) of the executive committee of the Board of the Company. Mr. Kang is a senior accountant with a master's degree in economics from the Shanghai University of Finance and Economics. Mr. Kang has gained extensive experience in listed companies concerning information disclosure, corporate governance, capital operation and investor relations since joining the Group in 1994. He was previously the board secretary and supervisor of Jin Jiang Hotels Development. Mr. Kang is also currently the director of Jin Jiang Investment and Jin Jiang Travel.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ji Gang (季崗), aged 58, an independent non-executive Director, is a senior economist with a master's degree in economics from Fudan University. Mr. Ji was previously an independent director of Jin Jiang Hotels Development from 2003 to 2006, and served as the general manager of Shanghai Zhongya Hotel, general manager and chairman of Shanghai Everbright City Company Limited, director of Zhabei District Commercial Committee, director of Zhabei District Economic Committee, president of SIIC Investment Company Limited in Hong Kong as well as the vice-chairman and president of Shanghai Industrial Development Company Limited. Mr. Ji is currently the chairman of the board, president and executive director of Shanghai Industrial Urban Development Group Limited.

Dr. Rui Mingjie (芮明杰), aged 61, an independent non-executive Director, is a professor and an instructor for doctoral candidates with a doctoral degree in economics. Dr. Rui is currently head of the Department of Industrial Economics, member of the academic standards committee, member of the degree committee, chairman of the degree committee of the School of Management, discipline leader in the national key discipline of Industrial Economics, deputy director of the Yangtze Delta Research Institute, and person-in-charge of the post-doctoral mobile station in business administration at Fudan University. He was formerly the head of the Department of Business Administration of the School of Management, deputy dean of the School of Management and discipline leader in Business Administration at Fudan University, training professor for the senior management of China Enterprises Affairs Commission (中央企業工委) and State-owned Assets Supervision and Administration Commission, vice president of Shanghai Institute of Management Science and independent director of a number of listed companies.

Dr. Tu Qiyu (屠啓宇), aged 46, an independent non-executive Director. Dr. Tu is vice chairman and research fellow of the City and Population Development Research Institute of the Shanghai Social Science Academy and adjunct professor and doctoral instructor of East China Normal University, specializing in international economics and urban studies. Dr. Tu was formerly Fulbright Professor of Bard College, New York, the United States from 2001 to 2002 and a visiting scholar at Harvard University, Cambridge University, Fondation Nationale des Sciences Politiques and Hamburg Institute for Economic Research, respectively. Dr. Tu has received 4 awards for policy-making advisory and researches from the Shanghai Municipal Government since 2003. He was named among the "Top Ten Young Economists of Shanghai" in 2003 by Shanghai Youths Federation and was conferred the title of "Outstanding Returning Talents from Overseas of Shanghai" in 2004. Since 2011, Dr. Tu has been the chief editor of "The Blue Paper of International Cities".

Dr. Xu Jianxin (徐建新), aged 60, an independent non-executive Director. He holds a doctoral degree in economics and is a professor-grade senior accountant and Certified Public Accountant in the PRC. He was previously a lecturer and associate professor at Shanghai University of Finance and Economics, practicing Certified Public Accountant of Dahua Accountants' Firm (大華會計師事務所), deputy general manager of Shanghai Brilliance Credit Rating and Investors Service Company Limited* (上海新世紀投資服務公司), deputy chief accountant, director, financial controller and chief economist of Orient International (Holding) Company Limited, vice chairman of Orient International Enterprise Limited and a director of Shanghai Pudong Development Bank and independent director of Jin Jiang Hotels Development. He has been named as "Outstanding Accountant in Shanghai". Mr. Xu is currently a senior vice president of Shanghai Puyi Investment Management Co., Ltd.* (上海樸易投資管理有限公司).

Mr. Xie Hongbing (謝紅兵), aged 65, an independent non-executive Director. He holds a bachelor's degree. Mr. Xie served as branch manager of Jingan Sub-branch and Yangpu Sub-Branch, respectively, of the Shanghai Branch of Bank of Communications, general manager of Fund Custody Department of Bank of Communications, the chairman of Bank of Communications Schroder Fund Management Co., Ltd., and the vice chairman of China BOCOM Insurance Co., Ltd. (Hong Kong).

Dr. He Jianmin (何建民), aged 59, an independent non-executive Director. He obtained a doctorate in economics from Fudan University. Mr. He is currently head and professor of the Department of Tourism Management, an instructor for doctoral candidates in tourism management, and an adjunct instructor in tourism management for post-doctoral researchers at the post-doctoral mobile station of the School of Business Administration at the Shanghai University of Finance & Economics (上海財經大學). He is also an independent director of New Century Real Estate Investment Trust. He has been named as a State Council Expert for Special Allowance and a National Outstanding Instructor. He has been involved in the research in tourism development and management for many years.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Mr. Wang Guoxing (王國興), aged 52, the chairman of the Supervisory Committee. He is a senior accountant with a master's degree in economics from Shanghai University of Finance and Economics. Mr. Wang joined the Group in 1992 and was previously a lecturer of the School of Finance of Shanghai University of Finance and Economics, board secretary of Jin Jiang Hotels Development, board secretary and deputy financial director of Shanghai New Asia (Group) Company Limited, as well as deputy financial director and chief secretary (vice president) of the executive committee of the board of Jin Jiang International. He is currently a vice president of Jin Jiang International and the Chairmen of the Supervisory Committees of Jin Jiang Hotels Development and Jin Jiang Investment.

Mr. Ma Mingju (馬名駒), aged 55, a Supervisor. He is a senior accountant with a master's degree in business administration from the Asia International Open University (Macau). Mr. Ma joined the Group in 2005 and was formerly a director of Jin Jiang Inn. Mr. Ma is currently the vice president and general manager of the Finance Business Division of Jin Jiang International, chairman of Shanghai Jin Jiang International Investment and Management Company Limited, as well as the supervisor of Jin Jiang Hotels Development, the director of Jin Jiang Investment, Beijing Kunlun Hotel Company Limited and Finance Company, respectively.

Mr. Zhou Qiquan (周啓全), aged 65, a Supervisor. He graduated from Shanghai College of Finance & Economics (now known as Shanghai University of Finance and Economics) with a post-secondary diploma in banking and credit and is an accountant. Mr. Zhou joined the Group in 2003. He was previously the person-in-charge of the Finance Department of Shanghai Luwan Residential Corporation, section head of Planning and Finance Department, deputy manager and manager of the Finance Department of Shanghai Minhang United Development Company Limited.

Ms. Zhou Yi (周怡), aged 56, a Supervisor. She graduated from East China University of Political Science and Law with a diploma and has been the person-in-charge of the Marketing Section of the Credit Card Division, associate director respectively of the Saving Division and Finance and Accounting Division, general manager respectively of the Marketing Department and Corporate Department, and senior manager of the Retail Credit Department of Shanghai Branch of Bank of Communications.

Ms. Zhang Wei (張偉), aged 49, a Supervisor. She holds a bachelor's degree. She was previously the deputy general manager of Metropole Hotel, deputy general manager of Nanjing Hotel, deputy general manager of Eastern Asia Hotel, executive deputy manager of Peace Hotel, general manager of Jin Jiang World Expo Apartment and vice president of the Company. She is currently the deputy secretary to the communist party committee of the Company, chairperson of the labour union and head of Les Roches Jin Jiang International Hotel Management College.

Ms. Liu Chenjian (劉晨健), aged 34, a Supervisor. She holds a bachelor's degree in economics from Fudan University in China. She was formerly an audit manager at the Shanghai office of Ernst & Young. She joined Jin Jiang International in April 2012 and served as a deputy director of the audit department until March 2016. She is currently the director of the audit department and a supervisor of Jin Jiang Hotels Development.

Ms. Chen Junjin (陳君瑾), aged 55, a Supervisor. She is an accountant with a post-secondary diploma in accounting and finance from Shanghai Tourism College. Ms. Chen joined the Group in 1981 and was previously an accountant of Finance Department of Cypress Hotel, head of Finance Department at the headquarters of Jin Jiang (Group) Company Limited, deputy financial director of Jin Jiang International Hotel Management Company Limited, financial controller of Jin Jiang International Group (HK) Co., Ltd. And general manager and head of Finance Department of Shanghai Jin Jiang International Hotels Group (HK) Company Limited. Ms. Chen has ceased to be a Supervisor of the Company with effect from 30 March 2016.

JOINT COMPANY SECRETARIES

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

Ms. Mok Ming Wai (莫明慧), aged 44, the joint company secretary. Ms. Mok joined the Company on 28 March 2014. Ms. Mok is a director of KCS Hong Kong Limited and has over 20 years of experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Xu Ming (許銘), an executive Director and the executive president. Please refer to his biography under the paragraph headed "Executive Directors" in this section.

Mr. Zhang Qian (張謙), an executive Director and the vice president. Please refer to his biography under the paragraph headed "Executive Directors" in this section

Mr. Zhang Xiaoqiang (張曉強), an executive Director and the vice president. Please refer to his biography under the paragraph headed "Executive Directors" in this section.

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

Dr. Ai Gengyun (艾耕雲), aged 45, a qualified accountant. Dr. Ai joined Jin Jiang Hotels Development, a subsidiary of the Company, in 1995 and has been the director of the Planning and Finance Department of the Company since April 2006. Dr. Ai is a member of the Chinese Institute of Certified Public Accountants and a qualified senior accountant in the PRC with extensive professional experience in financial reporting, management and internal control.

Mr. Qian Jin (錢進), aged 54, the chief engineer. Mr. Qian joined the Group in 2011. He holds the bachelor's degree in engineering, and has extensive experience in design and construction sectors. He was previously the deputy head of the Quality and Safety Department of Shanghai Jiangong Group, director of Shanghai Jiangong Design Institute and vice president of the Company.

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

Mr. Yang Weimin has ceased to be vice chairman and chief executive officer of the Company with effect from 27 March 2015. Mr. Zhang Shangde has ceased to be vice president of the Company with effect from 27 March 2015.

In accordance with code B.1.5 of the Corporate Governance Code set out in Appendix 14 of the Listing Rules, the annual remuneration and relevant bands of the senior management listed in the section headed "Directors, Supervisors and Senior Management" in this annual report for 2015 are set out as follows:

	Year ended 31 December 2015 RMB'000
Salary and other allowances	1,896
Discretionary bonus	1,989
Retirement scheme contributions	395
	4,280

The emoluments fell within following bands:

	Year ended 31 December 2015 Number
Nil to RMB418,900 (equivalent to HK$500,000)	4
RMB418,900 (equivalent to HK$500,000) to RMB837,800 (equivalent to HK$1,000,000)	5
	9

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2015 has been an important year for the Group's advancement of its global business deployment and multinational operations. Through measures to enhance quality, increase efficiency, drive innovation and transformation and reinforce reforms, the internationalisation strategy was implemented to expedite the formation of an internationally reputed hotel group with solid core competitiveness. To address the complex economic situation and marketplace, the Group focused on its development strategy and made proactive moves to adapt itself to the new normal status of economic development. We resorted to a double-edged approach featuring both productive operations and the application of capital. We persisted in prudent progress, innovation and transformation with the primary aim of strengthening our principal business, while improving our mechanism for achieving stable growth and implementing multiple measures to overcome various hurdles. Our key projects were advancing in a disciplined manner, as new progress was achieved in various tasks.

During the Reporting Period, the Group realised revenue of approximately RMB12,160,429,000, representing an increase of approximately 29.9% as compared to the same period of last year. The operating profit of the Group amounted to approximately RMB2,010,414,000, representing an increase of approximately 28.2% as compared to the same period of last year. EBITDA of the Group amounted to approximately RMB3,394,995,000, representing an increase of approximately 28.3% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB865,523,000, representing an increase of approximately 39.3% as compared to the same period of last year. The Board has proposed a final dividend of RMB6.5 cents (inclusive of tax) for the year ended 31 December 2015.

As at the end of the Reporting Period, the Group held or managed a total of 3,090 hotels with approximately 374,000 rooms in aggregate in 61 countries. Among the said hotels, a total of 1,451 self-owned or managed hotels were either in operation or under construction within the PRC with approximately 195,000 rooms.

During the Reporting Period, the Group reported breakthroughs in its development in internationalisation. In February 2015, the Group entered into a share purchase agreement with Star SDL Investment Co S.à.r.l. through Sailing Investment Co, S.à.r.l., a wholly-owned subsidiary of Jin Jiang Hotels Development for the acquisition of 100% equity interests in GDL. At the end of February 2015, all the matters relating to the closing of the acquisition were completed and GDL was consolidated in our financial statements. The successful completion of the acquisition has resulted in substantial growth in various operating indicators for the Group, such as total assets, operating revenue, cash flow, number of hotels and number of guest rooms. In the meantime, the Group advanced in a steady and disciplined manner post-acquisition tasks relating to the management structure, institutional improvements, platform building, business matching and consolidation on the back of interactive integration of markets, brands, human resources and culture.

In September 2015, Jin Jiang Hotels Development entered into an agreement for strategic investments in Plateno Group and completed the transaction in February 2016. In accordance with the principle of "keeping basic elements unchanged, integrating back offices and coordinating front-desk operations for co-development", synergies and complementary effects were realised to create more room for global development and multinational operations. Following the completion of the transaction, the Group owned or managed over 6,000 hotels in the world with more than 650,000 guest rooms resulting in a substantial growth in the size of its hotel operations.

During the Reporting Period, all business segments of the Group made focused efforts on quality improvement and efficiency enhancement, while experimenting cross-sector cooperation in line with the development of Internet-related businesses, launching new attempts in innovative marketing, coordinated resource application, product research and development and transformation and upgrade. The creation of the travel service chain and brand regime was expedited with the vigorous implementation of the platform strategy. State-of-the-art information technology and management concepts were applied modeling on advanced enterprises, as we introduced the performance excellence management model and improved our human resources management regime to enhance our management capabilities and strengthen risk control over multinational operations on an ongoing basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Full Service Hotels

The operation and management 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 RMB1,962,110,000 to the Group's revenue, representing an increase of approximately 2.3% as compared to the same period of last year. Benefitting from a number of favourable factors and market opportunities, such as the opening of the National Exhibition and Convention Center in Shanghai, the increasing number of conferences and exhibitions held, the positive effect of the Free Trade Zone, and the imminent opening of Shanghai Disneyland Park, the Group's high star-rating Full Service Hotels in Shanghai reported an approximately 6% year-on-year growth in RevPAR, among which our 5-star Full Service Hotels reported a year-on-year growth of close to 8%.

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

	2015 Group's Full Service Hotels in Shanghai			2014 Group's Full Service Hotels in Shanghai		
	Average occupancy rate	**Average room rate (RMB)**	**RevPAR (RMB)**	Average occupancy rate	Average room rate (RMB)	RevPAR (RMB)
5-star	**77%**	**841**	**646**	74%	815	599
4-star	**72%**	**568**	**412**	72%	548	394

Note: Full Service Hotels in Shanghai held by the Group (with equity interests) covered by the statistics in the above table include:

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

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

As at the end of the Reporting Period, the Group owned and managed 130 Full Service Hotels in the PRC, offering approximately 39,000 guest rooms, among which 109 hotels were owned by third parties but managed by the Group.

In connection with joint brand marketing, Jin Jiang International Hotel Management Company Limited ("Jin Jiang Hotel Management") pursued partnerships in an Internet-driven business environment during the Reporting Period, as it entered into framework cooperation agreements with O2O travel agency platforms such as Lvmama (www.lvmama.com) and LY. COM (www.ly.com), developed a marketing alliance with Prince Hotel of Japan and worked with Alitrip (www.alitrip.com) to actively develop new channels. We enhanced customers' check-in experience with the application of Alipay (www.alipay.com), while WeChat marketing also represented a strong focus in our effort to expedite the building of a sales management back-office platform. The Jin Jiang Public Feedback System launched in association with Brand Wisdom website (慧評網) and the cooperation with IDEAS helped various hotels to conduct precise analysis of the competitive landscape in the market and neighbouring areas, with a view to setting competitive and reasonable room prices in order to enhance its ability in income management.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Galaxy Hotel (the podium complex) and the wholesale leasing of Great Wall Tower of Holiday Inn Downtown Shanghai. These initiatives have been conducive to the business transformation and operational improvements of the Group, and have further enhanced the Group's asset liquidity and financial conditions and optimised the Group's asset allocation. The Group has achieved notable results in its effort to introduce innovations, drive the adjustment of asset mix, optimise staff allocation and increase asset efficiency and shareholders' interests.

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 optimized, resulting in effective reduction of working capital outlay and an enhanced fund utilisation ratio. Centralised control was exercised in respect of equipment and facilities pending disposal, and the turnover ratio for the utilisation of idle supplies was increased as a result. Equipment conversion for energy-saving purposes was introduced and extensively implemented in our hotels in Shanghai. Through implementation of the lease management system, management over lease projects has been further enhanced.

During the Reporting Period, the Group continued to drive adjustments in "organisational structure, job creation and staff allocation" and reported slight decrease in labour costs and the labour cost ratio after ensuring growth in per capita salary and benefit expenses.

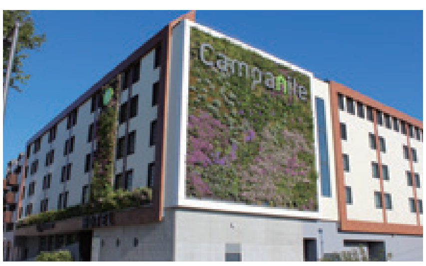
During the Reporting Period, IHR Group reported stable business development with sound operation. The average room rate of IHR Group's managed hotels for the reporting period of 2015 was US$151 with an average occupancy rate of 76%, while RevPAR was US$114, representing an increase of 6.5% as compared to the same period of last year.

Select Service Hotels

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

During the Reporting Period, operation of Select Service Hotels reported stable and healthy development with turnover of approximately RMB5,294,555,000, representing an increase of approximately 100.9% as compared to the same period of last year and accounting for approximately 43.5% of the Group's turnover.

In February 2015, following the completion of the Group's acquisition of 100% equity interests in GDL and the inclusion of GDL in the Group's consolidated financial statements. Turnover contributions of GDL for the period from March to December 2015 amounted to approximately RMB2,612,268,000.



MANAGEMENT DISCUSSION AND ANALYSIS

As at the end of the Reporting Period, there were a total of 2,539 contracted Select Service Hotels offering a total of 261,149 guest rooms, comprising 1,306 Jin Jiang Metropolo Hotels offering 153,407 guest rooms in aggregate and 1,233 GDL hotels offering 107,742 guest rooms in aggregate. There were 2,223 Select Service Hotels in operation with a total of 224,666 guest rooms, comprising 1,066 Jin Jiang Metropolo Hotels in operation with 126,889 guest rooms and 1,157 GDL hotels in operation with 97,777 guest rooms.

As at the end of the Reporting Period, there were a total of 2,539 contracted Select Service Hotels, comprising 59 hotels under Jin Jiang Metropolo, 1,086 hotels under Jin Jiang Inn, 69 Bestay Hotels Express hotels, 92 Jinguang Inn hotels, 268 Premiere Classe hotels, 384 Campanile hotels, 251 Kyriad hotels and 330 Golden Tulip hotels. A total of 2,223 Select Service Hotels were in operation, comprising 32 hotels under Jin Jiang Metropolo, 904 hotels under Jin Jiang Inn, 65 Bestay Hotels Express hotels, 65 Jinguang Inn hotels, 259 Premiere Classe hotels, 378 Campanile hotels, 250 Kyriad hotels and 270 Golden Tulip hotels.

Out of 2,223 Select Service Hotels in operation, 531 were self-managed hotels, accounting for approximately 23.89%, while 1,692 were franchised hotels, accounting for approximately 76.11%. Select Service Hotels in operation offered a total of 224,666 guest rooms, including 57,391 rooms or 25.55% in self-managed hotels in operation and 167,275 rooms or 74.45% in franchised hotels in operation.

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. In the meantime, centralised development in respect of the human resources, maintenance, procurement, finance and IT functions was carried out with the support of the IT system. At present, Jin Jiang Metropolo and GDL have each selected certain subsidiary hotels as the focal points for the supply of patrons, and have each provided room reservation accesses on their respective official websites.

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 was also advancing 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 RMB366,243,000, which represented a decrease of approximately 2.5% as compared to the same period of last year and accounting for approximately 3.0% of the Group's turnover.

During the Reporting Period, Jin Jiang Hotels Development made a major effort to develop the group catering business, managing 49 group catering restaurants as at the end of the Reporting Period, as compared to 43 at the end of last year. As at the end of the Reporting Period, Shanghai Kentucky Fried Chicken Company Limited, 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) and "Shanghai Yoshinoya" had a total of 304, 42 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 established a R&D centre to develop processed food with input from the national-grade chefs of Jin Jiang Hotels, 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 RMB2,188,641,000, representing growth of approximately 0.5% as compared to the same period of last year and accounting for approximately 18.0% of the Group's turnover.

During the Reporting Period, the "Jin Jiang Automobile Service Centre" completed the No. 2 steel structure vehicle ramp and renovation of the external wall of the Buick reception hall, in an active effort to enhance transformation and bring the accumulative effect further into play.

During the Reporting Period, the Group completed more than 600 assignments for the reception of national guests and 36 assignments for receptions in major conferences, exhibitions and tournaments. We continued to top the cruise reception business in Shanghai. Meanwhile, more than one thousand new Touran (途安) white cabs were put into service by Shanghai Jin Jiang Automobile Service Co., Ltd. to provide more comfortable and convenient services for citizens and tourists.

Shanghai Jinjiang Business and Travel Auto Service Co., Ltd. actively expanded its market coverage to seize new opportunities presented by Shanghai Disneyland and the Free Trade Zone and operated more than 1,500 charter business limousines with a net increase of 45 limousines while adding 51 new customers. More than 60 business shuttle buses were added for its coach bus operations, with chartered buses accounting for 82% of the total number of vehicles.

Shanghai Jin Jiang International Cold Logistics Development Co., Ltd. ("Jin Jiang Cold Logistics") seized opportunities for development in the group catering distribution market to report rapid growth in the chain catering distribution business, adding more than 30 customers in various types of group catering and convention/exhibition catering distribution services. The new refrigerated warehouse in Wusong was officially completed during the Reporting Period and put to trial operation. 上海尚海冷庫食品有限公司 has completed procedures relating to clearance for and refund to formers customers, ammonia collection and defrosting, and the removal of major equipment, as well as started to research and explore new business developments, as part of its active drive for corporate transformation.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, cold storage WMS systems went online at Wujing, Wusong and Jinheng, three subsidiaries of Jin Jiang Cold Logistics. The storage of customers' goods met the requirements for batch number management, while a number of visual inventory management applications were implemented in the software system, enabling customers to inquire details about incoming and outgoing via the WEB data website at any time.

Travel Agency

For 2015, revenue from the travel agency amounted to approximately RMB2,280,187,000, representing an increase of approximately 5.4% as compared to the same period of last year and accounting for approximately 18.8% of the Group's turnover.

During the Reporting Period, the Group handled outbound travel for 172,100 persons, representing a year-on-year increase of 7.32%. In connection with inbound travel, 83,200 tourists joined Jin Jiang Travel's inbound travel tours following enhanced efforts in overseas market development and product mix adjustments, representing a year-on-year decrease of 5.7%. Inbound reception for 128,600 tourists were hosted, representing a year-on-year decrease of 7.76%. We served 153,200 tourists in domestic travel during the Reporting Period, an increase by 15.27% as compared to the same period of last year, as the development of new travel routes based on market requirements to cater to changes in consumers' demand for domestic tourism services was driving year-on-year growth in domestic travel.

During the Reporting Period, Shanghai China International Travel Service Ltd ("Shanghai CITS") emerged through a strongly competitive bidding process to be selected as the official supplier of hospitality services for the GREAT Festival of Creativity organised by the British government. Subsequently, hospitality services were organised to host more than 6,000 foreign guests, including Prince William of England. The Company also served as an "authorised travel service provider" for the Chinese pavilion at the Expo Milano 2015.

During the Reporting Period, Shanghai CITS and Shanghai Jin Jiang Tourism Co., Ltd. ("Jin Jiang Tourism") provided premium services to government and corporate delegations during the "Shanghai Activities Week" hosted by the Chinese pavilion at the Expo. On the back of its proven experience in hospitality for foreign guests, Shanghai CITS was appointed the exclusive hospitality unit in the Shanghai tournament zone for International Champions Cup China. Excellent tournament-related hospitality services were provided to football teams such as Real Madrid, AC Milan and Inter Milan. Meanwhile, we hosted a youth exchange delegation from Hong Kong consisting of 1,200 members during their visit to Shanghai.

Jin Jiang Tourism served as the authorised conference service provider for the 10th Confucius Academy Conference, which featured more than 2,300 delegates from 134 countries. Jin Jiang Tourism formed a dedicated team for the appointment and successfully completed the hospitality task.

Information Technology

In 2015, the Group further accelerated the building of its information-based systems to bring the effects of resource consolidation, systems integration and shared services into fully play. We expedited the building of our front-end direct-marketing channel system, mid-end central information system (CRS, CRM and PMS) and back-office management system, making focused efforts to drive product R&D and precision marketing, as well as to enhance customers' experience and facilitate the redemption of membership points.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

	12 months ended 31 December 2015		12 months ended 31 December 2014	
	RMB in million	% of turnover	RMB in million	% of turnover
Full Service Hotels	1,962.1	16.1%	1,918.8	20.5%
Select Service Hotels — managed and operated by Jin Jiang Metropolo	2,682.3	22.0%	2,635.2	28.1%
Select Service Hotels — managed and operated by GDL	2,612.3	21.5%	—	—
Food and Restaurants	366.2	3.0%	375.5	4.0%
Passenger Transportation Vehicles and Logistics	2,188.6	18.0%	2,177.6	23.3%
Travel Agency	2,280.2	18.8%	2,164.2	23.1%
Other Operations	68.7	0.6%	92.8	1.0%
Total	12,160.4	100.0%	9,364.1	100.0%

Full Service Hotels

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

	12 months ended 31 December 2015		12 months ended 31 December 2014	
	RMB in million	% of turnover	RMB in million	% of turnover
Accommodation revenue	933.3	47.5%	893.7	46.6%
Food and beverage sales	605.7	30.9%	622.2	32.4%
Rendering of ancillary services	84.2	4.3%	96.9	5.1%
Rental revenue	188.7	9.6%	195.7	10.2%
Sales of hotel supplies	7.4	0.4%	31.5	1.6%
Hotel management	142.8	7.3%	78.8	4.1%
Total	1,962.1	100.0%	1,918.8	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Accommodation revenue

Accommodation revenue was mainly determined by the number of available rooms, occupancy rate and ADR of the rooms of the Group's hotels. Accommodation revenue of the Full Service Hotels for the Reporting Period was approximately RMB933,256,000, representing an increase of approximately 4.4% or approximately RMB39,599,000. The aforesaid change mainly reflected the year-on-year growth in average room rates and occupancy rates as Full Service Hotels in Shanghai benefitted from favourable factors and market opportunities such as the increasing number of conventions and exhibitions held in Shanghai, the growing positive effect of the Free Trade Zone and imminent opening of Shanghai Disneyland Park for Full Service Hotels in Shanghai, while adopting innovative marketing methods and ensuring ongoing improvements in service quality in a proactive response to challenges.

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 RMB605,713,000, representing a decrease of approximately 2.7% or approximately RMB16,491,000 from the same period of last year. The aforesaid changes were attributable mainly to social sentiments which had a more significant impact on food and beverage sales, such as spending on banquets and conferences, of Full Service Hotels, especially the high star-rating ones. Meanwhile, food and beverage sales were also affected by a decline in wedding banquet sales.

To address the challenge, the Company enhanced the standard of its food and beverage services on all fronts and adjusted the operational structure of certain hotels, in a bid to further lower procurement costs for its food and beverage operations by leveraging the centralised procurement platform.

Rendering of ancillary services

Revenue from rendering ancillary services was mainly generated from gift shops, entertainment, laundry services and other guest services. During the Reporting Period, revenue from the rendering of ancillary services amounted to approximately RMB84,163,000, representing a decrease of approximately 13.2% or RMB12,777,000 from the same period of last year. The decrease was primarily due to the transfers of equity interests in Galaxy Hotel and reduced revenue for certain hotel malls.

Rental revenue

Rental revenue was mainly generated from the leasing of shops at the Group's Full Service Hotels for retail, exhibition and other purposes and the outsourcing lease of certain catering space. For the Reporting Period, rental revenue amounted to approximately RMB188,748,000, representing a decrease of approximately 3.6% or approximately RMB6,966,000. The decrease was mainly attributable to the disposal of Jin Yun Company in the same period of last year and 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 RMB24,074,000 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. Management fee income of the hotel management business amounted to approximately RMB142,837,000 during the Reporting Period, representing an increase of approximately 81.3% or RMB64,049,000 as compared to the same period of last year. The increase was mainly attributable to the recognition of property management fee income amounting to approximately RMB78,700,000 by subsidiary property companies of the Northern Company. Affected by the slowdown in domestic macro-economic growth and social sentiments, year-on-year decrease in management fee income was recorded for hotel management projects in most regions, except East China and the Northern Region.

Select Service Hotels — managed and operated by Jin Jiang Metropolo

The revenue of Select Service Hotels managed and operated by Jin Jiang Metropolo for the Reporting Period amounted to approximately RMB2,682,287,000, representing an increase of approximately RMB47,097,000 or approximately 1.8% as compared to the same period of last year. The increase reflected mainly revenue from new directly-operated hotels and additional revenue from hotels which were re-opened after renovation during the year. Revenue from upfront franchise fees amounted to RMB33,290,000, decreasing by 47.62% compared to the same period of last year, while ongoing franchise fees increased by 12.98% year-on-year to RMB195,050,000. Revenue from central room reservation channels increased by 11.84%, year-on-year to RMB56,870,000.

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 chain hotels managed and operated by GDL amounted to approximately RMB2,612,268,000 for the period from March to December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Food and Restaurants

Revenue of food and restaurants segment was mainly derived from Jin Ya Catering, Shanghai Jin Jiang International Food Catering Management Co., Ltd., Jing An Bakery Holding Company Limited, Shanghai Jin Jiang International Catering Investment Co., Ltd., Chinoise Story, Shanghai Jinzhu Catering Management Co., Ltd. and Shanghai New Asia Food Company Limited. During the Reporting Period, total sales from the food and restaurants segment amounted to approximately RMB366,243,000, representing a decrease of approximately RMB9,261,000 or approximately 2.5% as compared to the same period of last year. The decrease in food and restaurant revenue for the Reporting Period was owing to the decline in operating revenue as a result of the outlet downsizing exercise of Jin Ya Catering (operating 42 chain restaurants during the Reporting Period versus 47 as at the end of last year). Meanwhile, growth was sustained in the group catering business of Shanghai Jin Jiang International Food Catering Management Co., Ltd. (managing 49 group catering restaurants during the Reporting Period versus 43 as at the end of last year).

Passenger Transportation Vehicles and Logistics

During the Reporting Period, the revenue of passenger transportation vehicles and logistics was approximately RMB2,188,641,000, representing an increase of approximately 0.5% as compared to same period of last year. The increase primarily reflected the increase in revenue driven by higher auto sales.

Travel Agency

During the Reporting Period, the revenue of travel agency was approximately RMB2,280,187,000, representing an increase of approximately 5.4% as compared to the same period of last year. The increase reflected rising revenue driven by growth in both our outbound travel business and our domestic travel business.

Other Operations

In addition, the Group is also engaged in other business, including the provision of financial services via Finance Company and the provision of training services. During the Reporting Period, revenue of other operations was approximately RMB68,693,000, representing a decrease of approximately 26.0% as compared to the same period of last year, which was primarily due to a decrease in interest income from deposits placed with other financial institutions by Jin Jiang International Finance.

Cost of Sales

Cost of sales for the Reporting Period amounted to approximately RMB9,524,759,000, representing an increase of approximately 24.0% 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 4.5% 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 RMB2,635,670,000 for the Reporting Period, representing an increase of approximately RMB953,829,000 or approximately 56.7% as compared to the same period of last year, reflecting mainly the increase in gross profit by RMB1,112,061,000 contributed by newly added operations of Select Service Hotels under GDL. Gross profit margin for the Reporting Period was 21.7%, an improvement by 3.7% compared to the same period of 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and Gain

Other income and gain for the Reporting Period amounted to approximately RMB1,581,684,000 (same period in 2014: approximately RMB1,920,189,000), representing a decrease of approximately 17.6% as compared to the same period of last year. The decrease was primarily due to an investment gain of approximately RMB716,701,000 on transfer of equity interest in Galaxy Hotel during the Reporting Period versus an investment gain of approximately RMB1,163,518,000 on disposal of subsidiaries for the same period in 2014, as well as gain of approximately RMB486,692,000 (same period in 2014: approximately RMB435,652,000) 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 amounted to approximately RMB103,500,000 (same period in 2014: approximately RMB94,721,000).

Selling and Marketing Expenses

Selling and marketing expenses comprise primarily of labor costs, travel agent commissions and advertising fees, which amounted to approximately RMB695,657,000 during the Reporting Period (same period in 2014: approximately RMB427,100,000), representing an increase of approximately 62.9% as compared to the same period of last year. The increase reflected mainly the increase in selling and marketing expenses attributable to newly added select service hotel chain businesses outside China, such as GDL. Excluding this factor, selling and marketing expenses would have increased by approximately 3.2% 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.

Administrative Expenses

Administrative expenses for the Reporting Period was approximately RMB1,343,741,000 (same period in 2014: approximately RMB1,482,001,000), representing a decrease of approximately 9.3% as compared to the same period of last year. Although administrative expenses of RMB469,884,000 were incurred as a result of newly added select service hotel chain businesses outside the PRC, 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 RMB635,779,000, which had been applied in redundancy payment, early retirement benefits and long-term employee benefits for the redundant employees during hotel renovations. As a result, administrative expenses decreased substantially on a year-on-year basis.

Other Expenses and Losses

Other expenses and losses consisted primarily of bank charges, losses from the disposal of property, plant and equipment and losses from the impairment of available-for-sale financial assets. For the Reporting Period, other expenses and losses amounted to approximately RMB167,542,000 (same period in 2014: approximately RMB124,711,000), representing an increase of approximately RMB42,831,000 as compared to the same period of last year. The increase mainly reflected the combined effect of losses from the impairment of available-for-sale financial assets for the Reporting Period amounting to approximately RMB87,725,000, a compensatory payment of approximately RMB69,048,000 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 losses in connection with newly added Select Service Hotel chain business outside the PRC, such as GDL.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs — net

Finance Costs — net comprises interest expenses in respect of the Group's bank borrowings and exchange to gain or loss after deduction of the interest income of the relevant pledged deposits. During the Reporting Period, finance cost was approximately RMB354,193,000 (same period in 2014: approximately RMB158,574,000), representing an increase of approximately 123.4% as compared to the same period of last year. The increase reflected mainly the combined effect of interest expenses arising from borrowings incurred to finance the acquisition of GDL and the inclusion of interest expenses incurred by GDL.

Share of Results of Joint Ventures and Associates

Operating results of joint ventures and associates mainly comprised share of results of joint ventures including IHR Group, Beijing Kunlun Hotel, Jin Jiang Tomson Hotel and JHJ International Transportation Co., Ltd., and of associates including Shanghai Kentucky Fried Chicken Company Limited, Shanghai Yangtze Hotel Limited, Shanghai Pudong International Airport Transport Terminal Co. Ltd., Jiangsu Nanjing Long Distance Passenger Transport Group Company Limited and China Oriental International Travel & Transport Co., Ltd.. Share of results of joint ventures and associates for the Reporting Period was approximately RMB235,604,000 (same period in 2014: approximately RMB140,939,000). For the Reporting Period, operating results of associates held by the newly added GDL amounted to approximately RMB11,588,000, while operating results of IHR Group increased by approximately RMB38,926,000, operating results of Shanghai Kentucky Fried Chicken Company Limited increased by approximately RMB37,470,000, operating results of Shanghai Pudong International Airport Transport Terminal Co., Ltd. increased by approximately RMB4,238,000 and operating results for other joint ventures and associates for the Reporting Period increased by approximately RMB2,443,000.

Taxation

The effective tax rate for the Reporting Period was approximately 26.1% (same period in 2014: approximately 30.6%). The lower effective tax rate was mainly attributable to the increase in the Group's dividend income and share of results of joint ventures and associates for the period.

Net Profit

As a result of the factors described above, net profit for the Reporting Period attributable to shareholders of the Company was approximately RMB865,523,000 (same period in 2014: approximately RMB621,225,000), representing an increase of approximately RMB244,298,000 or approximately 39.3%.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP DEBTS AND FINANCIAL CONDITIONS

Borrowings and pledge of assets

As at 31 December 2015, the borrowings included:

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**9,229,321**	1,596,814
Bank borrowings — unsecured	**2,006,014**	1,320,952
Finance lease liabilities	**178,251**	24,713
	11,413,586	2,942,479
Less: current portion of long-term secured bank borrowings	**(5,613)**	(67,064)
current portion of long-term unsecured bank borrowings	**(260,675)**	(1,010,502)
current portion of long-term finance lease	**(12,094)**	(3,044)
	11,135,204	1,861,869
Borrowings included in current liabilities:		
Bank borrowings — secured	**23,668**	32,806
Bank borrowings — unsecured	**4,848,039**	507,343
Borrowings from related parties	**100,000**	100,000
Current portion of long-term secured bank borrowings	**5,613**	67,064
Current portion of long-term unsecured bank borrowings	**260,675**	1,010,502
Current portion of long-term finance lease	**12,094**	3,044
	5,250,089	1,720,759

As at 31 December 2015, the secured bank borrowings included:

(1) Bank borrowings of EUR€1,289,305,000, equivalent to RMB9,147,876,000(31 December 2014: nil), which were pledged by the bank deposits RMB4,723,560,000 and the ownership of a subsidiary, and guaranteed by Jin Jiang International;

(2) Bank borrowings of Polish Zloty ("PLN") 48,946,000, equivalent to RMB81,445,000 (31 December 2014: nil), pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland;

(3) 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;

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

(1) Bank borrowings of US$10,960,000, equivalent to RMB67,064,000, which were guaranteed by Jin Jiang International;

(2) Bank borrowings of US$250,000,000, equivalent to RMB1,529,750,000, which were pledged by bank deposits amounted to US$5,000,000, equivalent to RMB30,595,000.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	At 31 December	
	2015 RMB'000	2014 RMB'000
Between 1 and 2 years	4,414,455	308,345
Between 2 and 5 years	6,438,264	1,542,316
Over 5 years	282,485	11,208
	11,135,204	1,861,869

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

	At 31 December	
	2015 RMB'000	2014 RMB'000
RMB	5,080,430	1,376,361
US$	1,980,548	2,206,267
EUR€	9,161,854	—
Other foreign currencies	162,461	—
	16,385,293	3,582,628

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

	At 31 December	
	2015	2014
Borrowings denominated in RMB	4.2077%	5.4088%
Borrowings denominated in US$	1.7694%	2.5427%
Borrowings denominated in EUR€	0.6213%	—
Borrowings denominated in other foreign currencies	4.3949%	—

Treasury Management and Interest Rate Risk Management

Cash and cash equivalents as at 31 December 2015 and 31 December 2014 amounted to approximately RMB5,040,230,000 and RMB5,876,801,000.

The Group optimises the allocation of its deposit and loan structure based on market conditions, the status of its business development and its financial profile. During the Reporting Period, measures adopted by the Group included the purchase of forward foreign exchange contracts in respect of its US Dollar loans.

Finance Company, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Available-for-sale Financial Assets

Available-for-sale financial assets held by the Group included 96,000,000 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), 28,214,523 shares in Pudong Development Bank Co., Ltd. (600000.SH), 13,031,877 shares in Shenwan Hongyuan (000166.SZ) and 61,782,364 shares in Guotai Jun'an (601211.SH).

HUMAN RESOURCES AND TRAINING

As at the end of the Reporting Period, the Group had approximately 34,000 employees included in its consolidated financial statements. As of now, no share options scheme has been established by the Group.

The Group's training base provides professional training on various management skills and technical skills. The base provides the Group with management talents of all fields and nurtures industry elites, where education and training are closely conducted based on the actual context of hotel development. More than 58 training courses on various types of job management, job skills and special topics were organised during the year with enrolment of more than 4,000 participants.

During the Reporting Period, the Group adjusted its human resources structure and optimised its job positions and staff establishment to further enhance its market orientation.

SOCIAL RESPONSIBILITY

In the course of its development, the Group seeks to maximise not only its shareholders' value, but also its long-term corporate value. As such, social responsibility constitutes an essential component in the Group's strategic development.

While pursuing economic benefits and protecting shareholders' interests, the Group has also acted vigorously to protect the legal rights of its employees, customers and business partners. It has been actively involved in public charity programmes, such as those relating to environmental protection and community development, highlighting the characteristic of its operations as "safe, healthy, comfortable and professional" hotels to promote the Group's harmony with the community as a whole and drive the co-fulfillment of economic benefits for the hotel, social benefits for the community and well-being for the eco-environment.

The Group places a strong emphasis on the interests of citizens in the community, as it seeks to foster a harmonious and stable environment for sustainable development. It has made strong endeavours to improve staff remuneration and benefits, while introducing and constantly enhancing the model for democratic participation in corporate management by junior staff. We have also sought further protection for the legal rights of staff through the staff representatives' assembly.

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, 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. As such, the Group will actively address any challenges and seize any opportunities that might arise.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will adopt a philosophy of development emphasising innovation, coordination, eco-friendliness and sharing in line with the “13th Five Year Plan” planning, step up with the development of its core business and drive internationalisation through worldwide marketing of the “Jin Jiang” brand. 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 business deployment and strengthen our ability in multinational operations.

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. The Group 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 to achieve excellence in operations. Measures in cost reduction and income enhancement will be strengthened and improved, as our marketing network will be expanded through multiple channels. We will also look to expedite the building of an international talent team as part of our efforts to develop a human resource management regime compatible with our international business ventures.

REPORT OF THE DIRECTORS

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

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

OPERATIONAL REVIEW

Management discussion and analysis on the Group's operations are set out on pages 21 to 26 in this annual report.

FINANCIAL REVIEW

The annual results of the Group for the year ended 31 December 2015 are set out in the consolidated income statement on page 73 in this report. Management discussion and analysis on financial review are set out on pages 27 to 35 in this report. Financial highlights of the Group for the years ended 31 December 2011, 2012, 2013, 2014 and 2015 are set out on page 13 in this annual report.

BUSINESS REVIEW AND PROSPECTS

Discussion and analysis as required by Schedule 5 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a fair review of the Group's business, discussion of major risks and uncertainties faced by the Group, details of material events affecting the Group that have occurred subsequent to the end of the 2015 financial year, the Company's environmental policy and performance, the Company's compliance with relevant laws and regulations having a significant impact on the Company, the Company's relations with its employees, customers and suppliers, and an indication of likely future developments in the Group's business, are set out in sections headed "Chairman's Statement," "Management Discussion and Analysis," "Corporate Governance Report" and "Notes to the Consolidated Financial Statement" in this annual report. The above sections form part of the Report of the Directors.

SHARE CAPITAL

The number of shares in each class of shares of the Company as at 31 December 2015 is set out as follows:

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

REPORT OF THE DIRECTORS

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

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

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

In 2007, approximately HK$1,091,600,000 (RMB1,098,200,000) was injected into Jin Jiang Hotel Investment by way of addition of capital on a pro-rata basis for the development and expansion of the Jin Jiang Metropolo hotels network, pursuant to an arrangement between the Company and Jin Jiang Hotels Development. As at 31 December 2015, the issue proceeds applied to the development and expansion of Jin Jiang Metropolo network had been fully utilized.

Issue proceeds of approximately RMB725,000,000 were applied as additional capital and investments in relevant affiliated hotels for the refurbishment of certain Landmark Hotels and Luxury Hotels, including Peace Hotel, Jin Jiang Tower, Jin Jiang Hotel, Cypress Hotel, Galaxy Hotel, Rainbow Hotel and Marvel Y.M.C.A. As of 31 December 2015, issue proceeds applied for the refurbishment of Landmark Hotels and Luxury Hotels had already been paid.

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

DIVIDENDS

On 30 March 2016, the Board proposed to declare a final dividend of RMB6.5 cents (inclusive of tax) per share for the year ended 31 December 2015, totalling RMB361,790,000. The payment of the dividend is expected to take place on no later than 15 August 2016.

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

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

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

For details of the resolutions to be considered and approved at the forthcoming annual general meeting, the book closure period of H share register, and the date of annual general meeting, please refer to the notice of 2015 annual general meeting to be issued by the Company in due course.

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

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

The Board has reviewed its "Company Operation and Corporate Governance Guidelines" and is of the view that such guidelines have incorporated most of the principles and all of the code provisions of the "Corporate Governance Code" as set out in Appendix 14 to the Listing Rules. The Company has complied with the applicable code provisions of the Corporate Governance Code for the financial year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2015, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company are set out in Note 40 to the consolidated financial statements.

RESERVES

The Group had reserves with an amount of approximately RMB3,724,896,000 as at 31 December 2015, of which RMB2,567,503,000 was retained earnings. Details of which are set out in the retained earnings in Note 21 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

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

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

As of 31 December 2015, based on the calculation made in accordance with the PRC Accounting Standards for Business Enterprises, relevant PRC laws and the Articles of Association, the distributable reserves of the Company amounted to RMB2,173,516,000, of which about RMB361,790,000 is proposed to be the final dividend for the year.

FIXED ASSETS

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

BORROWINGS

The details of short- and long-term borrowings are set out in Note 23 to the consolidated financial statements.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

The Group's customers mainly comprised Franchisees, travel agencies, corporate customers and guests at its hotels. For the year ended 31 December 2015, the Group's five largest customers in aggregate accounted for less than 30% of the Group's total sales. Pursuant to the Group's franchise agreements with its Franchisees, no credit term is granted to the Franchisees and the Group's Franchisees are required to pay the continuing franchise fee on or before the tenth day of every month. A Franchisee would be obliged to pay a certain percentage of the amount payable as penalties in case of a default in payment.

The Group's suppliers mainly comprise vendors who supply the Group's hotel operations with hotel supplies such as food and beverages, as well as bath products. For the year ended 31 December 2015, the Group's five largest suppliers in aggregate accounted for less than 30% of the Group's total purchases. Generally, the credit term provided by the Group's suppliers is about two to six months.

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

CONNECTED TRANSACTIONS

According to the announcements issued by the Company on 28 March 2013 and 28 July 2015 (the "Connected Transaction Announcements"), the Company and Jin Jiang International, the controlling shareholder of the Company, and/or its associates had carried out the following continuing connected transactions. Since the applicable percentage ratios for the proposed maximum annual caps of the continuing connected transactions conducted under (1) the Master Provision of Hotel Rooms Agreement; (2) Master Property Leasing Agreement; (3) Master Electronic Commerce Service Agreement; and (4) Loan Service Framework Agreement for the respective years are more than 0.1% but less than 5%, the continuing connected transactions under these agreements are only subject to the reporting, announcement and annual review requirements of the Listing Rules and are exempted from the independent shareholders' approval requirement, which are included in the disclosure of related party transactions in accordance with HKFRS 24 (revised) presented in Note 37 to the audited consolidated financial statements for the year ended 31 December 2015. All terms used below shall have the same meanings as defined in the Connected Transaction Announcements, unless the context requires otherwise.

(i) Master Provision of Hotel Rooms Agreement

On 28 July 2015, the Company and Jin Jiang International entered into the Master Provision of Hotel Rooms Agreement to replace the Previous Master Provision of Hotel Rooms Agreement entered into on 20 November 2006 to regulate the provision of hotel rooms by the Group to Jin Jiang International Group for the three years ending 31 December 2015, 2016 and 2017. Details of the Master Provision of Hotel Rooms Agreement are set out below:

Date:	28 July 2015
Parties:	(i) Jin Jiang International as the recipient; and
	(ii) the Company as the provider
Term:	1 January 2015 to 31 December 2017. The Master Provision of Hotel Rooms Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Provision of Hotel Rooms Agreement can be extended, provided that Jin Jiang International and the Company agree to such extension and the Listing Rules are complied with.

REPORT OF THE DIRECTORS

Nature of transactions: (i) provision of hotel rooms; and (ii) other related or ancillary goods and services by the Group to Jin Jiang International and its associates (excluding the Group) (the "Jin Jiang International Group").

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

As the implementation agreements are simply further elaborations on the provision of products and services as contemplated by the Master Provision of Hotel Rooms Agreement, therefore they do not constitute new categories of connected transactions.

Pricing policy: The prices for the provision of relevant products and services to Jin Jiang International and/or its subsidiaries and associates under the Master Provision of Hotel Rooms Agreement shall be determined with reference to the "Hotel Negotiated Prices for Major Customers" (as defined below) offered by the Company to independent third party customers with equivalent or similar volume of annual room reservations and level of aggregate consumption to Jin Jiang International Group.

"Hotel Negotiated Prices for Major Customers" shall be determined with reference to the prevailing price being charged by independent third parties in the ordinary and usual course of business for the provision of the same type of products and services.

A designated department or personnel of the Company shall primarily be responsible for checking the quotations and terms for similar types of products and services provided by independent third parties to determine the "Hotel Negotiated Prices for Major Customers". Generally, the quotations and terms will be obtained from at least two independent third parties via email, facsimile or telephone enquiry. The Company will determine the "Hotel Negotiated Prices for Major Customers" after comparing and considering certain factors, including the quotation, quality of products and services, seasonal demand in hotel industry, locations of the hotels and specific requirements of the counterparty, etc.

The historical amounts for the continuing connected transactions conducted under the Previous Master Provision of Hotel Rooms Agreement and the Master Provision of Hotel Rooms Agreement for each of the three years ended 31 December 2015, as well as the respective annual caps for the three years ended 31 December 2015, are set out below:

	Historical amounts (RMB in millions)			Annual caps (RMB in millions)		
Item	For the year ended 2013	For the year ended 2014	**For the year ended 2015**	For the year ended 2013	For the year ended 2014	**For the year ended 2015**
Fees received by the Group under the Previous Master Provision of Hotel Rooms Agreement and the Master Provision of Hotel Rooms Agreement for the relevant period	22.6	21.6	**21.1**	27.0	27.0	**30.0**

REPORT OF THE DIRECTORS

(ii) Master Property Leasing Agreement

As the Previous Master Property Leasing Agreement entered into on 23 December 2011 expired on 31 December 2014, the Company and Jin Jiang International agreed to renew the transaction terms, and entered into the Master Property Leasing Agreement on 28 July 2015 to regulate the provision of property leasing services by Jin Jiang International Group to the Group for the three years ending 31 December 2015, 2016 and 2017. Details of the Master Property Leasing Agreement are set out below:

Date:	28 July 2015
Parties:	(i) Jin Jiang International as the lessor; and (ii) the Company as the lessee
Term:	1 January 2015 to 31 December 2017. The Master Property Leasing Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Property Leasing Agreement can be extended, provided that Jin Jiang International and the Company agree to such extension and the Listing Rules are complied with.
Nature of transactions:	Jin Jiang International Group shall lease some properties legally owned by it to the Group and provide other property leasing related services to the Group. It is envisaged that from time to time and as required, individual implementation agreements may be entered into between the Group, Jin Jiang International, its subsidiaries and/or associates, as appropriate. As the implementation agreements are simply further elaborations on the provision of services as contemplated by the Master Property Leasing Agreement, therefore they do not constitute new categories of connected transactions.
Pricing policy:	Prices for the relevant property leasing services under the Master Property Leasing Agreement shall be determined according to the Market Price (as defined below). "Market Price" shall be determined with reference to quotation and market transaction price for similar types of property leasing services provided by independent third parties in neighbouring areas. A designated department or personnel of the Company shall primarily be responsible for checking the quotation and market transaction price for similar types of property leasing services provided by independent third parties in neighbouring areas to determine the Market Price. Generally, the quotations and terms will be obtained from at least two real estate agents who are independent third parties via email, facsimile or telephone enquiry. The Company will determine the Market Price after comparing and considering certain factors, including the condition of the relevant property, availability of ancillary facilities and service items to be provided, etc.
Other major terms:	Starting from the effective date of the Master Property Leasing Agreement, all existing agreements between the Group and Jin Jiang International and/or its subsidiaries and associates in relation to property leasing transactions (including property leasing transactions after the effective date of the Master Property Leasing Agreement) will be deemed as implementation agreements made under the Master Property Leasing Agreement.

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The historical amounts for the continuing connected transactions conducted under the Previous Master Property Leasing Agreement and the Master Property Leasing Agreement for each of the three years ended 31December 2015, as well as the respective annual caps for the three years ended 31 December 2015, are set out below:

Item	Historical amounts (RMB in millions)			Annual caps (RMB in millions)		
	For the year ended 2013	For the year ended 2014	**For the year ended 2015**	For the year ended 2013	For the year ended 2014	**For the year ended 2015**
Property leasing service fees paid by the Group under the Previous Master Property Leasing Agreement and the Master Property Leasing Agreement for the relevant period	34.8	32.3	**35.1**	40.0	50.0	**50.0**

(iii) Master Electronic Commerce Service Agreement

As the Previous Master Electronic Commerce Service Agreement entered into 23 December 2011 expired on 31 December 2014, the Company and Jin Jiang International agreed to renew the transaction terms, and entered into the Master Electronic Commerce Service Agreement on 28 July 2015 to regulate the provision of the Electronic Commerce Services by Jin Jiang International Group to the Group for the three years ending 31 December 2015, 2016 and 2017. Details of the Master Electronic Commerce Service Agreement are set out below:

Date: 28 July 2015

Parties: (i) Jin Jiang International as the service provider; and

(ii) the Company as the service recipient

Term: 1 January 2015 to 31 December 2017. The Master Electronic Commerce Service Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Electronic Commerce Service Agreement can be extended, provided that Jin Jiang International and the Company agree to such extension and the Listing Rules are complied with.

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

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

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

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Pricing policy:

Prices for the Electronic Commerce Services shall be determined in accordance with the following principles:

1) Services for bonus-point redemption gifts

Upon checking in a member hotel of the Group at the member room rate, a member guest may choose to receive a room rate discount or bonus points or both (depending on the category of his/her membership). If the member guest chooses to receive the room rate discount, the member hotel of the Group concerned is not required to pay any bonus costs to Jin Jiang International Group; if the member guest chooses to receive bonus points, the member hotel of the Group shall pay to Jin Jiang International Group a fixed percentage of the reasonable room charges incurred by such member guest as bonus costs.

If a member hotel of the Group launches other promotional activities that involve the grant of bonus points to member guests, an amount equivalent to the RMB cash value of the bonus points accrued shall be paid to Jin Jiang International Group.

Where a member hotel of the Group provides a complimentary room to a member guest at a discounted rate through the redemption of bonus points, Jin Jiang International Group shall settle the account with such member hotel of the Group at 100% of such discounted rate.

2) Cooperative services for prepayment

Settlement of spot-payment orders: Jin Jiang International Group is responsible for sending the orders to the member hotel of the Group only. Charges shall be settled by the member hotel of the Group directly with the customer with the issuance of an invoice stating the full amount. The Group is not required to pay any charges to Jin Jiang International Group.

Orders with advanced deposits: Jin Jiang International Group shall issue to the member hotel of the Group an order which states that the amount of deposit has been received and the invoice has yet to be issued. Upon completion of the patronage, the member hotel of the Group shall collect from the customer the balance (if any) of the charge after deducting the advanced deposit stated by the electronic commerce platforms, and issue an invoice stating the full amount to the customer. Jin Jiang International Group shall charge the member hotel of the Group an amount equivalent to the actual amount of deposit received multiplied by a fixed percentage.

Floor-price settlement orders: Jin Jiang International Group shall issue to the member hotel of the Group an order which states that the payment has been received in full and the invoice has been issued. Upon completion of the patronage as per items stated on the order, the member hotel of the Group shall not issue any invoice to the customer; if the customer has incurred additional expenses other than those stated on the order, the member hotel of the Group shall settle the portion in excess with the customer and issue a relevant invoice on the spot. Jin Jiang International Group shall charge the member hotel of the Group at a pre-negotiated floor price.

Prices for the Electronic Commerce Services under the Master Electronic Commerce Service Agreement shall be determined according to the Market Price (as defined below).

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"Market Price" shall be determined with reference to the prevailing price being charged by independent third parties in the ordinary and usual course of business for the provision of the same type of services.

A designated department or personnel of the Company shall primarily be responsible for checking the quotations and terms for similar types of electronic commerce services provided by electronic commerce platforms who are independent third parties to determine the Market Price. Generally, the quotations and terms will be obtained from at least two electronic commerce platforms who are independent third parties via email, facsimile or telephone enquiry. The Company will determine the Market Price after comparing and considering certain factors, including the quotation, quality of service, specific requirements of the counterparty, technical advantage of the service provider, requirements of the Group's customers, ability of the service provider to fulfill technical specifications and qualifications and relevant experience of the service provider, etc.

The historical amounts for the continuing connected transactions conducted under the Previous Master Electronic Commerce Service Agreement and the Master Electronic Commerce Service Agreement for each of the three years ended 31 December 2015, as well as the respective annual caps for continuous transactions under the Master Electronic Commerce Service Agreement for the three years ended 31 December 2015, are set out below:

	Historical amounts (RMB in millions)			Annual caps (RMB in millions)		
Item	For the year ended 2013	For the year ended 2014	**For the year ended 2015**	For the year ended 2013	For the year ended 2014	**For the year ended 2015**
Service fees paid by the Group under the Previous Master Electronic Commerce Service Agreement and the Master Electronic Commerce Service Agreement for the relevant period	9.9	7.3	**5.3**	38.0	50.0	**50.0**

(iv) Loan Service Framework Agreement

Date: 28 March 2013

Parties: (i) Jin Jiang International; and

(ii) Finance Company

Term: The Loan Service Framework Agreement will be effective for an initial term of 3 years until 15 April 2016, unless prior to the expiry either party terminates the Loan Service Framework Agreement by giving 3 months' prior written notice to the other party. The terms of the Loan Service Framework Agreement can be extended, provided that the Parent Company and the Finance Company agree to such extension and the requirements under the relevant laws, regulations and/or the Listing Rules are complied with. The term of the Loan Service Framework Agreement was extended to 15 April 2019 on 15 April 2016. For details, please refer to the announcement of the Company dated 15 April 2016.

REPORT OF THE DIRECTORS

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

The historical amounts for the continuing connected transactions conducted under the Loan Service Framework Agreement for each of the three years ended 31 December 2015, as well as the respective annual caps for the three years ended 31 December 2015, are set out below:

Item	Historical amounts (RMB in millions)			Annual caps (RMB in millions)		
	For the year ended 2013	For the year ended 2014	**For the year ended 2015**	For the year ended 2013	For the year ended 2014	**For the year ended 2015**
Total interest receivable by the Finance Company under the Loan Service Framework Agreement for the relevant period	20.7	1.5	**3.9**	80.5	60	**70**

The annual caps for continuous transactions under the Loan Service Framework Agreement for the 3.5 months ended 15 April 2016 are set out below:

Item	Annual caps (RMB in millions) 3.5 months ended 30 April 2016
Cap of total interest caps receivable by the Finance Company under the Loan Service Framework Agreement for the relevant period	23.33

The independent non-executive Directors, Mr. Ji Gang, Dr. Rui Mingjie, Dr. Tu Qiyu, Dr. Xu Jianxin, Mr. Xie Hongbing and Dr. He Jianmin have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

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

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

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

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

(1) nothing has come to the attention of the international auditor of the Company that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;

REPORT OF THE DIRECTORS

(2) nothing has come to the attention of the international auditor of the Company that causes them to believe that the transactions were not, in all material respects, conducted in accordance with the pricing policies of the Group;

(3) nothing has come to the attention of the international auditor of the Company that causes them to believe that the transactions were not, in all material respects, conducted in accordance with the relevant agreements governing the transactions; and

(4) nothing has come to the attention of the international auditor of the Company that causes them to believe that the continuing connected transactions have exceeded the annual caps set by the Company.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and senior management as at 31 December 2015 are set out on pages 17 to 20 in this annual report.

INTERESTS IN SHARES OF DIRECTORS, CHIEF EXECUTIVES AND SUPERVISORS

As at 31 December 2015, none of the Directors, chief executives or Supervisors of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which are otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

INTERESTS IN SHARES OR UNDERLYING SHARES OR DEBENTURES OF ASSOCIATED CORPORATIONS

As at 31 December 2015, Director Mr. Yu Minliang held the following number of shares in Jin Jiang Hotels Development:

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

Save as disclosed above, as at 31 December 2015, none of the Directors, chief executives or Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors, chief executives or Supervisors of the Company is taken or deemed to have under such provisions of the SFO) or which are required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which are otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

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

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

As at 31 December 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%	2.750%

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

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

As at 31 December 2015, so far as the Directors are aware, each of the following parties, not being (1) a Director, chief executive or Supervisor of the Company or (2) a member of the Group, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

	Name of subsidiary	Name of shareholder	Percentage of shareholding
1.	上海錦花旅館有限公司 (Shanghai Jinhua Hotel Co., Ltd.)	上海花木經濟發展總公司 (Shanghai Huamu Economic Development Company Limited)	20%
2.	揚州錦揚旅館有限公司 (Yangzhou Jinyang Hotel Co., Ltd.)	揚州市雙橋鄉農工商總公司 (Yangzhou Shuangqiao Town NGS Co., Ltd.)	25%
3.	上海錦海旅館有限公司 (Shanghai Jinhai Hotel Co., Ltd)	閔行區商業建設公司 (Minhang Commercial Construction Co., Ltd.)	30%
4.	蘇州新區錦獅旅館有限公司 (Suzhou New Area Jinshi Hotel Co., Ltd.)	蘇州新區獅山農工商總公司 (Suzhou Shishan Industry & Commercial Co., Ltd.)	40%
5.	上海海侖賓館有限公司 (Sofitel Hyland Shanghai Co., Ltd)	上海國際集團投資管理有限公司 (SIG Investment Management Co., Ltd.)	33.33%
6.	上海建國賓館有限公司 (Shanghai Jian Guo Hotel Co., Ltd)	上海國際集團投資管理有限公司 (SIG Investment Management Co., Ltd.)	35%
7.	上海錦江飯店發展有限公司 (Shanghai Jin Jiang Hotels Development Co., Ltd.)	上海錦江飯店實業有限公司 (Shanghai Jin Jiang Hotel Industries Company Limited)	10%
8.	北京錦江北方物業管理有限公司 (Beijing Jin Jiang Northern Property Management Company Limited)	北京市崑崙經貿公司 (Beijing Kun Lun Economy & Trade Company Limited)	20%
9.	澳大利亞新亞大包快餐（連鎖）有限公司 (New Asia Chains of Snack (Australia) PTY. Ltd.)	英華進出口有限公司 (Ying Hua Import & Expert Pty Limited)	45%
10.	上海錦江同樂餐飲管理有限公司 (Shanghai Jin Jiang Tung Lok Catering Management Inc.)	新加坡同樂（中國）控股有限公司 (Tung Lok (China) Holdings Pte. Ltd.)	49%
11.	上海豫錦酒店管理有限公司 (Shanghai YuJin Hotel Management Company Limited)	上海豫園（集團）有限公司 (Shanghai Yuyuan (Group) Co., Ltd.)	40%
12.	上海浦東友誼汽車服務有限公司 (Shanghai Pudong Friendship Automobile Service Co., Ltd.)	廣茂投資發展中心 (Guangmao Investment and Development Centre)	12.17%
13.	上海中油錦友油品經營有限公司 (Shanghai Zhong You Jin You Oil Products Co., Ltd.)	中油上海銷售有限公司	19%
	上海中油錦友油品經營有限公司 (Shanghai Zhong You Jin You Oil Products Co., Ltd.)	上海興恒拍賣有限公司 (Shanghai Xingheng Auction Company Limited)	5%
14.	上海嘉定錦江汽車服務有限公司 (Shanghai Jiading Jin Jiang Automobile Services Co., Ltd.)	上海振申汽車服務公司 (Shanghai Zhenshen Taxi Services Co., Ltd.)	30%
15.	上海錦江豐田汽車銷售服務有限公司 (Shanghai Toyota Automobile Sales Co., Ltd.)	上海永達（集團）股份有限公司 (Shanghai Yong Da (Group) Co., Ltd.)	20%

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	Name of subsidiary	Name of shareholder	Percentage of shareholding
16.	上海花樣年華廣告有限公司 (Shanghai Colorful Day Advertising Co., Ltd.)	周力平 (Liping Zhou)	20%
17.	上海錦茂汽車銷售服務有限公司 (Shanghai Jinmao Automobile Distribution and Services Co., Ltd.)	上海榮茂工貿有限公司 (Shanghai Rongmao Industry & Trade Co.,Ltd.)	49.02%
	上海錦茂汽車銷售服務有限公司 (Shanghai Jinmao Automobile Distribution and Services Co., Ltd.)	上海市駕駛員培訓學校 (Shanghai Vehicle Drivers Training School)	0.98%
18.	上海錦江低溫物流發展有限公司 (Shanghai Jinjiang Cold Logistics Development Co., Ltd.)	Mitsui & Co. (Asia Pacific) Pte. Ltd.	49%
19.	上海錦海捷亞物流管理有限公司 (Shanghai JHJ Logistic Management Co., Ltd.)	錦江國際集團（香港）有限公司 (Jin Jiang International Group (HK) Co., Ltd.)	21.75%
20.	上海錦海捷亞物流管理有限公司 (Shanghai JHJ Logistic Management Co., Ltd.)	香港旋光有限公司 (Hong Kong Xuanguang Co., Ltd.)	13.25%
21.	上海錦江國際綠色假期旅遊有限公司 (Shanghai Jin Jiang International Green Holiday Travel Co., Ltd.)	上海廊下集體資產有限公司 (Shanghai Langxia Assets Management Co., Ltd.)	30%
22.	靜安麵包房控股有限公司 (Jing An Bakery Holding Company Limited)	中國麵包投資有限公司 (China Bread Investment Limited)	30%
23.	靜安麵包房控股有限公司 (Jing An Bakery Holding Company Limited)	中國烘焙集團有限公司 (China Baking Group Co., Ltd.)	10%
24.	瀋陽錦富酒店投資管理有限公司 (Shenyang Jin Fu Hotel Investment and Management Company Limited)	瀋陽副食品集團公司 (Shenyang Foodstuff Group Company)	45%
25.	廬山錦江國際旅館投資有限公司 (Lushan Mountain Jin Jiang International Hotel Investment Co., Ltd.)	廬山旅遊發展股份有限公司 (Lushan Tourism Development Co., Ltd.)	40%

Save as disclosed above and so far as the Directors of the Company are aware, as at 31 December 2015, no other party, not being (1) a Director, chief executive or Supervisor of the Company or (2) a member of the Group, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

REPORT OF THE DIRECTORS

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACTS

Other than those transactions disclosed in the section "CONNECTED TRANSACTIONS" above, as of 31 December 2015 and at any time during the Reporting Period, there is or was no transaction, arrangement and contract of significance (as defined in Appendix 16 of the Listing Rules) subsisting in which any of the Directors or the Supervisors of the Company is or was, whether directly or indirectly, materially interested in.

As of 31 December 2015 and at any time during the Reporting Period, there is or was no transaction, arrangement and contract of significance in relation to the Company's business subsisting to which the Company, its subsidiaries, its holding company or a subsidiary of its holding company is or was a party and in which any of the Directors or the Supervisors of the Company has or had, or at any time during that period, in any way, whether directly or indirectly, a material interest.

As of 31 December 2015 and at any time during the Reporting Period, none of the Directors or the Supervisors of the Company is or was in any way, directly or indirectly, materially interested in any transaction, arrangement and contract of significance in relation to the Company's business entered into or proposed to be entered into with the Company.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term expiring upon the conclusion of the annual general meeting of the Company to be held in 2018.

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

Name	Title	Commencement Date
Mr. Ji Gang	Independent Non-executive Director	20 November 2006 (re-appointed on 16 October 2012 and 25 September 2015)
Dr. Rui Mingjie	Independent Non-executive Director	20 November 2006 (re-appointed on 16 October 2012 and 25 September 2015)
Dr. Tu Qiyu	Independent Non-executive Director	20 November 2006 (re-appointed on 16 October 2012 and 25 September 2015)
Dr. Xu Jianxin	Independent Non-executive Director	25 September 2015
Mr. Xie Hongbing	Independent Non-executive Director	25 September 2015
Dr. He Jianmin	Independent Non-executive Director	25 September 2015

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

REPORT OF THE DIRECTORS

EMOLUMENT POLICY OF THE GROUP

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

The compensation of the Directors, Supervisors, the five highest paid individuals and senior management and information regarding pension scheme have been stated in Note 27, Note 37 (d) and Note 38 to the consolidated financial statements. The Group has adopted the PRC government's social security system that comprises retirement fund, housing fund and medical insurance. For the retirement funds, the employer contribution ratio and employee contribution ratio in Shanghai are currently 21% and 8% respectively.

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

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

As of 31 December 2015, the executive Directors of the Company were Mr. Yu Minliang (Chairman), Ms. Guo Lijuan (vice chairman), Mr. Chen Liming, Mr. Xu Ming, Mr. Zhang Qian, Mr. Zhang Xiaoqiang, Mr. Han Min and Mr. Kang Ming; and the independent non-executive directors of the Company were Mr. Ji Gang, Dr. Rui Mingjie, Dr. Tu Qiyu, Dr. Xu Jianxin, Mr. Xie Hongbing and Dr. He Jianmin.

As of 31 December 2015, the Supervisors are Mr. Wang Guoxing (chairman of the Supervisory Committee), Mr. Ma Mingju, Mr. Zhou Qiquan, Ms. Zhou Yi, Ms. Zhang Wei and Ms. Chen Junjin. Ms. Chen Junjin has ceased to be Supervisor of the Company with effect from 30 March 2016 and Ms. Liu Chenjian has been elected as a Supervisor with effect from 30 March 2016.

Biographical details of the Directors and the Supervisors are set out on pages 17 to 19 in this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As of 31 December 2015, none of the Directors of the Company were interested in businesses that were deemed to be competing or possibly competing, whether directly or indirectly, with the business of the Group.

DIRECTORS' LIABILITIES INSURANCE

The Company has arranged for appropriate insurance cover for Directors' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

PENSION SCHEMES

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

REPORT OF THE DIRECTORS

NOMINATION COMMITTEE

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

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

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

AUDIT COMMITTEE

The Company has established an audit committee, the principal duty of which is to review the financial controls, internal controls and risk management system of the Company. The audit committee comprises three independent non-executive Directors, namely Dr. Xu Jianxin (chairman), Mr. Ji Gang and Dr. He Jianmin.

The annual results have been reviewed by the audit committee. The committee has reviewed the accounting principles and practices adopted by the Company and conducted a discussion on matters in relation to the audit, internal controls and financial reporting, including the review of the consolidated financial statements for the year ended 31 December 2015 prepared under HKFRSs, together with the management.

REMUNERATION COMMITTEE

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

PUBLIC FLOAT

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

EQUITY-LINKED AGREEMENTS

The Company has not entered into any equity-linked agreement for the year ended 31 December 2015.

REPORT OF THE DIRECTORS

NON-EXECUTIVE DIRECTOR

As of 31 December 2015, the Company did not have any non-executive Director.

CONFIRMATION OF INDEPENDENCE BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from all independent non-executive Directors, namely Mr. Ji Gang, Dr. Rui Mingjie, Dr. Tu Qiyu, Dr. Xu Jianxin, Mr. Xie Hongbing and Dr. He Jianmin, the confirmation letters confirming their independence pursuant to Rule 3.13 of the Listing Rules. Based on their confirmations, the Company considers that all independent non-executive Directors are independent.

MANAGEMENT CONTRACTS

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

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

INTERNATIONAL AUDITOR

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

By order of the Board
Yu Minliang
Chairman

30 March 2016

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

All members of the current session of the Supervisory Committee have discharged their supervisory duties in a conscientious manner in the spirit of accountability to all shareholders and in adherence to the principle of integrity in accordance with relevant provisions of the Company Law of the People's Republic of China and the Articles of Association, and have played a positive role in facilitating disciplined operations and sustainable development of the Company.

The Supervisory Committee convened six meetings in 2016. On 14 January 2015, the Supervisory Committee considered and approved the acquisition of 100% interests in GDL by Jin Jiang Hotels Development. On 25 March 2015, the Supervisory Committee received relevant reports on the financial conditions of the Group in 2014, and considered and adopted the 2014 Supervisory Committee report. On 30 April 2015, the Supervisory Committee considered and passed the resolution on the extension of the third session of the Supervisory Committee. On 11 August 2015, the Supervisory Committee considered and passed the resolution on the commencement of the new session of the Supervisory Committee and annual allowances for independent supervisors. On 25 August 2015, the Supervisory Committee received relevant reports on the financial conditions of the Group during the first half of 2015. On 25 September 2015, the Supervisory Committee passed the resolution on the election of the chairman of the fourth session of the Supervisory Committee of the Company.

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

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

The current session of the Supervisory Committee has exercised supervision over the performance of duties by the Directors and management of the Group and the implementation of resolutions of the general meeting(s). The Supervisory Committee is of the view that the Directors and management of the Group have performed their duties in a conscientious manner and vigorously implemented the Group's strategy of internationalisation in accordance with the resolutions of the general meeting(s). There were no material violations of laws, regulations or the Articles of Association or acts compromising the interests of the shareholders of the Group on the part of the Directors and the management of the Group in the performance of their duties with the Group.

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

30 March 2016

CORPORATE GOVERNANCE REPORT

The Board has reviewed the "Company Operation and Corporate Governance Guidelines" of the Company and is of the view that such guidelines have incorporated most of the principles and all of the code provisions of the "Corporate Governance Code" as set out in Appendix 14 to the Listing Rules. The Company was in compliance with the relevant code provisions set out in Appendix 14 to the Listing Rules for the financial year ended 31 December 2015.

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

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

THE BOARD

The third session of the Board of the Company currently consists of seven executive Directors and six independent non-executive Directors. A new session of the Board of the Company commenced on 25 September 2016. As at 31 December 2015, the fourth session of the Board of the Company consists of eight executive Directors and six independent non-executive Directors (at least one independent non-executive Director possesses appropriate professional qualifications or possesses accounting or related financial management expertise). Biographical details of the Directors are set out on pages 17 to 18 in this annual report.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the third session of the Board of the Company held 12 meetings. The attendance record of each respective Director of the third session of the Board at the Board meetings held in 2015 is set out in the following table:

Directors	Attendance/number of meetings held or eligible to join
Mr. Yu Minliang *(chairman)*	12/12
Ms. Guo Lijuan *(vice chairman)*	6/6
Mr. Yang Weimin**	6/6
Ms. Chen Wenjun	12/12
Mr. Yang Yuanping**	7/7
Mr. Shao Xiaoming	12/12
Mr. Han Min	12/12
Mr. Kang Ming	12/12
Mr. Ji Gang*	12/12
Mr. Sun Dajian*	12/12
Dr. Rui Mingjie*	12/12
Mr. Yang Menghua*	12/12
Dr. Tu Qiyu*	12/12
Mr. Shen Chengxiang*	12/12

* Independent non-executive director

** Mr. Yang Weimin ceased to hold the position of vice chairman and chief executive officer of the Company with effect from 27 March 2015. Mr. Yang Yuanping ceased to hold the position of executive Director of the Company with effect from 17 June 2015.

During the Reporting Period, the fourth session of the Board of the Company held 3 meetings. The attendance record of each respective Director of the fourth session of the Board at the Board meetings held in 2015 is set out in the following table:

Directors	Attendance/number of meetings held
Mr. Yu Minliang *(chairman)*	3/3
Ms. Guo Lijuan *(vice chairman)*	3/3
Mr. Chen Liming	3/3
Mr. Xu Ming	3/3
Mr. Zhang Qian	3/3
Mr. Zhang Xiaoqiang	3/3
Mr. Han Min	3/3
Mr. Kang Ming	3/3
Mr. Ji Gang*	3/3
Dr. Rui Mingjie*	3/3
Dr. Tu Qiyu*	3/3
Dr. Xu Jianxin*	3/3
Mr. Xie Hongbing *	3/3
Dr. He Jianmin *	3/3

* Independent non-executive director

CORPORATE GOVERNANCE REPORT

CONTINUOUS TRAINING AND DEVELOPMENT FOR DIRECTORS

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

The company secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials, and the legal advisers of the Company prepare and provide the Directors with detailed interpretations and analysis on the revised contents for them to understand the latest developments in a timely and accurate manner and to perform their duties in accordance with relevant laws and regulatory requirements. All Directors of the Company (namely, Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming, Mr. Xu Ming, Mr. Zhang Qian, Mr. Zhang Xiaoqiang, Mr. Han Min, Mr. Kang Ming, Mr. Ji Gang, Dr. Rui Mingjie, Dr. Tu Qiyu, Dr. Xu Jianxin, Mr. Xie Hongbing and Dr. He Jianmin) have participated in relevant trainings, and were provided with the above information for further development and update on their knowledge and skills, which in turn ensures that they could make adequate and suitable contributions to the Board.

NOMINATION OF DIRECTORS AND TERM OF OFFICE

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

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

RESPONSIBILITIES OF THE BOARD

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

SUPERVISORY COMMITTEE

As at the end of 2015, the Supervisory Committee comprised six members. The background and biographical details of the Supervisors are set out in the section headed "Directors, Supervisors and Senior Management". Supervisors of the Company acted diligently to effectively supervise on the lawfulness and compliance of the Company's financial matters and the performance of duties by the Directors and senior management.

BOARD COMMITTEES

(1) Audit Committee

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

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

In 2015, the audit committee held 2 meetings in total. The attendance record of each respective member at the meetings of the audit committee held in 2015 is set out in the following table:

Directors	Attendance/number of meetings held or eligible to join
Mr. Yang Menghua *(Note 1)*	2/2
Mr. Sun Dajian *(Note 1)*	2/2
Mr. Ji Gang	2/2
Dr. Xu Jianxin *(Note 2)*	0/0
Dr. He Jianmin *(Note 2)*	0/0

Note 1: Mr. Yang Menghua and Mr. Sun Dajian ceased to be members of the audit committee with effect from 25 September 2015.

Note 2: Dr. Xu Jianxin and Dr. He Jianmin took office as members of the audit committee with effect from 25 September 2015.

The first meeting of the audit committee for 2015 was held on 9 January 2015, at which the audit plans of 2014 and the preliminary targets for the 2015 budget were reviewed and discussed. The second meeting of the audit committee for 2015 was held on 25 March 2015, at which the consolidated financial statements for 2014 were tabled for review and discussion.

CORPORATE GOVERNANCE REPORT

(2) Remuneration Committee

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

In 2015, the remuneration committee held 1 meeting in total. The attendance record of each respective member at the meeting of the remuneration committee held in 2015 is set out in the following table:

Directors	Attendance/number of meetings held or eligible to join
Mr. Ji Gang	1/1
Mr. Yang Weimin (Note 1)	1/1
Mr. Shen Chengxiang (Note 1)	1/1
Ms. Guo Lijuan (Note 2)	0/0
Mr. Xie Hongbing (Note 2)	0/0

Note 1: Mr. Yang Weimin ceased to be member of the remuneration committee with effect from 17 June 2015. Mr. Shen Chengxiang ceased to be member of the remuneration committee with effect from 25 September 2015.

Note 2: Ms. Guo Lijuan took office as member of the remuneration committee with effect from 17 June 2015. Mr. Xie Hongbing took office as member of the remuneration committee with effect from 25 September 2015.

The meeting of the remuneration committee for 2015 was held on 25 March 2015 to review, among other things, the remuneration of the senior management of the Company for 2014, the remuneration of the Directors, Supervisors and senior management disclosed in the 2014 annual report and the performance of duties by the remuneration committee.

(3) Nomination Committee

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

CORPORATE GOVERNANCE REPORT

In 2015, the nomination committee held 2 meetings in total. The attendance record of each respective member at the meeting of the nomination committee held in 2015 is set out in the following table:

Directors	Attendance/number of meetings held
Mr. Yu Minliang	2/2
Dr. Rui Mingjue	2/2
Dr. Tu Qiyu	2/2

The first meeting of the nomination committee for 2015 was held on 27 March 2015 to review, among other things, the structure, size and composition of the Board of the Company, the skills, know-how and experience of the Directors, members of the Board committees, and senior management of the Company, and qualifications of candidates for directorship. The second meeting of the nomination committee for 2015 was held on 11 August 2015, at which, among other things, the qualifications of candidates for Directors of the fourth session of the Board of the Company were reviewed.

(4) Strategic Investment Committee

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

In 2015, the strategic investment committee held 1 meeting in total. The attendance record of each respective member at the meetings of the strategic investment committee held in 2015 is set out in the following table:

Directors	Attendance/number of meetings held or eligible to join
Mr. Yang Weimin *(Note 1)*	1/1
Mr. Han Min	1/1
Dr. Rui Mingjie	1/1
Ms. Guo Lijuan *(Note 2)*	0/0

Note 1: Mr. Yang Weimin ceased to be member of the strategic investment committee with effect from 17 June 2015.

Note 2: Ms. Guo Lijuan took office as member of the strategic investment committee with effect from 17 June 2015.

The meeting of the strategic investment committee for 2015 were held on 14 January 2015, at which the acquisition of 100% equity interests in GDL by Jin Jiang Hotels Development, a subsidiary of the Company, was considered and approved.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under paragraph A.2.1 of Appendix 14 to the Listing Rules, the roles of the chairman and the chief executive officer of an issuer should be separate and should not be performed by the same person. Currently, the chairman is Mr. Yu Minliang, who is an executive Director and is responsible for formulating overall corporate strategies and major decision-making, and the chief executive officer had been Mr. Yang Weimin, an executive Director and authorized representative of the Company, who had been responsible for overseeing the daily operation and operation management of the Company as well as coordinating the

CORPORATE GOVERNANCE REPORT

implementation of Board resolutions. Mr. Yang Weimin has ceased to hold the position of vice chairman and chief executive officer of the Company with effect from 27 March 2015. The Company is not aware of any financial, business or family relationships or significant relevant relationships between the Board members and the chairman on the one hand and the chief executive officer on the other hand.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code regarding Directors' and Supervisors' securities transactions. Every Director and Supervisor at the time of appointment was given a copy of the Model Code. The Company confirms, having made specific enquiries with all Directors and Supervisors, that for the year ended 31 December 2015, each of its Directors and Supervisors has complied with the requirements relating to Directors' and Supervisors' securities transactions as set out in the Model Code.

EXTERNAL AUDITORS

The independence of the Company's external auditors is confirmed. The external auditors will retire on the date of convening the following annual general meeting and offer themselves for re-election at such meeting. During the Reporting Period, two external auditors were appointed, namely PricewaterhouseCoopers in Hong Kong for consolidated financial statements of the Group prepared in accordance with HKFRS and PricewaterhouseCoopers Zhong Tian LLP in the PRC for financial statements of the Group and the Company prepared in accordance with PRC Accounting Standards for Business Enterprises. An aggregate remuneration of RMB6,004,700 for the provision of audit services on the consolidated financial statements and financial statements for the Company during the Reporting Period and an aggregate fee of approximately RMB7,391,000 for the provision of non-audit related services (including circular fees in connection with the acquisition of Groupe du Louvre of approximately RMB4,835,000 and circular fees in connection with the acquisition of Plateno Group of approximately RMB2,098,000) were paid to PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES

The Directors have acknowledged their responsibilities for the preparation of the consolidated financial statements for the year ended 31 December 2015, and confirm that such statements give a true and fair view of the state of affairs of the Group as at 31 December 2015 and of the profit and cash flows for the Reporting Period. In preparing these consolidated financial statements, the Directors have selected and adopted suitable accounting policies and made accounting estimates that are reasonable under the circumstances; and have prepared the consolidated financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Group at any time.

PricewaterhouseCoopers, the international auditor of the Company, have set out their responsibilities in the independent auditor's report as set out on pages 69 to 70.

INVESTOR RELATIONS

The Company places strong emphasis on communications with shareholders and investors as well as the improvement in the transparency of the Company: designated departments and staff were put in place to provide reception for investors and analysts. During the Reporting Period, the Company received over 100 groups of funds managers and analysts in total and patiently answered their questions on the Company. Arrangements were made for visits to various types of hotels under the Company, allowing them to have a prompt understanding of the operations and latest business developments of the Company. The Company conducted true, accurate, complete and timely information disclosure in strict compliance with relevant laws and regulations, the Articles of Association and the Listing Rules. Investors can access information such as the basic conditions and statutory

CORPORATE GOVERNANCE REPORT

announcements of the Company at any time by visiting our website www.jinjianghotels.com.cn. Annual reports, interim reports, circulars and announcements published since the Company's listing are available under the section "Investor Relations" on the Company's website. Promotional presentations and one-to-one meetings with institutional investors are held after the announcement of interim and annual results.

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

GENERAL MEETINGS

The Company convened the annual general meeting on 17 June 2015, at which nine ordinary resolutions and one special resolution on granting a general mandate to the Board of the Company were considered and approved. The first extraordinary general meeting for 2015 of the Company was held on 25 September 2015, at which four ordinary resolutions relating to the commencement of the new session of the Board of the Company, the commencement of the new session of the Supervisory Committee, allowances for independent non-executive Directors and allowances for independent Supervisors were considered and approved.

Details of the attendance of the Directors of the Company in the general meetings in 2015 are as follows:

Directors	Attendance/number of meetings held or eligible to join
Mr. Yu Minliang *(chairman)*	2/2
Mr. Yang Weimin *(Note 1)* *(vice Chairman and CEO)*	1/1
Ms. Guo Lijuan *(Note 2)*	2/2
Mr. Chen Liming *(Note 2)*	1/1
Ms. Chen Wenjun *(Note 1)*	2/2
Mr. Yang Yuanping *(Note 1)*	1/1
Mr. Shao Xiaoming *(Note 1)*	2/2
Mr. Xu Ming *(Note 2)*	1/1
Mr. Zhang Qian *(Note 2)*	1/1
Mr. Zhang Xiaoqiang *(Note 2)*	1/1
Mr. Han Min	2/2
Mr. Kang Ming	2/2
Mr. Ji Gang	2/2
Mr. Sun Dajian *(Note 1)*	2/2
Dr. Rui Mingjie	2/2
Mr. Yang Menghua *(Note 1)*	2/2
Dr. Tu Qiyu	2/2
Mr. Shen Chengxiang *(Note 1)*	2/2
Dr. Xu Jianxin *(Note 2)*	1/1
Mr. Xie Hongbing *(Note 2)*	1/1
Dr. He Jianmin *(Note 2)*	1/1

Note 1: Mr. Yang Weimin and Mr. Yang Yuanping ceased to be Directors of the Company with effect from 17 June 2015; Ms. Chen Wenjun, Mr. Shao Xiaoming, Mr. Sun Dajian, Mr. Yang Menghua and Mr. Shen Chengxiang ceased to be Directors of the Company with effect from 25 September 2015.

Note 2: Ms. Guo Lijuan took office as Director of the Company with effect from 17 June 2015; Mr. Chen Liming, Mr. Xu Ming, Mr. Zhang Qian, Mr. Zhang Xiaoqiang, Dr. Xu Jianxin, Mr. Xie Hongbing and Dr. He Jianmin took office as Director of the Company with effect from 25 September 2015.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

Shareholders' Rights

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

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

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

Where the Board fails to issue notice of convening a meeting within thirty days upon receipt of the above written requisition(s), shareholder(s) individually or collectively holding more than ten percent (including ten percent) of the outstanding shares of the Company carrying voting rights is/are entitled to request by written requisition(s) the Supervisory Committee to convene the extraordinary general meeting or class shareholders' meeting. The Supervisory Committee may convene the meeting on its own accord within four months upon the Board having received such request. In case the Supervisory Committee does not convene and hold the meeting(s), shareholder(s) individually or collectively holding more than ten percent of the shares of the Company for 90 consecutive days may convene the meeting(s) on his/her/their own accord. The convening procedures shall as much as possible be equivalent to those of general meetings convened by the Board.

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

Enquires of and Communication with Shareholders

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

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

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS AND AUDIT

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

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

To further strengthen and meet the needs of corporate risk management and internal control and management, an internal control project force has been established by the Company.

All Directors considered that the operation of current risk management and internal control systems effective.

JOINT COMPANY SECRETARIES

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

In compliance with Rule 3.29 of the Listing Rules, the joint company secretaries have undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2015.

MAJOR DUTIES OF INTERNAL AUDIT

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

- to conduct audit on the integrity of department heads of members of the Group during their appointment period and separate audit for those who have been transferred, resigned, dismissed or retired;
- to conduct audit on income, expenses and related business activities;
- to conduct audit on construction projects as well as upgrade and renovation projects for fixed assets of over a designated amount;
- to conduct audit on the implementation of investment management, fund management, properties management and internal control;
- to implement internal control and formulate and optimize internal control policies and standards according to management requirements;
- to be responsible for the development of full-time and part-time internal audit workforce, and organize relevant assignments in the Company's system; and
- to accomplish other audit assignments from senior management team, the Board and the Supervisory Committee.

CORPORATE GOVERNANCE REPORT

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

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

In accordance with the arrangements disclosed in the Prospectus, the independent non-executive Directors held four meetings in 2015 to consider whether or not to exercise the relevant Rights granted to the Company by Jin Jiang International over the relevant Excluded Hotel Businesses and New Union business under the Deed of Non-Competition and whether to take up any business opportunity which was referred to the Company by Jin Jiang International or any of its subsidiaries (other than the Group).

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

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

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

Eastern Jin Jiang has in total 850 rooms. The revenue and net assets of Eastern Jin Jiang as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2015 amounted to approximately RMB176.19 million and RMB657.99 million, respectively.

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

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

Pacific Shanghai has in total 587 rooms. The revenue and net assets of Pacific Shanghai as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2015 amounted to approximately RMB230.43 million and RMB325.96 million respectively.

CORPORATE GOVERNANCE REPORT

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

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

Garden Hotel Shanghai has in total 471 rooms. The revenue and net assets of Garden Hotel Shanghai as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2015 amounted to approximately RMB253.86 million and RMB86.66 million respectively.

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

Jiaozhou Road Inn each has in total 82 rooms. The revenue and net assets of Jiaozhou Road Inn as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2015 amounted to approximately RMB8.36 million and RMB0 respectively.

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

New Union has in total 270 rooms. The revenue and net assets of New Union as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2015 amounted to approximately RMB253.20 million and RMB216.90 million respectively.

Capitalised terms in this section shall have the same meanings as defined in the Prospectus, unless otherwise required by the context.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

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

We have audited the consolidated financial statements of Shanghai Jin Jiang International Hotels (Group) Company Limited (the "Company") and its subsidiaries set out on pages 71 to 208, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2016

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	Note	As at 31 December 2015 RMB'000	As at 31 December 2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	10,985,979	6,932,094
Investment properties	7	215,759	221,845
Land use rights	8	1,904,781	1,961,915
Intangible assets	9	6,771,108	429,417
Investments in joint ventures	11	1,550,497	1,394,187
Investments in associates	12	685,266	552,936
Available-for-sale financial assets	14	4,079,267	3,643,840
Deferred income tax assets	15	551,689	262,521
Trade receivables, prepayments and other receivables	17	265,640	103,863
Restricted cash	19	3,778,848	—
Bank deposits with maturities over 12 months	19	236,000	—
		31,024,834	15,502,618
Current assets			
Financial assets at fair value through profit or loss	18	137,795	94,629
Available-for-sale financial assets	14	272,976	121,467
Inventories	16	196,108	168,129
Trade receivables, prepayments and other receivables	17	2,331,692	1,197,631
Restricted cash	19	1,114,888	312,622
Bank deposits with maturities over 3 months	19	2,146,138	828,375
Cash and cash equivalents	20	5,040,230	5,876,801
		11,239,827	8,599,654
Non-current assets held for sale		—	61,214
		11,239,827	8,660,868
Total assets		42,264,661	24,163,486

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2015

	Note	As at 31 December 2015 RMB'000	As at 31 December 2014 RMB'000
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	21	**5,566,000**	5,566,000
Reserves	21	**3,724,896**	3,053,292
		9,290,896	8,619,292
Non-controlling interests		**7,457,333**	6,757,006
Total equity		**16,748,229**	15,376,298
LIABILITIES			
Non-current liabilities			
Borrowings	23	**11,135,204**	1,861,869
Deferred income tax liabilities	15	**2,229,689**	937,910
Trade and other payables	22	**1,135,670**	608,167
		14,500,563	3,407,946
Current liabilities			
Borrowings	23	**5,250,089**	1,720,759
Derivative financial instruments		**6,360**	—
Income tax payable		**236,131**	237,619
Trade and other payables	22	**5,523,289**	3,358,221
		11,015,869	5,316,599
Liabilities directly associated with non-current assets held for sale		**—**	62,643
		11,015,869	5,379,242
Total liabilities		**25,516,432**	8,787,188
Total equity and liabilities		**42,264,661**	24,163,486

The notes on pages 79 to 208 are an integral part of these consolidated financial statements.

The consolidated financial statements on page 79 to 208 were approved by the Board of Directors on 30 March 2016 and were signed on its behalf by:

Yu Minliang
Chairman and Executive Director

Xu Ming
Executive President and Executive Director

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

		Year ended 31 December	
	Note	2015 RMB'000	2014 RMB'000
Revenue	5(a)	**12,160,429**	9,364,088
Cost of sales	26	**(9,524,759)**	(7,682,247)
Gross profit		**2,635,670**	1,681,841
Other income and gain	24	**1,581,684**	1,920,189
Selling and marketing expenses	26	**(695,657)**	(427,100)
Administrative expenses	26	**(1,343,741)**	(1,482,001)
Other expenses and losses	25	**(167,542)**	(124,711)
Operating profit		**2,010,414**	1,568,218
Finance income	28	**148,772**	—
Finance costs	28	**(502,965)**	(158,574)
Finance costs — net		**(354,193)**	(158,574)
Share of results of joint ventures and associates	29	**235,604**	140,939
Profit before income tax		**1,891,825**	1,550,583
Income tax expense	30	**(494,125)**	(474,232)
Profit for the year		**1,397,700**	1,076,351
Attributable to:			
Shareholders of the Company		**865,523**	621,225
Non-controlling interests		**532,177**	455,126
		1,397,700	1,076,351
Earnings per share for profit attributable to shareholders of the Company during the year (expressed in RMB cents per share) — basic and diluted	31	**15.55**	11.16

The notes on pages 79 to 208 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

		Year ended 31 December	
	Note	2015 RMB'000	2014 RMB'000
Profit for the year		**1,397,700**	1,076,351
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		**587**	—
Items that may be subsequently reclassified to profit or loss			
Fair value changes on available-for-sale financial assets — gross	14	**973,557**	2,269,816
Transfer of fair value changes on disposal of available-for-sale financial assets — gross		**(485,573)**	(435,652)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	30	**(121,774)**	(458,618)
Cash flow hedges		**817**	—
Currency translation differences		**23,226**	(4,545)
Total other comprehensive income for the year		**390,840**	1,371,001
Total comprehensive income for the year		**1,788,540**	2,447,352
Attributable to:			
Shareholders of the Company		**949,612**	1,306,431
Non-controlling interests		**838,928**	1,140,921
		1,788,540	2,447,352

The notes on pages 79 to 208 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to shareholders of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014	5,566,000	269,092	1,730,422	7,565,514	4,384,366	11,949,880
Comprehensive income:						
Profit for the year	—	—	621,225	621,225	455,126	1,076,351
Other Comprehensive income:						
Fair value changes on available-for-sale financial assets — gross	—	1,138,890	—	1,138,890	1,130,926	2,269,816
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	(219,131)	—	(219,131)	(216,521)	(435,652)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax (note 30)	—	(230,008)	—	(230,008)	(228,610)	(458,618)
Currency translation differences	—	(4,545)	—	(4,545)	—	(4,545)
Total other comprehensive income	—	685,206	—	685,206	685,795	1,371,001
Total comprehensive income	—	685,206	621,225	1,306,431	1,140,921	2,447,352
Transactions with owners:						
Contributions by and distributions to owners of the Company recognised directly in equity:						
Profit appropriation	—	81,141	(81,141)	—	—	—
Dividends (note 32)	—	—	(250,470)	(250,470)	—	(250,470)
Total contributions by and distributions to owners of the Company recognised directly in equity	—	81,141	(331,611)	(250,470)	—	(250,470)
Dividends to non-controlling interests	—	—	—	—	(261,064)	(261,064)
Capital contribution from a non-controlling interest	—	—	—	—	1,504,438	1,504,438
Acquisition of equity interests in subsidiaries from Non-controlling interests	—	(2,183)	—	(2,183)	(11,655)	(13,838)
Total transactions with owners	—	78,958	(331,611)	(252,653)	1,231,719	979,066
Balance at 31 December 2014	5,566,000	1,033,256	2,020,036	8,619,292	6,757,006	15,376,298

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2015

	Attributable to shareholders of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015	5,566,000	1,033,256	2,020,036	8,619,292	6,757,006	15,376,298
Comprehensive income:						
Profit for the year	—	—	865,523	865,523	532,177	1,397,700
Other Comprehensive income:						
Remeasurements of post-employment benefit obligations	—	295	—	295	292	587
Fair value changes on available-for-sale financial assets — gross	—	339,585	—	339,585	633,972	973,557
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	(245,449)	—	(245,449)	(240,124)	(485,573)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax (note 30)	—	(23,534)	—	(23,534)	(98,240)	(121,774)
Cash flow hedges	—	411	—	411	406	817
Currency translation differences	—	12,781	—	12,781	10,445	23,226
Total other comprehensive income	—	84,089	—	84,089	306,751	390,840
Total comprehensive income	—	84,089	865,523	949,612	838,928	1,788,540
Transactions with owners:						
Contributions by and distributions to owners of the Company recognised directly in equity:						
Profit appropriation	—	39,756	(39,756)	—	—	—
Dividends (note 32)	—	—	(278,300)	(278,300)	—	(278,300)
Total contributions by and distributions to owners of the Company recognised directly in equity	—	39,756	(318,056)	(278,300)	—	(278,300)
Dividends to non-controlling interests	—	—	—	—	(320,299)	(320,299)
Establishment of a subsidiary with non-controlling interest	—	—	—	—	8,274	8,274
Non-controlling interest arising from business combination (Notes 36(a))	—	—	—	—	172,933	172,933
Others	—	292	—	292	491	783
Total transactions with owners	—	40,048	(318,056)	(278,008)	(138,601)	(416,609)
Balance at 31 December 2015	5,566,000	1,157,393	2,567,503	9,290,896	7,457,333	16,748,229

The notes on pages 79 to 208 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Cash flows from operating activities:			
Cash generated from operations	33(a)	2,158,318	1,348,050
Net increase/(decrease) in deposits from customers (*)		1,513,491	(1,754,091)
Net (increase)/decrease in loans to customers (*)		(453,000)	336,500
Interest paid		(400,762)	(156,817)
Interest income from restricted deposits pledged for borrowings		42,435	—
Income tax expense		(396,293)	(569,679)
Net cash generated/(used in) from operating activities		2,464,189	(796,037)
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment	33(a)	60,442	79,701
Proceeds from disposal of intangible assets		197	—
Proceeds from disposal of interests in associates		502	—
Proceeds from disposal of joint ventures		—	31,176
Proceeds from disposal of available-for-sale financial assets		1,546,007	753,176
Proceeds from disposal of financial assets at fair value through profit or loss	18	141,678	149,889
Proceeds from disposal of subsidiaries		195,057	1,267,482
Purchase of property, plant and equipment		(1,003,824)	(841,190)
Purchase of intangible assets		(48,591)	(10,160)
Purchase of investment property		—	(41)
Purchase of available-for-sale financial assets	14	(1,236,532)	(238,885)
Purchase of financial assets at fair value through profit or loss	18	(163,853)	(163,552)
Payment of bank deposits with maturities over 3 months		(2,622,838)	(1,068,700)
Receipt from bank deposits with maturities over 3 months		1,069,075	1,278,125
Interest received		69,082	76,835
Dividends received		301,264	238,934
Net cash outflow for business combination	36(a)&(b)	(2,956,188)	(70,758)
Advance received for the transaction of a subsidiary to be disposed		—	227,600
Loans granted to related parties		—	(204,500)
Return of capital of investment from a joint venture		237,878	—
Net cash (used in)/generated from investing activities		(4,410,644)	1,505,132

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Cash flows from financing activities:			
Capital contribution from non-controlling interests		**8,274**	1,504,438
Proceeds from borrowings		**21,286,668**	2,615,178
Repayments of borrowings		**(14,951,671)**	(2,893,569)
Dividends paid to non-controlling interests		**(326,610)**	(250,736)
Dividends paid to shareholders of the Company	32	**(278,300)**	(250,470)
Restricted deposits pledged for borrowings		**(4,692,965)**	(30,595)
Payments to non-controlling shareholders for acquisition of shares in subsidiaries		**—**	(3,104)
Deposits for private placing share		**45,167**	—
Net cash generated from financing activities		**1,090,563**	691,142
(Decrease)/increase in cash and cash equivalents		**(855,892)**	1,400,237
Cash and cash equivalents at beginning of the year		**5,876,801**	4,475,191
Exchange losses on cash and cash equivalents		**19,321**	1,373
Cash and cash equivalents at end of the year	20	**5,040,230**	5,876,801

* The deposits/loans from/to customers of Finance Company, a subsidiary of the Company and non-bank finance company, are included in the cash flows from operating activities.

The notes on pages 79 to 208 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1 GENERAL INFORMATION

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

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

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

The Company is listed on the Main Board of 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, PRC.

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

These consolidated financial statements were approved for issue by the Board of Directors of the Company on 30 March 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

2.1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following new amendments of HKFRS or Hong Kong Accounting Standards ("HKAS") are mandatory for the first time for the financial year beginning on 1 January 2015.

- Amendment to HKAS 19 regarding defined benefit plans: employee contributions. This narrow scope amendment applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

- Amendments from annual improvements to HKFRSs — 2010–2012 Cycle, on HKFRS 8, 'Operating segments', HKAS 16, 'Property, plant and equipment', HKAS 38, 'Intangible assets' and HKAS 24, 'Related party disclosures'.

- Amendments from annual improvements to HKFRSs — 2011–2013 Cycle, on HKFRS 3, 'Business combinations', HKFRS 13, 'Fair value measurement' and HKAS 40, 'Investment property'.

The adoption of the above new amendments of HKFRS and HKAS starting from 1 January 2015 did not have any significant impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

(b) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) New and amended standards have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted

		Effective for annual periods beginning on or after
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants	1 January 2016
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to HKAS 27	Equity Method in Separate Financial Statements	1 January 2016
Annual improvements 2014: HKFRS 5, HKFRS 7, HKAS 19 and HKAS 34	Non-current Assets Held for Sale and Discontinued Operations, Financial instruments: Disclosures, Employee Benefits and Interim Financial Reporting	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
Amendments to HKAS 1	Disclosure Initiative	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018

The Group is yet to assess the full impact of these new amendments and standards, and intends to adopt the amendments no later than the respective effective dates of the amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies

(a) Subsidiaries

(i) Consolidation

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

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

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

Business Combinations

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Business Combinations (continued)

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

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

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

Common control combinations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Common control combinations (continued)

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

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

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

Changes in ownership interests in subsidiaries without change of control

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

Disposal of subsidiaries

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(a) Subsidiaries (continued)

(ii) Separate financial statements

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

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

(b) Joint ventures

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(c) Associates

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(d) Segment reporting

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

(e) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(e) Foreign currency translation (continued)

(iii) Group companies

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

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

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

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

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

(f) Property, plant and equipment

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

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

Freehold land is not depreciated. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 to 50 years
Renovations and leasehold improvements	3 to 10 years but not exceeding the lease period
Plant and machinery	3 to 20 years
Operating vehicles	4 to 10 years
Motor vehicles	3 to 10 years
Furniture, fittings and equipment	3 to 15 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(f) Property, plant and equipment (continued)

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

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

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

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

(g) Investment properties

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(h) Land use rights

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

(i) Intangible assets

(i) Goodwill

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

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

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

(ii) Computer software, Patents and other rights

Costs associated with maintaining computer software, patents and other rights are recognised as an expense as incurred. Acquired computer software licences, patents and other rights are capitalised on the basis of costs incurred to acquire and bring to use the specific software, patents and other rights. These costs are amortised over their estimated useful lives (2 to 10 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(i) Intangible assets (continued)

(iii) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have an indefinite useful life, are carried at cost less any subsequent accumulated impairment losses.

(iv) Favourable lease contracts

Favorable lease contract represents the fair value of favourable contractual lease agreements arising from the acquisition of subsidiaries which is amortised over the remaining period of the lease agreement from 5 years to 17 years.

(v) Licenses of operating vehicles

Authorised licenses of operating vehicles are capitalised on the basis of cost incurred, which will not be expired and need no renewal, and are carried at cost less any subsequent accumulated impairment losses.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(k) Non-current assets held for sale

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

(l) Financial assets

Classification

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

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

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

(ii) Loans and receivables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(l) Financial assets (continued)

Classification (continued)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At the year ended 31 December 2015 and 2014, the Group did not hold any investments in this category.

(iv) Available-for-sale financial assets

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

Recognition and measurement

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(l) Financial assets (continued)

Recognition and measurement (continued)

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

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

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. Impairment testing of trade receivables, prepayments and other receivables is described in note 2.2(n).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(m) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);

(ii) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or

(iii) hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within "finance cost". The gain or loss relating to the ineffective portion is recognised in the income statement within "other income and gains". Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the income statement within "finance cost".

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(m) Derivative financial instruments and hedging activities (continued)

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within “other gains”.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within “revenue”. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within “other gains”.

(iii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(n) Inventories

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

(o) Trade receivables, prepayments and other receivables

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

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

(p) Cash and cash equivalents

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

(q) Share capital

Ordinary shares are classified as equity.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(r) Trade and other payables

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

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

(s) Borrowings

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

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

(t) Borrowing costs

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(u) Current and deferred income tax

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

(i) Current income tax

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

Cotisation sur la Valeur Ajoutée des Entreprises ("CVAE") tax of GDL and its subsidiaries ("GDL Group) is calculated and paid based on the value added contribution, and it is deductible for corporate income tax purposes following the 2010 Finance Act by the "Contribution Economique Territoriale" tax. In accordance with HKAS 12, CVAE tax is recognised in "income tax expense".

(ii) Deferred income tax

Inside basis differences

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(u) Current and deferred income tax (continued)

(ii) Deferred income tax (continued)

Outside basis differences

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

(iii) Offsetting

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

(v) Employee benefits

(i) Pension obligations

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(v) Employee benefits (continued)

(ii) Housing benefits

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

(iii) Defined benefit plans

GDL Group has a defined benefit plan. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in income statements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(v) Employee benefits (continued)

(iv) Termination and early retirement benefits

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

(v) Employee benefits for the redundant employees during hotel renovations

Certain hotels under the Group stop operations to implement renovation of the whole hotel properties for certain periods, and during the renovation period the Group is obliged to make monthly payment of wages, salaries and social welfare to these redundant employees with employment contracts of non-fixed service term for their past long term service. Such past-service costs are recognised immediately in the consolidated income statements.

(w) Provisions and contingent liabilities

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(w) Provisions and contingent liabilities (continued)

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

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

(x) Government grants

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

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

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

(y) Revenue recognition

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(y) Revenue recognition (continued)

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

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

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

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

(z) Lease

(i) Operating leases

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

(ii) Finance leases

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(aa) Financial guarantee contracts

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

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

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

(ab) Dividend distribution

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Market risk

(1) Foreign exchange risk

For the Group's operation in Mainland China, most of the transactions, assets and liabilities are denominated in RMB and US$. For the Group's operation in Europe, most of the transactions, assets and liabilities are denominated in EUR€. Other foreign currencies are however required to settle payments for the Group's purchases of equipment from overseas suppliers and certain expenses, and for foreign investments. Other foreign currencies are also received from overseas customers. The Group's trade receivables, prepayments and other receivables, restrict cash, bank deposits, cash and cash equivalents, trade and other payables, and borrowings as at 31 December 2015 and 2014 included foreign currencies, denominated in either US$, EUR€ or other foreign currencies other than EUR€ and US$ ("Other foreign currencies") are disclosed in notes 17, 19, 20, 22 and 23.

As at 31 December 2015, if RMB strengthens/weakens by 10% (2014: 10%) (i.e. RMB/US$ 6.4936 from 7.1430 to 5.8442) against US$ with all other variables held constant, post-tax profit for the operation in Mainland China for the year would have changed mainly as a result of foreign exchange gains/losses on translation of US$ denominated trade receivables, prepayments and other receivables, restrict cash, bank deposits, cash and cash equivalent, trade and other payables and borrowings. Details of the changes are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
The Group operated in Mainland China:		
Increase/(decrease) in profit for the year		
— Strengthened	**113,658**	112,576
— Weakened	**(113,658)**	(112,576)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk (continued)

(1) Foreign exchange risk (continued)

As at 31 December 2015, if EUR€ strengthens/weakens by 10% (i.e. EUR€/US$ 1.0926 from 1.2019 to 0.9834) against other currency with all other variables held constant, post-tax profit for the Group operated in Europe for the year would have changed mainly as a result of foreign exchange gains/losses on translation of other foreign currencies denominated trade receivables, prepayments and other receivables, cash and cash equivalent, trade and other payables and borrowings. Details of the changes are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
The Group operated in Europe:		
Increase/(decrease) in profit for the year		
— Strengthened	**9,304**	—
— Weakened	**(9,304)**	—

(2) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets and liabilities other than its bank deposits and borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Bank deposits and borrowings at fixed rates expose the Group to fair value interest rate risk. Details of the Group's bank deposits and borrowings have been disclosed in notes 19, 20 and 23.

As at 31 December 2015, if interest rates on bank deposits and borrowings are 10% (2014: 10%) (i.e. 5% from 4.5% to 5.5%) higher/lower with all other variables held constant, the post-tax profit for the year would have changed mainly as a result of higher/lower interest expenses. Details of the changes are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
(Decrease)/increase in profit for the year		
— Increase in interest rates	**(12,315)**	(3,371)
— Decrease in interest rates	**12,315**	3,371

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk (continued)

(3) Price risk

The Group is exposed to major equity securities price risk because of its holding of listed equity investments which are classified on the consolidated balance sheet as available-for-sale financial assets (note 14). The Group has not hedged its price risk arising from investments in equity securities.

As at 31 December 2015, if the quoted market price of the listed equity investments increases/decreases 30% with all other variables held constant, the equity would have changed mainly as a result of fair value gain/losses on available-for-sales financial assets. Details of the changes are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Increase/(decrease) in other comprehensive income		
— Increase in quoted market price	**870,181**	756,484
— Decrease in quoted market price	**(870,181)**	(756,484)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(ii) Credit risk

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

As at 31 December 2015, these bank deposits and cash at bank were deposited in reputable financial institutions which are considered with low credit risk. The table below shows bank deposits and cash at bank balances by counterparties:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Counterparties		
— People's Bank of China	**164,234**	275,386
— Big 4 domestic banks*	**6,821,931**	4,760,913
— Other domestic commercial banks	**3,325,106**	1,502,875
— Foreign-owned banks	**1,995,069**	469,357
	12,306,340	7,008,531

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

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

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

The Group granted financial guarantees to its related parties with maximum exposure to credit risk as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Credit risk exposure relating to off-balance sheet items		
— Financial guarantees	**848,681**	807,232

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(iii) Liquidity risk

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

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

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

	Within 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000
As at 31 December 2015				
Borrowings (excluding finance lease liabilities)	5,237,995	4,404,731	6,403,513	160,803
Finance lease payables	13,471	13,237	47,090	173,054
Contractual interest payable	245,597	84,138	36,540	15,652
Trade and other payables (excluding non-financial liabilities)	3,244,777	1,135,670	—	—
Financial guarantees (off-balance sheet items) (note 34)	848,681	—	—	—
As at 31 December 2014				
Borrowings (excluding finance lease liabilities)	1,717,715	305,950	1,534,250	—
Finance lease payables	4,450	3,650	10,880	12,685
Contractual interest payable	77,480	48,380	43,978	—
Trade and other payables (excluding non-financial liabilities)	2,444,576	272,970	177,830	337,350
Financial guarantees (off-balance sheet items) (note 34)	20,000	787,232	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management

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

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

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

The gearing ratios at 31 December 2015 and 2014 were as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Total borrowings (note 23)	**16,385,293**	3,582,628
Total assets	**42,264,661**	24,163,486
Gearing ratio	**38.77%**	14.83%

The increase in the gearing ratio of the Group during 2015 results from the increase of total borrowings for the business combination.

(c) Fair value estimation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2015				
Available-for-sale financial assets				
— Equity securities (note 14(i))	3,840,968	—	45,856	3,886,824
— Debenture securities (note 14(i))	102,610	291,349	—	393,959
— Convertible bond (note 14(i))	652	—	—	652
Financial assets at fair value through profit or loss				
— Equity securities (note 18)	622	—	—	622
— Debenture securities (note 18)	122,873	14,300	—	137,173
Total Assets	4,067,725	305,649	45,856	4,419,230
Derivative financial instruments				
— Interest Rate Swaps	—	(6,360)	—	(6,360)
Total Liabilities	—	(6,360)	—	(6,360)
As at 31 December 2014				
Available-for-sale financial assets				
— Equity securities (note 14(i))	3,357,101	—	125,989	3,483,090
— Debenture securities (note 14(i))	—	141,467	—	141,467
— Convertible bond (note 14(i))	5,052	—	—	5,052
Financial assets at fair value through profit or loss				
— Equity securities (note 18)	616	—	—	616
— Debenture securities (note 18)	—	94,013	—	94,013
Total Assets	3,362,769	235,480	125,989	3,724,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

Fair value measurements using quoted prices (Level 1)

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

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

Valuation techniques used to derive fair value (Level 2)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

Specific valuation techniques used to value financial instruments include:

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

The Group's investments in debenture securities in level 2 are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debenture securities of the counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

Fair value measurements using significant unobservable inputs (Level 3)

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

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

The following table presents the changes in level 3 instruments for the year ended 31 December 2015 and 31 December 2014.

The Group

	RMB'000
At 1 January 2015	125,989
Impairment losses for available-for-sale financial assets	(80,133)
At 31 December 2015	45,856
At 1 January 2014 and 31 December 2014	125,989

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

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

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

The fair values estimation of non-current borrowings are disclosed in note 23.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Critical accounting estimates and assumptions

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

(i) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. If the useful lives for property, plant and equipment had been 10% longer/shorter with all other variables held constant, profit for the year would have been RMB70,415,000 higher or RMB86,062,000 lower.

(ii) Deferred income tax assets and liabilities

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

The Group's management determines the deferred income tax assets based on the enacted or substantially enacted tax rates and laws and best knowledge of profit projections of the Group for coming years during which the deferred income tax assets are expected to be utilised. Management revises the assumptions and profit projections by the balance sheet date. If the profit projections of the Group had been 10% greater/less with all other variables held constant, profit for the year would have been RMB69,825,000 higher/lower.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

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

Under HKAS 36, it is required to assess the conditions that could cause an asset to become impaired and to perform a recoverability test for potentially impaired assets held by the entity. These conditions include whether a significant decrease in the market value of the asset has occurred, whether changes in the entity's business plan for the asset have been made or whether a significant adverse change in the business and legal climate has arisen.

The Group's management assesses at each of the balance sheet date whether property, plant and equipment, investment properties, land use rights and intangible assets have any indication of impairment, in accordance with the accounting policy stated in note 2.2(j). The recoverable amount is higher of an asset's value in use and fair value less costs to sell, which is estimated based on the best information available to reflect the amount that is obtainable at each of the balance sheet date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs to disposal, or cash to be generated from continuously using the assets. Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the recoverable amount of the CGUs to fall below its carrying amount. The impairment of property, plant and equipment is disclosed in note 6.

(iv) Impairment of trade receivables

The Group's management estimates the provision of impairment of trade receivables by assessing their recoverability. Provisions are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible and require the use of estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of trade receivables and impairment charge in the period in which such estimate has been changed. If the provision for impairment of trade receivables had been 10% higher/lower with all other variables held constant, profit for the year would have been RMB6,738,000 lower/higher.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

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

The intangible assets of GDL Group included the trademarks. Various studies including market, competitive and environmental trends and brand extension opportunities have been performed by the management of the Group, which supports that the trademarks has no foreseeable limit to the period over which the branded products are expected to generate net cash flows. So the management of Group believes that the trademarks will be in use and can bring in expected inflows of economic benefits in the foreseeable future. So, the useful lives of the trademarks are indefinite. The trademarks are subject to test of impairment losses annually and whenever there is an indicator that they may have been impaired.

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

For the purposes of impairment testing, license of operating vehicles has been allocated to the CGU of vehicle operating business that is expected to generate future economic benefits; the trademarks has been allocated to CGUs of respective operating businesses related to the trademarks that are expected to generate future economic benefits.

As at 31 December 2015, management determined that the CGUs containing license of operating vehicles and trademarks had not suffered any impairment. The basis of recoverable amount of the above CGUs and the major underlying assumptions are summarised below:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

(vi) Estimated impairment of goodwill

Determining whether intangible goodwill are impaired requires an estimation of the value in use of the CGUs to goodwill has been allocated.

For the purposes of impairment testing, goodwill has been allocated to the CGUs of different businesses that is expected to generate future economic benefits. As at 31 December 2015, management determined that the CGUs containing goodwill had not suffered any impairment.

The basis of recoverable amount of the CGUs in Mainland China and the major underlying assumptions are summarised below:

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

The basis of recoverable amount of the CGUs of GDL Group and the major underlying assumptions are summarised below:

The recoverable amount of the CGU of GDL Group determined by fair value less costs of disposal. The fair value of the CGU is a level 3 input which is calculated based on the multiple of EBITDA method. The multiple of EBITDA method use the average discounted EBITDA and the retained multiplier which taking into account several criteria including occupancy rate, GOP ratio on total revenue, market positioning versus competition and socio-economic environment. The calculation of average EBITDA is based on a yearly forecasted EBITDA covering a ten-year period which is discounted at the inflation rate. Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the recoverable amount of the CGU to fall below its carrying amount. No impairment loss was considered necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

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

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

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

Management consider that the Group has de facto control of Jin Jiang Investment even though it has less than 50% of the voting rights. The Group is the majority shareholder of Jin Jiang Investment with a 38.54% equity interest, while all other shareholders individually own less than 2% of its equity shares. There is no history of other shareholders forming a group to exercise their votes collectively.

(iii) Joint arrangements

The Group holds a series of joint arrangements with equity interests ranging from 25.5% to 50%. The Group has joint control over such arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

5 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 internal reports.

Upon the acquisition of 100% shares in GDL, the Board assessed the performance of GDL Group 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 self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels, primarily in PRC and under the brands of Jin Jiang Metropolo;

(3) Select Service Hotels — managed and operated by GDL: operation of self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels, mostly in Europe and under the brands of GDL;

(4) Food and Restaurants: operation of fast food or upscale restaurants, moon cake production and related investments, not including the food and beverage operation in Full Service Hotels and Select Service Hotels;

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

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

(7) Other Operations: intra-group financial services, training and education, and corporate function.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

5 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(a) Turnover

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Full Service Hotels	**1,962,110**	1,918,770
— Accommodation revenue	**933,256**	893,657
— Food and beverage sales	**605,713**	622,204
— Rendering of ancillary services	**84,163**	96,940
— Rental revenue	**188,748**	195,714
— Sales of hotel supplies	**7,393**	31,467
— Hotel management	**142,837**	78,788
Select Service Hotels — managed and operated by Jin Jiang Metropolo	**2,682,287**	2,635,190
— Accommodation revenue	**1,973,498**	1,927,676
— Food and beverage sales	**162,665**	172,076
— Rendering of ancillary services	**29,283**	31,265
— Rental revenue	**47,931**	48,247
— Sales of hotel supplies	**36,345**	34,665
— Hotel management and franchise	**342,167**	336,480
— Revenue under customer loyalty programme	**90,398**	84,781
Select Service Hotels — managed and operated by GDL	**2,612,268**	—
— Accommodation revenue	**1,420,818**	—
— Catering and sale of products	**589,181**	—
— Hotel management and franchise	**592,064**	—
— Others	**10,205**	—
Food and Restaurants	**366,243**	375,504
Passenger Transportation Vehicles and Logistics	**2,188,641**	2,177,587
— Vehicle operating	**1,124,045**	1,235,681
— Trading of automobile	**959,650**	795,682
— Refrigerated logistics	**83,735**	126,840
— Others	**21,211**	19,384
Travel Agency	**2,280,187**	2,164,218
— Travel agency	**2,255,328**	2,140,297
— Others	**24,859**	23,921
Other Operations	**68,693**	92,819
	12,160,429	9,364,088

The majority of the Group's sales are retail sales and no revenues from transactions with a single external customer account for 10% or more of the Group's revenue for the year ended 31 December 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

5 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information

The segment results for the year ended 31 December 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 5(a))	1,962,110	2,682,287	2,612,268	366,243	2,188,641	2,280,187	68,693	12,160,429
Inter-segment sales	9,508	2,413	–	8,223	3,319	52	42,961	66,476
Total gross segment sales	1,971,618	2,684,700	2,612,268	374,466	2,191,960	2,280,239	111,654	12,226,905
Profit for the year	429,836	188,555	153,752	31,404	264,676	56,918	272,559	1,397,700
Other income and gain (note 24)	820,367	37,845	7,942	33,094	79,544	97,638	505,254	1,581,684
Including: interest income (note 24)	29,692	9,308	1,385	272	12,708	12,736	30,863	96,964
Depreciation and impairment of property, plant and equipment (note 6)	(178,556)	(395,555)	(227,628)	(13,073)	(220,569)	(7,416)	(1,199)	(1,043,996)
Depreciation of investment properties (note 7)	(1,433)	–	–	–	(513)	(4,140)	–	(6,086)
Amortization of land use rights (note 8)	(18,369)	(37,374)	–	–	(1,080)	–	(311)	(57,134)
Amortization of intangible assets (note 9)	(3,271)	(10,687)	(25,940)	(1,188)	–	(533)	(142)	(41,761)
Reversal of inventories write-down (note 16)	24	41	–	–	–	–	–	65
(Provision for)/reversal of impairment of trade receivables, prepayments and other receivables (note 17)	(1,585)	(2,824)	(19,306)	–	(119)	638	–	(23,196)
Finance costs — net (note 28)	(182,954)	(3,458)	(116,537)	(203)	(4,028)	–	(47,013)	(354,193)
Share of results of joint ventures and associates (note 29)	37,353	–	11,588	38,104	148,473	273	(187)	235,604
Income tax expense (note 30)	(191,244)	(68,473)	(74,007)	(1,574)	(39,192)	(7,720)	(111,915)	(494,125)
Capital expenditure	64,074	526,200	10,407,890	11,187	291,854	1,557	1,608	11,304,370

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

5 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

The segment results for the year ended 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
External sales (note 5(a))	1,918,770	2,635,190	—	375,504	2,177,587	2,164,218	92,819	9,364,088
Inter-segment sales	9,740	1,904	—	8,493	4,431	247	32,833	57,648
Total gross segment sales	1,928,510	2,637,094	—	383,997	2,182,018	2,164,465	125,652	9,421,736
Profit for the year	255,632	251,080	—	(8,623)	263,272	63,605	251,385	1,076,351
Other income and gain (note 24)	1,239,299	28,757	—	29,012	100,338	61,468	461,315	1,920,189
Including: interest income (note 24)	51,047	555	—	81	11,882	11,431	3,551	78,547
Depreciation and impairment of property, plant and equipment (note 6)	(238,391)	(363,521)	—	(13,804)	(231,391)	(7,891)	(1,203)	(856,201)
Depreciation of investment properties (note 7)	(1,433)	—	—	—	(511)	(4,140)	—	(6,084)
Amortization of land use rights (note 8)	(18,624)	(37,467)	—	—	(1,341)	—	(312)	(57,744)
Amortization of intangible assets (note 9)	(3,424)	(10,441)	—	(1,188)	—	(2,059)	(320)	(17,432)
(Provision for)/reversal of inventories write-down (note 16)	(189)	10	—	—	—	—	—	(179)
Reversal of/(provision for) impairment of trade receivables, prepayments and other receivables (note 17)	14	(7)	—	279	(217)	(152)	—	(83)
Finance costs — net (note 28)	(105,132)	(1,729)	—	(11)	(2,821)	—	(48,881)	(158,574)
Share of results of joint ventures and associates (note 29)	9,670	—	—	(4,834)	138,912	(102)	(2,707)	140,939
Income tax expense (note 30)	(223,928)	(95,431)	—	(1,582)	(51,692)	(7,438)	(94,161)	(474,232)
Capital expenditure	65,327	448,603	—	15,631	308,264	7,125	127	845,077

The segment assets as at 31 December 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	4,456,595	6,301,541	12,163,891	126,339	4,008,057	1,728,367	11,244,108	40,028,898
Investments in joint ventures	1,158,186	—	—	—	390,523	—	1,788	1,550,497
Investments in associates	43,348	—	81,040	160,712	372,516	15,846	11,804	685,266
Total assets	5,658,129	6,301,541	12,244,931	287,051	4,771,096	1,744,213	11,257,700	42,264,661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

5 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

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 at arm's length transactions. The external revenue reported to the executive committee is measured in a manner consistent with that in the consolidated income statement.

Other income in the segment of "Full Service Hotels" for the year ended 31 December 2015 mainly includes gain on disposal of a subsidiary of RMB716,701,000 (for the year ended 31 December 2014: RMB1,123,011,000). Other income in segment of "Passenger Transportation Vehicles and Logistics" for the year ended 31 December 2014 mainly includes gain on disposal of investment in a subsidiary of RMB40,507,000 (for the year ended 31 December 2015: nil). Other income in the segment of "Other Operations" for the year ended 31 December 2015 mainly includes gain on disposal of available-for-sale financial assets of RMB426,496,000 (for the year ended 31 December 2014: RMB426,691,000).

Capital expenditure comprises additions to property, plant and equipment (note 6), investment properties (note 7), land use rights (note 8), intangible assets (note 9), which include additions resulting from acquisition through business combination (note 36) and prepayment for capital expenditure.

The total of non-current assets other than financial instruments and deferred income tax assets located in different countries is as follows:

	At 31 December	
	2015 RMB'000	2014 RMB'000
The total of non-current assets other than financial instruments and deferred income tax assets		
— Mainland China	**11,237,463**	10,795,537
— Overseas countries	**11,004,856**	696,857
Financial instruments	**8,230,826**	3,747,703
Deferred income tax assets	**551,689**	262,521
	31,024,834	15,502,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

6 PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Renovations and leasehold improvements RMB'000	Plant and machinery RMB'000	Operating vehicles RMB'000	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost									
At 1 January 2014	–	5,196,241	3,468,823	1,549,954	1,510,901	80,390	873,583	377,760	13,057,652
Additions	–	1,068	4,146	11,007	11,127	8,787	29,386	715,643	781,164
Additions resulting from acquisition through business combination	–	–	44,314	2,804	–	–	1,527	–	48,645
Transfers from construction-in-progress	–	77,311	317,460	47,893	234,417	2,509	44,903	(724,493)	–
Disposals	–	(461)	(103,651)	(45,947)	(201,393)	(25,549)	(38,719)	–	(415,720)
Disposal of a subsidiary	–	–	–	(358)	–	(444)	(70)	–	(872)
Transferred to non-current assets held for sale	–	(80,403)	(16,194)	(50,309)	–	(872)	(20,595)	–	(168,373)
At 31 December 2014	–	5,193,756	3,714,898	1,515,044	1,555,052	64,821	890,015	368,910	13,302,496
Additions	10,015	58,101	17,761	39,170	789	2,286	49,508	859,158	1,036,788
Additions resulting from acquisition through business combination (note 36(a)&(b))	1,100,353	2,412,438	86,227	256,506	–	–	86,614	93,181	4,035,319
Transfers from construction-in-progress	–	56,882	242,916	52,491	261,450	2,149	61,256	(677,144)	–
Disposals	–	(24,830)	(28,881)	(85,669)	(249,356)	(6,932)	(51,081)	–	(446,749)
Currency translation differences	26,079	120,698	2,116	20,343	–	–	4,581	2,186	176,003
At 31 December 2015	**1,136,447**	**7,817,045**	**4,035,037**	**1,797,885**	**1,567,935**	**62,324**	**1,040,893**	**646,291**	**18,103,857**
Accumulated depreciation and impairment									
At 1 January 2014	–	(1,834,860)	(1,722,304)	(898,912)	(791,694)	(54,100)	(681,676)	–	(5,983,546)
Depreciation and impairment charge for the year (note 26)	–	(139,793)	(321,678)	(90,054)	(208,546)	(7,728)	(88,402)	–	(856,201)
Disposals	–	302	85,815	38,971	167,158	20,733	34,932	–	347,911
Disposal of a subsidiary	–	–	–	349	–	417	35	–	801
Transferred to non-current assets held for sale	–	43,819	10,458	47,744	–	832	17,780	–	120,633
At 31 December 2014	–	(1,930,532)	(1,947,709)	(901,902)	(833,082)	(39,846)	(717,331)	–	(6,370,402)
Depreciation and impairment charge for the year (note 26)	(2,913)	(268,732)	(303,553)	(137,169)	(196,649)	(6,734)	(128,246)	–	(1,043,996)
Disposals	–	20,408	6,155	82,577	223,633	4,551	48,265	–	385,589
Currency translation differences	(1,366)	(69,807)	(161)	(15,207)	–	–	(2,528)	–	(89,069)
At 31 December 2015	**(4,279)**	**(2,248,663)**	**(2,245,268)**	**(971,701)**	**(806,098)**	**(42,029)**	**(799,840)**	**–**	**(7,117,878)**
Net book amount									
At 31 December 2015	**1,132,168**	**5,568,382**	**1,789,769**	**826,184**	**761,837**	**20,295**	**241,053**	**646,291**	**10,985,979**
At 31 December 2014	–	3,263,224	1,767,189	613,142	721,970	24,975	172,684	368,910	6,932,094

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation and impairment has been charged to the consolidated income statement as follows (note 26):

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cost of sales	**961,033**	801,131
Selling and marketing expenses	**21,108**	20,469
Administrative expenses	**61,855**	34,601
	1,043,996	856,201

The net book amount (note 33) of property, plant and equipment disposed is:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cost	**446,749**	415,720
Less: accumulated depreciation and impairment	**(385,589)**	(347,911)
	61,160	67,809

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

No borrowing costs (2014: nil) arising on financing entered into for the construction of certain property, plant and equipment have been capitalised and are included in "Additions" in property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Freehold land, building and machinery includes the following amounts where the Group is a lessee under a finance lease:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cost — capitalised finance leases		
Land	**110,174**	—
Buildings	**722,010**	—
Plant and machinery	**50,401**	31,613
Total	**882,585**	31,613
Accumulated depreciation		
Land	**(64)**	—
Buildings	**(570,730)**	—
Plant and machinery	**(29,753)**	(9,824)
Total	**(600,547)**	(9,824)
Net book amount	**282,038**	21,789

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

All freehold land is located in Europe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

7 INVESTMENT PROPERTIES

	Buildings RMB'000
Cost	
At 1 January 2014	313,684
Additions	41
At 31 December 2014	313,725
Additions	—
At 31 December 2015	**313,725**
Accumulated depreciation	
At 1 January 2014	(85,796)
Charge for the year (note 26)	(6,084)
At 31 December 2014	(91,880)
Charge for the year (note 26)	(6,086)
At 31 December 2015	**(97,966)**
Net book amount	
At 31 December 2015	**215,759**
At 31 December 2014	221,845

Depreciation has been charged to the consolidated income statement as follows (note 26):

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Cost of sales	**6,086**	6,084

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

7 INVESTMENT PROPERTIES (CONTINUED)

Amounts recognised in profit or loss for investment properties

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Rental revenue	**72,931**	69,201
Direct operating expenses from properties that generated rental revenue	**(10,420)**	(10,230)
	62,511	58,971

Valuation basis

The land use right and buildings located on, which are held to earn rentals, could not be separated for valuation purpose under income approach. The fair value of the properties as at 31 December 2015, which includes the building with the carrying amount of RMB215,759,000 (31 December 2014: RMB221,845,000) and the related land use right with the carrying amount of RMB19,859,000 (31 December 2014: RMB20,431,000), is approximately RMB871,573,000 (31 December 2014: RMB853,487,000).

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

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

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

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

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

The Group adopted the income approach to arrive at the fair value. The fair value is a level 3 input which is determined by discounting its annual expected cash flows using an appropriate rate of return.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

7 INVESTMENT PROPERTIES (CONTINUED)

Valuation basis (continued)

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

	2015	2014
Discount rate	**8.8%~11.0%**	8.8%~11.0%
Rental growth rate	**0.0%~10.0%**	1.7%~5.0%

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

Leasing arrangements

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

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Not later than 1 year	**70,369**	65,401
Later than 1 year but not later than 5 years	**245,220**	214,662
Later than 5 years	**375,210**	438,755
	690,799	718,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

8 LAND USE RIGHTS

Land use rights represent the net book amount of prepaid operating lease payments. Movements in land use rights are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cost		
At beginning of the year	**2,317,188**	2,331,084
Transfer to non-current assets held for sale	**—**	(13,896)
At end of the year	**2,317,188**	2,317,188
Accumulated amortisation		
At beginning of the year	**(355,273)**	(300,800)
Charge for the year (note 26)	**(57,134)**	(57,744)
Transfer to non-current assets held for sale	**—**	3,271
At end of the year	**(412,407)**	(355,273)
Net book amount		
At end of the year	**1,904,781**	1,961,915

Amortisation has been charged to the consolidated income statement as follows (note 26):

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cost of sales	**(57,134)**	(57,744)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

9 INTANGIBLE ASSETS

	Goodwill RMB'000	Trademarks RMB'000	Computer software, patents and others RMB'000	Favourable lease contract RMB'000	Licences of operation vehicles RMB'000	Total RMB'000
Cost						
At 1 January 2014	126,782	—	84,173	58,139	242,686	511,780
Additions	—	—	9,745	—	415	10,160
Additions resulting from acquisition through business combination	4,372	—	695	—	—	5,067
Disposal	—	—	(178)	—	—	(178)
Transferred to non-current assets held for sale	—	—	(13)	—	—	(13)
At 31 December 2014	131,154	—	94,422	58,139	243,101	526,816
Additions	—	—	48,444	—	147	48,591
Additions resulting from acquisition through business combination (note 36(a)&(b))	4,022,274	2,039,056	79,513	42,829	—	6,183,672
Disposal	—	—	(985)	—	(178)	(1,163)
Currency translation differences	98,500	49,932	6,313	1,111	—	155,856
At 31 December 2015	**4,251,928**	**2,088,988**	**227,707**	**102,079**	**243,070**	**6,913,772**
Accumulated amortisation						
At 1 January 2014	—	—	(61,550)	(18,575)	—	(80,125)
Charge for the year (note 26)	—	—	(12,762)	(4,670)	—	(17,432)
Disposal	—	—	147	—	—	147
Transferred to non-current assets held for sale	—	—	11	—	—	11
At 31 December 2014	—	—	(74,154)	(23,245)	—	(97,399)
Charge for the year (note 26)	—	—	(36,109)	(5,652)	—	(41,761)
Disposal	—	—	966	—	—	966
Currency translation differences	—	—	(4,405)	(65)	—	(4,470)
At 31 December 2015	**—**	**—**	**(113,702)**	**(28,962)**	**—**	**(142,664)**
Net book amount						
At 31 December 2015	**4,251,928**	**2,088,988**	**114,005**	**73,117**	**243,070**	**6,771,108**
At 31 December 2014	131,154	—	20,268	34,894	243,101	429,417

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

9 INTANGIBLE ASSETS (CONTINUED)

Amortisation has been charged to the consolidated income statement as follows (note 26):

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cost of sales	**41,761**	17,432

Impairment tests for goodwill

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

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Full service hotels (a)	**28,377**	28,377
Select Service Hotels — managed and operated by Jin Jiang Metropolo (a)	**102,777**	102,777
Select Service Hotels — managed and operated by GDL (b)	**4,120,774**	—
	4,251,928	131,154

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

9 INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

(a) (continued)

The key assumption used for value-in-use calculations in 2015 are as follows:

	Full Service Hotels	Select Service Hotels — managed and operated by Jin Jiang Metropolo
Gross margin	**34.3%**	**21.8%**
Growth rate	**3.8%**	**3.8%**
Discount rate (pre-tax)	**10.0%**	**10.0%**

The key assumption used for value-in-use calculations in 2014 are as follows:

	Full Service Hotels	Select Service Hotels — managed and operated by Jin Jiang Metropolo
Gross margin	33.4%	21.0%
Growth rate	3.8%	3.8%
Discount rate (pre-tax)	10.0%	10.0%

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

(b) The recoverable amount of Select Service Hotels — managed and operated by GDL generated from the business combination (note 36(a)) in 2015 is determined based on fair value less costs of disposal. The fair value of the CGU is a level 3 input which is calculated based on the multiple of EBITDA method for the owned hotels and direct capitalization method for the management and franchised contracts. The valuation of owned hotels use the average discounted EBITDA of owned hotels and the retained multiplier which taking into account several criteria. The calculation of average EBITDA is based on a yearly forecasted EBITDA covering a ten-year period which is discounted at the inflation rate. The valuation of management and franchised contracts is based on direct capitalization of 2015 EBITDA derived from the management and franchised contracts to perpetuity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

9 INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

(b) (continued)

The key assumptions used for fair value less cost of disposal calculations in 2015 are as follows:

	Select Service Hotels — managed and operated by GDL
Average EBITDA of owned hotels	67,403,000
2015 EBITDA of management and franchised contracts	57,170,000
Multiplier of owned hotels	12.80
Average capitalisation rate	10.6%

Impairment tests for licenses of operation vehicles

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

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

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

	2015	2014
Gross margin	**20.9%**	22.5%
Growth rate	**0.0%**	4.8%
Discount rate (pre-tax)	**10.0%**	10.0%

Impairment tests for trademarks

The trademarks impairment test is based on recoverable amounts which are determined from the discounted future income flows attributable to each of the trademarks, including Première Classe,Campanile, Kyriad series and the Golden Tulip series.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

9 INTANGIBLE ASSETS (CONTINUED)

Impairment tests for trademarks (continued)

The key assumption used for value-in-use calculations as at 31 December 2015 are as follows:

	Première Classe	Campanile	Kyriad series	Golden Tulip series
Net Royalty Rate %	3.20%–4.00%	3.30%–4.10%	2.80%	3.70%
Growth rate	1.50%	1.50%	1.50%	1.50%
Discount rate (pre-tax)	14.49%	14.49%	14.49%	14.49%

10 SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 40.

Summarised financial information on subsidiaries with material non-controlling interests

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

Summarised balance sheet

	Jin Jiang Hotels Development		Jin Jiang Travel		Jin Jiang Investment	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Non-current assets	**21,367,076**	7,588,532	**1,207,631**	1,159,531	**3,823,344**	2,327,551
Current assets	**5,659,302**	3,773,975	**588,165**	568,116	**1,131,378**	1,120,104
Total Assets	**27,026,378**	11,362,507	**1,795,796**	1,727,647	**4,954,722**	3,447,655
Non-current liabilities	**(11,236,167)**	(705,859)	**(196,049)**	(180,374)	**(426,387)**	(102,454)
Current liabilities	**(7,315,706)**	(1,929,052)	**(332,124)**	(357,423)	**(742,470)**	(721,258)
Total liabilities	**(18,551,873)**	(2,634,911)	**(528,173)**	(537,797)	**(1,168,857)**	(823,712)
Net assets	**8,474,505**	8,727,596	**1,267,623**	1,189,850	**3,785,865**	2,623,943

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

10 SUBSIDIARIES (CONTINUED)

Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised statement of comprehensive income

	Jin Jiang Hotels Development		Jin Jiang Travel		Jin Jiang Investment	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Revenue	5,562,703	2,913,105	2,280,187	2,164,218	2,192,111	2,182,160
Profit before income tax expense	880,123	665,598	67,892	65,652	306,947	319,282
Income tax expense	(238,637)	(175,421)	(7,720)	(7,438)	(39,192)	(51,692)
Profit for the year	641,486	490,177	60,172	58,214	267,755	267,590
Other comprehensive income	(727,225)	1,073,337	47,029	261,566	1,058,171	36,605
Total comprehensive income	(85,739)	1,563,514	107,201	319,780	1,325,926	304,195
Total comprehensive income allocated to non-controlling interests	(42,595)	776,754	53,375	159,218	805,367	184,768
Dividends paid to non-controlling interests	186,626	118,258	14,652	14,586	110,644	121,963

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10 SUBSIDIARIES (CONTINUED)

Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised cash flows

	Jin Jiang Hotels Development		Jin Jiang Travel		Jin Jiang Investment	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Net cash generated from/(used in) operating activities	**1,124,261**	559,230	**(30,554)**	(27,681)	**328,063**	339,355
Net cash (used in)/generated from investing activities	**(2,469,063)**	112,728	**144,269**	(10,089)	**(236,144)**	(171,360)
Net cash generated from/(used in) financing activities	**1,536,312**	2,200,849	**(29,427)**	(29,295)	**(179,572)**	(153,924)
Exchange losses on cash and cash equivalents	**54,005**	–	**–**	–	**–**	–
Net increase/(decrease) in cash and cash equivalents	**245,515**	2,872,807	**84,288**	(67,065)	**(87,653)**	14,071

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

11 INVESTMENTS IN JOINT VENTURES

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
At 1 January	**1,394,187**	1,412,158
Additions for the retained interest in the entity remeasured to its fair value when control is lost for the disposal of 50% equity interests in a subsidiary (note 33(b))	**363,556**	—
Share of results (note 29)	**67,911**	39,222
— Profit before income tax	**87,768**	57,491
— Income tax expense	**(19,857)**	(18,269)
Declaration of dividends	**(85,680)**	(41,744)
Return of capital	**(237,878)**	—
Disposals	**—**	(16,068)
Currency translation differences	**48,401**	619
At 31 December	**1,550,497**	1,394,187

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

Particulars of the Group's principal joint ventures are set out in note 40.

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

Commitments and contingent liabilities in respect of joint ventures

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

	2015	2014
	RMB'000	RMB'000
Proportionate interests in joint ventures' capital and lease commitments	**159,399**	199,890

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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11 INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for joint ventures

All joint ventures of the Group as at 31 December 2015 are immaterial to the Group. A summary of the financial information of the Group's joint ventures, attributable to the shares of the Group and in aggregate, is as follows:

Summarised statement of comprehensive income

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Profit for the year	**67,911**	39,222
Other comprehensive income	**48,401**	619
Total comprehensive income	**116,312**	39,841

Reconciliation of summarised financial information

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

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Opening net assets	**1,394,187**	1,412,158
Additions for the retained interest in the entity remeasured to its fair value when control is lost for the disposal of 50% equity interests in a subsidiary (note 33(b))	**363,556**	—
Profit for the year (note 29)	**67,911**	39,222
Declaration of dividends	**(85,680)**	(41,744)
Return of capital	**(237,878)**	—
Disposals	**—**	(16,068)
Currency translation differences	**48,401**	619
Closing net assets	**1,550,497**	1,394,187
Carrying value	**1,550,497**	1,394,187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

12 INVESTMENTS IN ASSOCIATES

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	**552,936**	538,175
Additions resulting from acquisition through business combination (note 36(a))	**75,585**	—
Share of results (note 29)	**167,693**	101,717
— Profit before income tax	**214,154**	136,131
— Income tax expense	**(46,461)**	(34,414)
Declaration of dividends	**(114,258)**	(86,956)
Disposals	**(502)**	—
Currency translation differences	**3,812**	—
At end of the year	**685,266**	552,936

Particulars of the Group's principal associates are set of in note 40.

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

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

Summarised financial information for associates

All associates of the Group as at 31 December 2015 are immaterial to the Group. A summary of the financial information of the Group's associates attributable to the shares of the Group and in aggregate is as follows:

Summarised statement of comprehensive income

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Profit for the year	**167,693**	101,717
Other comprehensive income	**3,812**	—
Total comprehensive income	**171,505**	101,717

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12 INVESTMENTS IN ASSOCIATES (CONTINUED)

Reconciliation of summaries financial information

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Opening net assets	**552,936**	538,175
Additions resulting from acquisition through business combination (note 36(a))	**75,585**	—
Profit for the year	**167,693**	101,717
Declaration of dividends	**(114,258)**	(86,956)
Disposal	**(502)**	—
Currency translation differences	**3,812**	—
Closing net assets	**685,266**	552,936
Carrying value	**685,266**	552,936

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

13 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables RMB'000	Financial assets at fair value through profit or loss RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
31 December 2015				
Available-for-sale financial assets (note 14)	—	—	4,352,243	4,352,243
Trade receivables, prepayments and other receivables excluding non-financial assets (note 17)	2,308,201	—	—	2,308,201
Financial assets at fair value through profit or loss (note 18)	—	137,795	—	137,795
Restricted cash and bank deposits (note 19)	7,275,874	—	—	7,275,874
Cash and cash equivalents (note 20)	5,040,230	—	—	5,040,230
	14,624,305	137,795	4,352,243	19,114,343

	Financial liabilities at amortised cost RMB'000	Derivatives used for hedging RMB'000	Total RMB'000
31 December 2015			
Borrowings (excluding finance lease liabilities) (note 23)	16,207,042	—	16,207,042
Finance lease liabilities (note 23)	178,251	—	178,251
Derivative financial instruments	—	6,360	6,360
Trade and other payables excluding non-financial liabilities	4,380,447	—	4,380,447
	20,765,740	6,360	20,772,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Loans and receivables RMB'000	Financial assets at fair value through profit or loss RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
31 December 2014				
Available-for-sale financial assets (note 14)	—	—	3,765,307	3,765,307
Trade receivables, prepayments and other receivables excluding non-financial assets (note 17)	1,011,174	—	—	1,011,174
Financial assets at fair value through profit or loss (note 18)	—	94,629	—	94,629
Restricted cash and bank deposits with maturities ranging from 3 months to 12 months (note 19)	1,140,997	—	—	1,140,997
Cash and cash equivalents (note 20)	5,876,801	—	—	5,876,801
	8,028,972	94,629	3,765,307	11,888,908

	Financial liabilities at amortised cost RMB'000
31 December 2014	
Borrowings (excluding finance lease liabilities) (note 23)	3,557,915
Finance lease liabilities (note 23)	24,713
Trade and other payables excluding non-financial liabilities	2,874,777
	6,457,405

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For the year ended 31 December 2015

14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	**3,765,307**	2,009,782
Additions	**1,236,532**	238,885
Additions resulting from acquisition through business combinations (note 36(a))	**9,444**	—
Fair value changes (recorded under other comprehensive income)	**973,557**	2,269,816
Disposals	**(1,544,888)**	(753,176)
Impairment losses	**(87,725)**	—
Currency translation differences	**16**	—
At end of the year	**4,352,243**	3,765,307
Less: current portion of available-for-sale financial assets (i)	**(272,976)**	(121,467)
	4,079,267	3,643,840
Current portion of available-for-sale financial assets (i)	**272,976**	121,467

(i) Current portion of available-for-sale financial assets represents the unlisted debenture securities with maturity within 12 months.

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Listed securities, at fair value		
— Equity securities, listed in Mainland China	**3,840,968**	3,357,101
Unlisted securities, at fair value		
— Equity securities	**125,989**	125,989
— Debenture securities	**393,959**	141,467
— Convertible bond	**652**	5,052
Unlisted securities, at cost		
— Equity securities (i)	**83,598**	140,797
Less: provision for impairment of unlisted equity investments	**(92,923)**	(5,099)
	4,352,243	3,765,307
Market value of listed equity investments	**3,840,968**	3,357,101

(i) The balance represents the Group's investments in various companies which do not have a quoted market price in an active market and whose fair value cannot be reliably measured because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

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For the year ended 31 December 2015

15 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Deferred income tax assets		
— Deferred income tax assets to be recovered after more than 12 months	**500,837**	190,583
— Deferred income tax assets to be recovered within 12 months	**50,852**	71,938
	551,689	262,521
Deferred income tax liabilities		
— Deferred income tax liabilities to be settled after more than 12 months	**(2,208,415)**	(933,466)
— Deferred income tax liabilities to be settled within 12 months	**(21,274)**	(4,444)
	(2,229,689)	(937,910)
	(1,678,000)	(675,389)

The movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	**(675,389)**	(9,497)
Additions resulting from acquisition through business combination (note 36(a))	**(691,461)**	(1,163)
Transferred to liabilities directly associated with non-current assets held for sale	**—**	2,342
Charged to consolidated income statement	**(170,278)**	(208,453)
Charged to other comprehensive income (note 30)	**(122,398)**	(458,618)
Currency translation differences	**(18,474)**	—
At end of the year	**(1,678,000)**	(675,389)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

15 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities during the year ended 31 December 2015, without taking into consideration of the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Impairment of assets RMB'000	Accelerated accounting depreciation RMB'000	Tax losses RMB'000	Provisions RMB'000	Asset basis differences (i) RMB'000	Other temporary differences (ii) RMB'000	Total RMB'000
At 1 January 2014	6,088	10,346	34,155	53,253	357,446	58,417	519,705
(Charged)/credited to consolidated income statement	(666)	(2,616)	11,458	46,140	(276,758)	8,717	(213,725)
At 31 December 2014	5,422	7,730	45,613	99,393	80,688	67,134	305,980
Additions resulting from acquisition through business combination (note 36(a))	—	—	530,972	54,662	—	20,869	606,503
Credited/(charged) to consolidated income statement	92	(336)	(50,131)	(45,698)	—	(540)	(96,613)
Currency translation differences	—	—	11,773	1,332	—	(120)	12,985
At 31 December 2015	**5,514**	**7,394**	**538,227**	**109,689**	**80,688**	**87,343**	**828,855**

(i) The amount as at 31 December 2015 and 31 December 2014 represents the land appreciation tax in connection with reorganisation with Jin Jiang Hotels Development, which can be deducted against future appreciation when the related land use right and properties are sold out of the Group. However, these appreciation of the related land use right and properties were eliminated in the consolidated balance sheet under intercompany transactions, which resulted in a deferred income tax asset.

(ii) The amount mainly includes the deferred income tax effect for deferred revenue under customer loyalty program and accrued rental expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

15 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax liabilities

	Impairment of assets (i) RMB'000	Accelerated tax depreciation RMB'000	Fair value changes on financial instruments RMB'000	Fair value adjustments on other assets RMB'000	Other temporary differences (ii) RMB'000	Total RMB'000
At 1 January 2014	(7,329)	(47,099)	(294,894)	(179,880)	–	(529,202)
Additions resulting from acquisition through business combination	–	–	–	(1,163)	–	(1,163)
Transferred to liabilities directly associated with non-current assets held for sale	–	–	–	2,342	–	2,342
(Charged)/credited to consolidated income statement	(1,040)	67	–	6,245	–	5,272
Charged to other comprehensive income	–	–	(458,618)	–	–	(458,618)
At 31 December 2014	(8,369)	(47,032)	(753,512)	(172,456)	–	(981,369)
Additions resulting from acquisition through business combination (note 36(a))	–	(44,693)	–	(1,205,969)	(47,302)	(1,297,964)
(Charged)/credited to consolidated income statement	(2,441)	4,549	(3,575)	(61,477)	(10,721)	(73,665)
Charged to other comprehensive income	–	–	(121,774)	–	(624)	(122,398)
Currency translation differences	–	(965)	–	(29,054)	(1,440)	(31,459)
At 31 December 2015	**(10,810)**	**(88,141)**	**(878,861)**	**(1,468,956)**	**(60,087)**	**(2,506,855)**

(i) Certain provisions for impairment of loans granted to subsidiaries were deductible for PRC current income tax purpose. However, these provisions were eliminated in the consolidated balance sheet, which resulted in a deferred income tax liability.

(ii) The amount mainly includes the deferred income tax effect for finance lease.

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15 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB239,025,000 (2014: RMB176,900,000) in respect of tax losses, as the Directors believe it is more likely than not that such tax losses would not be realised before their expiry. The expiry of related unrecognised deferred income tax assets are analysed as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Within 1 year	**47,774**	22,878
Between 1 and 2 years	**38,974**	48,764
Between 2 and 3 years	**27,144**	39,987
Between 3 and 4 years	**36,774**	27,709
Between 4 and 5 years	**44,933**	37,562
Over 5 years (i)	**59,805**	—
	255,404	176,900

(i) The amount represents the unrecognized deferred income tax assets of GDL Group, whose tax losses have no expiring date.

16 INVENTORIES

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Finished goods/goods held for resale	**99,683**	96,696
Raw materials	**73,221**	46,128
Consumables and supplies	**23,204**	25,305
	196,108	168,129

The cost of inventories recognised as expense and included in cost of sales amounted to RMB3,620,393,000 (2014: RMB3,294,955,000) (note 26).

The Group reversed the write-down of inventories by RMB65,000 for the year ended 31 December 2015 (2014: write-down of inventories by RMB179,000) (note 26).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Trade receivables	**761,516**	331,512
Less: provision for impairment of trade receivables	**(104,209)**	(7,591)
Trade receivables — net	**657,307**	323,921
Loans to related parties by Finance Company (note 37(b))	**788,000**	335,000
Prepayments and deposits	**487,034**	286,402
Loans to related parties by the Group other than Finance Company (note 37(b))	**209,000**	209,000
Other prepaid and recoverable tax	**131,757**	—
Interest receivables	**128,829**	3,921
Other amounts due from related parties (note 37(b))	**116,651**	40,659
Accrued rental revenue	**38,062**	30,222
Value-added tax ("VAT") recoverable	**7,642**	14,854
Others	**63,307**	62,276
Less: provision for impairment of other receivables	**(30,257)**	(4,761)
Prepayments and other receivables — net	**1,940,025**	977,573
	2,597,332	1,301,494
Less: non-current portion of trade receivables, prepayments and other receivables	**(265,640)**	(103,863)
	2,331,692	1,197,631
Non-current portion of trade receivables, prepayments and other receivables:		
Amounts due from related parties	**35,213**	9,000
Prepayments and deposits	**95,913**	64,641
Interest receivables	**96,452**	—
Accrued rental revenue	**38,062**	30,222
	265,640	103,863

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

The majority of the Group's sales in Hotel Related Business, Passenger Transportation Vehicle and Logistics Business and Travel Agency Business are retail sales, with immediate cash settlement and no credit terms granted. For certain corporate or travel agency customers, the sales are made generally with credit terms ranging from 30 to 90 days. Ageing analysis of trade receivables based on invoice date at respective balance sheet dates are as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
0 to 3 months	**506,763**	311,817
3 months to 1 year	**176,389**	13,546
Over 1 year	**78,364**	6,149
	761,516	331,512

As of 31 December 2015, trade receivables of RMB215,248,000 (31 December 2014: RMB12,179,000) were impaired and the corresponding amount of the provision was RMB104,209,000 (31 December 2014: RMB7,591,000). The impairment is firstly assessed individually for individual significant or long ageing balances, and the remaining balances are grouped for collective assessment according to their ageing and historical default rates as these customers are of similar credit risk characteristics. Ageing analysis of these impaired receivables at respective balance sheet dates are as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
3 months to 1 year	**148,053**	6,116
Over 1 year	**67,195**	6,063
	215,248	12,179

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17 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

As of 31 December 2015, trade receivables of RMB39,505,000 (31 December 2014: RMB7,516,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
3 months to 1 year	**28,336**	7,430
Over 1 year	**11,169**	86
	39,505	7,516

The carrying amounts of the Group's trade receivables, prepayments and other receivables are denominated in the following currencies:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
RMB	**1,946,977**	1,284,781
EUR€	**642,959**	—
US$	**7,396**	16,713
	2,597,332	1,301,494

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17 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Movements on the provision for impairment of trade receivables, prepayments and other receivables are as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	**(12,352)**	(12,467)
Additions resulting from acquisition through business combination	**(96,273)**	—
Receivables written off as uncollectible	**—**	198
Provision for of impairment of trade receivables, prepayments and other receivables (note 26)	**(23,196)**	(83)
Currency translation differences	**(2,645)**	—
At end of the year	**(134,466)**	(12,352)

The creation and usage of provision for impaired receivables have been included in "Administrative expenses" in the consolidated income statement (note 26).

The maximum exposure of the Group to credit risk at the balance sheet date was the carrying value of trade receivables, prepayments and other receivables as mentioned above.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	**94,629**	80,662
Additions	**163,853**	163,552
Additions resulting from acquisition through business combination (note 36(a))	**6,442**	—
Fair value changes transferred to profit or loss	**14,549**	304
Disposals	**(141,678)**	(149,889)
At end of the year	**137,795**	94,629

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18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Listed securities, at fair value		
— Equity securities, listed in Mainland China	**14,922**	616
Unlisted securities, at fair value		
— Debenture securities	**122,873**	94,013
	137,795	94,629
Market value of listed equity investments	**14,922**	616

19 RESTRICTED CASH AND BANK DEPOSITS

(a) Restricted cash

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Mandatory reserve deposit (i)	**164,235**	275,386
Deposits pledged for borrowings (ii)	**4,723,560**	30,595
Other restricted cash (iii)	**5,941**	6,641
	4,893,736	312,622
Less: non-current portion of restricted cash	**(3,778,848)**	—
	1,114,888	312,622
Restricted cash denominated in		
— RMB	**4,893,736**	282,027
— US$	**—**	30,595
	4,893,736	312,622

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19 RESTRICTED CASH AND BANK DEPOSITS (CONTINUED)

(a) Restricted cash (continued)

(i) Mandatory reserve deposit of Finance Company, a subsidiary and non-bank finance company, was placed with the People's Bank of China, the central bank of the Mainland China. The weighted average effective interest rate on mandatory reserve deposit was 1.62% (2014: 1.62%) per annum.

(ii) At 31 December 2015, the deposit amounted to RMB4,723,560,000 was placed with commercial banks as pledge for borrowings amounted to EUR€1,289,305,000, equivalent to RMB9,147,876,000 (note 23). The weighted average effective interest rate on the deposit was 3.81% per annum. The deposits with maturities within one year amounted to RMB944,712,000 is recorded in current assets, while deposits with maturities over one year amounted to RMB3,778,848,000 is recorded in non-current assets.

As at December 2014, the deposit amounted to RMB30,595,000 was replaced with commercial banks as pledge for borrowings amounted to US$250,000,000, equivalent to RMB1,529,750,000. The weighted average effective interest rate on the deposit was 3.11% per annum.

(iii) Other restricted cash included (1) guarantee fund for providing travel agency services of RMB5,100,000 (31 December 2014: RMB5,800,000) as is required by National Tourism Administration of the People's Republic of China with effective interest rate of 3.25% (2014: 3.25%), (2)deposit pledged for issuance of letters of credit of RMB841,000(31 December 2014: RMB841,000) with effective interest rate of 0.35% (2014:0.35%).

(b) Bank deposits with maturities over 3 months

	At 31 December	
	2015 **RMB'000**	2014 RMB'000
Bank deposits with maturities ranging from 3 months to 12 months	**1,046,138**	828,375
Bank deposits with maturities over 12 months but to be early withdrawn (i)	**1,100,000**	—
	2,146,138	828,375
Denominated in:		
— RMB	**2,096,400**	215,000
— US$	**49,738**	613,375
	2,146,138	828,375

(i) In 2015, the management made bank deposits amounted to RMB1,100,000,000 with original maturities from 2 to 3 years. As at 31 December 2015, the management of the Group intended to early withdraw these deposits before the end of 2016 according to their estimation on future cashflows. There is no restriction in early withdrawal of these bank deposits. Therefore, these bank deposits were recorded under current asset as at 31 December 2015, and interests income accrued based on the original rate as of deposit for 2 or 3 years has been reversed.

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19 RESTRICTED CASH AND BANK DEPOSITS (CONTINUED)

(c) Bank deposits with maturities over 12 months

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Bank deposits with maturities over 12 months	**236,000**	—

Bank deposits with maturities over 12 months are all denominated in RMB.

20 CASH AND CASH EQUIVALENTS

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Cash at bank and in hand	**3,073,238**	4,295,714
Bank deposits with maturities within 3 months	**1,966,992**	1,581,087
	5,040,230	5,876,801
Cash and cash equivalents denominated in		
— RMB	**4,077,625**	5,761,379
— EUR€	**795,228**	—
— US$	**97,538**	113,466
— Other foreign currencies	**69,839**	1,956
	5,040,230	5,876,801

The weighted average effective interest rate on bank deposits with maturities within 3 months was 3.12% (2014: 5.11%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015

21 SHARE CAPITAL AND RESERVES

(a) Share capital

	Share capital	
	Number of shares '000	Amount RMB'000
At 31 December 2014 and 2015	5,566,000	5,566,000

(b) Reserves

	Other reserves							
	Capital surplus (i) RMB'000	Statutory and discretionary surplus reserve (ii) RMB'000	Merger reserve (iii) RMB'000	Available-for-sale financial assets (iv) RMB'000	Currency translation differences RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2014	2,043,808	541,275	(2,886,243)	584,767	(14,515)	269,092	1,730,422	1,999,514
Profit for the year	—	—	—	—	—	—	621,225	621,225
Fair value changes on available-for-sale financial assets-gross	—	—	—	1,138,890	—	1,138,890	—	1,138,890
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	—	—	(219,131)	—	(219,131)	—	(219,131)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	—	—	(230,008)	—	(230,008)	—	(230,008)
Currency translation differences	—	—	—	—	(4,545)	(4,545)	—	(4,545)
Dividends declared (note 32)	—	—	—	—	—	—	(250,470)	(250,470)
Profit appropriation	—	81,141	—	—	—	81,141	(81,141)	—
Acquisition of equity interests in a subsidiary from non-controlling interests	(2,183)	—	—	—	—	(2,183)	—	(2,183)
At 31 December 2014	2,041,625	622,416	(2,886,243)	1,274,518	(19,060)	1,033,256	2,020,036	3,053,292

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

21 SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Reserves (continued)

	Other reserves								
	Capital surplus (i) RMB'000	Statutory and discretionary surplus reserve (ii) RMB'000	Merger reserve (iii) RMB'000	Available-for-sale financial assets (iv) RMB'000	Currency translation differences RMB'000	Other RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2015	2,041,625	622,416	(2,886,243)	1,274,518	(19,060)	—	1,033,256	2,020,036	3,053,292
Profit for the year	—	—	—	—	—	—	—	865,523	865,523
Remeasurements of post-employment benefit obligations net of tax	—	—	—	—	—	295	295	—	295
Fair value changes on available-for-sale financial assets-gross	—	—	—	339,585	—	—	339,585	—	339,585
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	—	—	(245,449)	—	—	(245,449)	—	(245,449)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	—	—	(23,534)	—	—	(23,534)	—	(23,534)
Cash flow hedges	—	—	—	—	—	411	411	—	411
Currency translation differences	—	—	—	—	12,781	—	12,781	—	12,781
Dividends declared (note 32)	—	—	—	—	—	—	—	(278,300)	(278,300)
Profit appropriation	—	39,756	—	—	—	—	39,756	(39,756)	—
Others	—	—	—	—	—	292	292	—	292
At 31 December 2015	2,041,625	662,172	(2,886,243)	1,345,120	(6,279)	998	1,157,393	2,567,503	3,724,896

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

21 SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Reserves (continued)

(i) Capital surplus represents premium arising from shareholders' contribution in excess of paid-in capital or from the issue of shares at a price in excess of their par value per share, and the effect for transactions with non-controlling interests on changes in equity attributable to shareholders of the Company.

(ii) Pursuant to the Company Law of the Mainland China and the articles of association of certain group companies, the Company is required to transfer 10% of its net profit, as determined under the Mainland China accounting regulations, to statutory surplus reserve until the fund aggregates to 50% of their share capital; after the transfer of statutory surplus reserves, the Company can appropriate profit, subject to respective shareholders' approval, to discretionary surplus reserve.

The transfer to statutory and discretionary reserves must be made before distribution of dividends to shareholders. These reserves shall only be used to make good previous years' losses, to expand production operations, or to increase the capital of the Company. The Company may transfer the statutory surplus reserve into share capital, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of the registered capital.

(iii) Merger reserve represents the net effect arising from the application of merger accounting for business combinations resulting from transactions among entities under common control. It includes (1) the paid-in capital of certain subsidiaries, which were transferred to the Group in the group 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

22 TRADE AND OTHER PAYABLES

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Trade payables	**843,842**	493,198
Deposits from related parties in Finance Company (note 37(b))	**1,947,610**	407,397
Employee benefit payables (i)	**1,290,394**	977,684
Advances from customers	**636,290**	614,468
Payables for purchases of property, plant and equipment, and intangible assets	**392,430**	331,404
Deposits from lessees and constructors	**372,786**	292,109
Other tax payable	**288,875**	175,677
Other amounts due to related parties (note 37(b))	**182,103**	118,948
Defined benefit plan of GDL Group (ii)	**161,863**	—
Accrued expenses	**113,938**	126,493
Provisions for other liabilities and charges (iii)	**68,575**	6,981
Deferred government grants	**61,910**	67,999
Marketing fund	**57,878**	—
Deposits for private placing share	**45,167**	—
Payables related to the disposal of Galaxy Hotel (note 33(b))	**36,962**	—
Deferred payment of acquisition of subsidiaries	**34,345**	9,796
Interest payable	**25,007**	20,512
Dividend payable to non-controlling interests	**21,923**	28,234
Deferred revenue for customer loyalty programme	**1,043**	5,793
Advance for the transaction of a subsidiary to be disposed	**—**	227,706
Others	**76,018**	61,989
	6,658,959	3,966,388
Less: non-current portion of trade payables, provisions and other payables	**(1,135,670)**	(608,167)
Current portion of trade payables, provisions and other payables	**5,523,289**	3,358,221
Non-current portion of trade payables, provisions and other payables:		
Employee benefits payables	**750,624**	521,241
Deposits from related parties in Finance Company	**179,767**	—
Provisions for other liabilities and charges	**68,575**	6,981
Marketing fund	**57,878**	—
Deferred government grants	**52,964**	55,432
Deposits from lessees and constructors	**14,500**	—
Payables for purchases of property, plant and equipment, and intangible assets	**1,876**	11,768
Deferred revenue for customer royalty programme	**1,043**	5,793
Others	**8,443**	6,952
	1,135,670	608,167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

22 TRADE AND OTHER PAYABLES (CONTINUED)

(i) The balance as at 31 December 2015 is mainly included the employee benefits payables of RMB568,170,000 (31 December 2014: RMB528,840,000) incurred for termination plan, early retirement plan, and redundant employee plan for hotel renovation.

The table below outlines where the Group's termination benefits, early retirement welfare and long-term employee benefits for the redundant employees during hotel renovations amounts and activity are included in the consolidated balance sheet and consolidated income statement.

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Consolidated balance sheet obligations for:		
— Termination benefits (a)	**—**	12,680
— Early retirement welfare (b)	**563,030**	475,990
— Employee benefits for the redundant employees during hotel renovations (c)	**5,140**	40,170
	568,170	528,840
Less: Current portion	**(47,690)**	(62,330)
Non-current portion	**520,480**	466,510

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Consolidated income statement charge included in employee benefit expenses for (note 27):		
Employee benefit expenses for Termination Plan, Early Retirement Plan and Redundant Employee Plan for Hotel Renovation	**95,101**	635,779

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

22 TRADE AND OTHER PAYABLES (CONTINUED)

(i) (continued)

(a) Termination benefits

In 2014, the Group announced a series of detailed formal plan (the "Termination Plan") to offer certain current redundant employees termination benefits to encourage voluntary redundancy. Under the Termination Plan, the Group made the cash payment of compensation to these employees who accepted the termination offer.

(b) Early retirement welfare

In 2014, the Group announced a series of detailed formal plan (the "Early Retirement Plan") to early retire certain current redundant employees without possibility of withdrawal. In 2015, the Group disposed 50% equity interest in Galaxy Hotel, and some employees of Galaxy Hotel were also brought into the Early Retirement Plan.

Under the Early Retirement Plan, the Group is obliged to make monthly payment of wages, salaries and social welfare to these early retired employees from the date of early retirement to the regulated retirement date.

(c) Employee benefits for the redundant employees during hotel renovations

In 2014, certain hotels under the Group have stopped or will stop operations to implement renovation of the whole hotel properties for certain periods. The Group announced a series of detailed formal plan (the "Redundant Employee Plan for Hotel Renovation") and the Group is obliged to make monthly payment of wages, salaries and social welfare to these redundant employees during the renovation period. The Redundant Employee Plan for Hotel Renovation is without possibility of withdrawal.

The movement in the obligations for Termination Plan, Early Retirement Plan and Redundant Employee Plan for Hotel Renovation over the year is as follows:

	Year ended 31 December 2015 RMB'000
At beginning of the year	528,840
Employee benefit expenses recognised in consolidated income statement (note 27)	95,101
Benefit payments during the year	(55,771)
At end of the year	568,170

The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Perrin Consulting Company Limited (member of the Society of Actuaries and the China Association of Actuaries).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

22 TRADE AND OTHER PAYABLES (CONTINUED)

(i) (continued)

The significant actuarial assumptions were as follows:

	At 31 December	
	2015	2014
Discount rate	**2.50%–2.75%**	3.5%
Mortality rate	**Chinese residents ordinary life span**	Chinese residents ordinary life span
Benefit increase rate	**8%**	7%

The sensitivity of the employee benefit obligations to changes in the weighted principal assumptions is:

	Change in assumption	Increase in obligations balance RMB'000	Decrease in obligations balance RMB'000
Discount rate	0.25%	8,070	(7,830)
Benefit increase rate	0.25%	7,160	(6,960)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the employee benefit obligations to significant actuarial assumptions, the calculation method is the same as that used in the calculation of liability recognised in the consolidated financial statements (i.e. present value of the employee benefit obligations calculated with the projected unit credit method at the end of the reporting period).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

22 TRADE AND OTHER PAYABLES (CONTINUED)

(i) (continued)

Expected maturity analysis of undiscounted employee benefits:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Within 1 year	**42,550**	62,330
Between 1 year and 2 years	**65,700**	84,620
Between 2 years and 5 years	**206,170**	177,830
Over 5 years	**316,750**	337,350
	631,170	662,130

The retirement termination payment plans pursuant to collective bargaining agreements and/or company-wide agreements provide for the payment of an amount on retirement based on length of service and salary.

(ii) The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Present value of obligation RMB'000
At 1 January 2015	—
Additions resulted from acquisition through business combination	158,747
Current service cost (note 27)	3,239
Past service cost and gains and losses on settlements	—
Interest cost	193
Remeasurement loss	(895)
Benefits payments	(2,956)
Currency translation differences	3,535
At 31 December 2015	161,863

The actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2015 by actuarial firms. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

22 TRADE AND OTHER PAYABLES (CONTINUED)

(ii) (continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2015
Discount rates	2.20%
Long-term rate of inflation	1.75%
Increase in wages	2.50%–4.00%

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

	Change in assumption	Increase in obligations balance RMB'000	Decrease in obligations balance RMB'000
Discount rate	0.50%	3,116	2,812
Long-term rate of inflation	0.50%	8,403	9,404
Increase in wages	0.50%	2,638	2,964

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

(iii) The movement in the provisions for other liabilities and charges over the year is as follows:

	Year ended 31 December		
	Pending litigation (a) RMB'000	Others RMB'000	Total RMB'000
At 1 January 2015	—	6,981	6,981
Additions	3,036	3,253	6,289
Additions resulted from acquisition through business combination	42,564	12,472	55,036
Reversed	(908)	—	(908)
Currency translation differences	1,107	70	1,177
At 31 December 2015	45,799	22,776	68,575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

22 TRADE AND OTHER PAYABLES (CONTINUED)

(iii) (continued)

(a) Pending litigation

The amounts mainly represent a provision for a legal claim brought against certain subsidiary of GDL Group by Poland Handlowy Bank. A plot of land acquired in Poland is subject to a dispute on the mortgage. The provision charge is recognised in consolidated income statement within "administrative expenses". The balance as at 31 December 2015 is not expected to be utilised in 2016. After taking appropriate legal advice, the outcome of the legal claim will not give rise to any significant loss beyond the amounts provided at 31 December 2015.

(iv) Ageing analysis of trade payables based on invoice date at respective balance sheet dates are as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
0 to 3 months	**702,145**	419,520
3 months to 1 year	**129,555**	71,670
Over 1 year	**12,142**	2,008
	843,842	493,198

(v) The carrying amount of the financial liabilities of trade and other payables approximates their fair value. The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
RMB	**5,393,233**	3,930,191
EUR€	**1,213,540**	—
US$	**37,193**	24,896
Other foreign currencies	**14,993**	11,301
	6,658,959	3,966,388

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

23 BORROWINGS

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**9,229,321**	1,596,814
Bank borrowings — unsecured	**2,006,014**	1,320,952
Finance lease liabilities	**178,251**	24,713
	11,413,586	2,942,479
Less: current portion of long-term secured bank borrowings	**(5,613)**	(67,064)
current portion of long-term unsecured bank borrowings	**(260,675)**	(1,010,502)
current portion of long-term finance lease	**(12,094)**	(3,044)
	11,135,204	1,861,869
Borrowings included in current liabilities:		
Bank borrowings — secured	**23,668**	32,806
Bank borrowings — unsecured	**4,848,039**	507,343
Borrowings from related parties (note 37(b))	**100,000**	100,000
Current portion of long-term secured bank borrowings	**5,613**	67,064
Current portion of long-term unsecured bank borrowings	**260,675**	1,010,502
Current portion of long-term finance lease	**12,094**	3,044
	5,250,089	1,720,759

As at 31 December 2015, the secured bank borrowings included:

(1) Bank borrowings of EUR€1,289,305,000, equivalent to RMB9,147,876,000 (31 December 2014: nil), which were pledged by the bank deposits RMB4,723,560,000 (note 19) and the ownership of a subsidiary, and guaranteed by Jin Jiang International.

(2) Bank borrowings of PLN 48,946,000, equivalent to RMB81,445,000 (31 December 2014: nil), pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland.

(3) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

23 BORROWINGS (CONTINUED)

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

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

(2) Bank borrowings of US$250,000,000, equivalent to RMB1,529,750,000, which were pledged by bank deposits amounted to US$5,000,000, equivalent to RMB30,595,000.

(i) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity whichever is the earlier date are as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Within 6 months	**11,944,897**	2,807,277
Between 6 and 12 months	**4,431,010**	770,851
Between 1 and 5 years	**4,739**	4,500
Over 5 years	**4,647**	—
	16,385,293	3,582,628

(ii) The maturity of the borrowings included in non-current liabilities is as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Between 1 and 2 years	**4,414,455**	308,345
Between 2 and 5 years	**6,438,264**	1,542,316
Over 5 years	**282,485**	11,208
	11,135,204	1,861,869

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

23 BORROWINGS (CONTINUED)

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

	At 31 December	
	2015	2014
Borrowings denominated in RMB	**4.2077%**	5.4088%
Borrowings denominated in US$	**1.7694%**	2.5427%
Borrowings denominated in EUR€	**0.6213%**	—
Borrowings denominated in other foreign currencies	**4.3949%**	—

(iv) The carrying amounts and fair values of non-current bank borrowings are as follows:

	Carrying amounts RMB'000	Fair values RMB'000
At 31 December 2015		
— Bank borrowings	10,969,047	10,920,782
— Finance lease liabilities	166,157	166,157
	11,135,204	11,086,939
At 31 December 2014		
— Bank borrowings	1,840,200	1,802,838
— Finance lease liabilities	21,669	21,669
	1,861,869	1,824,507

The fair values of non-current borrowings are estimated based on discounted cash flow approach using the market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the respective balance sheet dates.

The carrying amounts of current borrowings approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

23 BORROWINGS (CONTINUED)

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

	At 31 December	
	2015 RMB'000	2014 RMB'000
RMB	5,080,430	1,376,361
US$	1,980,548	2,206,267
EUR€	9,161,854	—
Other foreign currencies	162,461	—
	16,385,293	3,582,628

(vi) Finance lease liabilities

Finance lease liabilities with carrying amount of RMB178,251,000 (2014: RMB24,713,000) are effectively secured as the rights to the leased asset with carrying amount of RMB282,038,000 (2014: RMB21,789,000) (note 6) revert to the lessor in the event of default.

	At 31 December	
	2015 RMB'000	2014 RMB'000
Gross finance lease liabilities — minimum lease payments		
Within 1 year	13,471	4,450
Between 1 year and 2 years	13,237	3,650
Between 2 years and 5 years	47,090	10,880
Over 5 years	173,054	12,685
	246,852	31,665
Future finance charges on finance leases	(68,601)	(6,952)
Present value of finance lease liabilities	178,251	24,713
The present value of finance lease liabilities is as follows:		
Within 1 year	12,094	3,044
Between 1 year and 2 years	9,725	2,395
Between 2 years and 5 years	34,751	8,066
Over 5 years	121,681	11,208
	178,251	24,713

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

24 OTHER INCOME AND GAIN

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Gain on disposal of investments in subsidiaries (note 33(a))	**716,701**	1,163,518
Gain on disposal of available-for-sale financial assets	**486,692**	435,652
Dividend income	**103,500**	94,721
— Unlisted equity investments	**41,620**	38,899
— Listed equity investments	**61,880**	55,822
Interest income	**96,964**	78,547
Government grants income (i)	**80,386**	82,000
Gain on foreign exchange forward contract	**14,300**	—
Gain on disposal of property, plant and equipment	**9,431**	20,534
Gain on disposal of investment in joint ventures	**—**	15,108
Others	**73,710**	30,109
	1,581,684	1,920,189

(i) Government grant income mainly represents fiscal subsidies granted by local governments to the Group without unfulfilled conditions.

25 OTHER EXPENSES AND LOSSES

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Impairment of available-for-sale financial assets	**87,725**	—
Bank charges	**55,443**	44,031
Loss on disposal of property, plant and equipment	**10,149**	8,642
Compensation charge on lease termination due to the disposal of Galaxy Hotel	**1,847**	69,048
Others	**12,378**	2,990
	167,542	124,711

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

26 EXPENSES BY NATURE

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Changes in inventories (note 16)	**3,620,393**	3,294,955
Employee benefit expenses (note 27)	**3,455,846**	3,064,255
Depreciation of property, plant and equipment (note 6)	**1,043,996**	856,201
Utility cost and consumables	**722,976**	646,117
Operating leases — land and buildings	**600,616**	392,596
Repairs and maintenance	**400,818**	171,733
Business tax, property tax, VAT through a simplified method and other tax surcharges	**399,414**	367,447
Commissions paid to travel agencies	**197,346**	24,774
Advertising costs	**135,718**	55,294
Laundry costs	**94,027**	84,738
Consulting fee	**83,097**	61,967
Transportation expenses	**58,482**	34,156
Amortisation of land use rights (note 8)	**57,134**	57,744
Amortisation of intangible assets (note 9)	**41,761**	17,432
Auditors' remuneration	**26,664**	13,360
— Audit service	**25,224**	11,920
— Non-audit service	**1,440**	1,440
Provision for impairment of trade receivables, prepayments and other receivables (note 17)	**23,196**	83
Telecommunication expenses	**15,403**	16,908
Pre-operation expenses	**6,220**	8,046
Depreciation of investment properties (note 7)	**6,086**	6,084
Entertainment expenses	**3,049**	6,692
(Reversal of)/provision for inventories to net realisable value (note 16)	**(65)**	179
Others	**571,980**	410,587
	11,564,157	9,591,348

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

27 EMPLOYEE BENEFIT EXPENSE

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Employee benefit expenses for in-service employees	**3,357,506**	2,428,476
— Wages and salaries	**2,419,011**	1,749,665
— Retirement and housing benefits (a)	**604,753**	437,416
— Welfare and other expenses	**333,742**	241,395
Employee benefit expenses for Termination Plan, Early Retirement Plan and Redundant Employee Plan for Hotel Renovation (note 22)	**95,101**	635,779
Defined benefit plan of GDL Group (note 22)	**3,239**	—
	3,455,846	3,064,255
Number of employee	**33,798**	29,261

(a) Retirement benefit and housing benefits schemes

The employees of the Group participate in various pension plans organised by the relevant municipal and provincial governments under which the Group is obliged to make monthly defined contributions to these plans based on percentages of the employees' monthly salaries and wages, subject to a certain ceiling. The employees of the Group companies in Mainland China are also entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds.

The Group had no further obligation for post-retirement benefits or housing funds beyond the payments above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

27 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year 2015 do not include any directors of the Company. The emoluments payable to these individuals during the year ended 31 December 2015 are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Salary and allowances	**4,669**	5,109
Discretionary bonuses	**1,627**	1,929
Retirement scheme contributions	**263**	421
	6,559	7,459

The emoluments fell within the following bands:

	Year ended 31 December	
	2015	2014
	Number	Number
RMB837,800 (equivalent to HK$1,000,000) to RMB1,256,700 (equivalent to HK$1,500,000)	**1**	—
RMB1,256,700 (equivalent to HK$1,500,000) to RMB1,675,600 (equivalent to HK$2,000,000)	**4**	3
RMB1,675,600 (equivalent to HK$2,000,000) to RMB2,094,500 (equivalent to HK$2,500,000)	**—**	2
	5	5

(c) During the year 2015, no directors, supervisors, senior management or the five highest paid individuals of the Group waived any emoluments and no other emoluments were paid by the Group to any of the directors, supervisors, senior management or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

28 FINANCE COSTS — NET

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Finance cost:		
Interest expenses	**410,573**	159,899
— Bank borrowings	**360,819**	143,149
— Borrowings from related parties	**40,506**	15,485
— Finance lease liabilities	**9,248**	1,265
Net foreign exchange loss/(gain) on borrowings	**92,392**	(1,325)
Total finance costs	**502,965**	158,574
Finance income:		
Interest income		
— Interest income resulting from the deposits pledged for the borrowings	**(148,772)**	—
Total finance income	**(148,772)**	—
Finance costs — net	**354,193**	158,574

29 SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Share of results of joint ventures (note 11)	**67,911**	39,222
Share of results of associates (note 12)	**167,693**	101,717
	235,604	140,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

30 INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Current tax:		
Mainland China current corporate income tax ("CIT")	**286,294**	265,779
Overseas current corporate tax	**37,553**	—
Deferred tax:		
Mainland China deferred income tax (note 15)	**104,575**	208,453
Overseas deferred income tax (note 15)	**65,703**	—
	494,125	474,232

Other than the subsidiary registered in Tibet with preferential income tax rate of 15%, provision for Mainland China CIT is calculated based on the statutory income tax rate of 25% on the assessable income of the group companies operating in Mainland China for the year ended 31 December 2015 (2014: 25%) in accordance with the Corporate Income Tax Law of PRC and its Detail Implementation Regulations.

The Group's subsidiary registered in Hong Kong is subject to a rate of 16.5% on the estimated assessable profits for the year ended 31 December 2015 (2014: 16.5%). For the year ended 31 December 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.

GDL Group is mainly operated in France and subject to income tax at 34.43% for the year ended 31 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

30 INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of 25% (2014: 25%) in the Mainland China as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Profit before income tax	**1,891,825**	1,550,583
CVAE deducted (i)	**(15,684)**	—
	1,876,141	1,550,583
Tax calculated at a tax rate of 25% (2014: 25%)	**469,035**	387,646
Effect of different taxation rates	**2,674**	(118)
Income not subject to tax	**(30,474)**	(26,943)
Expenses not deductible for tax purposes	**5,972**	8,709
Tax losses and tax credit for which no deferred income tax assets were recognised	**94,055**	144,987
Utilization and recognition of previous unrecognised tax losses	**(15,328)**	(4,814)
Effect of exclusion of share of profit tax of joint ventures and associates	**(59,181)**	(35,235)
Withholding tax on distributed profit and unremitted earnings	**11,688**	—
CVAE	**15,684**	—
	494,125	474,232

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

30 INCOME TAX EXPENSE (CONTINUED)

(i) As disclosed in Note 2.2 (u), CVAE tax of GDL Group is calculated and paid based on the value added contribution subject to tax rate from 0% to 1.5% for the year ended 31 December 2015, and it is deductible for CIT and recognised in income tax expense.

The tax (charge)/credit relating to other comprehensive income is as follow:

	2015			2014		
	Before tax RMB'000	**Tax (charge)/ credit RMB'000**	**After tax RMB'000**	Before tax RMB'000	Tax (charge)/ credit RMB'000	After tax RMB'000
Fair value changes on available-for-sale financial assets	**973,557**	**(243,167)**	**730,390**	2,269,816	(567,531)	1,702,285
Transfer of fair value changes on disposal of available-for-sale financial assets	**(485,573)**	**121,393**	**(364,180)**	(435,652)	108,913	(326,739)
Cash flow hedges net of tax	**1,133**	**(316)**	**817**	—	—	—
Remeasurements on the net defined benefit liabilities or assets	**895**	**(308)**	**587**	—	—	—
Currency translation differences	**23,226**	**—**	**23,226**	(4,545)	—	(4,545)
Other comprehensive income	**513,238**	**(122,398)**	**390,840**	1,829,619	(458,618)	1,371,001

31 EARNINGS PER SHARE

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Profit attributable to shareholders of the Company	**865,523**	621,225
Weighted average number of ordinary shares in issue (thousands)	**5,566,000**	5,566,000
Basic earnings per share (RMB cents)	**15.55**	11.16

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

32 DIVIDENDS

A final dividend in respect of the year ended 31 December 2014 of RMB5.0 cents per share, totalling RMB278,300,000 (final dividend in respect of the year ended 31 December 2013: RMB4.5 cents per share, totalling RMB250,470,000) was paid in July 2015.

On 30 March 2016, the Directors recommended the payment of a final dividend of RMB6.5 cents per share, totalling RMB361,790,000 in respect of the year ended 31 December 2015. Such dividend is to be approved by the shareholders at the Annual General Meeting. The consolidated financial statements do not reflect this dividend payable.

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Proposed final dividend of RMB6.5 cents (2014: RMB5.0 cents) per share	**361,790**	278,300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit for the year to cash generated from operations:

		Year ended 31 December	
	Note	2015 RMB'000	2014 RMB'000
Profit before income tax		1,891,825	1,550,583
Adjustments for:			
— depreciation of property, plant and equipment	26	1,043,996	856,201
— depreciation of investment properties	26	6,086	6,084
— amortisation of land use rights	26	57,134	57,744
— amortisation of intangible assets	26	41,761	17,432
— gain on disposal of property, plant and equipment	24	(9,431)	(20,534)
— loss on disposal of property, plant and equipment	25	10,149	8,642
— gain on disposal of investment in joint ventures and associates	24	—	(15,108)
— loss on disposal of intangible assets		—	33
— gain on disposal of available-for-sale financial assets	24	(486,692)	(435,652)
— gain on disposal of investments in subsidiaries	24	(716,701)	(1,163,518)
— gain on revaluation of financial assets at fair value through profit or loss	18	(14,549)	(304)
— Provision for impairment of trade receivables, prepayments and other receivables	26	23,196	83
— (Reversal of)/provision for inventories to net realisable value	26	(65)	179
— impairment for available-for-sale financial assets	14	87,725	—
— interest income	24	(96,964)	(78,547)
— interest expenses	28	410,573	159,899
— interest income from restricted deposits pledged for borrowings	28	(148,772)	—
— net foreign exchange loss/(gain) on borrowings	28	92,392	(1,325)
— share of results of joint ventures and associates	29	(235,604)	(140,939)
— dividend income	24	(103,500)	(94,721)
Changes in working capital:			
— restricted cash		111,851	49,853
— inventories		(7,470)	8,415
— trade receivables, prepayments and other receivables		(22,985)	(64,641)
— trade and other payables		224,363	648,191
Cash generated from operations		2,158,318	1,348,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) (continued)

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Net book amount (note 6)	**61,160**	67,809
Gain on disposal of property, plant and equipment (note 24)	**9,431**	20,534
Loss on disposal of property, plant and equipment (note 25)	**(10,149)**	(8,642)
Proceeds from disposal of property, plant and equipment	**60,442**	79,701

(b) Disposal of 50% equity interest in Galaxy Hotel

In May 2015, the Group sold its 50% equity interest in Galaxy Hotel to Shanghai Sheng Pu Investment Management Co., Ltd. ("Sheng Pu Investment") with a cash consideration of RMB421,678,000 and the related interests amounted to RMB9,470,000 for the delay in payment. According to the terms in the equity transfer agreement, the Group should bear the loss of Galaxy Hotel from February of 2014 to the completion date amounted to RMB36,962,000, which shall be paid to Sheng Pu Investment and was recorded in other payables as at 31 December 2015 as part of consideration adjustment. Before the transaction, the Group held 100% equity interest in Galaxy Hotel, and the Group had control over Galaxy Hotel and accounted for a subsidiary. After the completion of the transaction, the Group holds 50% equity interest in Galaxy Hotel and subsequently account for an investment in joint ventures by the remeasured fair value.

	RMB'000
Total cash consideration received	431,148
Less: Consideration adjustment to be paid to Sheng Pu Investment	(36,962)
Total consideration	394,186
Add: the retained interest (50%) remeasured to its fair value when control is lost (i)	363,556
Less: share of net assets disposed (100%)	(41,041)
Gain on disposal of 50% equity interest in a subsidiary (note 24)	716,701

(i) The cash consideration was determined based on the entire equity value of Galaxy Hotel as shown in the asset valuation report dated on 28 February 2014 prepared by an independent and qualified PRC appraiser. At the date control was lost, the Group remeasured the fair value of the retained 50% interest in Galaxy Hotel as a joint venture, and the fair value was determined based on the entire equity value of Galaxy Hotel as shown in the asset valuation report dated on the completion date prepared by an independent and qualified PRC appraiser.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Principal non-cash transactions

The principal non-cash transactions include:

(i) The purchases of property, plant and equipment, and intangible assets not been settled as at 31 December 2015 and 2014 was disclosed in note 22.

(ii) The finance lease arrangements of the Group is disclosed in note 23(vi).

34 FINANCIAL GUARANTEE CONTRACTS

	At 31 December	
	2015 **RMB'000**	2014 RMB'000
Not later than 1 year	**848,681**	20,000
Later than 1 year and not later than 5 years	**—**	787,232
	848,681	807,232

The Group provides guarantees for bank borrowings of joint ventures and associates of the Group. Under the terms of the financial guarantee contracts, the Group will make payments to reimburse the lenders upon failure of the guaranteed entities to make payments when due.

The financial guarantee contracts have not been recognised in the consolidated financial statements as the Group considered that the possibility of failure of the guaranteed entities to make payments when the bank borrowings due is remote and the fair value of the guarantees contract was insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

35 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for but not yet incurred is as follows:

	At 31 December	
	2015 RMB'000	2014 RMB'000
Acquisition of property, plant and equipment	118,123	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 and the operating lease expenses recognised in the consolidated income statement for the year ended 31 December 2015 are disclosed in notes 5(a) and 26, respectively.

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

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

	At 31 December	
	2015 RMB'000	2014 RMB'000
Not later than 1 year	196,834	187,940
Later than 1 year and not later than 5 years	511,474	519,757
Later than 5 years	708,917	647,267
	1,417,225	1,354,964

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

35 COMMITMENTS (CONTINUED)

(b) Operating lease commitments (continued)

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

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Not later than 1 year	**540,482**	366,966
Later than 1 year and not later than 5 years	**2,254,060**	1,406,715
Later than 5 years	**3,702,892**	2,224,365
	6,497,434	3,998,046

(c) Loan commitments

Loan commitments of RMB297,000,000 (31 December 2014: RMB24,000,000) represent undrawn loan facilities offered by Finance Company and granted to related parties (note 37).

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

As at 31 December 2015, the Company held a 30% equity interest in Chengdu Jinhe with carrying amount of nil under equity method.

Pursuant to an agreement signed between a third party (the "Purchaser") and the Company on 28 January 2010, the Company will dispose all its 30% equity interest in Chengdu Jinhe to the Purchaser, at a consideration of RMB17,760,000. Pursuant to a further agreement signed between the Purchaser and the Company on 10 May 2013, the Purchaser committed to pay the consideration of RMB17,760,000 and the interests for late payment of RMB1,450,000 before 31 December 2013. However, as at 30 March 2016, the Company has not received any payment from the Purchaser and the 30% equity interest in Chengdu Jinhe has not been transferred to the Purchaser.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

36 BUSINESS COMBINATIONS

(a) Acquisition of 100% shares in GDL

Pursuant to the equity transfer agreement signed among Sailing Investment Co, S.à.r.l ("Luxembourg Sailing Investment"), a newly-established wholly-owned subsidiary of Jin Jiang Hotels Development and Star SDL Investment Co S.à.r.l. Luxembourg Sailing Investment acquired 100% equity interest shares in GDL from Star SDL Investment Co S.à.r.l. GDL and it subsidiaries are principally engaged in the operation of various chain budget hotel business.

The equity transfer was completed on 27 February 2015 with cash consideration of EUR€475.1 million (equivalent to RMB3,290,281,000) and Luxembourg Sailing Investment held 100% equity interest in GDL. Luxembourg Sailing Investment also paid the net receivable due from GDL and its subsidiaries to Star SDL Investment Co S.à.r.l. and its affiliate amounted to EUR€521.4 million (equivalent to RMB3,610,952,000) and the syndicated loan owed by GDL and its subsidiaries amounted to EUR€280.5 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 31 December 2015, the price adjustment has not been finalised.

Upon the completion of the transaction on 27 February 2015, GDL became a subsidiary of the Group and the Group holds 50.32% indirect interest in GDL.

As a result of the acquisition, the Group is expected to increase its presence in the market of select service hotels in Europe. The goodwill of RMB4,022,274,000 arising from the acquisition is attributable to the GDL's workforce, customer base that can not meet the definition of intangible assets and economies of scale expected from combining the operations of the Group and GDL Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

If the acquisition had occurred on 1 January 2015, Group revenue would have been RMB12,558,299,000, and profit for the year would have been RMB1,446,159,000. 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.

Details of purchase consideration are as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

36 BUSINESS COMBINATIONS (CONTINUED)

(a) Acquisition of 100% shares in GDL (continued)

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

	Fair values RMB'000
Property, plant and equipment	3,901,063
Intangible assets (other than goodwill)	2,161,321
Investments in associates	75,585
Available-for-sale financial assets	9,444
Deferred income tax assets	156,491
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	1,438,834
Cash and cash equivalents	333,413
Borrowings — non-current portion	(930,588)
Deferred income tax liabilities	(847,952)
Trade payables, provisions and other payables — non-current portion	(316,886)
Derivative financial instruments	(7,385)
Borrowings — current portion	(5,793,852)
Income tax payable	(88,461)
Trade payables, provisions and other payables — current portion	(711,844)
Non-controlling interest	(172,933)
Net liabilities	(731,993)
Share of net liabilities (100%)	(731,993)
Add: Goodwill	4,022,274
Total purchase consideration	3,290,281
Total purchase consideration settled in cash for the year ended 31 December 2015	(3,290,281)
100% share of cash and cash equivalents in the subsidiary acquired	333,413
Cash outflow of cash consideration on acquisition	(2,956,868)
Total transaction cost	23,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

36 BUSINESS COMBINATIONS (CONTINUED)

(b) Acquisition of 100% shares of LWIH Property Holding (Poland) sp. z o.o. , LWHP3 sp. z o.o. and LWHP4 sp. z o.o. ("Three Poland Hotels")

Pursuant to the equity transfer agreement signed among GDL and SCG Budget Investment Holding S.à.r.l. ("SCG"), GDL acquired 100% equity interest shares in Three Poland Hotels. Three Poland Hotels are principally engaged in the operation of hotels.

The equity transfer was completed on 23 December 2015 with cash consideration of PLN21,494,000 (equivalent to RMB35,910,000) and GDL held 100% equity interest in Three Poland Hotels. GDL paid PLN6,800,000 (equivalent to RMB11,361,000) in 2015.

Upon the completion of the transaction on 23 December 2015, Three Poland Hotels became subsidiaries of the Group and the Group holds 50.32% indirect interest. As a result of the acquisition, the Group is expected to increase its presence in the market of select service hotels in Poland.

If the acquisition had occurred on 1 January 2015, Group revenue would have been RMB12,186,193,000, and profit for the year would have been RMB1,394,651,000. 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.

Details of purchase consideration are as follows:

	RMB'000
Purchase consideration:	
— Cash paid	11,361
— Cash to be paid	24,549
Total purchase consideration	35,910

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

36 BUSINESS COMBINATIONS (CONTINUED)

(b) Acquisition of 100% shares of LWIH Property Holding (Poland) sp. z o.o. , LWHP3 sp. z o.o. and LWHP4 sp. z o.o. ("Three Poland Hotels") (continued)

The assets and liabilities as of 23 December 2015 arising from the acquisition are as follows:

	Fair values RMB'000
Property, plant and equipment	134,256
Intangible assets	77
Inventories	219
Trade and other receivables	1,866
Cash and cash equivalents	12,041
Borrowings	(82,846)
Trade and other payables	(29,703)
Net assets	35,910
Share of net assets (100%)	35,910
Total purchase consideration	35,910
Total purchase consideration settled in cash for the year ended 31 December 2015	(11,361)
100% share of cash and cash equivalents in the subsidiary acquired	12,041
Cash inflow of cash consideration on acquisition	680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015

37 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is controlled by Jin Jiang International (incorporated in Mainland China), which owns 75% of the Company's share. The remaining 25% of the shares are widely held. The ultimate parent and controlling party of the Group is Jin Jiang International.

(a) Related party transactions

The Group had the following significant related party transactions during the year ended 31 December 2015:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Transactions with Jin Jiang International		
— Borrowing received	1,000,000	—
— Interest Income received	2,674	257
— Provision of food and beverage service	123	505
— Provision of hotel services	27	16
— Provision of other services	22	1,203
— Provision of training services	9	63
	1,002,855	2,044
— Borrowing repaid	1,000,000	248,000
— Interest expenses paid	37,137	6,926
— Rental expenses paid	8,993	9,563
— Receipt of food and beverage service	335	455
— Receipt of other services	284	299
	1,046,749	265,243
Transactions with subsidiaries of Jin Jiang International		
— Provision of hotel services	23,938	25,878
— Provision of tourism services	19,218	7,943
— Sales of vehicles	6,307	—
— Provision of other services	4,699	1,801
— Sales of hotel supplies	3,468	1,169
— Rental income received	3,027	6,596
— Hotel franchise fees	1,054	838
	61,711	44,225
— Rental expenses paid	27,395	22,531
— Receipt of other services	13,136	20,734
— Interest expenses paid	11,813	16,263
— Purchase of food and beverage	913	1,476
	53,257	61,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

37 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions (continued)

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Transactions with joint ventures of the Group		
— Interest income received	**15,085**	24,986
— Management fees received	**3,524**	3,285
— Sales of hotel supplies	**1,684**	1,564
— Provision of other services	**239**	339
	20,532	30,174
— Interest expenses paid	**7,244**	5,704
— Purchase of goods	**1,936**	242
— Receipt of other services	**1,052**	1,458
— Management fee paid	**274**	667
	10,506	8,071
Transactions with associates of the Group		
— Rental income received	**4,018**	3,286
— Interest income received	**3,404**	3,150
— Management fees received	**2,443**	2,736
— Sales of hotel supplies	**611**	210
	10,476	9,382
— Purchase of vehicles and related parts	**167,221**	48,738
— Purchase of food and beverage	**157**	557
— Rental expenses paid	**127**	—
— Interest expenses paid	**9**	5
— Provision of other services	**—**	26
	167,514	49,326

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

37 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from/due to related parties

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Loan to related parties by Finance Company (note 17)		
— Jin Jiang International (i)	**450,000**	—
— Joint ventures of the Group (ii)	**283,000**	280,000
— Associates of the Group (iii)	**55,000**	55,000
	788,000	335,000
Loan to related parties by the Group other than Finance Company (note 17)		
— Joint ventures of the Group (iv)	**200,000**	200,000
— Associates of the Group (v)	**9,000**	9,000
	209,000	209,000
Other amounts due from related parties (note 17)		
— Joint ventures of the Group	**55,988**	24,995
— Associates of the Group	**46,556**	8,499
— Subsidiaries, joint ventures and associates of Jin Jiang International	**13,318**	6,841
— Jin Jiang International	**789**	324
	116,651	40,659
Deposits from related parties in Finance Company (note 22)		
— Jin Jiang International (vi)	**(1,390,733)**	(66,952)
— Subsidiaries, jointly ventures and associates of Jin Jiang International (vii)	**(366,373)**	(189,394)
— Joint ventures of the Group (viii)	**(175,338)**	(144,006)
— Associates of the Group (ix)	**(15,166)**	(7,045)
	(1,947,610)	(407,397)
Other amounts due to related parties (note 22)		
— Joint ventures of the Group	**(85,760)**	(36,459)
— Associates of the Group	**(42,926)**	(45,864)
— Jin Jiang International	**(32,316)**	(26,880)
— Subsidiaries, jointly ventures and associates of Jin Jiang International	**(21,101)**	(9,745)
	(182,103)	(118,948)
Borrowings from related parties (note 23)		
— A subsidiary of Jin Jiang International (x)	**(100,000)**	(100,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

37 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from/due to related parties (continued)

(i) The balance includes unsecured loans to Jin Jiang International of RMB450,000,000 as 31 December 2015 (31 December 2014: nil) with effective interest rate of 3.92% per annum.

(ii) The balance includes secured loans to a joint venture of RMB265,500,000 as at 31 December 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 31 December 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.

(iii) The balance includes secured loans to an associate of the Group of RMB55,000,000 as at 31 December 2015 (31 December 2014: RMB55,000,000) with effective interest rate of 6.15% (2014: 6.12%) per annum which were guaranteed by their properties.

(iv) The balance includes unsecured loans to joint ventures of RMB200,000,000 as at 31 December 2015 (31 December 2014: RMB200,000,000) with effective interest rate of 4.79%(2014: 5.60%) per annum.

(v) The balance includes unsecured loans to an associate of the Group of RMB9,000,000 as at 31 December 2015 (31 December 2014: RMB9,000,000) with effective interest rate of 4.85% (2014: 5.60%) per annum.

(vi) The balance includes deposits from Jin Jiang International of RMB1,390,733,000 as at 31 December 2015 (31 December 2014: RMB66,952,000) with effective interest rate of 0.39% (2014: 0.39%) per annum.

(vii) The balance includes deposits from subsidiaries, joint ventures and associates of Jin Jiang International of RMB366,373,000 as at 31 December 2015 (31 December 2014: RMB189,394,000) with effective interest rate of 2.40% (2014: 2.75%) per annum.

(viii) The balance includes deposits from joint ventures of RMB175,338,000 as at 31 December 2015 (31 December 2014:RMB144,066,000) with effective interest rate of 4.82% (2014: 3.65%) per annum.

(ix) The balance includes deposits from associates of the Group of RMB15,166,000 as at 31 December 2015 (31 December 2014: RMB7,045,000) with effective interest rate of 1.15% (2014: 1.93%) per annum.

(x) The balance includes an unsecured borrowing from a subsidiary of Jin Jiang International of RMB100,000,000 as at 31 December 2015 (31 December 2014: RMB100,000,000) with effective interest rate of 5.40% (2014: 5.40%) per annum.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015

37 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Loan commitments and financial guarantees

	At 31 December	
	2015 RMB'000	2014 RMB'000
Loan commitments (note 35)		
— Jin Jiang International	50,000	—
— Joint ventures of the Group	247,000	24,000
	297,000	24,000
Financial guarantees provided to related parties (note 34)		
— Joint ventures of the Group	848,681	844,535
— Associates of the Group	—	4,000
	848,681	848,535
Financial guarantees provided by related party (note 23)		
— Jin Jiang International	—	67,064

(d) Key management compensation

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Salary and other allowances	1,896	2,984
Discretionary bonus	1,989	1,974
Retirement scheme contributions	395	541
	4,280	5,499

The emoluments fell within following bands:

	Year ended 31 December	
	2015 Number	2014 Number
Nil to RMB418,900 (equivalent to HK$500,000)	4	—
RMB418,900 (equivalent to HK$500,000) to RMB837,800 (equivalent to HK$1,000,000)	5	9
	9	9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

37 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Balances and transactions with stated-owned enterprises in China other than Jin Jiang International and its subsidiaries, joint ventures and associates ("Other State-owned Enterprises")

As at 31 December 2015, majority of the Group's bank balances and borrowings are with state-owned banks. The Group also has transactions with Other State-owned Enterprises in China including but not limited to sales of products, purchases of raw material, utilities and services. The Directors of the Company are of the opinion that these transactions are conducted in the ordinary business of the Group.

38 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and supervisors' emoluments

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Directors and supervisors		
— Basic salaries, housing allowances, other allowances	**3,820**	4,236
— Contributions to retirement plans	**384**	308
	4,204	4,544

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

38 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and supervisors' emoluments (continued)

The emoluments of every director and supervisor for the year ended 31 December 2015, on a named basis, are set out as below:

(i) For the year ended 31 December 2015:

Name	Director's/ supervisor's fee RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Estimated money value of other benefits (Note (8)) RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors							
Mr. Yu Minliang	–	–	–	–	–	–	–
Ms. Guo Lijuan (note (1))	–	–	–	–	–	–	–
Mr. Chen Liming (note (1))	–	–	–	–	–	–	–
Ms. Chen Wenjun (note (2))	–	–	–	–	–	–	–
Mr. Yang Weimin (note (3))	–	39	196	7	25	11	278
Mr. Yang Yuanping (note (4))	–	–	–	–	–	–	–
Mr. Shao Xiaoming (note (2))	–	–	–	–	–	–	–
Mr. Xu Ming	–	108	131	20	22	26	307
Mr. Zhang Qian	–	108	149	20	22	26	325
Mr. Zhang Xiaoqiang	–	215	223	40	43	67	588
Mr. Han Min	–	183	180	37	79	64	543
Mr. Kang Ming	–	179	226	37	43	64	549
Mr. Ji Gang	120	–	–	–	–	–	120
Dr. Rui Mingjie	120	–	–	–	–	–	120
Mr. Yang Menghua (note (2))	90	–	–	–	–	–	90
Mr. Sun Dajian (note (2))	90	–	–	–	–	–	90
Dr. Tu Qiyu	–	–	–	–	–	–	–
Mr. Shen Chengxiang (note (2))	90	–	–	–	–	–	90
Dr. Xu Jianxin (note (5))	30	–	–	–	–	–	30
Mr. Xie Hongbing (note (5))	30	–	–	–	–	–	30
Dr. He Jianmin (note (5))	30	–	–	–	–	–	30
	600	832	1,105	161	234	258	3,190
Supervisors							
Mr. Wang Xingze (note (6))	–	129	150	24	55	48	406
Mr. Wang Guoxing	–	–	–	–	–	–	–
Mr. Ma Mingju	–	–	–	–	–	–	–
Ms. Chen Junjin	–	139	192	34	–	62	427
Mr. Zhou Qiquan	36	–	–	–	–	–	36
Ms. Zhou Yi	36	–	–	–	–	–	36
Ms. Zhang Wei (note (7))	–	44	24	9	16	16	109
	72	312	366	67	71	126	1,014
	672	1,144	1,471	228	305	384	4,204

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For the year ended 31 December 2015

38 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and supervisors' emoluments (continued)

(ii) For the year ended 31 December 2014 (restated):

Certain of the comparative information of directors' and supervisors' emoluments for the year ended 31 December 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap. 622).

Name	Director's/ supervisor's fee RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Estimated money value of other benefits (Note (8)) RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors							
Mr. Yu Minliang	–	–	–	–	–	–	–
Ms. Chen Wenjun	–	–	–	–	–	–	–
Mr. Yang Weimin	–	234	280	41	74	66	695
Mr. Yang Yuanping	–	500	–	41	–	–	541
Mr. Shao Xiaoming	–	537	–	41	–	–	578
Mr. Han Min	–	182	174	36	63	61	516
Mr. Kang Ming	–	246	129	36	27	61	499
Mr. Ji Gang	120	–	–	–	–	–	120
Dr. Rui Mingjie	120	–	–	–	–	–	120
Mr. Yang Menghua	120	–	–	–	–	–	120
Mr. Sun Dajian	120	–	–	–	–	–	120
Dr. Tu Qiyu	120	–	–	–	–	–	120
Mr. Shen Chengxiang	120	–	–	–	–	–	120
	720	1,699	583	195	164	188	3,549
Supervisors							
Mr. Wang Xingze	–	172	169	37	62	61	501
Mr. Wang Guoxing	–	–	–	–	–	–	–
Mr. Ma Mingju	–	–	–	–	–	–	–
Ms. Chen Junjin	–	137	–	34	192	59	422
Mr. Zhou Qiquan	36	–	–	–	–	–	36
Ms. Zhou Yi	36	–	–	–	–	–	36
	72	309	169	71	254	120	995
	792	2,008	752	266	418	308	4,544

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

38 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and supervisors' emoluments (continued)

Notes:

(1) These Directors were appointed on 17 June 2015.

(2) These Directors resigned on 25 September 2015.

(3) The Director was retired on 27 March 2015.

(4) The Director was retired on 17 June 2015.

(5) These Directors were appointed on 25 September 2015.

(6) The Supervisor was resigned on 25 September 2015.

(7) The Supervisor was appointed on 25 September 2015.

(8) Other benefits include medical and life insurance premium.

(9) The Company does not have a chief executive who is not a director of the Company (2014: same).

(10) For the years ended 31 December 2015 and 2014, no directors of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(11) No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**532,713**	562,408
Investment properties	**27,884**	29,350
Land use rights	**290,615**	303,259
Intangible assets	**2,708**	2,237
Investments in subsidiaries	**9,488,327**	9,488,327
Investments in joint ventures	**838,825**	818,715
Investments in associates	**209,987**	209,987
Available-for-sale financial assets	**47,112**	131,745
Trade receivables, prepayments and other receivables	**26,566**	22,905
	11,464,737	11,568,933
Current assets		
Financial assets at fair value through profit or loss	**14,300**	—
Available-for-sale financial assets	**150,000**	—
Inventories	**2,436**	2,311
Trade receivables, prepayments and other receivables	**948,703**	2,196,101
Cash and cash equivalents	**553,264**	401,695
Bank deposits with maturities ranging from 3 months to 12 months	**199,000**	—
	1,867,703	2,600,107
Non-current assets held for sale	**—**	23,372
	1,867,703	2,623,479
Total assets	**13,332,440**	14,192,412

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
EQUITY		
Capital and reserves attributable to shareholders of the Company		
Share capital	**5,566,000**	5,566,000
Reserves (Note (a))	**4,794,242**	4,618,770
Total equity	**10,360,242**	10,184,770
LIABILITIES		
Non-current liabilities		
Borrowings	**1,623,400**	1,622,250
Deferred income tax liabilities	**622,006**	604,907
	2,245,406	2,227,157
Current liabilities		
Borrowings	**440,000**	1,354,064
Trade and other payables	**259,583**	425,326
Income taxes payable	**27,209**	1,095
	726,792	1,780,485
Total liabilities	**2,972,198**	4,007,642
Total equity and liabilities	**13,332,440**	14,192,412

The balance sheet of the Company was approved by the Board of Directors on 30 March 2016 and was signed on its behalf by:

Yu Minliang
Chairman and Executive Director

Xu Ming
Executive President and Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note (a):

Reserve movement of the Company

	Other reserves					
	Capital surplus RMB'000	Statutory surplus reserve RMB'000	Available-for sale financial assets RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2014	1,539,497	295,066	58,413	1,892,976	2,142,888	4,035,864
Profit for the year	—	—	—	—	833,376	833,376
Dividends declared (note 32)	—	—	—	—	(250,470)	(250,470)
Profit appropriation	—	81,141	—	81,141	(81,141)	—
At 31 December 2014	1,539,497	376,207	58,413	1,974,117	2,644,653	4,618,770
Balance at 1 January 2015	1,539,497	376,207	58,413	1,974,117	2,644,653	4,618,770
Profit for the year	—	—	—	—	438,624	438,624
Dividends declared (note 32)	—	—	—	—	(278,300)	(278,300)
Disposal of 50% equity interests in a subsidiary	15,148	—	—	15,148	—	15,148
Profit appropriation	—	39,756	—	39,756	(39,756)	—
At 31 December 2015	**1,554,645**	**415,963**	**58,413**	**2,029,021**	**2,765,221**	**4,794,242**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

40 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As at 31 December 2015, the Company had direct and indirect interests in the following subsidiaries, joint ventures and associates:

Company name	Country and date of incorporation	Issued/ registered and paid in capital '000	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities and place of operation	Type of legal entity
(a) Subsidiaries						
Jin Jiang Hotel Company Limited 上海錦江飯店有限公司	Mainland China, 30 May 1982	RMB206,920	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Park Hotel Company Limited 上海錦江國際飯店有限公司	Mainland China, 21 December 1979	RMB91,583	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Cypress Hotel Company Limited 上海龍柏飯店有限公司	Mainland China, 28 January 1984	RMB84,182	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Pacific Hotel Company Limited 上海錦江金門大酒店有限公司	Mainland China, 21 December 1979	RMB40,649	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Marvel Hotel 上海商悦青年會大酒店有限公司	Mainland China, 23 October 1984	RMB40,000	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Rainbow Hotel Company Limited 上海虹橋賓館有限公司	Mainland China, 9 February 1988	RMB21,951	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Hua Ting Guest House Company Limited 上海南華亭酒店有限公司	Mainland China, 15 July 2002	RMB26,099	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Hotel Company Limited 上海市上海賓館有限公司	Mainland China, 23 August 1991	RMB88,000	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jing An Hotel Company Limited 上海靜安賓館有限公司	Mainland China, 31 December 2010	RMB46,886	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Jinsha Hotel Company Limited 上海金沙江大酒店有限公司	Mainland China, 22 January 2003	RMB68,000	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Magnolia Hotel Company Limited 上海白玉蘭賓館有限公司	Mainland China, 25 March 1998	RMB59,166	99.0%	1.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Da Hua Hotel Company Limited 上海錦江達華賓館有限公司	Mainland China, 18 February 1982	RMB31,704	–	100.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai New Asia Plaza Great Wall Hotel Company Limited 上海新亞廣場長城酒店有限公司	Mainland China, 26 April 1994	RMB120,000	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Peace Hotel Company Limited 上海和平飯店有限公司	Mainland China, 11 November 1998	RMB345,460	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Linqing Hotel Company Limited 上海臨青賓館有限公司	Mainland China, 18 November 1999	RMB16,600	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Kunming Jin Jiang Hotel Company Limited 昆明錦江大酒店有限公司	Mainland China, 7 December 1985	US$8,000	75.0%	25.0%	Hotel ownership and operations, Kunming, Mainland China	Limited liability company
Finance Company 錦江國際集團財務有限責任公司	Mainland China, 16 October 1997	RMB500,000	90.0%	10.0%	Provision of intra-group treasury and financing services, Shanghai, Mainland China	Limited liability company
Jin Jiang Inn Company Limited 錦江之星旅館有限公司	Mainland China, 17 May 1996	RMB179,712	–	100.0%	Budget hotel ownership, operations and franchising, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang International Hotel Investment Company Limited 上海錦江國際旅館投資有限公司	Mainland China, 20 December 2004	RMB1,225,000	–	100.0%	Budget hotel ownership, operations and franchising, Shanghai, Mainland China	Limited liability company

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40 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/ registered and paid in capital '000	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities and place of operation	Type of legal entity
(a) Subsidiaries (continued)						
Wuhan Jin Jiang International Hotel Company Limited 武漢錦江國際大酒店有限公司	Mainland China, 22 November 2004	RMB220,000	100.0%	–	Hotel ownership and operations, Wuhan, Mainland China	Limited liability company
Shanghai Jin Jiang International Hotels Development Company Limited 上海錦江國際酒店發展股份有限公司	Mainland China, 9 June 1993	RMB603,241	50.3%	–	Hotel and restaurant ownership and operations, Shanghai, Mainland China	Joint stock limited company
Shanghai New Asia Food Company Limited 上海新亞食品有限公司	Mainland China, 1 November 1996	RMB11,415	–	100.0%	Food manufacturing, Shanghai, Mainland China	Limited liability company
Jin Jiang International Hotel Management Company Limited 錦江國際酒店管理有限公司	Mainland China, 1 December 1992	RMB200,000	100.0%	–	Star-rated hotel management, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang International Catering Investment Company Limited 上海錦江國際餐飲投資管理有限公司	Mainland China, 1 December 1992	RMB149,930	–	100.0%	Investment in and operation of restaurants, Shanghai, Mainland China	Limited liability company
Shanghai Jin Ya Hotel Company Limited 上海錦亞旅館有限公司	Mainland China, 1 December 1992	RMB18,000	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Tianjin Jin Jiang Inn Company Limited 天津錦江之星旅館有限公司	Mainland China, 1 July 2003	RMB40,000	–	100.0%	Budget hotel ownership and operations, Tianjin, Mainland China	Limited liability company
Qingdao Jin Jiang Inn Company Limited 青島錦江之星旅館有限公司	Mainland China, 21 March 2005	RMB20,000	–	100.0%	Budget hotel ownership and operations, Qingdao, Mainland China	Limited liability company
Beijing Jin Jiang Inn Investment and Management Company Limited 北京錦江之星旅館投資管理有限公司	Mainland China, 22 July 2003	RMB28,000	–	100.0%	Budget hotel ownership and operations, Beijing, Mainland China	Limited liability company
Xi'an Jin Jiang Inn Company Limited 西安錦江之星旅館有限公司	Mainland China, 24 June 2005	RMB20,000	–	100.0%	Budget hotel ownership and operations, Xi'an, Mainland China	Limited liability company
Zhengzhou Jin Jiang Inn Company Limited 鄭州錦江之星旅館有限公司	Mainland China, 5 July 2005	RMB20,000	–	100.0%	Budget hotel ownership and operations, Zhengzhou, Mainland China	Limited liability company
Shanghai Di Shui Hu Jin Jiang Inn Company Limited 上海滴水湖錦江之星旅館有限公司	Mainland China, 22 September 2005	RMB20,000	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Min Hotel Company Limited 上海錦閔旅館有限公司	Mainland China, 5 July 2005	RMB40,000	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai YuJin Hotel Management Company Limited 上海豫錦酒店管理有限公司	Mainland China, 30 October 2008	RMB20,000	–	60.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Tianjin Hedong District Jin Jiang Inn Company Limited 天津河東區錦江之星旅館有限公司	Mainland China, 15 January 2008	RMB21,000	–	100.0%	Budget hotel ownership and operations, Tianjin, Mainland China	Limited liability company
Shenyang Songhua River Street Jin Jiang Inn Company Limited 瀋陽松花江街錦江之星旅館有限公司	Mainland China, 21 February 2008	RMB20,000	–	100.0%	Budget hotel ownership and operations, Shenyang, Mainland China	Limited liability company
Shanghai Jin Jiang International Hotels Group (HK) Company Limited 上海錦江國際酒店集團(香港)有限公司	Hong Kong, 14, February 2000	RMB70,736	98.6%	1.4%	Hotel reservation, Hong Kong	Limited liability company
Jian Guo Hotel 上海建國賓館有限公司	Mainland China, 30 October 1986	RMB80,000	65.0%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Sofitel Hyland Shanghai 上海海侖賓館有限公司	Mainland China, 22 November 1985	RMB62,626	66.7%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
West Capital International Hotel Company Limited 西安西京國際飯店有限公司	Mainland China, 17 May 2005	RMB80,000	100.0%	–	Hotel ownership and operations, Xi'an, Mainland China	Limited liability company

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40 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/ registered and paid in capital '000	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities and place of operation	Type of legal entity
(a) Subsidiaries (continued)						
Shanghai Jin Ya Catering Company Limited (previously named Shanghai New Asia Cafe de Coral Company Limited) 上海錦亞餐飲有限公司 (原名為上海新亞大家樂餐飲有限公司)	Mainland China, 12 December 1997	RMB68,670	–	100%	Fast food operations, Shanghai, Mainland China	Limited liability company
Capital Gathering LLC 上海錦江酒店集團（美國）有限公司	USA 15 May 2009	US$39,600	100.0%	–	Investment operations Wilmington, USA	Limited liability company
Shanxi Jinguang Inn Company Limited 山西金廣快捷酒店管理有限公司	China Mainland, 15 August,2006	RMB68,333	–	100%	Budget hotel ownership and operations, Shanxi, Mainland China	Limited liability company
Jing An Bakery Holding Co., Ltd 靜安麵包房控股有限公司	British Virgin Islands Britain, 21 April 2009	RMB41,692	–	60.0%	Investment operation Hong Kong, China	Limited liability company
Shanghai Jin Jiang International Travel Co., Ltd 上海錦江國際旅遊股份有限公司	Mainland China, 24 September 1994	RMB132,556	50.2%	–	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang International Industrial Investment Co., Ltd (i) 上海錦江國際實業投資股份有限公司	Mainland China, 24 February 1993	RMB551,610	38.54%	0.72%	Passenger transportation vehicle and logistics, Shanghai, Mainland China	Limited liability company
Shanghai Jing An Bakery Company Limited 上海靜安麵包房有限公司	Mainland China, 1 January 1993	US$1,000	–	65.9%	Fast food operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang International Cold Logistics Development Co., Ltd. 上海錦江國際低溫物流發展有限公司	Mainland China, 28 August 2006	RMB83,338	–	51.0%	Provision of logistics management and relevant business services, Shanghai, Mainland China	Limited liability company
Shanghai Shanghai Food Co., Ltd. 上海尚海食品有限公司	Mainland China, 20 February 2010	RMB25,000	–	100.0%	Trading of food, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Auto Service Co., Ltd. 上海錦江汽車服務有限公司	Mainland China, 3 May 1993	RMB338,480	–	95.0%	Provision of vehicle rental services, Shanghai, Mainland China	Limited liability company
Shanghai CITS International Travel Services Co., Ltd. 上海國旅國際旅行社有限公司	Mainland China, 29 December 1993	RMB20,000	–	100.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Tourism Co., Ltd. 上海錦江旅遊有限公司	Mainland China, 25 August 1993	RMB24,990	–	100.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Travel Agency Co., Ltd. 上海旅行社有限公司	Mainland China, 2 September 1992	RMB2,000	–	100.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Jin Cai Association Co., Ltd. 上海錦璨會務有限公司	Mainland China, 1 November 2013	RMB10,000	100.0%	–	Investment operation, Shanghai, Mainland China	Limited liability company
Shanghai Ji Gan Industrial Investment Co., Ltd. 上海佶苷實業投資有限公司	Mainland China, 26 November 2013	RMB1,000	100.0%	–	Investment operation, Shanghai, Mainland China	Limited liability company
Shenzhen Overseas Chinese Town City Inn Co., Ltd. 深圳市華僑城城市客棧有限公司	Mainland China, 23 April 1993	RMB131,400	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang JTB International Exhibition Co., Ltd. ("Jin Jiang JTB") (ii) 上海錦江國際JTB會展有限公司	Mainland China, 11 April 2005	US1,000	–	50.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai jin Yan enterprise investment management Co., Ltd. 上海錦琰企業投資管理有限公司	Mainland China, 30 November 2012	RMB78,150	100.0%	–	Investment operation, Shanghai, Mainland China	Limited liability company
Groupe du Louvre 盧浮集團	France, 27 July 2005	EUR€262,037	–	100%	Hotel and restaurant ownership and operations, France	Joint stock limited company

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40 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/ registered and paid in capital '000	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities and place of operation	Type of legal entity
(b) Joint ventures (iii)						
Shanghai Galaxy Hotel Company Limited 上海銀河賓館有限公司	Mainland China, 22 August 1990	RMB19,885	50.0%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Beijing Kunlun Hotel Company Limited 北京崑崙飯店有限公司	Mainland China, 24 May 1988	US$34,167	35.0%	12.5%	Hotel ownership and operations, Beijing, Mainland China	Limited liability company
Shanghai Jin Jiang Tomson Hotel Company Limited 上海錦江湯臣大酒店有限公司	Mainland China, 10 July 1993	US$24,340	50.0%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Thayer Jin Jiang Interactive Co., Ltd. 上海錦江德爾互動有限公司	Mainland China, 31 October 2005	US$3,000	50.0%	–	Software development and related services, Shanghai, Mainland China	Limited liability company
Hotel Acquisition Company, LLC	USA 6 July 2009	US$223,000	–	50.0%	Investment operations company, Wilmington, USA	Limited liability company
Interstate Hotels & Resorts, INC 美國州際酒店與度假村集團	USA 31 July 2002	US$195,240	–	50.0%	Hotel real estate investment and hotel management, Arlington, USA	Limited liability company
Interstate (China) Hotels & Resorts Co., Limited 州際（中國）酒店和度假村有限公司	Hong Kong, 24 March 2010	US$1,282	–	50.0%	Investment Holding, Hong Kong, China	Limited liability company
Interstate (Shanghai) Hotels & Resorts Co., Limited 上海州際卓逸酒店和度假村管理有限公司	Mainland China, 16 September 2010	US$9,300	–	50.0%	Hotel management, Shanghai, Mainland China	Limited liability company
Shanghai Tower Jin Jiang Hotel Asset Management Co., Ltd 上海中心大廈錦江酒店資產管理有限公司	Mainland China, 16 May 2011	RMB60,000	50.0%	–	Hotel management, Shanghai, Mainland China	Limited liability company
JHJ International Transportation Co., Ltd. 錦海捷亞國際貨運有限公司	Mainland China, 06 December 1992	US$10,000	–	50.0%	Transportation and logistics, Shanghai, Mainland China	Limited liability company
Shanghai Dazhong New Asia Co., Ltd. 上海大眾新亞出租汽車有限公司	Mainland China, 27 April 2000	RMB30,000	–	49.5%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Jiayou Automobile Services Co., Ltd. 上海錦江佳友汽車服務有限公司	Mainland China, 08 September 1993	RMB24,700	–	50.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Vehicle Driver Training Centre 上海市機動車駕駛員培訓中心	Mainland China, 25 August 1989	RMB4,340	–	33.33%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Zhendong Automobile Services Co., Ltd. 上海振東汽車服務有限公司	Mainland China, 25 June 1991	US$7,900	–	50.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Jinmao Jin Jiang Automobile Services Co., Ltd. 上海金茂錦江汽車服務有限公司	Mainland China, 11 January 1996	RMB22,000	–	50.0%	Transportation services, Shanghai, Mainland China	Limited liability company

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40 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/ registered and paid in capital '000	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities and place of operation	Type of legal entity
(c) Associates (iii)						
Chengdu Jinhe Real Estate Company Limited 成都錦和物業發展有限公司	Mainland China, 12 August 1993	RMB18,000	30.0%	–	Hotel ownership and operations, Chengdu, Mainland China	Limited liability company
Wuxi Jin Jiang Grand Hotel Company Limited 無錫錦江大酒店有限公司	Mainland China, 16 December 1994	RMB67,570	25.0%	–	Hotel ownership and operations, Wuxi, Mainland China	Limited liability company
The Yangtze Hotel Limited 上海揚子江大酒店有限公司	Mainland China, 4 February 1985	US$53,000	40.0%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Kentucky Fried Chicken Company Limited 上海肯德基有限公司	Mainland China, 5 May 1989	US$27,010	–	42.0%	Fast food operations, Shanghai, Mainland China	Limited liability company
Shanghai New Asia Fulihua Catering Company Limited 上海新亞富麗華餐飲股份有限公司	Mainland China, 25 June 1992	RMB35,000	–	41.0%	Restaurant operations, Shanghai, Mainland China	Limited liability company
Shanghai Yoshinoya Company Limited 上海吉野家快餐有限公司	Mainland China, 3 June 2002	US$12,300	–	42.8%	Fast food operations, Shanghai, Mainland China	Limited liability company
Jiangsu Jin Jiang Nanjing Hotel Company Limited 江蘇錦江南京飯店有限公司	Mainland China, 12 October 1982	RMB34,640	40.0%	–	Hotel ownership and operations, Nanjing, Mainland China	Limited liability company
Nanjing Long Distance Passenger Transport Group Co., Ltd. 江蘇南京長途汽車客運集團有限公司	Mainland China, 4 June 1991	RMB110,000	–	23.0%	Transportation services, Nanjing, Mainland China	Limited liability company
Shanghai Pudong Int'l Airport Cargo Terminal Co., Ltd 上海浦東國際機場貨運站有限公司	Mainland China, 08 October 1999	RMB311,610	–	20.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Yongda Fengdu Automobile Distribution and Services Co., Ltd. 上海永達風度汽車銷售服務有限公司	Mainland China, 21 January 2002	RMB15,000	–	40.0%	Trading of automobile and related parts, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Passenger Transport Co., Ltd. 上海錦江客運有限公司	Mainland China, 24 February 2003	RMB10,000	–	30.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Automobile Sales Co., Ltd. 上海錦江汽車銷售服務有限公司	Mainland China, 14 January 2004	RMB5,000	–	30.0%	Trading of automobile and related parts, Shanghai, Mainland China	Limited liability company
Shanghai Shuijin Yang Food Co., Ltd. 上海水錦洋食品有限公司	Mainland China, 20 August 2012	RMB25,000	–	40.0%	Frozen food and agricultural products operation, Shanghai, Mainland China	Limited liability company
Shanghai Huangpu River Cruise Co., Ltd. 上海浦江遊覽有限公司	Mainland China, 4 May 1982	RMB50,000	–	20.0%	Travel agency, Shanghai, Mainland China	Limited liability company
China Oriental International Travel & Transport Co., Ltd. 上海東方航空國際旅遊運輸有限公司	Mainland China, 16 August 1990	RMB8,000	–	49.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Waihang International Travel Service Co., Ltd. 上海外航國際旅行社有限公司	Mainland China, 25 May 1993	RMB3,500	–	30.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Oneday Travel Service Co., Ltd. 上海一日旅行社有限公司	Mainland China, 4 May 1999	RMB3,500	–	22.9%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Juxing Property Management Co., Ltd. 上海聚星物業管理有限公司	Mainland China, 10 January 2000	RMB1,000	–	24.7%	Travel agency, Shanghai, Mainland China	Limited liability company

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40 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(i) Although the Company holds less than half of the equity interest in Jin Jiang Investment and therefore has less than half of its voting rights, the Director concludes that the Company has de facto control over Jin Jiang Investment and accounts for a subsidiary after taking into consideration, among the things: (a) the dispersed shareholder structure excluding those interests directly and indirectly held by the Company; (b) the ability to demonstrate effective control during the shareholders' meetings and board meetings; and (c) the extent of involvement of directors of Jin Jiang Investment nominated by the Company in its operational and financial policy setting and decision making.

(ii) Although Jin Jiang Travel holds 50% equity interest in Jin Jiang JTB, it is concluded that Jin Jiang Travel has control over the and accounts for a subsidiary, after taking into consideration that a majority (2 out of 3) of the board of Jin Jiang JTB can be appointed by the Company and Jin Jiang Travel is exposed to or has rights to variable returns from its involvement with Jin Jiang JTB and has the ability to affect those returns through its power over Jin Jiang JTB.

(iii) All investments in joint ventures and associates are accounted for by equity method in the consolidated financial statements of the Group. All the principal joint ventures and associates provide products and services in connection with Hotel Related Businesses, Passenger Transportation Vehicle and Logistics Businesses or Travel Agency Businesses, and are the strategic partnership for the Group.

41 SUBSEQUENT EVENTS

(a) Acquisition of 81.0034% equity interest in Keystone Lodging Holdings Limited ("Keystone")

On 18 September 2015, Jin Jiang Hotels Development entered into agreements (the "Acquisition Agreements") to acquire 81.0034% equity interest in Keystone with 13 counterparties. Keystone and its subsidiaries are principally engaged in operating high-end, mid-class and economic hotels in PRC.

On 26 February 2016, such 81.0034% equity interest in Keystone was transferred to Jin Jiang Hotels Development and the total closing consideration of the transaction was RMB8,554,920,000, subject to adjustment under the price adjustment mechanism set out in the Acquisition Agreements.

As at 30 March 2016, the consolidated financial statements of Keystone prepared in accordance with HKFRS are not available to the Group and the Group will assess the impact of the business combination on the Group's consolidated financial statements for the year ending 31 December 2016.

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41 SUBSEQUENT EVENTS (CONTINUED)

(b) The proposed private placing of Jin Jiang Hotels Development

On an extraordinary general meeting of shareholders of Jin Jiang Hotels Development held on 27 November 2015, a private placing (the "Private Placing") was approved to issue 150,958,260 A Shares at a price of RMB29.93 per share to the Company and other 5 investors. Jin Jiang Hotels Development is a 50.32% subsidiary of the Company and a joint stock limited company with its A Shares and B Shares listed on the Shanghai Stock Exchange. The Private Placing is intended to raise total proceeds of not more than RMB4,518,180,800. The Company and Jin Jiang Hotels Development entered a conditional private placing share subscription agreement to subscribe 75,958,260 shares, and to maintain 50.32% shareholding in Jin Jiang Hotels Development should the Private Placing be fully implemented.

As at 30 March 2016, Jin Jiang Hotels Development has not received a written approval document from the China Securities Regulatory Commission, and the Private Placing has not been conducted.