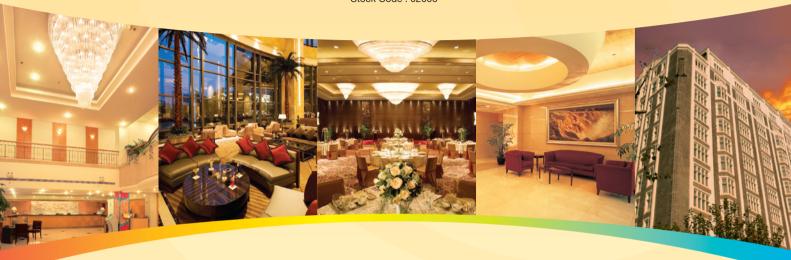


# Shanghai Jin Jiang International Hotels (Group) Company Limited

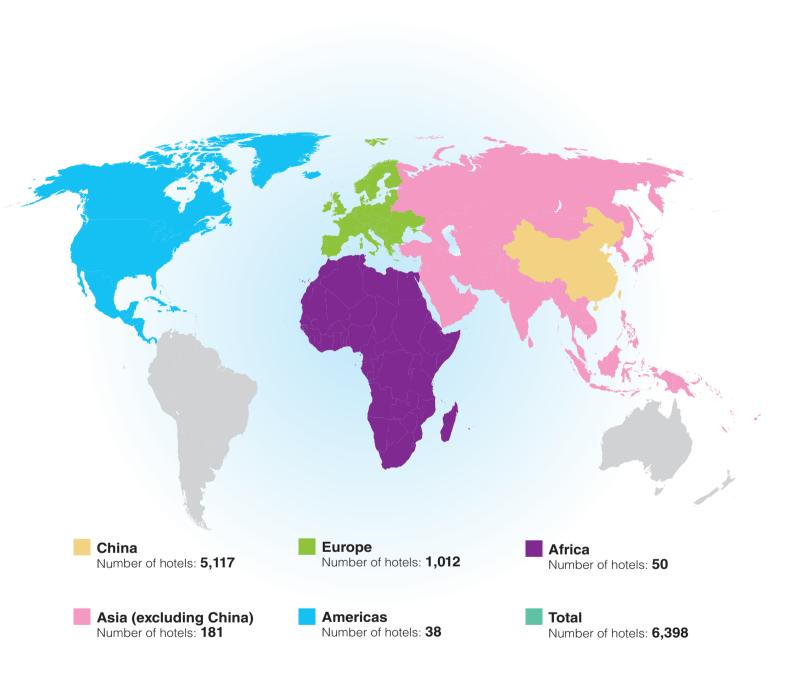
(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 02006



**Interim Report 2017** 

# **Global Hotel Deployment**



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# CORPORATE INFORMATION

#### **EXECUTIVE DIRECTORS**

Mr. Yu Minliang (Chairman) Ms. Guo Lijuan (Vice Chairman)

Mr. Chen Liming (Vice Chairman)

Mr. Zhang Qian

(Chief Executive Officer)

Mr. Han Min

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

Mr. Ji Gang

Dr. Rui Mingjie

Dr. Tu Qiyu

Dr. Xu Jianxin

Mr. Xie Hongbing

Dr. He Jianmin

#### **SUPERVISORS**

Mr. Wang Guoxing

(Chairman of Supervisory

Committee)

Mr. Ma Mingju

Mr. Zhou Qiquan

Ms. Zhou Yi

Mr. Chen Yinghao

Mr. He Yichi

#### **EXECUTIVE COMMITTEE**

Ms. Guo Lijuan (Chairman)

Mr. Chen Liming (Vice Chairman)

Mr. Zhang Qian

Mr. Han Min

### **AUDIT COMMITTEE**

Dr. Xu Jianxin (Chairman)

Mr. Ji Gang

Dr. He Jianmin

#### NOMINATION COMMITTEE

Mr. Yu Minliang (Chairman)

Dr. Rui Mingjie

Dr. Tu Qiyu

#### **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

#### **AUTHORIZED REPRESENTATIVES**

Ms. Guo Lijuan Mr. Zhang Qian

#### JOINT COMPANY SECRETARIES

Ms. Zhang Jue

Ms. Mok Ming Wai

#### **QUALIFIED ACCOUNTANT**

Dr. Ai Gengyun

#### INTERNATIONAL AUDITOR

PricewaterhouseCoopers

#### PRC AUDITOR

PricewaterhouseCoopers Zhong Tian LLP

#### **LEGAL ADVISERS**

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

As to PRC law:

King & Wood Mallesons

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

上海錦江國際酒店(集團)股份 有限公司

#### **ENGLISH NAME OF THE COMPANY**

Shanghai Jin Jiang International Hotels (Group) Company Limited

#### **H SHARE REGISTRAR AND** TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

#### **INVESTOR AND MEDIA RELATIONS CONSULTANT**

iPR Ogilvy & Mather

#### **PRINCIPAL BANKERS**

Industrial and Commercial Bank of

China

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

#### **INFORMATION ON HOTELS OF THE GROUP**

	Full Service Hotels Number of Total number			rvice Hotels Total number	Total Number of Total number		
	hotels	of rooms	hotels	of rooms	hotels	of rooms	
China	99	30,057	5,018	502,657	5,117	532,714	
Asia (excluding China)	_	_	181	19,950	181	19,950	
Europe	_	_	1,012	72,333	1,012	72,333	
Americas	2	611	36	6,743	38	7,354	
Africa			50	7,404	50	7,404	
Total	101	30,668	6,297	609,087	6,398	639,755	

#### Note:

As at 30 June 2017, the Group owned or managed 6,398 hotels with a total of approximately 640,000 guest rooms located in 68 countries around the world, including 5,117 hotels in operation with a total of approximately 530,000 guest rooms owned or managed in China. In addition, the Group owned 2,336 hotels under development with a total of approximately 250,000 guest rooms around the world.

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

All hotels (As of 30 June 2017)	Hotels in Group he interes manage Gro	eld hotel ts and d by the	interes managed	which the eld hotel sts but I by third ties Total	third pa manage	owned by rties but d by the oup Total	Hotels o third par operate franchises by the	rties but d under s granted	Total nu hot	mber of els Total
	Number	number	Number	number	Number	number	Number	number	Number	number
	of hotels	of rooms	of hotels	of rooms	of hotels	of rooms	of hotels	of rooms	of hotels	of rooms
Hotel Category										
Full Service Hotels	-	0.050			00	00.070			70	04.474
<ul><li>5-star Luxury Hotels</li><li>4-star Luxury Hotels</li></ul>	5 10	2,250 3,361	4 2	1,551 665	63 45	20,370 9,966			72 57	24,171 13,992
Sub-total	15	5,611	6	2,216	108	30,336	_	_	129	38,163
Commercial Hotels	2	274		_	1	310	_	_	3	584
Total Number of Full										
Service Hotels	17	5,885	6	2,216	109	30,646	_	_	132	38,747
Select Service Hotels	044	40,000					1 000	100 000	1 400	100 500
<ul><li>Jin Jiang Metropolo</li><li>GDL</li></ul>	311 283	43,200 21,651	_	_	_	_	1,098 1,057	120,388 93,092	1,409 1,340	163,588 114,743
<ul><li>– GDL</li><li>– Plateno Group</li></ul>	481	50,008	_	_	_	_	4,090	335,472	4,571	385,480
<ul><li>Vienna Hotels</li></ul>	57	14,399	_	_	_	_	1,225	172,047	1,282	186,446
Total Number of Select										
Service Hotels	1,132	129,258	_	_	_	_	7,470	720,999	8,602	850,257
Total	1,149	135,143	6	2,216	109	30,646	7,470	720,999	8,734	889,004

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

In operation (As of 30 June 2017)		d by the	interes managed	which the eld hotel sts but I by third ties Total	third pa	wned by rties but d by the oup Total	operate franchises	rties but d under	Total nu hot	mber of els Total
	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms
	of floters	OI TOOIIIS	or noters	OI TOOIIIS	of floteis	OI TOOIIIS	oi noteis	01 1001115	of floters	01 1001115
Hotel Category										
Full Service Hotels										
<ul> <li>5-star Luxury Hotels</li> </ul>	5	2,250	4	1,551	42	14,424	_	_	51	18,225
<ul> <li>4-star Luxury Hotels</li> </ul>	10	3,361	2	665	35	7,833			47	11,859
Sub-total	15	5,611	6	2,216	77	22,257	_	_	98	30,084
Commercial Hotels	2	274	_	_	1	310	_	_	3	584
Total Number of Full										
Service Hotels	17	5,885	6	2,216	78	22,567	_	_	101	30,668
Select Service Hotels										
<ul> <li>Jin Jiang Metropolo</li> </ul>	290	40,011	_	_	_	_	892	99,355	1,182	139,366
- GDL	282	21,528	_	_	_	_	994	86,432	1,276	107,960
<ul> <li>Plateno Group</li> </ul>	454	46,923	_	_	_	_	2,804	223,178	3,258	270,101
<ul><li>Vienna Hotels</li></ul>	51	12,460					530	79,200	581	91,660
Total Number of Select										
Service Hotels	1,077	120,922	-	_	_	_	5,220	488,165	6,297	609,087
Total	1,094	126,807	6	2,216	78	22,567	5,220	488,165	6,398	639,755

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

Under development (As of 30 June 2017)	Group he interest manage	which the eld hotel sts and d by the oup Total	interes managed par	eld hotel sts but I by third ties Total	third pa manage Gro	Total	operate franchises by the	rties but d under s granted Group Total	Total nu hot	els Total
	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms	Number of hotels	number of rooms
Hotel Category										
Full Service Hotels										
- 5-star Luxury Hotels	_	_	_	_	21 10	5,946	_	_	21 10	5,946
- 4-star Luxury Hotels					10	2,133			10	2,133
Sub-total	_	_	_	_	31	8,079	_	_	31	8,079
Commercial Hotels	_	_	_	_	_	_	_	_	_	
Total Number of Full										
Service Hotels	_	_	-	_	31	8,079	_	_	31	8,079
Select Service Hotels										
<ul> <li>Jin Jiang Metropolo</li> </ul>	21	3,189	_	_	_	_	206	21,033	227	24,222
- GDL	1	123	_	_	_	_	63	6,660	64	6,783
- Plateno Group	27	3,085	_	_	_	_	1,286	112,294	1,313	115,379
<ul><li>Vienna Hotels</li></ul>	6	1,939					695	92,847	701	94,786
Total Number of Select										
Service Hotels	55	8,336	_	_	_	_	2,250	232,834	2,305	241,170
Total	55	8,336	_	_	31	8,079	2,250	232,834	2,336	249,249

# **OPERATIONAL STATISTICS**

	January to June 2017	January to June 2016
Average Occupancy Rate		
Full Service Hotels		
— 5-star Luxury Hotels	70%	70%
<ul> <li>4-star Luxury Hotels</li> </ul>	67%	68%
Select Service Hotels		
<ul><li>Jin Jiang Metropolo</li></ul>	76%	74%
- GDL	61%	59%
<ul><li>Plateno Group</li><li>Vienna Hotels</li></ul>	79% 87%	82%
— Vierina Floteis	31 /0	
Average room rate (RMB)		
Full Service Hotels		
<ul><li>5-star Luxury Hotels</li></ul>	859	853
— 4-star Luxury Hotels	521	525
Select Service Hotels		
<ul> <li>Jin Jiang Metropolo</li> </ul>	184	184
<ul><li>— GDL (EUR/room)</li><li>— Plateno Group</li></ul>	57 152	58
Vienna Hotels	240	149
VIOLINA FIOLOGO	2.0	
RevPAR (RMB)		
Full Service Hotels		
<ul><li>5-star Luxury Hotels</li></ul>	602	598
— 4-star Luxury Hotels	349	355
Select Service Hotels		
Jin Jiang Metropolo	140	136
- GDL (EUR/room)	35	35
<ul><li>Plateno Group</li><li>Vienna Hotels</li></ul>	120 209	122
	209	

## OPERATIONAL STATISTICS

#### Notes:

- 1. The policy of "replacement of business tax with value-added tax ("VAT") has become applicable to domestic servicing industries in China with effect from May 2016. Hence, figures for the average room rate and RevPAR are no longer tax inclusive. If compared on the same basis, there would have been growth in the average room rate and RevPAR for 2017.
- 2. 5-star Luxury Hotels include: Jin Jiang Hotel, Peace Hotel, Wuhan Jin Jiang International Hotel, Beijing Kunlun Hotel, Jin Jiang Tower, Jin Jiang Tomson Hotel and Yangtze Hotel.
- 3. 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.
- 4. Amongst Select Service Hotels, hotels operated by Jin Jiang Metropolo included operational data of all operating chain hotels under the four brands of: "Jin Jiang Metropolo", "Jin Jiang Inn", "Bestay Hotels Express" and "Jinguang Inn". Hotels operated by GDL included operational data of all operating chain hotels under the brands: "Premiere Classe", "Campanile", "Kyriad" and "Golden Tulip". Hotels operated by Plateno Group included operational data of all operating chain hotels under the brands: "Lavande", "James Joyce Coffetel", "IU", "7 Days Inn" and "Pai". Hotels operated by Vienna Hotels included operational data of all operating chain hotels under the brands of: "Venus Royal", "Vienna International", "Vienna Classic", "Vienna Hotels" and "Vienna 3 Best".
- 5. The operational data of Plateno Group for 2016 represented data for the period from March to June.

# DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"ADR" room revenue divided by rooms in use

"Audit Committee" the audit committee of the Company

"Available Rooms" number of rooms available of each hotel after deducting Permanent House Use

"Board" the board of Directors of the Company

"China" or "PRC" The People's Republic of China

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

"Director(s)" the director(s) of the Company

"Finance Company"

"EUR" Euro, the lawful currency of the European Union

"Full Service Hotels" hotels which are based on comprehensive hotel functions and facilities, and

provide all rounded quality services for guests

Jin Jiang International Finance Company Limited

"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 or businesses which were consolidated into and operated by the Company upon its

establishment

"HAC" HOTEL ACQUISITION COMPANY, LLC

"Hubs1" Hubs1 Interactive (Shanghai) Co., Ltd. (匯通百達網絡科技(上海)有限公司)

"IHHC" INCA HOTEL HOLDINGS COMPANY LLC, a special-purpose entity under common

control of the Company to hold all retained assets including 5 proprietary hotels in

the United States and undertake relevant responsibilities

"IHR" Interstate Hotels & Resorts, Inc.

"IHR Group" Interstate Hotels & Resorts, Inc. and its subsidiaries

"JHJ Transportation" JHJ International Transportation Co., Ltd.

"Jinjiang Auto Service" Shanghai Jinjiang Business and Travel Auto Service Co., Ltd.

"Jin Jiang Capital" Shanghai Jin Jiang Capital Management Company Limited

"Jin Jiang Cold" Shanghai Jin Jiang International Cold Logistics Development Co., Ltd.

"Jin Jiang GDL Asia" Jin Jiang GDL Asia Co., Ltd. (上海錦江盧浮亞洲酒店管理有限公司) (formerly known

as Shanghai Jin Jiang Metropolo Hotel Management Company Limited)

"Jin Jiang Hotels Development" Shanghai Jin Jiang International Hotels Development Company Limited

"Jin Jiang Inn" Jin Jiang Inn Company Limited

# DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Jin Jiang International" Jin Jiang International Holding Company Limited

"Jin Jiang Investment" Shanghai Jin Jiang International Industrial Investment Company Limited

"Jin Jiang Travel" Shanghai Jin Jiang International Travel Co., Ltd.

"Listing Rules" the Rules Governing the Listing of Securities on The Stock Exchange of Hong

Kong Limited

"Occupancy Rate" rooms in use divided by Available Rooms for a given period

"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

"Reporting Period" the period from 1 January 2017 to 30 June 2017

"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

"Stock Exchange" The Stock Exchange of Hong Kong Limited

"Supervisor(s)" the supervisor(s) of the Company

"Supplies Company" Shanghai Jin Jiang International Hotel Supplies Company Limited

(上海錦江國際酒店物品有限公司)

"Total Number of Rooms" number of available rooms per hotel

"US\$" United States Dollars, the lawful currency of the United States

"Vienna Hotels" Vienna Hotels Group Co., Ltd. (維也納酒店有限公司), a limited liability company

established in the PRC

"WeHotel" Shanghai Qi Cheng Network Technology Co., Ltd. (上海齊程網絡科技有限公司)

#### **BUSINESS REVIEW**

During the first half of 2017, China's tourism industry continued to grow, as business prospects for low- to medium-end hotels were improving, while mid-market hotels experienced booming growth. In a proactive move to adapt itself to the new normal status of economic development and seize opportunities for global development presented by the "One Belt One Road" initiative, the Group persisted in the double-edged model of driving growth through "capital-intensive operation and excellence in operation" and focused on the strategy of "global business deployment and multinational operations", as it stepped up with efforts in brand streamlining and development synergies to create a tourism service industry chain centered on hotels. In accordance with the principle of "keeping basic elements unchanged, integrating back offices, and complementing comparative advantages for co-development", we expedited the in-depth integration of the hotel segments with a strong focus on our principal business to steadily enhance the profitability of our hotel assets. The general competitive strengths of our principal business continued to grow, while our profit mix was further optimised.

For the Reporting Period, the Group recorded sales revenue of approximately RMB9,212,469,000, representing an increase of approximately 25.3% as compared to the same period of last year. Operating profit of the Group amounted to approximately RMB1,047,004,000, decreasing by approximately 12.5% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB555,336,000, increasing by approximately 0.5% as compared to the same period of last year.

As at the end of the Reporting Period, the Group owned or managed 6,398 hotels in operation throughout the world, with a Total Number of Rooms of approximately 640,000 in 68 countries, amongst which approximately 5,117 hotels in operation with approximately 530,000 rooms were owned or managed by the Group in the PRC. Moreover, the Group owned 2,336 hotels with approximately 250,000 rooms under construction in other parts of the world. In terms of the number of hotel guest rooms in operation, the Group ranked 5th in the global hotel group ranking as published by *HOTELS Magazine*, the official publication of The International Hotel & Restaurant Association, in July 2017.

WeHotel, our new joint venture, has built a shared economic platform based on the Mobile Internet by enhancing its operating efficiency and lowering service costs. Meanwhile, the launch of the new version of "Jin Jiang Trip" (錦江旅 行) APP has facilitated further integration of our membership and reservation systems. In January 2017, the initial integration of the general information of Jin Jiang members and Plateno Club members was completed, whereby the information of 80 million Plateno Club members and 26 million Jin Jiang J-Club members will be accessible through one single database, forming a combined valid membership of over 100 million.

In February 2017, Shanghai Qi Cheng Network Technology Co., Ltd. (上海齊程網絡科技有限公司) (the official name of joint venture WeHotel as approved by the authorities of the administration for industry and commerce) was officially incorporated. In the meantime, the formation of Jin Jiang GDL Asia by Jin Jiang Hotels Development signified full integration of the segment of Select Service Hotels.

In April 2017, the Company and Jin Jiang Capital transferred to WeHotel 100% equity interests in Hubs1 held by them, out of which 10% equity interests in Hubs1 were transferred by the Company.

During the Reporting Period, IHHC completed disposals of three self-owned hotels in the United States (namely, Hilton Arlington, Hilton Durham and Westin Atlanta Airport). Through the transaction, investment gains have been recorded after deduction of investment costs.

#### **Full Service Hotels**

The business of Full Service Hotels represents one of the major sources of revenue for the Group. During the Reporting Period, operation of Full Service Hotels contributed approximately RMB910,034,000 to the Group's revenue, decreasing by approximately 5.1% as compared to the same period of last year and accounting for approximately 9.9% of the Group's turnover, which was mainly attributable to the presentation of turnover net of tax (which affected other business segments as well) following the replacement of business tax with VAT for domestic servicing industries in China with effect from May 2016. If compared on the same basis, there would have been a slight growth in turnover for Full Service Hotels.

As at the end of the Reporting Period, the Group owned and managed 99 operating Full Service Hotels in the PRC, offering approximately 30,000 guest rooms, among which 78 hotels were owned by third parties and managed by the Group.

For the Reporting Period, high-rated Full Service Hotels in Shanghai in which the Group held equity interests reported a year-on-year increase in ADR by approximately 8% (excluding the effect of replacement of business tax with VAT), as the demand for high-rated Full Service Hotels in Shanghai continued to grow, benefiting from ongoing favourable factors such as the increasing number of business conventions and exhibitions held and growth in tourism in Shanghai and its neighbouring areas driven by Shanghai Disneyland. Meanwhile, the Group commenced its operation and management of hotel assets in a steady manner with a strong focus on its principal business to increase its asset efficiency, while continuing to make progress in asset liquidity, business transformation and leased operation of Full Service Hotels. During the Reporting Period, Full Service Hotels in which the Group held equity interests reported a further year-on-year growth in profit.

#### **Select Service Hotels**

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

For the Reporting Period, revenue from Select Service Hotels amounted to approximately RMB6,163,243,000, representing an increase of approximately 45.1% as compared to the same period of last year and accounting for approximately 66.9% of the Group's turnover, as the business segment continued to grow in scale and turnover.

As at the end of the Reporting Period, there were a total of 6,297 Select Service Hotels in operation offering 609,087 guest rooms in aggregate, comprising 1,182 hotels under Jin Jiang GDL Asia in operation with a total of 139,366 rooms, 1,276 GDL hotels in operation with a total of 107,960 rooms, 3,258 hotels in operation under Plateno Group with a total of 270,101 rooms and 581 hotels under Vienna Hotels with a total of 91,660 rooms.

As at the end of the Reporting Period, out of the 6,297 Select Service Hotels in operation, there were 45 "Jin Jiang Metropolo" hotels, 1,052 "Jin Jiang Inn" hotels, 28 "Jinguang Inn" hotels, 56 "Bestay Hotels Express" hotels, 1 hotel under the "康柏" brand; 263 "Premiere Classe" hotels, 377 "Campanile" hotels, 254 "Kyriad" hotels, 311 "Golden Tulip" hotels, 71 "Sarovar" hotels; 215 "Lavande" hotels, 77 "James Joyce Coffetels" hotels, 154 "IU" hotels, 2,464 "7 Days Inn" hotels, 222 "Pai" hotels, 126 hotels of other brands under Plateno Group; 3 "Venus Royal" hotels, 181 "Vienna International" hotels, 166 "Vienna Classic" hotels, 174 "Vienna" hotels and 56 "Vienna 3 Best" hotels and 1 hotel of another brand under Vienna Hotels.

Out of the 6,297 Select Service Hotels in operation, 1,077 were self-managed hotels, accounting for approximately 17%; while 5,220 were franchised hotels, accounting for approximately 83%. Select Service Hotels in operation offered a total of 609,087 guest rooms, including 120,922 rooms or approximately 20% in self-managed hotels in operation and 488,165 rooms or approximately 80% in franchised hotels in operation.

During the Reporting Period, the back-office systems of Jin Jiang GDL Asia, GDL, Plateno Group and Vienna Hotels were integrated in a proactive manner with the support of the information technology system in order to realise complementary advantages and synergy effect.

#### **Food and Restaurants**

During the Reporting Period, the Group developed its food and restaurant operations through several food and restaurant chain companies invested by Jin Jiang Hotels Development. Revenue generated therefrom amounted to approximately RMB178,064,000, which represented an increase of approximately 5.8% as compared to the same period of last year and accounting for approximately 1.9% of the Group's turnover.

During the Reporting Period, Jin Jiang Hotels Development continued to develop the group catering business, managing 60 group catering restaurants as at the end of the Reporting Period, as compared to 55 at the end of last year. 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, 30 and 9 outlets, respectively. "Chinoise Story" currently operates 2 feature restaurants. In addition, 1 "Ting Mei Yuen" (鼎味源) restaurant was managed by Shanghai Jinzhu Catering Management Co., Ltd.

We researched and developed processed food with the aid of the national-grade chefs of Jin Jiang Hotels and expanded the sales of food products under the Jin Jiang brand as we started to market such products through online e-commerce platforms, in addition to direct supply to our hotels.

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

During the Reporting Period, passenger transportation vehicles and logistics business reported an operating revenue of approximately RMB1,187,761,000, representing growth of approximately 3.8% as compared to the same period of last year and accounting for approximately 12.9% of the Group's turnover. During the Reporting Period, the Group successfully completed 37 receptions of national guests and 580 receptions at ministerial level or below. We also provided escort vehicles for important conferences, such as the third meeting of the BRICS finance ministers and central bank governors and the meeting of the Shanghai Committee of the Chinese People Political Consultative Conference. Our coach bus service completed 31 assignments for conferences and tournaments, including the East China Fair and the World Archery Championships.

During the Reporting Period, Shanghai Jin Jiang Automobile Service Co., Ltd. seized the market opportunities presented by Shanghai Disneyland and the cruise market to expand its market share. The Disneyland shuttle bus service provided by a subsidiary, Jinjiang Auto Service, received high scores in Disney's appraisal of the performances of its global suppliers, which was a fine testimony to the standard and quality of services under the Jin Jiang brand. Elsewhere, we rendered reception service for 19 overseas cruises, including MS Amsterdam and Dawn Princess and served approximately 38,000 counts of tourist arrivals with 846 coach bus outings.

Jin Jiang Cold provided end-to-end supply-chain services to customers through a comprehensive supply chain management business model combining food import, customs declaration and inspection, storage and delivery services in accordance with customers' demands with the support of the logistics service line.

JHJ Transportation strengthened its business management and lowered the procurement costs for its air freight and marine transportation operations by centralising its resources and capacities through the integration of back office. Endeavours were made to link up with B2B cross-border e-commerce operators, in order to provide specialised solutions for the small and medium foreign trade companies served by the e-commerce platforms, as well as other customers of JHJ Transportation.

#### **Travel Agency**

During the Reporting Period, operating revenue of the travel agency business amounted to approximately RMB734,365,000, decreasing by approximately 8.1% as compared to the same period of last year and accounting for approximately 8.0% of the Group's turnover.

During the Reporting Period, the number of tourist groups and tourist arrivals declined under the impact of global political and economic conditions. In view of this, the relevant departments of Jin Jiang Travel were stepping up with initiatives to transform, while actively developing new customers in the joint operations with foreign parties in a bid to overcome the effect of foreign exchange fluctuation. Furthermore, we were diversifying to integrated reception services for conventions and exhibitions, instead of merely receiving traditional inbound tours. In connection with our inbound tourism products, new tourism products complementing the "One Belt One Road" initiative were developed, while the weighting of and the market share for self-service and semi-self-service tours were also increased, on the back of a unified model of "Research and Development + Sales + Service" and taking into account popular areas of interests in the current market.

During the Reporting Period, travel agencies under Jin Jiang Travel, an official partner in tourism of the Shanghai Disneyland Resort, were actively engaged in various online marketing activities supported by offline planning to promote the "Jin Jiang Travel Shanghai Disneyland Resort Shuttle Bus".

During the Reporting Period, we facilitated online and offline connections with customers through the call centre in a tripartite marketing setup underpinned by "mobile terminals, the call centre and offline outlets". Our marketing network was effectively expanded for the further outreach of the "Jin Jiang Travel" brand network. Following the integration of various resources, Shanghai Jin Jiang Tours Co., Ltd (上海錦江旅遊控股有限公司) ("Jin Jiang Tours") worked closely with WeHotel and built a joint incubation team on the back of our superior Group resources to explore an innovative marketing model involving a cross-organisational team headed by Jin Jiang Tours and supported by the technical teams of "WeHotel" and the business teams of "Jin Jiang Hotels".

#### **FINANCIAL REVIEW**

## Turnover

The Group's financial information during the Reporting Period as compared to the same period in 2016 is set out as

	Six months 30 June		Six months ended 30 June 2016		
	RMB	% of	RMB	% of	
	in million	turnover	in million	turnover	
Full Service Hotels Select Service Hotels — managed and operated	910.0	9.9%	959.3	13.0%	
in Mainland China Select Service Hotels — managed and operated	4,369.3	47.4%	2,533.6	34.5%	
overseas	1,793.9	19.5%	1,712.7	23.3%	
Food and Restaurants	178.1	1.9%	168.3	2.3%	
Passenger Transportation Vehicles and Logistics	1,187.8	12.9%	1,144.2	15.6%	
Travel Agency	734.4	8.0%	799.1	10.9%	
Other Operations	39.0	0.4%	36.3	0.4%	
Total	9,212.5	100.0%	7,353.6	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 2016:

	Six months 30 June		Six months ended 30 June 2016	
	RMB	% of	RMB	% of
	in million	turnover	in million	turnover
Accommodation revenue	435.6	47.9%	452.7	47.2%
Food and beverage sales	257.1	28.2%	279.3	29.1%
Rendering of ancillary services	41.7	4.6%	48.5	5.1%
Rental revenue	94.2	10.3%	93.9	9.8%
Sales of hotel supplies	2.4	0.3%	3.3	0.3%
Hotel management	79.0	8.7%	81.6	8.5%
Total	910.0	100.0%	959.3	100.0%

#### 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 RMB435,565,000, decreasing by approximately 3.8% or approximately RMB17,183,000 as compared to the same period in 2016. The aforesaid change mainly reflected the impact of the replacement of business tax with VAT with effect from May 2016 on accommodation revenue. Excluding this factor, accommodation revenue would have increased on the back of year-on-year growth in average room rates and ADR, which was attributable to the Group's implementation of a range of measures to enhance income and strengthen hotel revenue management to seize favourable conditions and market opportunities with increasing demand for high-rated full service hotels in Shanghai.

#### Food and beverage sales

Food and beverage sales in the Group's hotels comprised catering for wedding banquets and conferences, room catering services for quests and other sales in restaurants and bars in the hotels. Food and beverage sales in Full Service Hotels for the Reporting Period amounted to approximately RMB257,100,000, decreasing by approximately 7.9% or approximately RMB22,234,000 from the same period of last year. The aforesaid change was mainly attributable to the conversion of certain restaurant premises in Full Service Hotels into leased operations and the impact of the replacement of business tax with VAT on revenue from food and beverage sales. The increasing supply of mass-market food and beverage and the ongoing impact of government policies also brought significant bearing on revenue from food and beverage and wedding banquet sales of Full Service Hotels.

#### Rendering of ancillary services

Revenue from rendering ancillary services was mainly generated from gift shops, entertainment, laundry services and other guest services. For the Reporting Period, revenue from the rendering of ancillary services amounted to approximately RMB41,724,000, decreasing by approximately 14% or approximately RMB6,775,000 from the same period of last year.

#### Rental revenue

Rental revenue was mainly generated from the leasing of shops at the Group's Full Service Hotels for retail, exhibition and other purposes, as well as the outsourced leasing of certain restaurant venues. During the Reporting Period, rental revenue amounted to approximately RMB94,190,000, increasing year-on-year by approximately 0.4% or approximately RMB346,000, which was driven mainly by the increase in both rental revenue received from third-party tenants and areas leased.

#### Sales of hotel supplies

Turnover from guest supplies and hotel products decreased by approximately RMB899,000 from the same period of last year. Such decrease was mainly attributable to adjustments in the business model of Supplies Company to transform from a merchandise supplier to a system platform service provider.

#### Hotel management revenue

The revenue of hotel management was mainly generated from the management fees received for the provision of management services to Full Service Hotels not controlled by the Group. Revenue of hotel management business amounted to approximately RMB79,034,000 for the Reporting Period, decreasing by approximately 3.1% or approximately RMB2,524,000 as compared to the same period of last year. The decrease mainly reflected revised rules for the recognition of performance-based management fees in connection with invested and managed hotels.

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

Select Service Hotels business in Mainland China represented mainly turnover from Select Service Hotels managed and operated in Mainland China. For the Reporting Period, revenue from Select Service Hotels managed and operated in Mainland China amounted to approximately RMB4,369,320,000, representing an increase of approximately 72.5% or approximately RMB1,835,692,000 as compared to the same period of last year. This growth reflected mainly the inclusion of Plateno Group and Vienna Hotels in the Group's consolidated financial statements as from March and July 2016, respectively.

#### Select Service Hotels - managed and operated overseas

Select Service Hotels managed and operated overseas represented mainly turnover from Select Service Hotels managed and operated overseas. For the Reporting Period, revenue from Select Service Hotels managed and operated overseas amounted to approximately RMB1,793,923,000, representing an increase of approximately 4.7% or approximately RMB81,190,000 as compared to the same period of last year. The growth mainly reflected revenue growth resulting from the newly added Select Service Hotels management projects brought by GDL.

#### **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. For the Reporting Period, total sales from the food and restaurants segment amounted to approximately RMB178,064,000, increasing by approximately 5.8% or approximately RMB9,720,000 as compared to the same period of last year. The increase in food and restaurants revenue for the Reporting Period primarily reflected growth in revenue from the group catering business of Shanghai Jin Jiang International Food Catering Management Co., Ltd. (managing 60 group catering restaurants during the Reporting Period versus 52 for the same period of last year) and business growth for Jing An Bakery Holding Company Limited.

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

Revenue of passenger transportation vehicles and logistics for the Reporting Period amounted to approximately RMB1,187,761,000, representing an increase of approximately 3.8% or approximately RMB43,592,000 as compared to same period of last year. The increase primarily reflected the increase in revenue from auto and related trading businesses.

#### **Travel Agency**

Revenue of travel agency for the Reporting Period amounted to approximately RMB734,365,000, decreasing by approximately 8.1% or approximately RMB64,749,000 as compared to the same period of last year. The decrease reflected mainly the decrease in outbound and inbound travels under the impact of global political and economic conditions.

#### **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 by Jin Jiang International Management College (上海錦江國際管理專修學院). Revenue of other operations for the Reporting Period amounted to approximately RMB39,002,000, representing an increase of approximately 7.4% as compared to the same period of last year, which was primarily due to an increase in interest income from borrowings to related parties of Finance Company.

#### **Cost of Sales**

Cost of sales for the Reporting Period amounted to approximately RMB7,120,673,000 (same period in 2016: approximately RMB5,749,845,000), representing an increase of approximately 23.8% as compared to the same period of last year. The increase reflected the increase in cost of sales attributable mainly to the newly added Select Service Hotel chain business under Vienna Hotels and two additional months of hotel business for Plateno Group as compared to the same period of last year. The expansion in business scale of Select Service Hotels managed and operated by Jin Jiang GDL Asia and GDL also contributed to higher cost of sales.

#### **Gross Profit**

As a result of the factors described above, the Group recorded a gross profit of approximately RMB2,091,796,000 for the Reporting Period, representing an increase of approximately RMB488,014,000 or approximately 30.4% as compared to the same period of last year.

#### Other Income and Gain

Other income and gain for the Reporting Period amounted to approximately RMB549,015,000 (same period in 2016: approximately RMB861,548,000), decreasing by approximately 36.3% as compared to the same period of last year. The decrease primarily reflected a pre-tax investment gain of approximately RMB313,929,000 on the disposal of the HAC hotel management business for the same period in 2016. Gain of approximately RMB174,634,000 (same period in 2016: approximately RMB248,871,000) on disposal of available-for-sale financial assets, such as Changjiang Securities Company Limited and Shanghai Pudong Development Bank Co., Ltd, was also recorded for the Reporting Period. Dividend received by the Group during the Reporting Period was approximately RMB179,563,000 (same period in 2016: approximately RMB140,685,000).

#### **Selling and Marketing Expenses**

Selling and marketing expenses comprise primarily labor costs, travel agent commissions and advertising fees, which amounted to approximately RMB636,732,000 for the Reporting Period (same period in 2016: approximately RMB442,349,000), representing an increase of approximately 43.9% as compared to the same period of last year. The increase in sales and marketing expenses was attributable mainly to the newly added Select Service Hotel chain business under Vienna Hotels and two additional months of hotel operations for Plateno Group as compared to the same period of last year. The expenses also increased as a result of stronger advertising and promotion efforts by Plateno Group and GDL.

#### **Administrative Expenses**

Administrative expenses for the Reporting Period amounted to approximately RMB898,305,000 (same period in 2016: approximately RMB772,947,000), representing an increase of approximately 16.2% as compared to the same period of last year, which reflected mainly the increase in administrative expenses resulting from the newly added Select Service Hotels under Plateno Group and Vienna Hotels and the expansion in business scale of Select Service Hotels managed and operated by Jin Jiang GDL Asia and GDL.

#### Other Expenses and Losses

Other expenses and losses consisted primarily of bank charges and losses from the disposal of property, plant and equipment. Other expenses and losses for the Reporting Period amounted to approximately RMB58,770,000 (same period in 2016: approximately RMB52,959,000), increasing by approximately RMB5,811,000 as compared to the same period of last year. The increase mainly reflected the combined effect of other expenses and other losses in connection with newly added Select Service Hotel chain businesses under Vienna Hotels and Plateno Group during the Reporting Period.

#### Finance Costs - Net

Finance costs comprises interest expenses in respect of the Group's bank borrowings. Finance costs for the Reporting Period amounted to approximately RMB289,719,000 (same period in 2016: approximately RMB283,786,000), representing an increase of approximately 2.1% as compared to the same period of last year. The finance costs increased mainly due to the borrowing additions of the Company in connection with participation in Jin Jiang Hotels Development's private placing in August 2016. In the meantime, during the Reporting Period, the partial repayment of bank loans by Jin Jiang Hotels Development also reduced interest expenses to a certain extent.

#### **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, JHJ Transportation and Shanghai Yangtze Hotel Limited, and of associates including Shanghai Kentucky Fried Chicken Company Limited, Shanghai Pudong International Airport Transport Terminal Co. Ltd., Jiangsu Nanjing Long Distance Passenger Transport and China Oriental International Travel & Transport Co., Ltd. Share of results of joint ventures and associates for the Reporting Period amounted to approximately RMB264,821,000 (same period in 2016: approximately RMB164,501,000), which reflected mainly part of the gains from the disposal of three self-owned hotels in the United States by IHHC and the year-on-year increase in the attributable operating results of Shanghai Kentucky Fried Chicken Company Limited, Shanghai Pudong International Airport Transport Terminal Co. Ltd. and Shanghai Yangtze Hotel Limited.

#### **Taxation**

The effective tax rate for the Reporting Period was approximately 8.4% (same period in 2016: approximately 22.8%). The effective tax rate decreased mainly because the effective income tax rate for GDL will decrease from 34.43% to 28.92% in 2019, and the Group assessed the impact on the deferred tax assets and liabilities that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted. The income tax expense was adjusted accordingly. In addition, the dividend income and share of results of joint ventures and associates not subject to tax also increased for the Reporting Period as compared to last year.

#### **Net Profit**

As a result of the factors described above, net profit for the Reporting Period attributable to shareholders of the Company increased by approximately RMB2,722,000 or approximately 0.5% to approximately RMB555,336,000 (same period in 2016: approximately RMB552,614,000).

#### **Borrowings and Pledge of Assets**

As at 30 June 2017, the borrowings included:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Borrowings included in non-current liabilities:  Bank borrowings — secured  Bank borrowings — unsecured  Borrowings from related parties  Finance lease liabilities	11,024,441 5,299,444 4,374,800 175,359	14,456,995 4,533,148 300,000 169,777
Less: current portion of long-term secured bank borrowings current portion of long-term unsecured bank borrowings current portion of long-term finance lease	20,874,044 (6,255,188) (7,891) (11,947)	19,459,920 (2,994,404) (65,269) (11,451)
	14,599,018	16,388,796
Borrowings included in current liabilities:  Bank borrowings — secured  Bank borrowings — unsecured  Borrowings from related parties  Current portion of long-term secured bank borrowings  Current portion of long-term unsecured bank borrowings  Current portion of long-term finance lease	8,000 2,991,357 30,000 6,255,188 7,891 11,947	928,000 4,334,281 220,000 2,994,404 65,269 11,451
	9,304,383	8,553,405

As at 30 June 2017, the secured bank borrowings included:

- Bank borrowings of EUR773,844,000, equivalent to RMB5,996,985,000 (31 December 2016: EUR1,289,484,000, (a) equivalent to RMB9,423,308,000), which were pledged by the bank deposits RMB3,306,492,000 (31 December 2016: RMB4,723,560,000) and the ownership of a subsidiary, and guaranteed by Jin Jiang International;
- Bank borrowings of Polish Zloty ("PLN") 48,946,000, equivalent to RMB77,456,000 (31 December 2016: (b) PLN48,946,000, equivalent to RMB73,687,000), pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland:
- (c) Bank borrowings of RMB8,000,000, which were guaranteed by a non-controlling shareholder of a subsidiary of the Group;
- (d) Bank borrowings of RMB30,000,000 (31 December 2016: RMB40,000,000), which were guaranteed by a noncontrolling shareholder of a subsidiary of the Group; and
- Bank borrowings of RMB4,920,000,000 (31 December 2016: RMB4,920,000,000), which were pledged by the equity interest in a subsidiary of the Group.

#### TREASURY MANAGEMENT AND INTEREST RATE RISK MANAGEMENT

Cash and cash equivalents as at 30 June 2017 and 31 December 2016 amounted to approximately RMB8,172,355,000 and RMB6,559,042,000, respectively.

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.

#### **AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Available-for-sale financial assets held by the Group included 53,000,000 shares in Changjiang Securities Company Limited (000783.SZ), 92,326,488 shares in Bank of Communications Co., Ltd. (601328.SH), 13,068,422 shares in Yu Yuan Trade Mart (600655.SH), 25,000,000 shares in Shanghai Pudong Development Bank Co., Ltd (600000.SH), 61,782,364 shares in Guotai Jun'an (601211.SH) and 17,593,034 shares in Shenwan Hongyuan (000166.SZ).

#### **HUMAN RESOURCES**

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

#### CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT

The uncertainties in global economic recovery, slowdown in domestic macro-economic growth, structural oversupply in the hotel industry and the rapid development of information technology relating to the Mobile Internet will continue to affect the development of the Group's principal business. Nevertheless, with the launch and implementation of national policies aiming to promote the development of tourism, 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 seize any opportunities that might arise and address any challenges.

The Group will adopt a philosophy of development emphasising innovation, coordination, eco-friendliness and sharing in line with the "13th Five Year Plan" planning, further enforce supply-side reforms and step up with the development of its core business and the "Jin Jiang" brand to drive internationalization with a steady growth. We will ensure proper handover of the operations of acquired companies and accelerate the process of improving our management standard and core competitiveness through the establishment of international businesses and the introduction of foreign experiences to the domestic operations. We will also further advance our domestic as well as international business deployment to strengthen our ability in multinational operations.

In the upcoming year, the Group will expedite the development of WeHotel and Jin Jiang GDL Asia, with a special focus on driving the upgrade of our brand series to ensure implementation of our goals. We will also develop a brand new members' club. We intend to construct a platform for shared procurement to facilitate the integration of our supply chain, as well as to improve our shared finance platform to enhance financial integration. A new cycle of personnel exchange and training programme will also be implemented to expedite the integration of human resources. The laying out of the management system for performance excellence will be promoted to enhance our quality and efficiency in a comprehensive manner.

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 as well as our restraint and incentive mechanism. We will leverage our strengths in specialisation to foster a modern tourism service industry chain centered on hotel operations and shared economic platforms. We will continue to improve asset liquidity and adjust our property portfolio to further increase our overall asset return and enterprise value.

#### SUBSEQUENT EVENTS

#### Publication of the Group's Environmental, Social and Governance Report

In line with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules of the Stock Exchange, the Group has prepared the 2016 Environmental, Social and Governance Report to elaborate the environmental and social impacts of the Group's business and operating activities in the environmental aspect and the social aspect. For details, please refer to the report published by the Company on 21 July 2017.

#### **INTERIM DIVIDEND**

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

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

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

### OTHER INFORMATION

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

As at 30 June 2017, none of the Directors, chief executive or Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

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

As at 30 June 2017, Director Mr. Yu Minliang held the following number of shares in Jin Jiang Hotels Development:

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

Save as disclosed above, as at 30 June 2017, none of the Directors, chief executive or Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors, chief executive or Supervisors of the Company were taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

## OTHER INFORMATION

#### SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

As at 30 June 2017, 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	167,182,000 (long position)	Beneficial owner	12.01%	3.00%

Save as disclosed above and so far as the Directors are aware, as at 30 June 2017, 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.

#### **AUDIT COMMITTEE**

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

The Audit Committee held meetings on 12 January 2017, 24 March 2017 and 24 August 2017 respectively. The consolidated financial statements for the year ended 31 December 2016 and the unaudited condensed consolidated interim financial statements as at 30 June 2017 of the Group were respectively reviewed at such meetings. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group as at 30 June 2017 and agreed with the accounting treatment adopted by the Company.

### OTHER INFORMATION

#### **CHANGES IN DIRECTORS AND SENIOR MANAGEMENT**

On 28 July 2017, Mr. Kang Ming resigned as an executive Director, vice-president, chief secretary of the Board, the Board secretary and joint company secretary of the Company due to other work commitments. Upon the resignation of Mr. Kang Ming, Mr. Cai Jianping (蔡建平) has been appointed as a vice-president of the Company and Ms. Zhang Jule (張珏) has been appointed as the Board secretary and joint company secretary of the Company with effect from 28 July 2017. For details, please refer to the announcement of the Company dated 28 July 2017.

#### SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

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

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

By Order of the Board **Yu Minliang** *Chairman* 

30 August 2017

# UNAUDITED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2017

	Note	As at 30 June 2017 RMB'000	As at 31 December 2016 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	12,326,013	12,515,403
Investment properties	7	283,633	288,448
Land use rights	7	1,921,573	1,951,609
Intangible assets	7	18,776,426	18,259,164
Investments in joint ventures		1,240,349	1,168,759
Investments in associates		808,604	780,441
Available-for-sale financial assets		3,710,213	3,485,450
Deferred income tax assets	0	763,560	695,490
Trade receivables, prepayments and other receivables Restricted cash	8	201,289	434,024 3,306,492
nestricted castr			3,300,492
		40,031,660	42,885,280
Current assets		04 470	00.004
Financial assets at fair value through profit or loss  Available-for-sale financial assets		31,470	60,924
Inventories		145,882 197,084	182,022 195,781
Trade receivables, prepayments and other receivables	8	4,082,021	2,877,760
Restricted cash	Ü	3,610,363	1,659,753
Bank deposits with maturities over 3 months		755,913	2,350,271
Cash and cash equivalents		8,172,355	6,559,042
		16,995,088	13,885,553
Total assets		57,026,748	56,770,833

# UNAUDITED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

As at 30 June 2017

	Note	As at 30 June 2017 RMB'000	As at 31 December 2016 RMB'000
EQUITY Capital and reserves attributable to shareholders of the Company Share capital Reserves		5,566,000 3,831,705	5,566,000 3,790,960
Non-controlling interests		9,397,705 10,799,211	9,356,960 10,783,115
Total equity		20,196,916	20,140,075
LIABILITIES  Non-current liabilities  Borrowings  Deferred income tax liabilities  Trade and other payables	10 9	14,599,018 3,044,418 957,762	16,388,796 3,141,998 927,987
		18,601,198	20,458,781
Current liabilities Borrowings Derivative financial instruments Income tax payable Dividend payable to shareholders of the Company Trade and other payables	10 15 9	9,304,383 5,175 317,584 445,280 8,156,212	8,553,405 6,158 279,457 — 7,332,957
		18,228,634	16,171,977
Total liabilities		36,829,832	36,630,758
Total equity and liabilities		57,026,748	56,770,833

# UNAUDITED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2017

	Six months ended 30 June		
	Note	2017 RMB'000	2016 RMB'000
Revenue Cost of sales	6(a) 12	9,212,469 (7,120,673)	7,353,627 (5,749,845)
Gross profit Other income and gain Selling and marketing expenses Administrative expenses Other expenses and losses	11 12 12	2,091,796 549,015 (636,732) (898,305) (58,770)	1,603,782 861,548 (442,349) (772,947) (52,959)
Operating profit Finance income Finance costs		1,047,004 83,667 (373,386)	1,197,075 90,442 (374,228)
Finance costs — net Share of results of joint ventures and associates		(289,719) 264,821	(283,786) 164,501
Profit before income tax Income tax expense	13	1,022,106 (86,361)	1,077,790 (245,724)
Profit for the period		935,745	832,066
Attributable to:  — Shareholders of the Company — Non-controlling interests		555,336 380,409 935,745	552,614 279,452 832,066
Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB cents per share)  — basic and diluted	14	9.98	9.93

# UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Six months ended 30 June		
	2017 RMB'000	2016 RMB'000	
Profit for the period	935,745	832,066	
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss Remeasurements on the net defined benefit liabilities	_	(4,475)	
Items that may be subsequently reclassified to profit or loss	05.007	(004.051)	
Fair value changes on available-for-sale financial assets — gross  Transfer of fair value changes on disposal of available-for-sale	85,007	(634,951)	
financial assets — gross	(159,445)	(248,468)	
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	18,558	227,615	
Cash flow hedges — net of tax	829	(729)	
Currency translation differences	55,249	(489)	
Total other comprehensive income for the period	198	(661,497)	
Total comprehensive income for the period	935,943	170,569	
Attributable to:			
— Shareholders of the Company	538,037	245,862	
— Non-controlling interests	397,906	(75,293)	
	025 042	170 560	
	935,943	170,569	

# UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	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
Balance at 1 January 2017	5,566,000	862,183	2,928,777	9,356,960	10,783,115	20,140,075
Comprehensive income: Profit for the period Other comprehensive income:	_	_	555,336	555,336	380,409	935,745
Fair value changes on available-for-sale financial assets — gross	_	29,160	_	29,160	55,847	85,007
Transfer of fair value changes on disposal of available- for-sale financial assets — gross Fair value changes on available-for-sale financial assets	_	(80,153)	_	(80,153)	(79,292)	(159,445)
and transfer of fair value changes on disposal of available-for-sale financial assets — tax	_	12,749	_	12,749	5,809	18,558
Cash flow hedges — net of tax	_	417	_	417	412	829
Currency translation differences	<del>-</del>	20,528	<del>_</del> _	20,528	34,721	55,249
Total other comprehensive income	_	(17,299)	_	(17,299)	17,497	198
Total comprehensive income	_	(17,299)	555,336	538,037	397,906	935,943
Transaction with shareholders: Dividends to non-controlling interests Dividends declared (note 15)	_		— (445,280)	— (445,280)	(373,308) —	(373,308) (445,280)
Effect of business combination under common control of an associate	_	(52,012)	_	(52,012)	(17,190)	(69,202)
Non-controlling interest arising from business combination (note 17)	_	_	_	_	22,596	22,596
Disposal of equity interests in a subsidiary to a non- controlling shareholder with lose of control	_	_	_	_	(10,672)	(10,672)
Acquisition of equity interests in subsidiaries from non-controlling interests	_	_	_	_	(3,236)	(3,236)
Total transactions with shareholders	_	(52,012)	(445,280)	(497,292)	(381,810)	(879,102)
Balance at 30 June 2017	5,566,000	792,872	3,038,833	9,397,705	10,799,211	20,196,916

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

For the six months ended 30 June 2017

	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 2016	5,566,000	1,157,393	2,567,503	9,290,896	7,457,333	16,748,229
Comprehensive income: Profit for the period Other comprehensive income:	_	_	552,614	552,614	279,452	832,066
Remeasurements on the net defined benefit liabilities Fair value changes on available-for-sale financial assets	_	(2,252)	_	(2,252)	(2,223)	(4,475)
— gross  Transfer of fair value changes on disposal of available-for-	_	(282,178)	_	(282,178)	(352,773)	(634,951)
sale financial assets — gross  Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of	_	(126,182)	_	(126,182)	(122,286)	(248,468)
available-for-sale financial assets — tax	_	105,570	_	105,570	122,045	227,615
Cash flow hedges — net of tax Currency translation differences		(367) (1,343)		(367) (1,343)	(362) 854	(729) (489)
Total other comprehensive income	_	(306,752)	_	(306,752)	(354,745)	(661,497)
Total comprehensive income		(306,752)	552,614	245,862	(75,293)	170,569
<b>Transaction with shareholders:</b> Dividends to non-controlling interests	_	_	_	_	(327,258)	(327,258)
Dividends declared (note 15)	_	_	(361,790)	(361,790)		(361,790)
Establishment of a subsidiary with non-controlling interest Non-controlling interest arising from business combination					22,739 1,011,933	22,739 1,011,933
Total transactions with shareholders	_	_	(361,790)	(361,790)	707,414	345,624
Balance at 30 June 2016	5,566,000	850,641	2,758,327	9,174,968	8,089,454	17,264,422

# UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months en	Six months ended 30 June		
	2017	2016		
Note	RMB'000	RMB'000		
Cash flows from operating activities:				
Cash generated from operations	847,255	943,748		
Net increase/(decrease) in deposits from customers (*)	631,051	(748,202)		
Net (increase)/decrease in loans to customers (*)	(623,000)	145,500		
Interest paid	(355,279)	(308,859)		
Interest income from restricted deposits pledged for borrowings	55,310	19,365		
Income tax expense	(250,959)	(332,318)		
Net cash generated from/(used in) operating activities	304,378	(280,766)		
The same general term (accounty specially seemed	33.30.5	(===;:==)		
Cash flows from investing activities:				
Proceeds from disposal of property, plant and equipment	15,466	31,374		
Proceeds from disposal of available-for-sale financial assets	403,346	1,600,389		
Proceeds from disposal of financial assets at fair value through	00.000	000 000		
profit or loss Proceeds from disposal of subsidiaries	29,982 30	223,382		
Proceeds from partial disposal of a joint venture	30	488,405		
Proceeds from disposal of associates	31,456	400,400		
Proceeds from disposal of intangible assets	372	885		
Purchase of property, plant and equipment	(394,236)	(491,148)		
Purchase of intangible assets	(21,830)	(20,322)		
Purchase of available-for-sale financial assets	(497,219)	(1,573,577)		
Purchase of financial assets at fair value through profit or loss	_	(130,091)		
Increase in investments in associates	(201,000)	(4,368)		
Increase in investments in a joint venture	(88,034)	_		
Loans received from related parties and third parties	100,000	91,103		
Prepayment and deposits for acquisition of subsidiaries	(177.005)	(680,000)		
Deferred payment of acquisition of subsidiaries Payment of bank deposits with maturities over 3 months	(177,905) (130,000)	(450,000)		
Receipt from bank deposits with maturities over 3 months	1,724,357	1,133,807		
Interest received	97,459	34,084		
Dividends received	451,254	190,693		
Deferred government grants received	45,000	_		
Net cash outflow for business combination 17	(240,838)	(7,414,148)		
Net cash generated from/(used in) investing activities	1,147,660	(6,969,532)		

# UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2017

		Six months ended 30 June		
		2017	2016	
	Note	RMB'000	RMB'000	
Cash flows from financing activities:		4 407 500		
Restricted deposits pledged for borrowings received	4.0	1,427,506		
Proceeds from borrowings	10	6,881,243	11,797,112	
Repayments of borrowings		(7,937,083)	(1,168,898)	
Dividends paid to non-controlling interests		(228,420)	(201,806)	
Acquisition of equity shares from non-controlling interests		(3,236)	_	
Capital contribution from non-controlling interests		_	22,739	
Net cash generated from financing activities		140,010	10,449,147	
Increase in cash and cash equivalents		1,592,048	3,198,849	
Cash and cash equivalents at beginning of the period		6,559,042	5,040,230	
Exchange gains on cash and cash equivalents		21,265	35,754	
Cash and cash equivalents at end of the period		8,172,355	8,274,833	

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

#### 1 GENERAL INFORMATION

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

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

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

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

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

The Group is 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 unaudited condensed consolidated interim financial statements were approved for issue by the board (the "Board") of directors (the "Director") of the Company on 30 August 2017.

#### **Key events**

#### French income tax change's impact

According to the French Fiscal Law, the effective income tax rate for Groupe du Louvre ("GDL") will decrease from 34.43% to 28.92% in 2019. The Group assessed the impact on the deferred tax assets and liabilities that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted. The reassessed deferred tax impact amounted to RMB 111,689,000 was recognised as a gain in the "income tax expense".

For the six months ended 30 June 2017

#### 2 BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The unaudited condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by HKICPA.

As at 30 June 2017, the Group's current liabilities exceeded its current assets by RMB1,233,546,000, which includes that Shanghai Jin Jiang International Hotels Development Company Limited ("Jin Jiang Hotels Development", a subsidiary of the Company in which the Company holds 50.32% equity interest)'s current liability exceeded its current assets by RMB1,333,253,000. Jin Jiang International, the ultimate holding company of the Company, has confirmed its intention to provide continuous financial support for the continuing operation of Jin Jiang Hotels Development. The Directors of the Company have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its unaudited condensed consolidated interim financial statements.

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements.

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

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

HKAS 7 (Amendments) "Statement of cash flows" is effective for annual periods beginning on or after 1 January 2017. This amendment clarifies an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

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

# (b) Standards, amendments and interpretations to existing standards effective in 2017 but not relevant to the Group:

		Effective for annual periods beginning on or after
HKAS 12 (Amendment) HKFRS 12 (Amendment)	Income taxes Disclosure of interests in other entities	1 January 2017 1 January 2017

For the six months ended 30 June 2017

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

(c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2018 and have not been early adopted by the Group:

		periods beginning on or after
HKFRS 1 (Amendment)	First time adoption of HKFRS	1 January 2018
HKFRS 2 (Amendments)	Share-based payment	1 January 2018
HKFRS 4 (Amendment)	Insurance Contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HK (IFRIC) 22 (Amendment)	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKAS 28 (Amendment)	Investment in associates and joint ventures	1 January 2018
HKAS 40 (Amendments)	Investment property	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Effective for annual

The Group will apply the new standards and amendments of HKFRSs and HKASs described above when they become effective. The Group is in the process of making an assessment on the impact of these new standards and amendments.

### 4 ESTIMATES

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

In preparing the unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

### 5 FINANCIAL RISK MANAGEMENT

### (a) Financial risk factors

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

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2016.

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

For the six months ended 30 June 2017

### 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Fair value estimation

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

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

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2017 Available-for-sale financial assets — Equity securities — Debenture securities	2,929,190 —	 183,882	670,596 —	3,599,786 183,882
Financial assets at fair value through profit or loss  — Equity securities — Debenture securities	414 31,056	=	_	414 31,056
Total assets	2,960,660	183,882	670,596	3,815,138
Derivative financial instruments — Interest rate swaps	_	(5,175)	_	(5,175)
Total liabilities	_	(5,175)	_	(5,175)
As at 31 December 2016 Available-for-sale financial assets — Equity securities — Debenture securities  Financial assets at fair value through profit or loss	2,731,585 —	 182,022	681,416 —	3,413,001 182,022
— Equity securities	436	_	_	436
— Debenture securities	60,488		_	60,488
Total assets	2,792,509	182,022	681,416	3,655,947
Derivative financial instruments — Interest rate swaps	_	(6,158)	_	(6,158)
Total liabilities	_	(6,158)	_	(6,158)

For the six months ended 30 June 2017

### 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

For the six months ended 30 June 2017, there were no material changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

For the six months ended 30 June 2017, there were no reclassifications of financial assets and financial liabilities.

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

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

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

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

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

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

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

There were no other changes in valuation techniques during the six months ended 30 June 2017.

In preparing the unaudited consolidated interim financial statements, the significant judgements made by management in applying the valuation method for the financial instruments carried at fair value and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

For the six months ended 30 June 2017

#### **6 TURNOVER AND SEGMENT INFORMATION**

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

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

- (1) Full Service Hotels: ownership, operation and management of full service hotels;
- (2) Select Service Hotels managed and operated in Mainland China: operation of self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels, primarily in PRC and under the brands of Jin Jiang GDL Asia Co. ("Jin Jiang GDL Asia", formerly "Jin Jiang Metropolo"), Keystone Lodging Holdings Limited ("Keystone") and its subsidiaries ("Plateno Group"), and Vienna Hotels Group Co., Ltd. ("Vienna Hotels");
- (3) Select Service Hotels managed and operated overseas: operation of self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels, mostly in Europe and under the 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 period.

For the six months ended 30 June 2017

## **TURNOVER AND SEGMENT INFORMATION (CONTINUED)**

#### (a) Turnover

The Group's revenue which represents turnover for the six months ended 30 June 2017 is as follows:

	Six months ended 30 June				
	2017 RMB'000	2016 RMB'000			
Full Service Hotels	910,034	959,303			
Accommodation revenue     Food and beverage sales	435,565 257,100	452,748 279,334			
Rendering of ancillary services     Rental revenue	41,724 94,190	48,499 93,844			
— Sales of hotel supplies	2,421	3,320			
— Hotel management	79,034	81,558			
Select Service Hotels — managed and operated in Mainland China	4,369,320	2,533,628			
<ul> <li>Accommodation revenue</li> <li>Food and beverage sales</li> </ul>	2,577,223 166,158	1,690,141 77,038			
Rendering of ancillary services     Rental revenue	338,561 64,914	212,866 23,817			
— Sales of hotel supplies	188,914	183,449			
Hotel management and franchise     Revenue under customer loyalty programme	884,027 149,523	254,329 91,988			
Select Service Hotels — managed and operated overseas	1,793,923	1,712,733			
— Accommodation revenue	976,579	948,153			
<ul> <li>Catering and sale of products</li> <li>Hotel management and franchise</li> </ul>	380,332 427,646	371,411 388,051			
— Others	9,366	5,118			
Food and Restaurants	178,064	168,344			
Passenger Transportation Vehicles and Logistics	1,187,761	1,144,169			
<ul><li>Vehicle operating</li><li>Trading of automobile</li></ul>	566,466 541,587	580,255 501,492			
— Refrigerated logistics	68,942	50,475			
— Others	10,766	11,947			
Travel Agency	734,365 730,580	799,114			
<ul><li>Travel agency</li><li>Others</li></ul>	730,580 3,785	781,882 17,232			
Other Operations	39,002	36,336			
	9,212,469	7,353,627			

The majority of the Group's sales are retail sales and no revenues from transactions with a single external customer account for 10% or more of the Group's revenue for the six months ended 30 June 2017 (for the six months ended 30 June 2016: nil).

For the six months ended 30 June 2017

### 6 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment information

The segment results for the six months ended 30 June 2017 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated in Mainland China RMB'000	Select Service Hotels — managed and operated overseas RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
External sales (note 6(a)) Inter-segment sales	910,034 2,388	4,369,320 962	1,793,923 9,387	178,064 3,398	1,187,761 1,349	734,365 —	39,002 29,030	9,212,469 46,514
Total gross segment sales	912,422	4,370,282	1,803,310	181,462	1,189,110	734,365	68,032	9,258,983
Profit for the period	280,295	239,568	147,115	107,432	157,819	51,892	(48,376)	935,745
Other income and gain (note 11)	68,033	68,359	22,446	62,823	40,999	111,750	174,605	549,015
Including: interest income (note 11)	3,505	9,102	510	42	5,417	5,766	25,445	49,787
Depreciation and impairment of								
property, plant and equipment (note 7) Depreciation of investment properties	(94,656)	(444,823)	(208,216)	(6,926)	(114,836)	(3,308)	(520)	(873,285)
(note 7)	(2,488)	_	_	_	(257)	(2,070)	_	(4,815)
Amortisation of land use rights (note 7)	(7,845)	(21,491)	_	_	(583)	_	(117)	(30,036)
Amortisation of intangible assets (note 7) (Provision for)/reversal of impairment of trade receivables, prepayments	(847)	(77,570)	(18,298)	(1,084)	-	(295)	(37)	(98,131)
and other receivables (note 12)	_	(6,265)	8,662	_	(1)	_	_	2,396
Provision for inventories write-down		(0.00)						(000)
(note 12) Finance costs — net	— (70.242)	(302)	(G7 124)	(202)		_	(100 220)	(302)
Share of results of joint ventures and	(70,342)	(42,114)	(67,124)	(392)	(408)	_	(109,339)	(289,719)
associates	132,395	(969)	1,815	60,459	87,865	(1,314)	(15,430)	264,821
Income tax expense (note 13)	(21,463)	(121,848)	•	(1,006)	(17,997)	,	(9,439)	(86,361)
Capital expenditures	19,717	239,655	324,110	3,337	74,259	2,336	264	663,678

For the six months ended 30 June 2017

### **TURNOVER AND SEGMENT INFORMATION (CONTINUED)**

## **Segment information (continued)**

The segment results for the six months ended 30 June 2016 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated in Mainland China RMB'000	Select Service Hotels — managed and operated overseas RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
External sales (note 6(a)) Inter-segment sales	959,303 3,475	2,533,628 973	1,712,733 —	168,344 3,820	1,144,169 634	799,114 31	36,336 22,427	7,353,627 31,360
Total gross segment sales	962,778	2,534,601	1,712,733	172,164	1,144,803	799,145	58,763	7,384,987
Profit for the period	321,868	94,800	50,946	74,611	153,132	50,207	86,502	832,066
Other income and gain (note 11)	342,921	31,903	33,113	48,274	51,197	70,886	283,254	861,548
Including: interest income (note 11)	1,038	5,695	611	44	7,836	4,216	21,090	40,530
Depreciation and impairment of property, plant and equipment (note 7)	(94,517)	(327,653)	(163,611)	(6,730)	(108,876)	(3,516)	(641)	(705,544)
Depreciation of investment properties (note 7)	(2,131)	_	_	_	(257)	(2,070)	_	(4,458)
Amortisation of land use rights (note 7)  Amortisation of intangible assets	(7,845)	(21,069)	_	_	(540)	_	(116)	(29,570)
(note 7) Provision for impairment of trade receivables, prepayments and	(1,072)	(40,447)	(16,751)	(861)	_	(274)	(39)	(59,444)
other receivables (note 12) Reversal of inventories write-down	(24)	(7,737)	(421)	_	(124)	_	_	(8,306)
(note 12)	_	43	_	_	_	_	_	43
Finance costs — net	(67,721)	(38,047)	(73,210)	(267)	(1,830)	_	(102,711)	(283,786)
Share of results of joint ventures and								
associates	43,605	(1,393)	4,108	48,526	68,720	341	594	164,501
Income tax expense (note 13) Capital expenditures	(96,410) 17,121	(44,167) 11,356,543	(48,232) 268,728	(1,253) 2,897	(16,381) 191,537	(8,960) 510	(30,321) 194	(245,724) 11,837,530

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### 6 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment information (continued)

The segment assets as at 30 June 2017 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated in Mainland China RMB'000	Select Service Hotels — managed and operated overseas RMB'000	Food and Restaurants RMB <sup>3</sup> 000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
Segment assets Investments in joint ventures Investments in associates	4,703,878 860,567 61,091	22,861,442 — 48,372	13,316,763 — 90,313	137,952 — 190,275	3,945,943 377,992 343,799	1,634,218 — 3,026	8,377,599 1,790 71,728	54,977,795 1,240,349 808,604
Total assets	5,625,536	22,909,814	13,407,076	328,227	4,667,734	1,637,244	8,451,117	57,026,748

The segment assets as at 31 December 2016 are as follows:

	Full Service	Select Service Hotels — managed and operated in	Select Service Hotels — managed and operated	Food and	Passenger Transportation Vehicles and		Other	
	Hotels RMB'000	Mainland China RMB'000	overseas RMB'000	Restaurants RMB'000	Logistics RMB'000	Travel Agency RMB'000	Operations RMB'000	The Group RMB'000
	TIMD 000	TIMD 000	TIMD 000	TIIVID 000	TIMB 000	TIMD 000	TIIVID 000	TIME 000
Segment assets	4,554,496	22,109,605	12,600,026	195,327	3,618,979	1,591,858	10,151,342	54,821,633
Investments in joint ventures	793,352	_	_	_	373,617	_	1,790	1,168,759
Investments in associates	39,189	25,249	83,271	221,706	378,305	17,304	15,417	780,441
Total assets	5,387,037	22,134,854	12,683,297	417,033	4,370,901	1,609,162	10,168,549	56,770,833

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

Other income in the segment of "Full Service Hotels" for the six months ended 30 June 2017 mainly a gain on disposal of an associate of RMB22,436,000 (for the six months ended 30 June 2016: a gain on partial disposal of a joint venture of RMB313,929,000). Other income in the segment of "Other Operations" for the six months ended 30 June 2017 mainly includes gains on disposal of available-for-sale financial assets of RMB86,659,000 (for the six months ended 30 June 2016: RMB209,292,000).

Capital expenditures comprise additions to property, plant and equipment (note 7), investment properties (note 7), land use rights (note 7) and intangible assets (note 7), which include additions resulting from acquisition through business combination (note 17) and prepayment for capital expenditures.

For the six months ended 30 June 2017

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

	Property, plant and equipment RMB'000	Investment properties RMB'000	Land use rights RMB'000	Intangible assets RMB'000
Cost				
At 1 January 2017	20,736,908	462,919	2,423,597	18,573,459
Additions	396,420	_	_	22,356
Additions resulting from acquisition through business				
combination (note 17)	61,974	_	_	182,928
Disposals Exchange differences	(264,515) 522,945	_	_	(784) 426,040
Exchange differences	522,945	<del></del> _		420,040
At 30 June 2017	21,453,732	462,919	2,423,597	19,203,999
At 1 January 2016	18,103,857	313,725	2,317,188	6,913,772
Additions	560,021	—		20,322
Additions resulting from acquisition through business	,			ŕ
combination	1,399,251	_	106,409	9,751,527
Transferred from property, plant and equipment to investment				
properties	(191,246)	191,246	_	(1,000)
Disposals  Evolution differences	(211,734)	_	_	(1,022)
Exchange differences	192,941	<del></del> -		261,882
At 30 June 2016	19,853,090	504,971	2,423,597	16,946,481

For the six months ended 30 June 2017

#### PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, LAND USE RIGHTS AND INTANGIBLE ASSETS 7 (CONTINUED)

### Accumulated depreciation, amortisation and impairment

	Property, plant and equipment RMB'000	Investment properties RMB'000	Land use rights RMB'000	Intangible assets RMB'000
At 1 January 2017	(8,221,505)	(174,471)	(471,988)	(314,295)
Depreciation, amortisation and impairment charge for the period (note 12) Disposals Exchange differences	(873,285) 236,915 (269,844)	(4,815) — —	(30,036)	(98,131) 395 (15,542)
At 30 June 2017	(9,127,719)	(179,286)	(502,024)	(427,573)
At 1 January 2016  Depreciation, amortisation and impairment charge for the	(7,117,878)	(97,966)	(412,407)	(142,664)
period (note 12) Transferred from property, plant and equipment to investment	(705,544)	(4,458)	(29,570)	(59,444)
properties	92,622	(92,622)	_	
Disposals Exchange differences	188,146 (79,601)	_	_	110 (6,777)
At 30 June 2016	(7,622,255)	(195,046)	(441,977)	(208,775)
Net book amount At 30 June 2017	12,326,013	283,633	1,921,573	18,776,426
At 30 June 2016	12,230,835	309,925	1,981,620	16,737,706

The fair value of the investment properties is approximately RMB1,148,882,000 (31 December 2016: approximately RMB991,313,000).

For the six months ended 30 June 2017

### 8 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Trade receivables Less: provision for impairment of trade receivables	1,259,373 (136,359)	999,476 (135,060)
Trade receivables — net Prepayments and deposits Loans to related parties by Finance Company (note 18(b)) Interest receivables Other amounts due from related parties (note 18(b)) Other prepaid and recoverable tax Dividends receivables Accrued rental revenue Receivables resulted from equity transactions Loans to related parties by the Group other than Finance Company (note 18(b)) Loans to third parties Value-added tax ("VAT") recoverable Others	1,123,014 1,095,956 1,045,000 340,603 258,381 226,873 61,326 51,420 32,428 29,500 16,526 3,811 56,468	864,416 1,105,008 422,000 359,670 133,674 203,318 11,884 49,694 — 130,820 28,422 3,157 56,140
Less: provision for impairment of other receivables  Prepayments and other receivables — net	(57,996) 3,160,296	(56,419) 2,447,368
	4,283,310	3,311,784
Less: non-current portion of trade receivables, prepayments and other receivables	(201,289)	(434,024)
Current portion of trade receivables, prepayments and other receivables	4,082,021	2,877,760

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

	At 30 June	At 31 December
	2017	2016
	RMB'000	RMB'000
0 to 3 months	954,095	792,645
3 months to 1 year	173,116	97,567
Over 1 year	132,162	109,264
	1,259,373	999,476

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

For the six months ended 30 June 2017

### 9 TRADE AND OTHER PAYABLES

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Trade payables Deposits from related parties in Finance Company (note 18(b)) Employee benefits payables Advances from customers Advances on behalf of the franchises Payables for purchases of property, plant and equipment and intangible assets Deposits from lessees and constructors Other tax payables Accrued expenses Dividend payable to non-controlling interests Other amounts due to related parties (note 18(b)) Deferred government grants Defined benefit plan of GDL Deferred revenue for customer royalty programme Marketing fund Payables related to the disposal of Shanghai Galaxy Hotel Co., Ltd. ("Galaxy Hotel") Provisions for other liabilities and charges Interests payable Deferred payment of acquisition of subsidiaries	1,702,808 1,691,648 1,580,183 1,359,747 514,117 512,596 431,718 314,549 216,420 154,301 150,920 90,732 57,687 50,983 42,707 36,962 32,440 31,548 9,796	1,698,379 1,041,098 1,572,740 1,173,430 393,491 634,678 395,797 303,105 188,892 21,763 167,155 50,123 49,010 47,721 43,361  36,962 61,392 54,283 187,642
Others  Less: non-current portion of trade payables, provisions and other payables  Current portion of trade payables, provisions and other payables	132,112 9,113,974 (957,762) 8,156,212	139,922 8,260,944 (927,987) 7,332,957

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
0 to 3 months 3 months to 1 year Over 1 year	1,527,883 116,253 58,672	1,518,892 117,283 62,204
	1,702,808	1,698,379

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

For the six months ended 30 June 2017

#### 10 BORROWINGS

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Borrowings included in non-current liabilities: Bank borrowings — secured Bank borrowings — unsecured Borrowings from related parties (note 18(b)) Finance lease liabilities	11,024,441 5,299,444 4,374,800 175,359	14,456,995 4,533,148 300,000 169,777
Less: current portion of long-term secured bank borrowings current portion of long-term unsecured bank borrowings current portion of long-term finance lease	20,874,044 (6,255,188) (7,891) (11,947)	19,459,920 (2,994,404) (65,269) (11,451)
	14,599,018	16,388,796
Borrowings included in current liabilities:  Bank borrowings — secured  Bank borrowings — unsecured  Borrowings from related parties (note 18(b))  Current portion of long-term secured bank borrowings  Current portion of long-term unsecured bank borrowings  Current portion of long-term finance lease	8,000 2,991,357 30,000 6,255,188 7,891 11,947	928,000 4,334,281 220,000 2,994,404 65,269 11,451
	9,304,383	8,553,405

As at 30 June 2017, the secured bank borrowings included:

- (a) Bank borrowings of EUR773,844,000, equivalent to RMB5,996,985,000 (31 December 2016: EUR1,289,484,000 equivalent to RMB9,423,308,000), which were pledged by the bank deposits RMB3,306,492,000 (31 December 2016: RMB4,723,560,000) and the ownership of a subsidiary, and guaranteed by Jin Jiang International;
- (b) Bank borrowings of Polish Zloty ("PLN") 48,946,000, equivalent to RMB77,456,000 (31 December 2016: PLN48,946,000, equivalent to RMB73,687,000), pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland:
- (c) Bank borrowings of RMB8,000,000, which were guaranteed by a non-controlling shareholder of a subsidiary of the Group;
- (d) Bank borrowings of RMB30,000,000 (31 December 2016: RMB40,000,000), which were guaranteed by a non-controlling shareholder of a subsidiary of the Group; and
- (e) Bank borrowings of RMB4,920,000,000 (31 December 2016: RMB4,920,000,000), which were pledged by the equity interest in a subsidiary of the Group.

For the six months ended 30 June 2017

### 10 BORROWINGS (CONTINUED)

As at 31 December 2016, the secured bank borrowings included:

- (a) Bank borrowings of RMB920,000,000, which were pledged by the non-controlling interests of a subsidiary of the Group and guaranteed by Jin Jiang International;
- (b) Bank borrowings of RMB8,000,000, which were jointly guaranteed by the shareholders of a subsidiary of the Group.

Finance lease liabilities with carrying amount of RMB175,359,000 (31 December 2016: RMB169,777,000) are effectively secured as the rights to the leased assets with carrying amount of RMB240,639,000 (31 December 2016: RMB265,118,000) revert to the lessor in the event of default.

Movements in borrowings are analysed as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
At beginning of the period	24,942,201	16,385,293
Bank borrowings additions resulting from business combination (note 17)	5,448	1,865,332
Proceeds from borrowings	6,881,243	11,797,112
Repayments of borrowings	(7,932,598)	(1,161,693)
Payments of finance leases	(4,485)	(7,205)
Foreign exchange loss	11,592	405,966
At end of the period	23,903,401	29,284,805

For the six months ended 30 June 2017

### 11 OTHER INCOME AND GAIN

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Dividend income	179,563	140,685
— Listed equity investments	61,404	88,032
— Unlisted equity investments	118,159	52,653
Gain on disposal of available-for-sale financial assets	174,634	248,871
Interest income	49,787	40,530
Gain on disposal of investments in subsidiaries	33,508	_
Government grants income (a)	29,557	41,127
Gain on disposal of investment in associates	25,175	_
Gain on partial disposal of investment in a joint venture	12,340	313,929
Gain on disposal of property, plant and equipment	8,160	13,178
Gain on disposal of financial assets at fair value through profit or loss	551	471
Gain on foreign exchange forward contract	_	21,582
Others	35,740	41,175
	549,015	861,548

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

For the six months ended 30 June 2017

### 12 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Employee benefit expenses	2,895,049	2,109,747
Changes in inventories	1,878,724	1,754,538
Operating leases — land and buildings	943,327	629,927
Depreciation and impairment of property, plant and equipment (note 7)	873,285	705,544
Utility cost and consumables	452,708	374,830
Repairs and maintenance	240,810	224,636
Commissions paid to travel agencies	193,506	163,000
Advertising costs	189,374	98,827
Business tax, property tax, VAT through a simplified method and other tax		
surcharges	150,004	217,606
Consulting fee	114,454	52,559
Amortisation of intangible assets (note 7)	98,131	59,444
Laundry costs	54,464	34,834
Transportation expenses	50,871	41,784
Telecommunication expenses	41,810	35,351
Amortisation of land use rights (note 7)	30,036	29,570
Auditors' remuneration	14,627	14,166
Entertainment expenses	7,363	4,177
Depreciation of investment properties (note 7)	4,815	4,458
Provision for/(reversal of) inventories write-down	302	(43)
Transactions cost in relation to business combination	_	26,485
(Reversal of)/provision for impairment of trade receivables, prepayments and		
other receivables	(2,396)	8,306
Others	424,446	375,395
	8,655,710	6,965,141

For the six months ended 30 June 2017

#### 13 INCOME TAX EXPENSE

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Current tax: Mainland China current corporate income tax ("CIT") Overseas current corporate income tax	253,955 35,833	230,564 51,745
Deferred tax: Mainland China deferred income tax Overseas deferred income tax	(67,722) (135,705)	(35,486) (1,099)
	86,361	245,724

Provision for Mainland China CIT is calculated based on the statutory income tax rate of 25% on the assessable income of Group companies operating in Mainland China for the six months ended 30 June 2017 (for the six months ended 30 June 2016: 25%) as determined in accordance with the Corporate Income Tax Law of PRC and the Detail Implementation Regulations.

Hong Kong profits tax is provided at a rate of 16.5% on the estimated assessable profits of Group's subsidiaries incorporated in Hong Kong for the six months ended 30 June 2016; 16.5%). For the six months ended 30 June 2017, the Group's subsidiaries incorporated in Hong Kong did not have assessable profit and therefore has not provided for any Hong Kong profits tax (for the six months ended 30 June 2016; nil).

GDL is mainly operated in France and subject to income tax at 34.43% for the six months ended 30 June 2017 (for the six months ended 30 June 2016: 34.43%).

### 14 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Profit attributable to shareholders of the Company (RMB'000) Weighted average number of ordinary shares in issue (thousands)	555,336 5,566,000	552,614 5,566,000
Basic earnings per share (RMB cents)	9.98	9.93

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

For the six months ended 30 June 2017

#### 15 DIVIDENDS

The final dividend for the year 2016 of RMB8.0 cents (2015 final dividend: RMB6.5 cents) per share, totalling RMB445,280,000 (2015 final dividend: RMB361,790,000) was paid subsequently in July and August 2017. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016 interim dividend: nil).

### 16 COMMITMENTS

### (a) Capital commitments

Capital expenditure at 30 June 2017 contracted but not yet incurred is as follows:

	At	At
	30 June	31 December
	2017	2016
	RMB'000	RMB'000
Acquisition of property, plant and equipment	178,066	171,322

### (b) Operating lease commitments

The Group leases various premises, offices and machinery and also leases out space in hotels under non-cancellable operating lease agreements. The rental revenue recognised and the lease expenditure expensed in the unaudited condensed consolidated interim income statement during the six months ended 30 June 2017 is disclosed in note 6(a) and note 12, respectively.

Leases with different lessees and lessors are negotiated for terms ranging from 1 year to 25 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	At
	30 June	31 December
	2017	2016
	RMB'000	RMB'000
Not later than 1 year	190,606	186,358
Later than 1 year and not later than 5 years	642,867	663,945
Later than 5 years	582,464	595,695
	1,415,937	1,445,998

For the six months ended 30 June 2017

### 16 COMMITMENTS (CONTINUED)

### (b) Operating lease commitments (continued)

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Not later than 1 year Later than 1 year and not later than 5 years Later than 5 years	1,667,219 6,258,674 6,358,339	1,718,799 6,466,977 6,862,189
	14,284,232	15,047,965

### 17 BUSINESS COMBINATIONS

### Acquisition of 74% shares in Sarovar Hotels Private Limited ("Sarovar")

On 15 December 2016, GDL entered into agreements (the "Acquisition Agreements") to acquire 74% equity interest in Sarovar. Sarovar is principally engaged in operating selected service hotels in India.

On 12 January 2017, such 74% equity interest in Sarovar was transferred to GDL and the total closing consideration was EUR33,164,000 (equivalent to RMB247,241,000).

Upon the completion of the transaction on 12 January 2017, Sarovar became a subsidiary of the Group.

As a result of the acquisition, the Group is expected to increase its presence in the market of hotels in India. The Group involved an independent qualified valuation firm to evaluate the fair value of the identifiable net assets of Sarovar. As at 30 August 2017, the valuation has not been completed and the fair value of the identifiable net assets and the related goodwill of Sarovar shall be adjusted based on the final valuation result.

Details of purchase consideration are as follows:

	RMB'000
Purchase consideration:	
— Cash paid	247,241

For the six months ended 30 June 2017

#### **BUSINESS COMBINATIONS (CONTINUED)** 17

## Acquisition of 74% shares in Sarovar Hotels Private Limited ("Sarovar") (continued)

The assets and liabilities as of 12 January 2017 arising from the acquisition are as follows:

	Fair values RMB'000
Property, plant and equipment	61,974
Available-for-sale financial assets	9,402
Deferred income tax assets	1,307
Trade receivables, prepayments and other receivables — non-current portion	2,333
Inventories	510
Trade receivables, prepayments and other receivables — current portion	52,966
Cash and cash equivalents	6,403
Borrowings — non current portion	(5,448)
Deferred income tax liabilities	(17,916)
Trade and other payables — current portion	(24,622)
	00.000
Total identifiable net assets	86,909
Less: Non-controlling interest	(22,596)
Share of net assets (74%)	64,313
Add: Goodwill	182,928
Aud. doodwiii	102,920
Total purchase consideration	247,241
Total purchase consideration settled in cash for the period ended 30 June 2017	(247,241)
Cash and cash equivalents in the subsidiary acquired	6,403
Cash outflow of cash consideration on acquisition	(240,838)

For the six months ended 30 June 2017

### SIGNIFICANT RELATED PARTY TRANSACTIONS

#### (a) **Related party transactions**

The Group had the following significant related party transactions during six months ended 30 June 2017:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Transactions with Jin Jiang International and its subsidiaries, joint ventures and associates		
— Provision of hotel services	15,697	12,698
<ul> <li>Sales of property, plant and equipment</li> </ul>	5,078	_
— Provision of tourism services	3,676	2,678
— Rental income received	2,455	952
— Interest income received	1,921	6,216
— Provision of other services	1,804	1,892
— Sales of hotel supplies	628	1,049
Provision of vehicle operating services	189	217
Provision of food and beverage services	43	88
	31,491	25,790
<ul> <li>Borrowing additions</li> </ul>	550,000	_
Rental expenses paid	21,339	17,753
Receipt of room reservation fee	17,151	6,085
— Interest expenses paid	13,839	4,543
— Receipt of tourism services	11,564	2,306
— Purchase of food and beverage	715	343
- Receipt of food and beverage services	362	239
	614,970	31,269

For the six months ended 30 June 2017

### 18 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Related party transactions (continued)

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Transactions with joint ventures and associates of the Group		
<ul> <li>Provision of vehicle operating services</li> <li>Interest income received</li> <li>Rental income received</li> <li>Sales of hotel supplies</li> <li>Provision of hotel services</li> <li>Management fees received</li> </ul>	25,775 7,337 2,263 1,931 48	9,953 1,424 2,269 — 3,022
	37,354	16,668
<ul> <li>Purchase of property, plant and equipment</li> <li>Interest expenses paid</li> <li>Receipt of maintenance services</li> <li>Rental expenses paid</li> <li>Receipt of travel services</li> </ul>	18,951 5,065 1,247 349 4	66,396 3,814 747 470 36
	25,616	71,463

For the six months ended 30 June 2017

## SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Loans to related parties by Finance Company (note 8)		
— Jin Jiang International (i)     — Joint ventures of the Group (ii)     — Associates of the Group (iii)	650,000 340,000 55,000	100,000 267,000 55,000
	1,045,000	422,000
Loans to related parties by the Group other than Finance Company (note 8)		
— Joint ventures of the Group (iv)     — Associates of the Group (v)	20,500 9,000	120,500 10,320
	29,500	130,820
Other amounts due from related parties (note 8)		
<ul> <li>— Associates of the Group</li> <li>— Joint ventures of the Group</li> <li>— Subsidiaries, joint ventures and associates of Jin Jiang International</li> <li>— Jin Jiang International</li> </ul>	157,863 55,024 38,637 6,857	68,413 41,609 19,639 4,013
	258,381	133,674
Deposits from related parties in Finance Company (note 9)		
<ul> <li>— Jin Jiang International (vi)</li> <li>— Subsidiaries, joint ventures and associates of Jin Jiang International (vii)</li> <li>— Joint ventures of the Group (viii)</li> <li>— Associates of the Group (ix)</li> </ul>	(847,879) (604,474) (225,510) (13,785)	(258,800) (593,060) (181,577) (7,661)
	(1,691,648)	(1,041,098)

For the six months ended 30 June 2017

### 18 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Other amounts due to related parties (note 9)		
<ul> <li>Joint ventures of the Group</li> <li>Associates of the Group</li> <li>Jin Jiang International</li> <li>Subsidiaries, joint ventures and associates of Jin Jiang International</li> </ul>	(72,861) (43,636) (18,454) (15,969)	(84,479) (43,341) (20,302) (19,033)
	(150,920)	(167,155)
Borrowings from related parties (note 10)		
— Subsidiaries of Jin Jiang International (x)	(4,404,800)	(520,000)

- (i) The balance includes unsecured loans to Jin Jiang International of RMB650,000,000 as at 30 June 2017 (31 December 2016: RMB100,000,000) with effective interest rate of 3.70% (2016: 3.48%) per annum.
- (ii) The balance includes secured loans to a joint venture of RMB340,000,000 as at 30 June 2017 (31 December 2016: RMB260,000,000) with effective interest rate of 4.21% (2016: 4.21%) per annum which were guaranteed by its properties. The balance included a secured loan to a joint venture of RMB7,000,000 as at 31 December 2016 (30 June 2017: nil) with effective interest rate of 3.62% 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 30 June 2017 (31 December 2016: RMB55,000,000) with effective interest rate of 4.75% (2016: 6.15%) per annum which were guaranteed by its properties.
- (iv) The balance includes unsecured loans to joint ventures of RMB20,500,000 as at 30 June 2017 (31 December 2016: RMB120,500,000) with effective interest rate of 4.35% (2016: 4.35%) per annum.
- (v) The balance includes unsecured loans to an associate of the Group of RMB9,000,000 as at 30 June 2017 (31 December 2016: RMB10,320,000) with effective interest rate of 4.85% (2016: 4.23%) per annum.
- (vi) The balance includes deposits from Jin Jiang International of RMB847,879,000 as at 30 June 2017 (31 December 2016: RMB258,800,000) with effective interest rate of 0.39% (2016: 0.39%) per annum.
- (vii) The balance includes deposits from subsidiaries, joint ventures and associates of Jin Jiang International of RMB604,474,000 as at 30 June 2017 (31 December 2016: RMB593,060,000) with effective interest rate of 0.93% (2016: 1.16%) per annum.
- (viii) The balance includes deposits from joint ventures of RMB225,510,000 as at 30 June 2017 (31 December 2016: RMB181,577,000) with effective interest rate of 4.24% (2016: 4.20%) per annum.

For the six months ended 30 June 2017

### 18 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

- (ix) The balance includes deposits from associates of the Group of RMB13,785,000 as at 30 June 2017 (31 December 2016: RMB7,661,000) with effective interest rate of 0.61% (2016: 2.15%) per annum.
- (x) The balance includes unsecured borrowings from subsidiaries of Jin Jiang International of RMB530,000,000 as at 30 June 2017 (31 December 2016: RMB520,000,000) with effective interest rate of 3.48% (2016: 3.50%) per annum; and a subsidiary of Jin Jiang International of EUR500,000,000, equivalent to RMB 3,874,800,000 as at 30 June 2017 with effective interest rate of 1.08%.

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

### (c) Loan commitments and financial guarantees

### Loan commitments

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
<ul><li>— Associates of the Group</li><li>— Jin Jiang International</li><li>— Joint ventures of the Group</li></ul>	45,000 — —	1,000 400,000 50,500
	45,000	451,500
Financial guarantees provided to related parties  — Joint ventures of the Group	7,000	7,000

### (d) Key management compensation

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Salary and other allowances Discretionary bonus Retirement scheme contributions	739 18 246	842 134 93
	1,003	1,069

