



金茂酒店及金茂(中國)酒店投資管理有限公司
JINMAO HOTEL & JINMAO (CHINA) HOTEL
INVESTMENTS AND MANAGEMENT LIMITED

As constituted pursuant to a deed of trust on 13 June 2014 under the laws of
Hong Kong, the trustee of which is Jinmao (China) Investments Manager Limited
Registered in the Cayman Islands with limited liability

Stock Code : 06139

TOP

QUALITY ASSETS
WITH STRONG BRAND
RECOGNITION

ANNUAL REPORT 2016



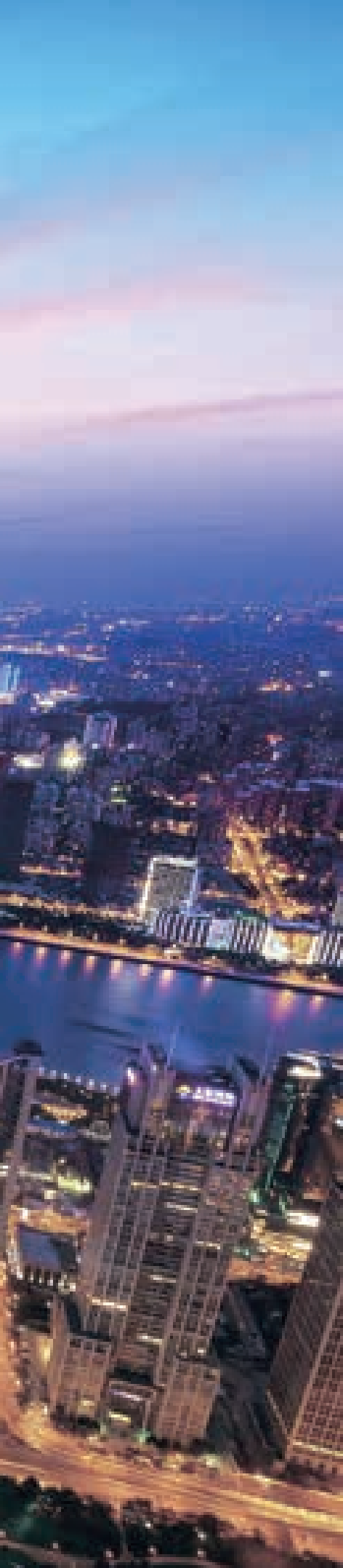
OUR VISION

Internationally renowned and China's first-class hotel investor and operator.

OUR MISSION

We are committed to the ideology of “Innovation, Consolidation and Cooperation” to build the brand value and affiliated organizations, and through providing sustainable products, services and continuous system innovation, we would be able to build our brand value and create a mutually beneficial platform for the benefit of Holders of Share Staped Units and the community as a whole.





JINMAO HOTEL and JINMAO (CHINA) HOTEL INVESTMENTS AND MANAGEMENT LIMITED
ANNUAL REPORT 2016

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ABOUT JINMAO HOTEL



Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited (stock code: 06139) is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. The Group primarily owns and invests in a portfolio of hotels with diversified revenue sources and customer mix from a portfolio of high quality hotels and commercial properties, comprising 8 hotels and Jin Mao Tower, a mixed-use development. The properties are all located in prime, strategic locations in top-tier cities or tourist hot spots in the PRC and comprise high quality hotels and commercial property.

Adhering to the high-end and boutique positioning, the Group has been investing and operating hotels in Shanghai, Beijing, Sanya and other regions with strong brand recognition and a market leading position, and will continue to improve the operational efficiency of its properties and seek for asset enhancement opportunities for further development.

ABOUT JINMAO HOTEL



- Jin Mao Tower (Level 53-87 being Grand Hyatt Shanghai)
- Hilton Sanya Yalong Bay Resort & Spa
- The Ritz-Carlton Sanya, Yalong Bay
- The Westin Beijing Chaoyang
- JW Marriott Hotel Shenzhen
- Hyatt Regency Chongming
- Renaissance Beijing Wangfujing Hotel
- Grand Hyatt Lijiang

MILESTONES IN 2016



In March

The Company held a ceremony for signing a strategic cooperation agreement, which was the first time for Ctrip to cooperate with the owner company in the PRC.



In July

Jin Mao Skywalk, another feature of the Observation Deck on the 88th floor of Jin Mao Tower, was into trial operation, which is the highest outdoor skywalk among the tallest high-rise building in the world.

In April

China Jin Mao (Group) was titled the "Best Hotel Owners of China" by the 11th China Hotel Starlight Awards.



In September

China Jin Mao (Group) was awarded as the "2016 China's Best Hotel Owner" by the 13th China Hotel Golden-Pillow Award.





In August

JW Marriott Hotel Shenzhen successfully hosted the Third Conference of APEC Business Advisory Council (“ABAC”) in 2016 and achieved a successful reception. More than 260 well-known entrepreneurs and businessmen from 21 Asia-Pacific economies came to the Conference, including Mr. Juan Raffo, honorary chairman of the conference, Mr. Wang Hongzhang, Chairman of China Construction Bank and Mr. Ning Gaoning, Chairman of Sinochem Group.



In August

Lijiang Jin Mao Boutique Hotel, the first villa hotel independently prepared and operated by China Jin Mao (Group) Co., Ltd., has commenced operation.



In October

2016 Shanghai International Vertical Grand Prix finals were held in Jinmao Tower.

In November

Jinmao (China) Hotel Investments and Management Limited was awarded as the “Listed Enterprises of the Year” in the “Listed Enterprises of the Year 2016” held by Bloomberg Businessweek, a well-known financial magazine.



CORPORATE INFORMATION

TRUST

Jinmao Hotel (formerly known as Jinmao Investments)

(As constituted pursuant to a deed of trust on 13 June 2014 under the laws of Hong Kong, the trustee of which is Jinmao (China) Investments Manager Limited)

LISTING

The Share Stapled Units of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited (formerly known as Jinmao Investments and Jinmao (China) Investments Holdings Limited) were listed on the Main Board of the Stock Exchange on 2 July 2014

CORPORATE INFORMATION OF THE TRUSTEE – MANAGER

Trustee-Manager

Jinmao (China) Investments Manager Limited

Board of Directors

Non-executive Directors

Mr. LI Congrui (Chairman)

(appointed as Chairman on 29 April 2016)

Mr. CAI Xiyou (Chairman)

(resigned on 15 March 2016)

Mr. JIANG Nan

Ms. LAN Haiqing (appointed on 29 April 2016)

Executive Director and Chief Executive Officer

Mr. ZHANG Hui

Independent non-executive Directors

Dr. CHUNG Shui Ming Timpson

Dr. CHEN Jieping

Dr. XIN Tao

Registered Office

Rooms 4702-03, 47th Floor,
Office Tower, Convention Plaza,
No. 1 Harbour Road,
Wanchai, Hong Kong

Company Secretary

Ms. HO Wing Tsz Wendy

(Fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom)

Authorised Representatives

Mr. JIANG Nan

Ms. HO Wing Tsz Wendy

Trustee-Manager Audit Committee

Dr. CHEN Jieping (Chairman)

Mr. JIANG Nan

Dr. XIN Tao

Share Stapled Units Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

CORPORATE INFORMATION OF THE COMPANY

The Company

Jinmao (China) Hotel Investments and
Management Limited

(Formerly known as Jinmao (China) Investments
Holdings Limited)

(Registered in the Cayman Islands with limited
liability)

Registered Office

Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Rooms 4702-03, 47th Floor,
Office Tower, Convention Plaza,
No. 1 Harbour Road,
Wanchai, Hong Kong

Board of Directors

Non-executive Directors

Mr. LI Congrui (Chairman)
(appointed as Chairman on 29 April 2016)
Mr. CAI Xiyu (Chairman)
(resigned on 15 March 2016)
Mr. JIANG Nan
Ms. LAN Haiqing
(appointed on 29 April 2016)

Executive Director and Chief Executive Officer

Mr. ZHANG Hui

Independent non-executive Directors

Dr. CHUNG Shui Ming Timpson
Dr. CHEN Jieping
Dr. XIN Tao

Head of Finance

Ms. ZHANG Runhong

Company Secretary

Ms. HO Wing Tsz Wendy
(Fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom)

Authorised Representatives

Mr. JIANG Nan
Ms. HO Wing Tsz Wendy

Legal Advisers

As to Hong Kong laws:

Freshfields Bruckhaus Deringer
11th Floor, Two Exchange Square, Central,
Hong Kong

As to PRC laws:

Beijing Guantao (Shanghai) Law Firm
(Formerly known as Shen Da Law Firm)
32/F, World Plaza, 855 Pudong Nan Road,
Shanghai, the PRC

As to Cayman Islands laws:

Conyers Dill & Pearman (Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman KY1-1111,
Cayman Islands

Company Audit Committee

Dr. CHEN Jieping (Chairman)
Mr. JIANG Nan
Dr. XIN Tao

Company Remuneration and Nomination Committee

Dr. CHUNG Shui Ming Timpson (Chairman)
Mr. LI Congrui
Dr. CHEN Jieping

Auditor

Ernst & Young
22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong

CORPORATE INFORMATION

Address Where the Principal Register of Members is Kept

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Address Where the Hong Kong Register of Members is Kept

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong

Share Stapled Units Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong

Investor Enquiries

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Website

www.jinmao88.com

Stock Code

06139



FINANCIAL HIGHLIGHTS

Jinmao Hotel is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. The Share Stapled Units jointly issued by Jinmao Hotel and the Company were successfully listed on the Main Board of the Stock Exchange on 2 July 2014. This report covers the financial period from 1 January 2016 to 31 December 2016.

Unit: RMB million

	For the year ended		
	31 December		
	2016	2015 (Restated)	Change (%)
Revenue	2,450.8	2,390.3	3
EBITDA	920.8	899.6	2
Profit attributable to Holders of Share Stapled Units	374.6	436.1	-14
Basic earnings per Share Stapled Unit (RMB cents)	18.7	21.8	-14
Total assets	18,407.2	18,223.3	1
Total equity	6,535.5	6,977.6	-6
Net debt-to-adjusted capital ratio (%)	71	74	-4

Note: Net debt-to-adjusted capital ratio = (interest-bearing bank and other borrowings – cash and cash equivalents – restricted bank balances)/(total equity + amount due to related parties).





CHAIRMAN'S STATEMENT

In 2017, the Group will continue to enhance the sensibility, crisis awareness, and market-oriented awareness. We will strive to be the entrepreneurs and strugglers, put efforts to innovate sales strategies, improve operational efficiency and stabilize revenue, ensuring a better performance than our competitors under the same conditions, creating values for the Holders of Share Stapled Units, and enhancing the distribution level and market value of the Company.

Dear all,

On behalf of the Boards of the Trustee-Manager and the Company, I am pleased to present the annual report of Jinmao Hotel and the Group for the year ended 31 December 2016 for review by the Holders of Share Stapled Units.

During the Review Period, profit attributable to Holders of Share Stapled Units of the Company amounted to RMB375 million and basic earnings per Share Stapled Unit amounted to RMB0.19. The Boards have recommended a distribution of approximately RMB612 million (equivalent to approximately HK\$714 million), which will be subject to the approval at the 2016 AGM.

In the context of the persistence of protectionism, the potential decline in global economic growth and the fragility of some emerging economies, the global economic growth in 2016 is expected to see a lowest level since the 2008 financial crisis of only 2.3%. The economic growth of Mainland China is still in decline, with the annual GDP growth rate of 6.7%, which was relatively high among the world economy.

In 2016, the tourism economy continued to be higher than the macroeconomic growth, showing a high growth of vigorous development. Annual domestic tourists amounted to 4.44 billion, representing a year-on-year increase of 11%. The domestic tourism revenue amounted to RMB3.9 trillion, representing a year-on-year increase of 14%. The number of inbound tourists reached 138 million, representing a year-on-year increase of 3.8%, including 28.142 million foreign tourists, representing a year-on-year increase of 8.3%. The international tourism revenue amounted to USD120 billion, representing a year-on-year increase of 5.6%. The outbound tourists amounted to 122 million, representing a year-on-year increase of 4.3%. The basic trend of healthy development of China's hotel industry is increasingly stable.

In 2016, the hotels in Mainland China continued the operation strategy of "occupancy over room rate". The occupancy of hotels in major cities of the PRC showed a year-on-year increase. However, the average daily rate of most cities other than the major cities showed a year-on-year negative growth, indicating a continuing fierce competition and a relevant big change of customer structure while the demand of hotels in major cities was high. In conclusion, we expect the performance of high-end hotel may be nearing the bottom and may stabilize and rise up in the next few years.

We estimate that the growth rate of high-end hotel investment has started to slow down. In the future, we will pay more attention to the value increase of our existing assets and the optimization and restructuring of our assets, which also reduced the current operating pressure. Middle class consumption is becoming the mainstream and the excellent operating margins made the high-end boutique hotels, themed boutique hotels and mid-range limited service hotels product types with better return on investment. International high-end brands are gradually expanding their product line downward, to adapt to the changes of customer structure and consumption habits.

Under the management philosophy of "Advancement, Stringency, Refinement, Effectiveness", the Company carried out our works in strict accordance with the requirements of the total quality management, with revenue elevation as the core and the reducing costs and expenses as the support. The revenue of operation amounted to RMB2,451 million, representing a year-on-year increase of 3%. EBITDA for the year amounted to RMB921 million, representing a year-on-year increase of 2%.

CHAIRMAN'S STATEMENT

In relation to the revenue elevation in hotel operations, the Company strived to perform better than the competitors under the same conditions. We will continue to enhance the market segment performance of the hotels, promote the establishment and operation of direct booking platform of the hotels of the Group, promote breakthroughs in terms of new positioning, new products, new services and new sales strategies on food and beverages of the hotels, and to improve customer satisfaction according to the reviews provided by hotel customers. In relation to reduction in costs and expenses, the Company has earnestly implemented measures in relation to operation cost, labor cost, energy cost and purchasing cost, and has achieved remarkable results in cost management and control that pioneered the industry. In relation to the asset-light businesses, we have taken the first step in the development of asset-light businesses, the self-managed hotel and management output. Through unremitting efforts, the hotel operations segment in 2016 recorded revenue of RMB1,809 million, representing a year-on-year increase of 4%.

In relation to the leasing of commercial properties, under the dual challenges of the terminations of office premise leases by major customers and the market-wide exit of Internet finance enterprises, we have made our best efforts to maintain and expand customer base and ensured zero core customer loss. We also introduced nearly 20 quality customers in finance, consultancy and law firms, further optimizing the customer structure. The increase of the new contract rental is 9%. The average rent of new customers is 11% higher than the average rent in Grade A offices market at Shanghai Pudong New Area, setting an all-time high in respects of office revenue, profit and average rent for Jinmao Tower. Shanghai J•LIFE overcame the impact of the market-wide exit of Internet finance enterprises, and actively explored new customers. However, the occupancy and the average rental in 2016 Shanghai J•LIFE were

subject to certain impact. The occupancy as of the end of the year was 90.7%. In 2016, revenue from leasing of commercial properties amounted to RMB496 million, with a year-on-year decrease of 3%.

The Observation Deck on the 88th floor of Jin Mao Tower concentrated on sales and marketing and optimizing customer structures, in order to firmly secure quality key customers. The Skywalk project has formally commenced operation. According to customer segment statistics, there is an increase in the proportion of the individual guests market. The customer structure becomes more reasonable and the follow-up performance growth space has been expanded.

In recent years, China's economic development has entered a new normal, with a slowing growth. However, China's economic growth continues to rank high among the world's major economies and China is still the world's first engine of economic growth. During the 13th Five-year plan, the tourism economy grew steadily. The annual growth rate of urban and rural tourists is approximately 10%, the annual increase in the total revenue of tourism is above 11%, and the annual growth in the direct investment of tourism is above 14%. At present, China's GDP per capita is close to USD8,000. During the process of China becoming a high-income economy, the hotel industry is still promising.

In 2017, in light of the development environment and trend of tourism at home and abroad, it is estimated that Mainland China's total travel-related revenue will exceed RMB5 trillion at a year-on-year increase of 11% and the visitor arrivals will amount to a total count of 4.8 billion at a year-on-year increase of 10%. We are generally positive and optimistic on the tourism economy this year and expect a steady upward market trend in the high-end hotels in Shanghai, Beijing, Shenzhen, Sanya and Lijiang.

CHAIRMAN'S STATEMENT

In 2017, the Group will dedicate to innovation of sales strategies, improve operational efficiency and stabilize revenue, ensuring a better performance than our competitors under the same conditions, creating values for the Holders of Share Stapled Units, and enhancing the distribution level and market value of the Company.

In relation to the revenue elevation in hotel operations, we will continue to enhance the weak areas of the hotel operation results; promote the floor efficiency of the inefficient assets and idle areas; promote the establishment and direct marketing's ability of booking platform for the hotels of the Group; improve Food & Beverage sales and innovation of strategies. We will continue to carry out hotel cost optimization to increase operational efficiency.

In relation to the office premises, leveraging on the solid customer base, we will establish flexible commission and pricing strategy. We will maintain the balance between the rental and customer structure and protect the quality of tenants. We will further improve the quality of office area and strengthen the market competitiveness. We will continue to improve the quality of our office premises and ensure a steady occupancy while achieving stable and positive results. We have enhanced the sightseeing experience at the Observation Deck on the 88th floor of Jin Mao Tower, in order to optimize the entertainment, educational and fashionable features of our products. We will accelerate the transformation of marketing model and channels for sightseeing business to ramp up our marketing and promotion scale. The Company will focus on hotel operations, seek investment projects with high value and nurture profit growth opportunity for asset-light businesses.

Looking forward, we will insist on the current results as the core, promote development innovation, cultural innovation and management innovation, improve the profitability and enhance the ROE and distribution level of the Company. The Group will continue to enhance the sensibility, crisis awareness and market-oriented awareness. We will strive to be the entrepreneurs and strugglers. With the endowment, extension, steady development, we will focus on both the light and heavy assets, to strengthen the implementation. We will stay competitive and create excellence. We are striving to be the first-class. We are one step closer to the internationally renowned, domestic first-class hotel investor and operator.

Last but not least, on behalf of the Boards, I would like to take this opportunity to express my sincere gratitude to all customers, business partners, Holders of Share Stapled Units and employees of the Company. All the employees of the Jinmao Hotel will uphold the management philosophy of "Advancement, Stringency, Refinement and Effectiveness" and continue to strive for excellence to achieve even more remarkable results in the future in order to maximize the returns for all Holders of Share Stapled Units.



Chairman
LI Congrui

Hong Kong
27 March 2017

HONOURS AND AWARDS IN 2016

JINMAO HOTEL & JINMAO (CHINA) HOTEL INVESTMENT AND MANAGEMENT LIMITED

1. In March, the Observation Deck on the 88th floor of Jin Mao Tower was awarded as “Top Ten Popular Attractions in 2015” by the Tourism Bureau of Shanghai Pudong New Area.
2. In April, China Jinmao (Group) was awarded “Best Hotel Owners of China” by the Judging Committee of the 11th China Hotel Starlight Awards.
3. In May, Jinmao Tower was awarded as “2016 China Tall Building Legacy Award” by China International Exchange Committee for Tall Building, Council on Tall Building and Urban Habitat.
4. In September, China Jinmao (Group) was awarded as “2016 China’s Best Hotel Owner” by the 13th Golden-Pillow Award of China’s Hotel.
5. In November, Jinmao (China) Hotel Investments and Management Limited was awarded as the “Listed Enterprises of the Year” in the “Listed Enterprises of the Year 2016” held by Bloomberg Businessweek, a well-known financial magazine.
6. In December, the Observation Deck on the 88th floor of Jin Mao Tower was awarded as “Ten Connoisseur Experience Tourist Attractions of 2016” by LY.COM.

GRAND HYATT SHANGHAI

1. In February, Grand Hyatt Shanghai was granted the 2016 Forbes Travel Guide Four-Star Award by Forbes.
2. In May, Grand Hyatt Shanghai was awarded as the “2016 Certificate of Excellence” by tripadvisor.com.
3. In September, Grand Hyatt Shanghai was awarded as the “2016 China’s Top 10 Most Popular Business Hotels” by the 13th Golden-Pillow Award of China’s Hotels.
4. In November, Grand Hyatt Shanghai was awarded as “Most Popular Hotel Gold Award in 2016” by the List of Mouth of Word of Ctrip.
5. In December, Grand Hyatt Shanghai was awarded as “Best Business Hotel” by Timeout Shanghai.



HYATT REGENCY CHONGMING

1. In February, Hyatt Regency Chongming (Pin Yue Chinese Restaurant) was granted the title of “2015-2016 Best Chinese Restaurant” by Restaurant Review.
2. In July, Hyatt Regency Chongming was granted the title of “Best MICE Leisure Hotel in 2016” by Airport Journal.
3. In October, Hyatt Regency Chongming was awarded as “The Best Leisure Hotel” by City Travel.
4. In November, Hyatt Regency Chongming was granted the title of “Most Popular Pet-friendly Hotel of China in 2016” by Shang Travel.
5. In December, Hyatt Regency Chongming was granted the title of “Best MICE Leisure Hotel in 2016” by Youth Weekend AIRTIME.

THE WESTIN BEIJING CHAOYANG

1. In January, The Westin Beijing Chaoyang (Grange Grill) was granted the title of “2016 Most Recommended Restaurant” by LifeStyle magazine.
2. In February, The Westin Beijing Chaoyang was granted the “2015 10th China Tourism Golden Awards – Recommended City Hotel” by National Geographic Traveler magazine.
3. In June, The Westin Beijing Chaoyang (Grange Grill) was granted the title of “China’s wine list of the year-Highly” by “China’s Wine List of the Year Awards 2016” organized by China Sommelier Association.
4. In June, The Westin Beijing Chaoyang was granted the title of “2015-2016 Outstanding Family Dinner Hotels – Best Convention & Exhibition Hotel” by Jet Master magazine.
5. In September, The Westin Beijing Chaoyang (Grange Grill) was granted the title of “Recommended Grill House in 2016” by Target.



HONOURS AND AWARDS IN 2016

RENAISSANCE BEIJING WANGFUJING HOTEL

1. In March, Renaissance Beijing Wangfujing Hotel was awarded as “Best Operating Margin Award for the First Quarter of 2016” by Marriott International Group.
2. In April, Renaissance Beijing Wangfujing Hotel was granted the title of the “2015-2016 Best Conference Hotel” by 2016 China Business Awards Tourism Industry Gold Chair Award organized by micecn.com.
3. In June, Renaissance Beijing Wangfujing Hotel was granted the title of “2016 Best Business Hotel – Deluxe” at the 6th Annual China Hotel Awards hosted by LifeStyle magazine.
4. In June, Renaissance Beijing Wangfujing Hotel was granted the title of “2016 Outstanding Regional Chinese Cuisine” by City Weekend.
5. In June, Renaissance Beijing Wangfujing Hotel was granted the title of “Best Design Hotel in 2016” by Metropolitan magazine.

THE RITZ-CARLTON SANYA, YALONG BAY

1. In April, The Ritz-Carlton Sanya, Yalong Bay was awarded as “2015 Best Strategic Partner in Sanya” by Booking.com.

2. In June, The Ritz-Carlton Sanya, Yalong Bay was granted the title of “2016 China Hotel Awards Best Wedding Hotel – Ultra Luxury” by LifeStyle magazine.
3. In July, The Ritz-Carlton Sanya, Yalong Bay was granted the title of “China Green Hotel – Golden Leaf” by Sanya Tourism Development Commission.
4. In November, The Ritz-Carlton Sanya, Yalong Bay was awarded as “Best Family Hotel Award in 2016” by Ctrip Travel Reputation List.
5. In November, The Ritz-Carlton Sanya, Yalong Bay was awarded as “Best Luxury Hotel Award in 2016” by Ctrip Travel Reputation List.

HILTON SANYA YALONG BAY RESORT & SPA

1. In January, Hilton Sanya Yalong Bay Resort & Spa was granted the title of the “Best Strategic Partner” by Ctrip.
2. In January, Hilton Sanya Yalong Bay Resort & Spa was granted the “2015 Best Resort Hotel Award” by Ctrip Travel Reputation List.



HONOURS AND AWARDS IN 2016

3. In May, Hilton Sanya Yalong Bay Resort & Spa was granted the “2016 Certificate of Excellence” by tripadvisor.com.
4. In November, Hilton Sanya Yalong Bay Resort & Spa was awarded as “Best Family Hotel Award in 2016” by Ctrip Travel Reputation List.
5. In December, Hilton Sanya Yalong Bay Resort & Spa was awarded as “2016 Best Family Hotel” by Voyage Magazine.

JW MARRIOTT HOTEL SHENZHEN

1. In February, JW Marriott Hotel Shenzhen was granted the “2015 Best Service Hotel Award” by Ctrip Travel Reputation List.
2. In February, JW Marriott Hotel Shenzhen was granted the “The Best Business Meeting Hotel” by Economic Weekly.
3. In April, JW Marriott Hotel Shenzhen was granted the title of “Best Luxury Hotel in Shenzhen” at the TTG Travel Awards.
4. In June, JW Marriott Hotel Shenzhen was granted the title of “2016 Best MICE Hotel – Luxury” at the 6th Annual China Hotel Awards by LifeStyle magazine.
5. In June, JW Marriott Hotel Shenzhen was granted the title of “Best Business Hotel” by Metropolitan Magazine.

GRAND HYATT LIJIANG

1. In May, Grand Hyatt Lijiang was granted the title of “2016 Certificate of Excellence” by tripadvisor.com.
2. In June, Grand Hyatt Lijiang was granted the title of “2015 Best Partner in Lijiang” by Booking.com.
3. In July, Grand Hyatt Lijiang was granted the title of “Best Family Friendly Hotel” by Metropolitan magazine.
4. In October, Grand Hyatt Lijiang was awarded as “Most Innovative Conference Resort Hotel in 2016” by China Meeting Industry Conference.
5. In November, Grand Hyatt Lijiang was granted the title of “2016 Best Resort Hotel” by Voyage Magazine.



MANAGEMENT DISCUSSION AND ANALYSIS



Jinmao Hotel is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. The Share Stapled Units jointly issued by Jinmao Hotel and the Company were successfully listed on the Main Board of the Stock Exchange on 2 July 2014. The objectives of Jinmao Hotel and the Company are (a) to focus principally on the payment of distributions to the Holders of Share Stapled Units with a clearly expressed intention as to their respective distribution policies stated in the Trust Deed and the Company's Articles and (b) to provide the Holders of Share Stapled Units with the potential for sustainable long-term growth in the distributions payable to them and the benefits which arise from the enhancement in the value of the Group's portfolio of properties.

DISTRIBUTIONS

As disclosed in the Prospectus and pursuant to the Distribution Guarantee and Shortfall Payments Deed, China Jinmao agreed to provide the Shortfall Payments to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) of an amount equal to the difference between the specified EBITDA (being HK\$220 million) and the actual EBITDA of the Shortfall Payment Hotels in any financial year ending 31 December 2015, 2016 and 2017 (the "Shortfall Payment Period") up to an aggregate maximum amount to be paid of HK\$300 million for the entire Shortfall Payment Period.

Based on the actual EBITDA of the Shortfall Payment Hotels for the six months ended 30 June 2016, China Jinmao has paid an amount of approximately HK\$67 million to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) pursuant to the Distribution Guarantee and Shortfall Payments Deed.

MANAGEMENT DISCUSSION AND ANALYSIS

Upon settlement of the payments as mentioned above, the Shortfall Payments paid by China Jinmao to the Trustee-Manager pursuant to the Distribution Guarantee and Shortfall Payments Deed amounted to HK\$300 million. Accordingly, China Jinmao will not make any further Shortfall Payments to the Trustee-Manager during the remaining Shortfall Payment Period pursuant to the Distribution Guarantee and Shortfall Payments Deed.

The Boards have recommended the payment of a final distribution of HK16.18 cents per Share Stapled Unit for the year ended 31 December 2016 to the Holders of Share Stapled Units, based on the total Trust Distributable Income of approximately RMB612 million (equivalent to approximately HK\$714 million) for the same period. Subject to approval of the Holders of Share Stapled Units at the forthcoming 2016 AGM, the payment of the proposed final distribution is expected to be made on or before 30 June 2017. Taken together with the interim distribution of HK19.50 cents per Share Stapled Unit paid in October 2016, the total distribution per Share Stapled Unit for the year 2016 is HK35.68 cents.

The Trustee-Manager Board has confirmed, in accordance with the Trust Deed, that (i) the auditors of the Trust Group have reviewed and verified the Trustee-Manager's calculation of the distribution entitlement per Share Stapled Unit, and (ii) having made all reasonable enquiries, immediately after making the distribution to registered unitholders of the Trust, the Trustee-Manager will be able to fulfil, from the Trust Property, the liabilities of the Trust as they fall due.

OVERVIEW OF ASSET PORTFOLIO

Jinmao Hotel is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. Jinmao Hotel and the Group primarily own and invest in a portfolio of hotels, comprising eight hotels and Jin Mao Tower, a mixed-use development.

The property portfolio of the Group as at the date of this report comprises the following Properties, all of which are located in the PRC:

JINMAO HOTEL ASSET PORTFOLIO (BY CATEGORY)

Category	Property	City	Total GFA (sq.m.)	Number of rooms
1. Hotel	Grand Hyatt Shanghai	Shanghai	76,013	555
	Hilton Sanya Yalong Bay Resort & Spa	Sanya	75,208	501
	The Ritz-Carlton Sanya, Yalong Bay	Sanya	83,772	455
	The Westin Beijing Chaoyang	Beijing	77,945	550
	JW Marriott Hotel Shenzhen	Shenzhen	51,730	411
	Hyatt Regency Chongming	Shanghai	48,992	235
	Renaissance Beijing Wangfujing Hotel	Beijing	44,435	329
	Grand Hyatt Lijiang	Lijiang	84,384	401
Subtotal			542,479	3,437
2. Office	Jin Mao Tower office (including the evacuation floors on the 15th floor and the 30th floor)	Shanghai	137,121	N/A
3. Retail	Shanghai J•LIFE	Shanghai	35,659	N/A
4. Tourist	Observation Deck on the 88th floor of Jin Mao Tower	Shanghai	1,885	N/A
5. Property Management	Shanghai Property Management	N/A	N/A	N/A
6. Car Services	Shanghai Jin Mao Jin Jiang Automobile Service Company Limited	N/A	N/A	N/A

MANAGEMENT DISCUSSION AND ANALYSIS

All of the Properties are located in prime and strategic locations in top tier cities or tourist hot spots in the PRC. All of the Properties (other than Jin Mao Tower) are standalone hotels. All of the hotels are managed by globally renowned hotel management companies (being Hyatt Hotels Corporation, Starwood Hotels & Resorts Worldwide, Inc., Marriott International, Inc. and Hilton Worldwide Holdings Inc.). Jin Mao Tower is an 88-storey landmark building in Shanghai, with the office area of Jin Mao Tower being classified as a Grade A office building.

The quality of the Properties has been actively enhanced by consistent renovation and upgrade with a view to maintaining their marketability to continuously bring in new tenants and customers. In order to facilitate such consistent enhancements, we have developed and implemented certain asset enhancement programs to increase the value and returns of the Properties.

The Group specializes in the investment, operation of high-end hotels in core cities and tourist hot spots in China and the leasing of commercial properties in Jin Mao Tower. Accordingly, the Group has accumulated extensive management experience, especially through the cooperation with globally renowned hotel management companies, we have adopted a well-established management model to build a leading hotel portfolio.

The Group derives its revenue primarily from hotel operations and leasing of commercial properties:

Among which:

Revenue from hotel operations is generated from hotel rooms, food and beverage businesses and ancillary services. Revenue from ancillary services is primarily revenue other than the revenue from hotel rooms and food and beverage businesses, such as revenue from laundry, telephone charges, spa services, hotel car services and other services.



MANAGEMENT DISCUSSION AND ANALYSIS

Gross rental income is mainly derived from leasing the office and retail areas in Jin Mao Tower.

In addition, the Group's revenue includes revenue from operating the Observation Deck in Jin Mao Tower and providing property management services.

In 2016, the growth rate of China's tourism industry was unabated, with the inbound tour bottoming out and the outbound tour growing steadily. The supply of high-end hotels in major cities in China has slowed down, occupancy continued to increase as compared to last year. The basic trend of healthy development in the China's hotel industry is increasingly stable. Adjustment in the customer structure and continuous increase in supply made the high-end hotel industry around the country continued

the operation strategy of "occupancy over room rate". The average daily rate continued to fall and competition in the industry remained fierce. The high-end hotel market in top tier cities such as Beijing, Shanghai and Shenzhen performed slightly better when compared to last year. There was a stable increase in market demand. In particular, the RevPAR in Shanghai market continued to grow. The hotels of the Group proactively seized market opportunities and adopted flexible sales strategies and optimized customer structure, consistently enhanced service quality and maintained their leading market positions within their respective regions.

In 2016, revenue and gross profit of the Group amounted to RMB2,451 million and RMB1,385 million, respectively, both representing an increase of 3% as compared to last year.

Hotel	Occupancy		Average Daily Rate (RMB)		RevPAR (RMB)	
	2016	2015	2016	2015	2016	2015
Grand Hyatt Shanghai	79.8%	69.8%	1,459	1,515	1,164	1,057
Hyatt Regency Chongming	52.3%	47.9%	901	982	471	470
The Ritz-Carlton Sanya, Yalong Bay	74.2%	72.3%	2,207	2,453	1,637	1,772
Hilton Sanya Yalong Bay Resort & Spa	67.3%	68.7%	1,360	1,433	915	984
The Westin Beijing Chaoyang	82.2%	79.9%	1,134	1,179	932	943
Renaissance Beijing Wangfujing Hotel	79.0%	65.5%	827	751	653	492
JW Marriott Hotel Shenzhen	77.4%	78.8%	1,005	1,028	778	811
Grand Hyatt Lijiang	41.5%	37.9%	814	867	338	329

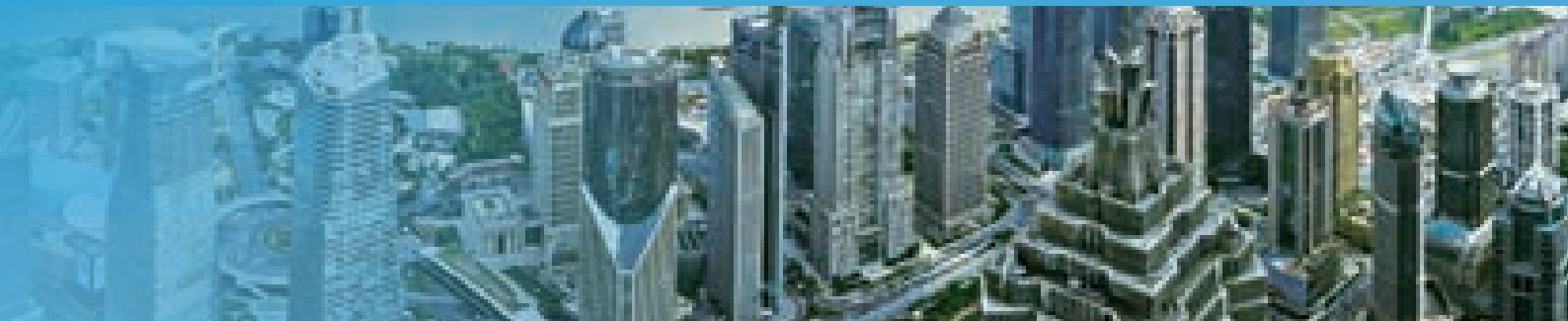
Note:

Since 1 May 2016, as affected by the policy of "VAT Reform" in China, the average daily rate and RevPAR were affected by a year-on-year decrease of 3.77%.



OUTSTANDING SERVICE

World-class experience



We have based our business in Pudong of Shanghai but have always been holding a global perspective. We are also keeping pace with the times and are dedicated to excellent quality. From Shanghai to Sanya and from Beijing to Shenzhen, and following on the initial success, the Group always adheres to the principle of “Respecting customers and paying attention to detail”, upholding the quality of Jin Mao and focusing on customer experience. Through continuous innovation in products, services and business models, we have built our brand value. We have built a mutually beneficial platform that meets and exceeds customer expectations. We have built our value through providing superb guest experience, winning the market through our excellent customer services and will continue to set the industry benchmark.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Hotel Operations Segment

Located at the Shanghai's iconic landmark Jin Mao Tower, Grand Hyatt Shanghai embraces the scenic view of Shanghai Bund and the beautiful skyline of the city. We have always dedicated ourselves to providing our guests with attentive and professional services. Whether for business or leisure travel, the newly upgraded 555 luxury rooms and suites, along with the multi-functional banquet hall, various restaurants as well as the corresponding ancillary facilities will welcome you with a cordial and memorable stay.



GRAND HYATT SHANGHAI

Grand Hyatt Shanghai, located on the 53rd-87th of Jin Mao Tower, commenced operation in 1999. The hotel has been included in the Guinness World Records: Millennium edition as the world's highest hotel. Since its opening, leveraging with its unique landmark location and high quality services, Grand Hyatt Shanghai has won over 100 hotel awards in China and from all over the world.

Grand Hyatt Shanghai embraces the scenic view of Shanghai Bund and the beautiful skyline of the city. The hotel's 555 rooms, the multi-functional banquet hall, various restaurants and the corresponding ancillary facilities will provide our guests with luxurious accommodation, unique dining and entertainment experience.

During the Review Period, benefited from the completion of the Shanghai Hongqiao Convention and Exhibition Center and the opening of Shanghai Disneyland, the demand for business and tourism in Shanghai has been increased. The occupancy and RevPAR of Shanghai's high-



end hotels continued to grow as compared to last year. Following the substantial completion of renovations of guest rooms, Grand Hyatt Shanghai saw a significant improvement in customer satisfaction. Grand Hyatt Shanghai seized the market opportunities, optimizing the marketing strategy and intensifying the efforts in market promotions for tours and weekend stays, it effectively improved its market share, the occupancy increased 10 percentage points year-on-year, RevPAR increased 10% year-on-year, which were much higher than the competitors and the overall market average. For the year ended 31 December 2016, Grand Hyatt Shanghai recorded an occupancy of 79.8% and an average daily rate of RMB1,459 (for the year ended 31 December 2015: 69.8% and RMB1,515). As at the date of this report, the Group owns 100% interest of Grand Hyatt Shanghai.

Grand Hyatt Shanghai	2016	2015
Occupancy	79.8%	69.8%
Average daily rate (RMB)	1,459	1,515
RevPAR (RMB)	1,164	1,057
Rooms revenue (RMB million)	229.3	199.4
Food and beverage revenue (RMB million)	221.2	217.7
Total revenue (RMB million)	458.0	426.4
EBITDA (RMB million)	130.1	109.6
Total basic management fees paid to the hotel manager (RMB million)	8.6	8.0
Total incentive management fees paid to the hotel manager (RMB million)	16.8	11.6
Contributions to furniture, fixtures and equipment reserve (RMB million)	12.9	12.0

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – Hotel Operations Segment

Hyatt Regency Chongming is favorably located in the east of Chongming Island, the third largest island in the PRC, and is surrounded by a beautiful natural environment. It offers fresh organic delicacies, “Hyatt Campus” conference experience and unique pet dogs’ guest rooms, and is an ideal venue for relaxation, holidays and meetings.



HYATT REGENCY CHONGMING

Hyatt Regency Chongming is located in the east of Chongming island, the third largest island in the PRC. Chongming island is connected to the Pudong district in Shanghai by Chang Jiang tunnel-bridge, and within 60-minute drive away from the Lujiazui business centre of the Pudong district. Hyatt Regency Chongming is located near Dongtan Wetland Park, the only wetland park in the PRC, and a migratory bird reserve. It received the Grand Award for Best International Commercial and Special Use Project at the 51st Annual Gold Nugget Awards applying an ecological design concept on commercial land. Hyatt Regency Chongming is the first five-star resort hotel on Chongming island. The hotel offers 235 rooms (including 21 suites), and includes a combination of the functions of entertainment, sports and fitness, Chinese and Western restaurants, business conferences and accommodation.

During the Review Period, Chongming Island officially became a city-governed district of Shanghai. The increasing national tourism consumption promoted the leisure needs during

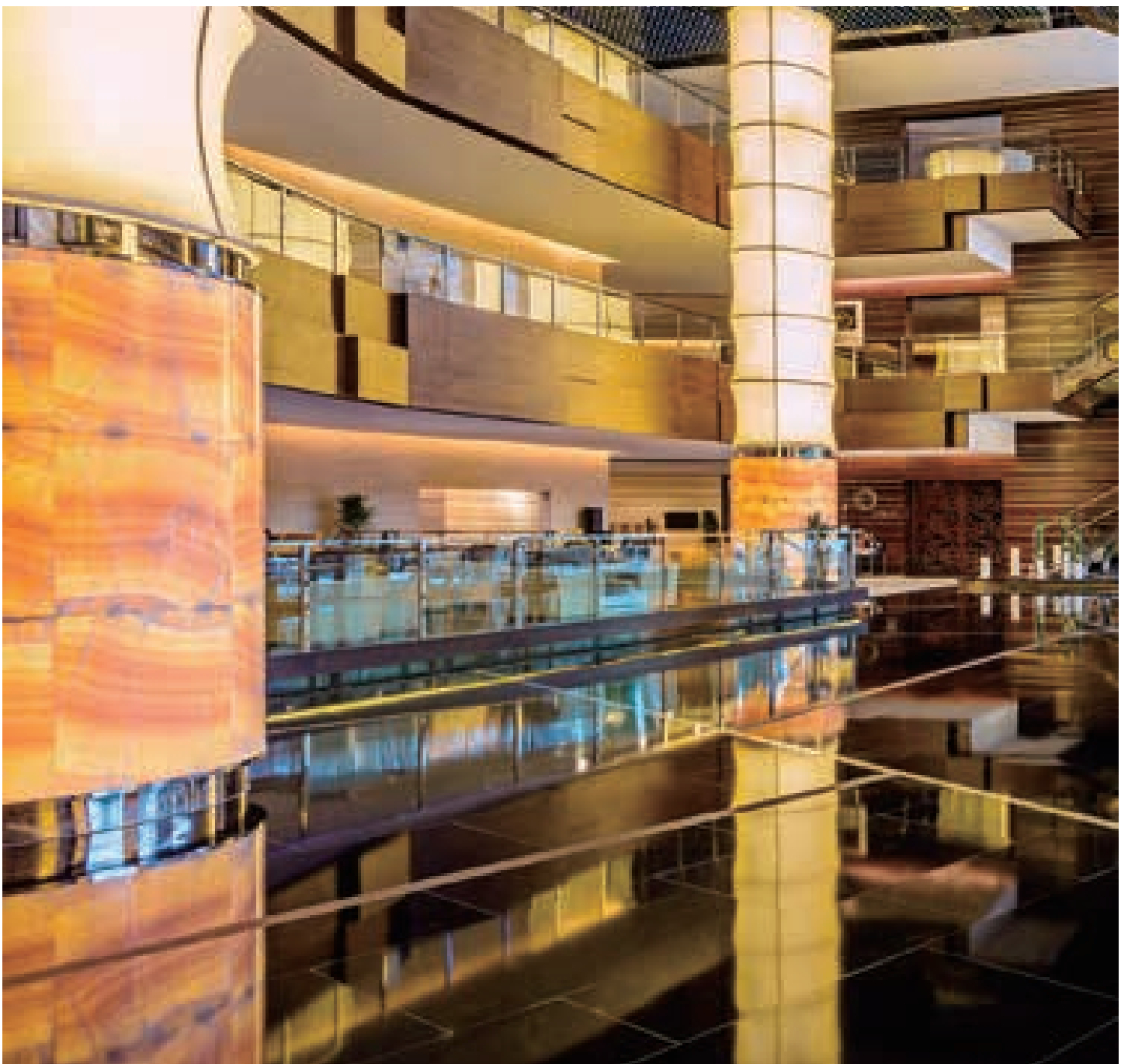


weekends and holidays in Shanghai and its surrounding cities, which has a certain positive effect on the resort hotels on Chongming Island. Hyatt Regency Chongming actively integrated its resources, increased various operating facilities, created highlights and improved sales on weekends and holidays as well as weekdays with a year-on-year increase of weekdays sales, in order to achieve a steady improvement in its market share. For the year ended 31 December 2016, Hyatt Regency Chongming recorded an occupancy of 52.3% and an average daily rate of RMB901 (for the year ended 31 December 2015: 47.9% and RMB982). As at the date of this report, the Group owns 100% interest of Hyatt Regency Chongming.

Hyatt Regency Chongming	2016	2015
Occupancy	52.3%	47.9%
Average daily rate (RMB)	901	982
RevPAR (RMB)	471	470
Rooms revenue (RMB million)	39.9	38.2
Food and beverage revenue (RMB million)	36.1	34.6
Total revenue (RMB million)	75.3	73.6
EBITDA (RMB million)	5.8	0.5
Total basic management fees paid to the hotel manager (RMB million)	1.6	1.6
Total incentive management fees paid to the hotel manager (RMB million)	0.8	0.4
Contributions to furniture, fixtures and equipment reserve (RMB million)	–	–

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – Hotel Operations Segment

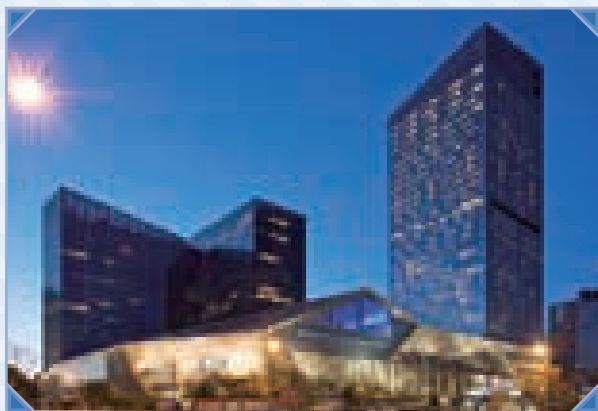
The Westin Beijing Chaoyang is located at the prime area of Chaoyang District, Beijing, adjacent to the renowned Yansha Business Circle and embassies. There is only a 25-minute driving distance from the Beijing Capital International Airport. With its modern design and the provision of perfect service, the hotel becomes the first choice of accommodation for foreign and local politicians and celebrities, as well as business travellers and those who pursue a quality lifestyle.



THE WESTIN BEIJING CHAOYANG

The Westin Beijing Chaoyang is a 34-storey luxury hotel located in the Yansha Business Circle, near Sanlitun, the central business district of Beijing and embassies, corporate headquarters and retail shopping malls. The Westin Beijing Chaoyang offers 550 rooms (including 53 suites), each offering luxurious accommodation and amenities. Since its opening, the hotel has served numerous foreign heads of states, sports elites and business elites, including former US president George W. Bush, former first lady of the United States Michelle Obama and former president of Singapore S.R. Nathan, as well as the member of the Executive Board of the International Olympic Committee Sam Ramsamy, which represents the high-end brand image of the hotel.

Facing the increasingly fierce market competition, The Westin Beijing Chaoyang, which is situated at the Yansha Business Circle in Chaoyang District of Beijing, capitalized on its product strengths and geographical location, actively adjusted its market strategies, thus achieving significant growth in MICE and OTA market and a year-on-year increase



in its occupancy rate and average room rate during weekends. During the Review Period, occupancy continued to grow and the market share kept increasing. The average daily rate was influenced by the pricing strategy of its competitors, causing a year-on-year decline. RevPAR decreased slightly but continued to maintain its leading position among its competitors. For the year ended 31 December 2016, the Westin Beijing Chaoyang recorded an occupancy of 82.2% and an average daily rate of RMB1,134 (for the year ended 31 December 2015: 79.9% and RMB1,179). As at the date of this report, the Group owns 100% interest of The Westin Beijing Chaoyang.

The Westin Beijing Chaoyang	2016	2015
Occupancy	82.2%	79.9%
Average daily rate (RMB)	1,134	1,179
RevPAR (RMB)	932	943
Rooms revenue (RMB million)	184.3	178.6
Food and beverage revenue (RMB million)	92.0	94.6
Total revenue (RMB million)	294.8	294.1
EBITDA (RMB million)	92.7	90.8
Total basic management fees paid to the hotel manager (RMB million)	7.5	7.8
Total incentive management fees paid to the hotel manager (RMB million)	10.5	11.3
Contributions to furniture, fixtures and equipment reserve (RMB million)	12.0	12.4

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – Hotel Operations Segment

Situated on the Wangfujing Avenue in Beijing’s major business and shopping district, Renaissance Beijing Wangfujing Hotel is uniquely designed with two wings spreading out like an open book. Almost half of its rooms enjoy the marvelous view of The Forbidden City. Its pillar less ballroom with an area of near 1,000 sq. m. and classic courtyard restaurant Hutong Place will allow guests to experience an incredible journey from the past to the present.



RENAISSANCE BEIJING WANGFUJING HOTEL

Situated on the northern section of Wangfujing Avenue in Beijing's major business and shopping district, Renaissance Beijing Wangfujing Hotel enjoys superior geographical location with access to a cluster of historical sites and facilities. It is within a short distance to The Forbidden City, Tiananmen Square and Beihai Park, and also offers a bird's eye view of The Forbidden City. Renaissance Beijing Wangfujing Hotel is a 14-storey luxury hotel and its predecessor is Wangfujing Grand Hotel which opened in 1995. The hotel offers 329 rooms and a number of meeting rooms, catering and other facilities.

During the Review Period, Renaissance Beijing Wangfujing Hotel capitalized on its geographical advantage and accurate market positioning achieving a significant growth in both of its market share and average daily rate, which further consolidated the market position. For the year ended 31 December 2016, Renaissance Beijing Wangfujing Hotel recorded an occupancy of 79.0%

and an average daily rate of RMB827 (For the year ended 31 December 2015: 65.5% and RMB751). As at the date of this report, the Group owns 100% interest of Renaissance Beijing Wangfujing Hotel.

Renaissance Beijing Wangfujing Hotel	2016	2015
Occupancy	79.0%	65.5%
Average daily rate (RMB)	827	751
RevPAR (RMB)	653	492
Rooms revenue (RMB million)	74.9	55.4
Food and beverage Revenue (RMB million)	44.5	35.5
Total revenue (RMB million)	126.8	96.3
EBITDA (RMB million)	20.8	5.4
Total basic management fees paid to the hotel manager (RMB million)	2.6	2.0
Total incentive management fees paid to the hotel manager (RMB million)	1.8	1.1
Contributions to furniture, fixtures and equipment reserve (RMB million)	3.0	1.4



MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – Hotel Operations Segment

Situated at the scenic Yalong Bay, the magnificent The Ritz-Carlton Sanya, Yalong Bay, is inspired by the Summer Palace in Beijing. The hotel also provides a pleasant resort experience to its guests through tailored tours on the tropical island which features different cultures all over the world.



THE RITZ-CARLTON SANYA, YALONG BAY

Situated at the enchanting Yalong Bay in Sanya, The Ritz-Carlton Sanya, Yalong Bay boasts the majestic views of South China Sea, miles-long beaches and pristine natural beauty. The hotel offers 455 guest rooms, suites and villas with each guest room occupying a floor area of more than 60 square meters. 20 of the guest rooms are luxury suites, 33 are private villas with independent swimming pools and 4 are private villas with outdoor pools, all of which are situated among the secluded white beaches and red mangrove forest conservation zone of the Yalong Bay. Since opening, the hotel has been well received by affluent global travelers and celebrated by the tourism industry, with over 100 awards worldwide.

During the Review Period, the increasing market supply of hotels in Sanya intensified the imbalanced oversupply, resulting in a continuous decline in average daily rate. The Ritz-Carlton Sanya, Yalong Bay employed proactive marketing strategies and flexible pricing policies by

launching diversified packages and maintained its price advantage and leading position in Yalong Bay amid the declining pricing environment. For the year ended 31 December 2016, The Ritz-Carlton Sanya, Yalong Bay recorded an occupancy of 74.2% and an average daily rate of RMB2,207 (for the year ended 31 December 2015: 72.3% and RMB2,453 respectively). As at the date of this report, The Ritz-Carlton Sanya, Yalong Bay is 100% owned by the Group.

The Ritz-Carlton Sanya, Yalong Bay	2016	2015
Occupancy	74.2%	72.3%
Average daily rate (RMB)	2,207	2,453
RevPAR (RMB)	1,637	1,772
Rooms revenue (RMB million)	261.2	274.6
Food and beverage revenue (RMB million)	104.6	95.2
Total revenue (RMB million)	382.5	387.0
EBITDA (RMB million)	148.0	148.5
Total basic management fees paid to the hotel manager (RMB million)	9.9	10.3
Total incentive management fees paid to the hotel manager (RMB million)	10.6	10.7
Contributions to furniture, fixtures and equipment reserve (RMB million)	15.8	16.5



MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – Hotel Operations Segment

Hilton Sanya Yalong Bay Resort & Spa is Hilton International's very first global resort built in China. Situated at the Yalong Bay, the most enchanting gulf within South China Sea, Hilton Sanya Yalong Bay Resort & Spa proudly presents eight outdoor swimming pools with various sizes, shapes and functions surrounded by the tropical landscape.



HILTON SANYA YALONG BAY RESORT & SPA

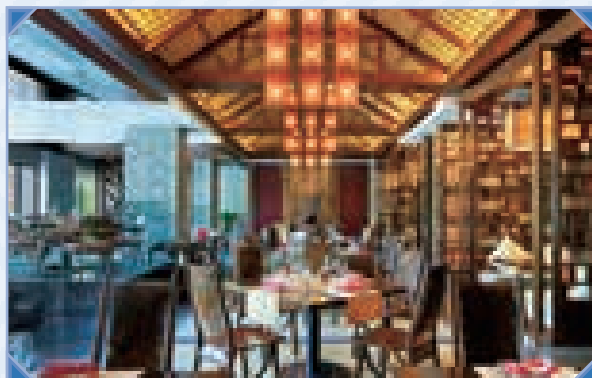
Situated at the enchanting Yalong Bay in Hainan Province, Hilton Sanya Yalong Bay Resort & Spa offers 501 guest rooms, suites and villas as well as a 400-metre stretch of white sandy beach. This hotel is designed and built with unique features and services to provide a “unique resort experience”, a concept embodying strong southern China’s characteristics.

Until 2016, Hilton Sanya Yalong Bay Resort & Spa has been operating for eleven years and has received wide acclaim at home and abroad and from the media. In order to maintain the overall competitiveness of Hilton Sanya Yalong Bay Resort & Spa, hotel rooms are under renovation according to schedule and preliminary design of hotel rooms and supplier selection have been completed.

During the Review Period, Hilton Sanya Yalong Bay Resort & Spa completed the renovations of its 234 guest rooms and part of common areas, and proactively adjusted its sales strategies to overcome the impact of its renovations in view of the increasingly fierce market competition.

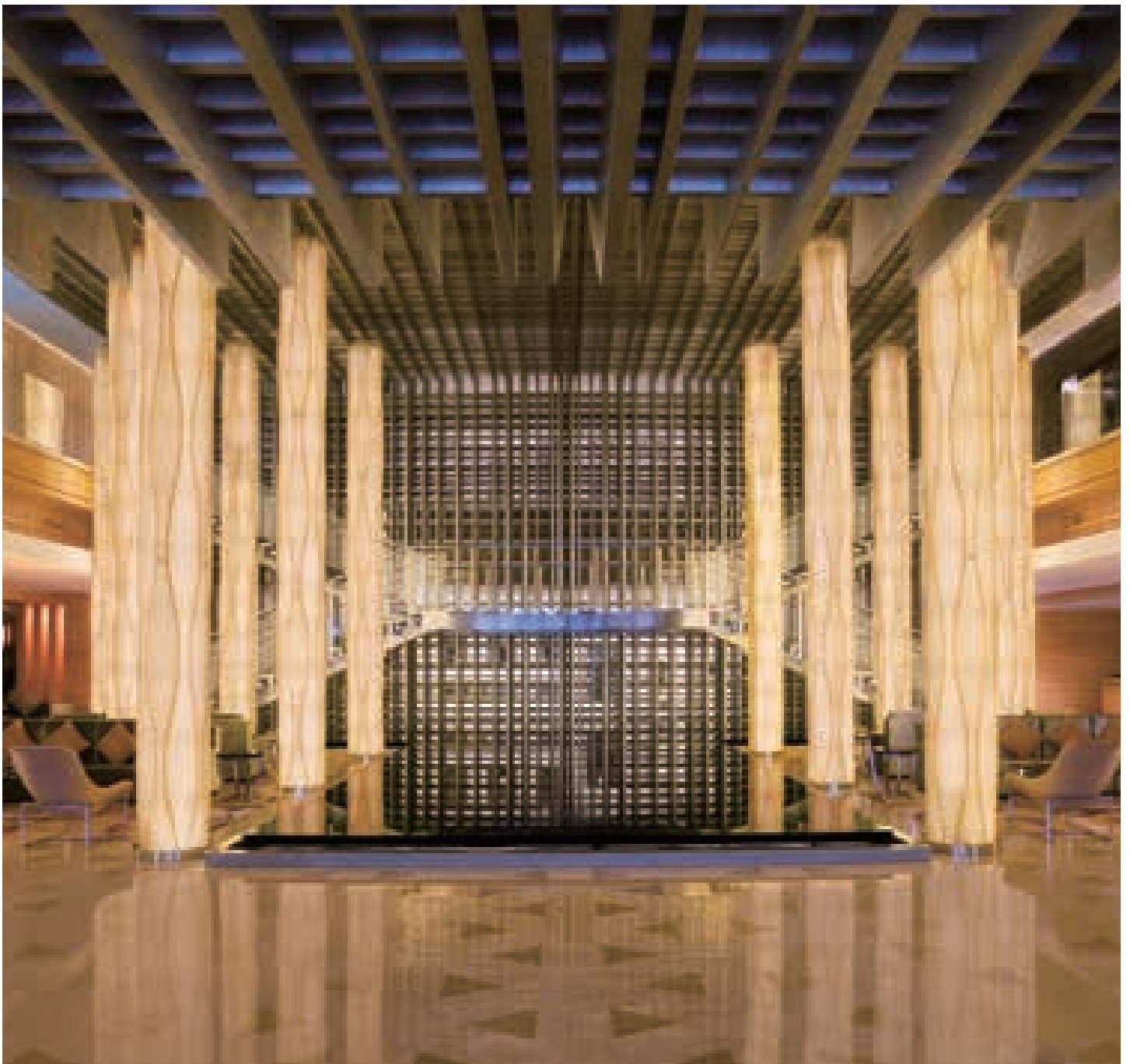
Thus the hotel was able to maintain stable occupancy and average daily rate and continued to stay competitive against its peers in the same region. For the year ended 31 December 2016, Hilton Sanya Yalong Bay Resort & Spa recorded an occupancy of 67.3% and an average daily rate of RMB1,360 (for the year ended 31 December 2015: 68.7% and RMB1,433). As at the date of this report, the Group owns 100% interest of Hilton Sanya Yalong Bay Resort & Spa.

Hilton Sanya Yalong Bay Resort & Spa	2016	2015
Occupancy	67.3%	68.7%
Average daily rate (RMB)	1,360	1,433
RevPAR (RMB)	915	984
Rooms revenue (RMB million)	160.3	166.8
Food and beverage revenue (RMB million)	47.8	54.1
Total revenue (RMB million)	212.3	227.3
EBITDA (RMB million)	74.7	75.4
Total basic management fees paid to the hotel manager (RMB million)	3.2	3.4
Total incentive management fees paid to the hotel manager (RMB million)	6.0	6.5
Contributions to furniture, fixtures and equipment reserve (RMB million)	6.4	6.8



MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – Hotel Operations Segment

JW Marriott Hotel Shenzhen is located at the centre of the Futian Business District in Shenzhen and adjacent to Shenzhen Convention & Exhibition Centre and Shenzhen SDG Golf Club. With its magnificent design, incredible amenities, first-class services and excellent event organizing and catering, the hotel commits to provide a perfect and unforgettable experience for its guests.



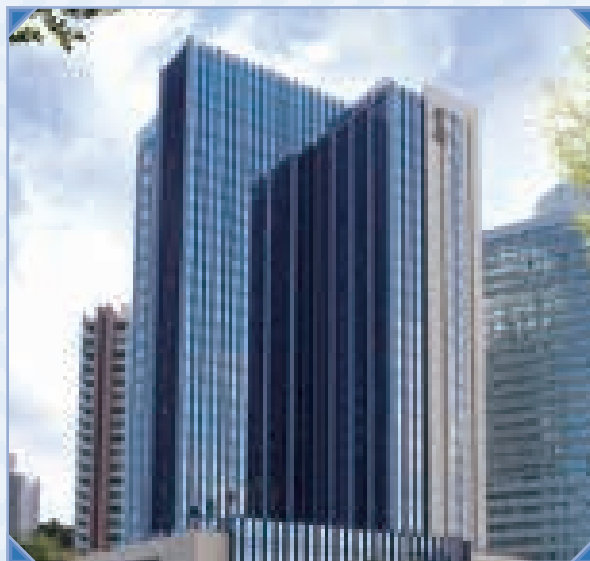
JW MARRIOTT HOTEL SHENZHEN

JW Marriott Hotel Shenzhen is an international luxury hotel located at the center of the Futian Business District in Shenzhen adjacent to Shenzhen SDG Golf Club. JW Marriott Hotel Shenzhen offers 411 hotel rooms (including 20 suites), each offering luxurious and contemporary accommodations and amenities.

During the Review Period, JW Marriott Hotel Shenzhen adhered to its high-price policy compared with its competitors in the same area, constantly optimized its customer mix, enhanced new media marketing, and actively explored the RFP agreements and corporate groups and other market segments, successfully undertaking the large-scale activities, such as ABAC Meeting. The hotel maintained a relatively high occupancy and smooth operation. For the year ended 31

December 2016, JW Marriott Hotel Shenzhen recorded an average occupancy of 77.4% and an average daily rate of RMB1,005 (for the year ended 31 December 2015: 78.8% and RMB1,028). As at the date of this report, the Group owns 100% interest of JW Marriott Hotel Shenzhen.

JW Marriott Hotel Shenzhen	2016	2015
Occupancy	77.4%	78.8%
Average daily rate (RMB)	1,005	1,028
RevPAR (RMB)	778	811
Rooms revenue (RMB million)	112.0	112.3
Food and beverage revenue (RMB million)	61.3	60.4
Total revenue (RMB million)	181.9	180.6
EBITDA (RMB million)	56.2	50.5
Total basic management fees paid to the hotel manager (RMB million)	4.6	4.8
Total incentive management fees paid to the hotel manager (RMB million)	3.6	3.4
Contributions to furniture, fixtures and equipment reserve (RMB million)	7.4	7.6



MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – Hotel Operations Segment

Grand Hyatt Lijiang is located at the heart of the Ancient Town of Lijiang and on the Yulong Snow Mountain with picturesque scenery and profound culture, and its design combines local Naxi ethnic architecture and the contemporary style. Guests will embrace the ever changing view of the snow mountain by the window, experience the sense of eternity and inner peace, and enjoy high quality holiday.

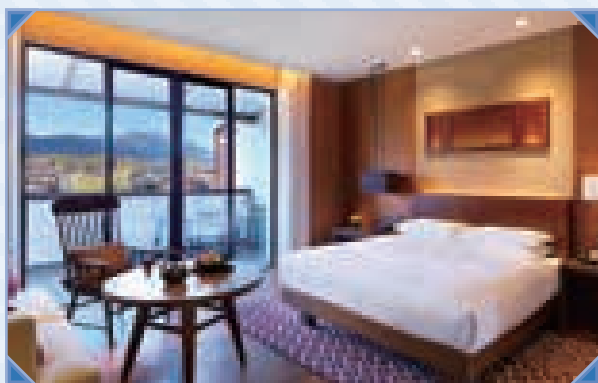


GRAND HYATT LIJIANG

Located in the well-known tourist hot spot in China, Lijiang Yunnan, Grand Hyatt Lijiang embraces three UNESCO World Heritage comprising the Old Town of Lijiang, Three Parallel Rivers of Yunnan Protected Areas and Dongba culture. It is spread over two locations, a majestic complex Shuhe Ancient Town at the urban area and a cluster of luxury lodges at the foot of Jade Dragon Snow Mountain. Combining traditional ethnic architecture with contemporary design, Grand Hyatt Lijiang presents the elegance of the traditional culture of the local Naxi community to the guests. Set against the dramatic backdrop of the snow mountains and lakes, Grand Hyatt Lijiang offers its guests the natural beauty and cultural aspects of the ancient town.

The urban area of Grand Hyatt Lijiang is located within Jinmao Whisper of Jade Dragon Complex at the north end of Shangri-La Avenue, within walking distance of Shuhe Ancient Town, and it commenced operations on 28 September 2014.

Grand Hyatt Lijiang Mountain Lodge is located in Ganhaizi meadowland with an elevation of 3,100 meters at the eastern foothill of Yulong Snow



Mountain, next to the Guinness World Record-holding Jade Dragon Snow Golf Course and 17 kilometres away from the urban area of the hotel. It is the best place to experience the magnificence of the glacier. Grand Hyatt Lijiang Mountain Lodge commenced operation on 2 September 2015.

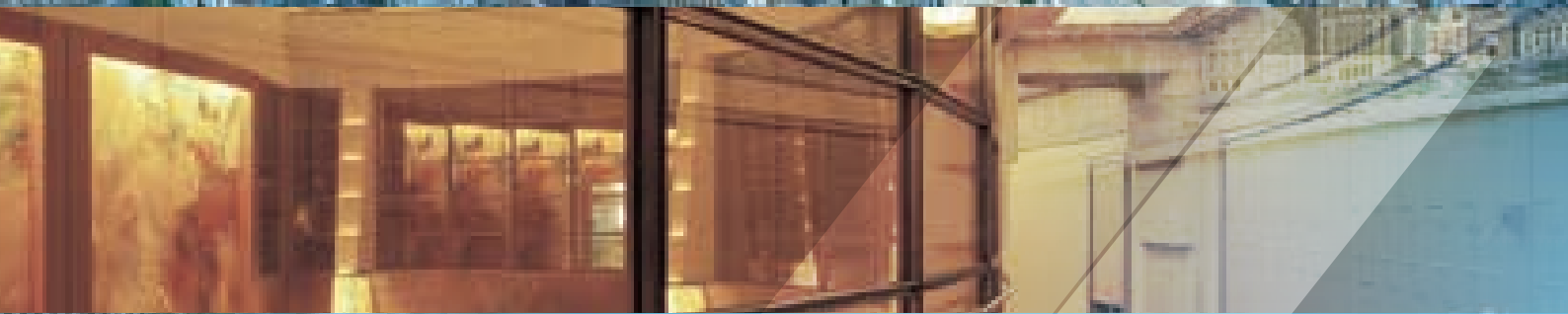
The GFA of Grand Hyatt Lijiang is 84,384 sq.m., with 401 guest rooms, 312 of which are located in the urban area, and 89 guest rooms are in the Mountain Lodge.

During the Review Period, Grand Hyatt Lijiang was unable to effectively improve its occupancy and average daily rate due to a weakened demand for high-end hotels in Lijiang and the negative impact of non-compliance incidents of tourism in Yunnan Province. For the year ended 31 December 2016, Grand Hyatt Lijiang recorded an average occupancy of 41.5% and an average daily rate of RMB814 (for the year ended 31 December 2015: 37.9% and RMB867). As at the date of this report, the Group owns 100% interest of Grand Hyatt Lijiang.

Grand Hyatt Lijiang	2016	2015
Occupancy	41.5%	37.9%
Average daily rate (RMB)	814	867
RevPAR (RMB)	338	329
Rooms revenue (RMB million)	48.1	37.3
Food and beverage revenue (RMB million)	24.1	20.4
Total revenue (RMB million)	75.7	61.5
EBITDA (RMB million)	(10.0)	(27.1)
Total basic management fees paid to the hotel manager (RMB million)	1.5	1.3
Total incentive management fees paid to the hotel manager (RMB million)	0.0	–
Contributions to furniture, fixtures and equipment reserve (RMB million)	1.0	–



PURSUIT OF HIGH-QUALITY PROPERTIES TO CUSTOMER SATISFACTION



Being the pioneer project of the Company, Jin Mao Tower is built along the river. The building is designed like a Chinese brush, while the podium is designed like an opening scroll. Such design symbolizes writing a long development chapter with the water of Huangpu River. We are always keeping pace with the times and are dedicated to improve customer satisfaction and contribute excellent quality. We will continue to set a model for the industry, leading in contemporary hospitality in commerce, tourism, leisure and entertainment, and to create quality real estate with sustainable development and continuous value enhancement under the mission of operational excellence.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Leasing Segment



Jin Mao Tower, built along the river, is located in the heart of Lujiazui Central Financial District, a major financial center in Shanghai. The construction started in 1994 and completed in 1999. The 420.5-metre-high 88-storey tower has a total GFA of 292,475 sq.m., with 130 lifts and 555 hotel rooms. The tower comprises of modern offices, a five-star hotel, entertainment and retail space and other facilities. As a combination of Chinese pagoda form and Western architectural technologies, this intelligent high class building is designed by SOM Chicago, one of the largest American architectural firms. The iconic tower has become Shanghai's famous landmark, winning numerous awards at home and abroad including Best Structure Award Structural Engineers Association of Illinois, the First Prize of New China 50th Anniversary Shanghai Top 10 Classic Architecture Gold Awards and 20th International Union of Architects Creative Achievement Award.

The first two floors of Jin Mao Tower serve as the lobby, while the 3rd-50th floors are modern office space (including the evacuation floors on the 15th and 30th floors which contain non-rental areas). The 51st and 52nd floors are occupied by mechanical and electrical services, while the 53rd-87th floors are occupied by Grand Hyatt Shanghai. The observation deck at the 88th floor is a hot tourist attraction. Retail space of Jin Mao Tower includes a shopping complex Shanghai J•LIFE located inside the six-level podium which has a lobby and retail shops at the lower ground level.

As a pioneer project of the Group, enhancing functional capabilities and operational efficiency have always been the primary tasks of Jin Mao Tower. The Group's principal business has sustained organic growth through nurturing and strengthening its organizational capabilities for functionality and brand extension. The economic value of Jin Mao Tower has been established, and by realizing its strategy of "Taking Root at and Reaching out from Jin Mao", it has further expanded the value of Jin Mao.

As at the date of this report, the Group owns 100% interest of Jin Mao Tower.

JIN MAO TOWER OFFICE

The 3rd-50th floors of Jin Mao Tower provide Grade A office spaces with a total GFA of approximately 137,121 sq.m. and a leasable area of 123,643 sq.m. There are five groups of 26 high-speed lifts, exclusively serving the office floors, which can comfortably transport guests in speed to their offices directly without the need to change lift. The design of 5-6 lifts for every ten floors ensures that the waiting time for guests during the rush hour will not be more than 35 seconds, providing convenient vertical transportation. Benefiting from its prime location and excellent services, Jin Mao Tower has become one of the most favored venues to well-known domestic enterprises, multinational corporations and international organizations for setting up their offices in Shanghai, including 23 Fortune 500 companies. Major tenants include finance and trading companies, law firms, consultancy firms.

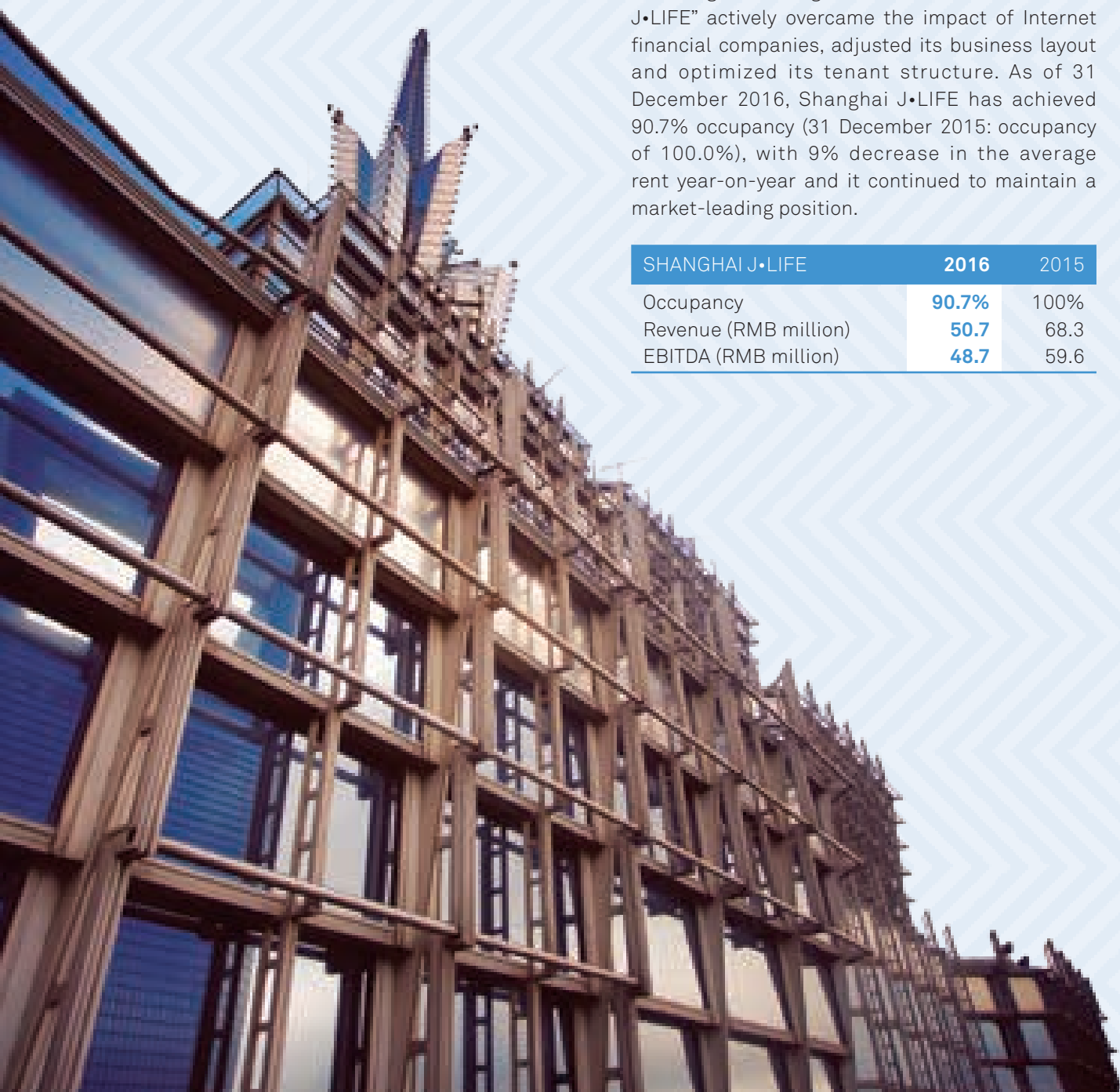
During the Review Period, Jin Mao Tower Office overcame the market competition within the Lujiazui Finance and Trade Zone and actively responded to the effects of terminations of office premise leases by Internet finance enterprises and certain subsidiaries of state-owned enterprises due to self-built buildings, increasing efforts to introduce premier customers and resulting in two new Fortune 500 companies. The overall customer structure was steadily improved with a continue and steady growth in average rental and the occupancy as at 31 December 2016 was 90.3%. In 2016, area under new leases was 22,415 sq.m. and the average rental income of newly contracted areas increased by 9% as compared to that of the leases of the previous round. As of 31 December 2016, the Jin Mao Tower office has achieved an occupancy of 90.3% (31 December 2015: occupancy of 97.6%).

Jinmao Tower office	2016	2015
Occupancy	90.3%	97.6%
Revenue (RMB million)	439.6	436.1
EBITDA (RMB million)	391.3	400.8

SHANGHAI J•LIFE

Shanghai J•LIFE, located on the six-level podium of Jin Mao Tower, occupies a GFA of 35,659 sq.m. and has a leasable area of 10,405 sq.m.. Tenants include retail stores, clinics, financial service providers as well as Chinese and western restaurants. The mall has become one of the lifestyle service centers in Pudong New District of Shanghai. During the Review Period, “Jin Mao J•LIFE” actively overcame the impact of Internet financial companies, adjusted its business layout and optimized its tenant structure. As of 31 December 2016, Shanghai J•LIFE has achieved 90.7% occupancy (31 December 2015: occupancy of 100.0%), with 9% decrease in the average rent year-on-year and it continued to maintain a market-leading position.

SHANGHAI J•LIFE	2016	2015
Occupancy	90.7%	100%
Revenue (RMB million)	50.7	68.3
EBITDA (RMB million)	48.7	59.6



OBSERVATION DECK, 88TH FLOOR, JIN MAO TOWER

The observation deck on the 88th floor of Jin Mao Tower, stands at a height of 340.1 meters. With an area of 1,520 sq.m., it is one of the first 4A tourist attractions in China. Standing atop and looking afar, visitors can enjoy a breathtaking cityscape view of the Huangpu River and panoramic view of the mouth of the Yangtze River. Visitors can also enjoy an upside down view of the atrium of Grand Hyatt Shanghai below, described by architects, scientists and writers as “Shared Space”, “Golden Ring” and “Time Tunnel”. Two high-speed express lifts, travelling at 9.1 meters per second, take visitors from the basement to the observation deck on the 88th floor in just 45 seconds. In addition, the Observation Deck on the 88th floor of Jin Mao Tower concerned about the visitors experience and further enriched the entertainment, education and fashion in the products. The first outdoor skywalk project in Mainland China has been put into trial

operation. The project will offer tourists with highly innovative and challenging high-altitude stroll adventure under the guidance of instructors on the glass-floored platform extended from the Observation Deck. During the Review Period, the observation deck attracted 1,040.3 thousands domestic and overseas visitors (for the year ended 31 December 2015: 1,042.7 thousands visitors).

OBSERVATION DECK, 88TH FLOOR, JIN MAO TOWER	2016	2015
Visitors (thousand)	1,040.3	1,042.7
Revenue (RMB million)	55.5	58.3
EBITDA (RMB million)	23.3	27.6

OTHER BUSINESSES


Our businesses also include property management services as well as taxi and car chauffeur services provided by our joint venture partners.







HEADING

Recasting glory



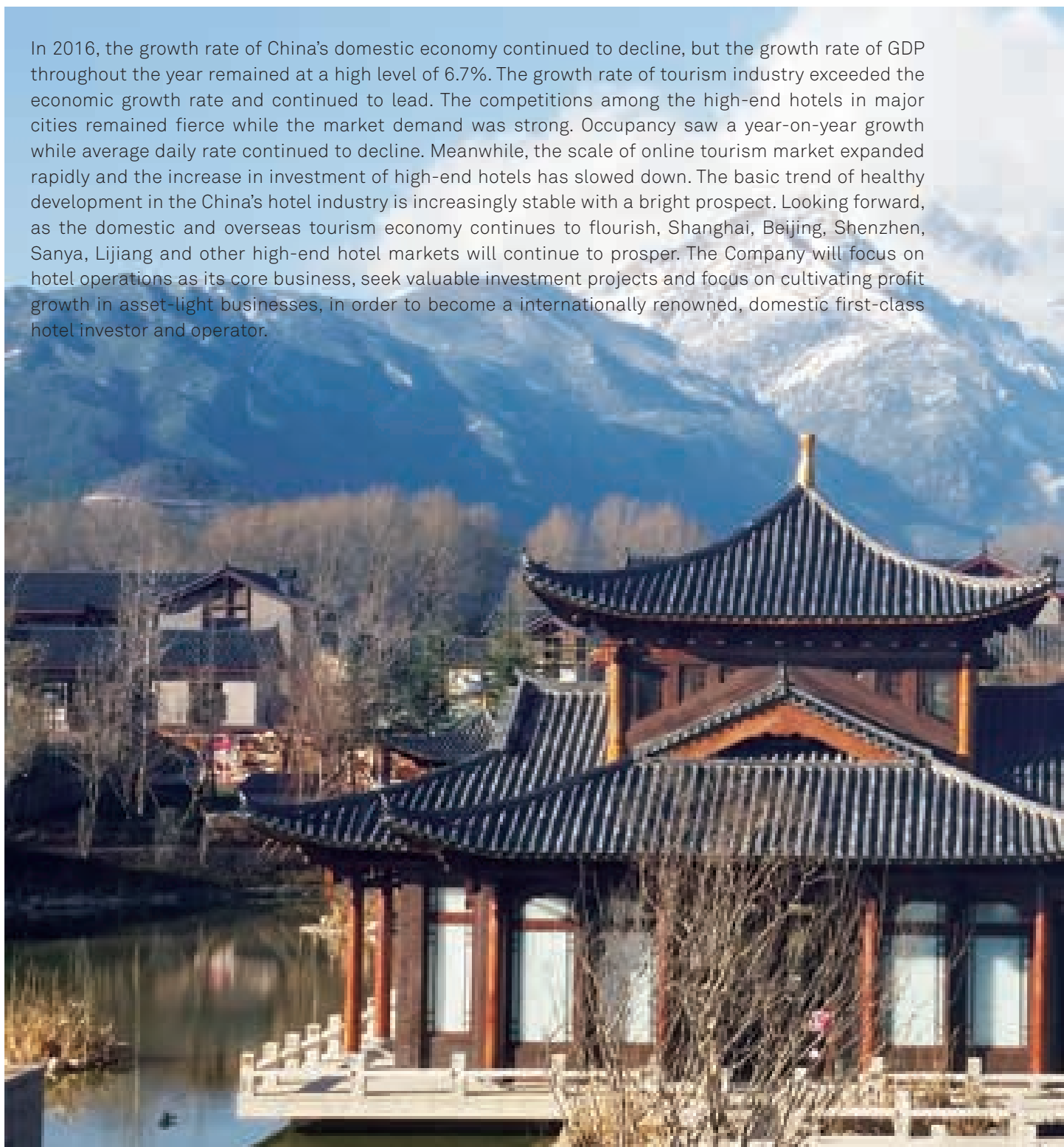
Through over ten years of professional management and operation, we have launched our strategic blueprint based on the domestic market and with a global outlook. Leveraging on our capital, branding, management and human resources, we will further increase our pace of business expansion. We are actively enhancing our strength in strategic innovation and continuously seeking improvement in operations. Our objective is to create a professional hotel asset management platform that leads in the domestic market and has an international standing. We will strive to discover and create new value in the industry.





FUTURE PROSPECTS

In 2016, the growth rate of China's domestic economy continued to decline, but the growth rate of GDP throughout the year remained at a high level of 6.7%. The growth rate of tourism industry exceeded the economic growth rate and continued to lead. The competitions among the high-end hotels in major cities remained fierce while the market demand was strong. Occupancy saw a year-on-year growth while average daily rate continued to decline. Meanwhile, the scale of online tourism market expanded rapidly and the increase in investment of high-end hotels has slowed down. The basic trend of healthy development in the China's hotel industry is increasingly stable with a bright prospect. Looking forward, as the domestic and overseas tourism economy continues to flourish, Shanghai, Beijing, Shenzhen, Sanya, Lijiang and other high-end hotel markets will continue to prosper. The Company will focus on hotel operations as its core business, seek valuable investment projects and focus on cultivating profit growth in asset-light businesses, in order to become an internationally renowned, domestic first-class hotel investor and operator.



The Group will leverage the Hotel Arrangements as described in the Prospectus. At the same time, the Group will actively identify high-end hotel properties in first-tier cities and tourist hot spots in China to further enhance the quality and size of its asset portfolio and fully capitalize on the opportunities of market growth and asset value appreciation of its hotel properties.

We still devote ourselves to enhancing our services and management standards as well as operation efficiency. As the mobile internet continues to develop and smart phones become ever more popular, we will accelerate the integration of mobile internet into our traditional business. We will follow the customer consumption trends on a timely basis to provide convenient, fast and comprehensive services to satisfy consumer needs, attract more guests and achieve higher customer satisfaction, with the aim of building the most superior and leading hotel portfolio among our peers.



FINANCIAL REVIEW

OVERALL FINANCIAL REVIEW

For the year ended 31 December 2016, profit attributable to Holders of Share Stapled Units amounted to RMB374.6 million, representing a decrease of 14% from RMB436.1 million for last year.

I. Revenue

For the year ended 31 December 2016, revenue of the Group amounted to RMB2,450.8 million, representing an increase of 3% from RMB2,390.3 million for last year, which was mainly attributable to the increase in the revenue from the hotel operation and other segments.

In 2016, the Group's revenue from hotel operations was approximately RMB1,808.7 million, representing an increase of 4% as compared to last year, which was mainly attributable to the improvement of the hotel operation. The Group's revenue from property leasing was approximately RMB495.8 million, representing a decrease of 3% as compared to last year, which was mainly attributable to the decrease in commercial lease revenue. Revenue from others, primarily including the Observation Deck on the 88th floor of Jin Mao Tower and property management, increased by 11% as compared to last year, which was mainly attributable to the increase in revenue from property management.

	For the year ended 31 December				
	2016		2015		
	RMB million	Percentage of revenue (%)	RMB million (Restated)	Percentage of revenue (%)	Annualised percentage change (%)
Hotel operations	1,808.7	74	1,746.8	73	4
Property leasing	495.8	20	511.8	21	-3
Others	146.3	6	131.7	6	11
Total	2,450.8	100	2,390.3	100	3

II. Cost of sales and gross profit margin

For the year ended 31 December 2016, cost of sales of the Group was approximately RMB1,066.0 million (2015: RMB1,050.6 million) and the overall gross profit margin of the Group in 2016 was 57%, which increased by 1% as compared to that of 2015. During the period, the occupancy of the property leasing segment decreased slightly, the rental level increased and gross profit margin remained at a high level of 91% (2015: 92%). The gross profit margin of hotel operations was 49% (2015: 47%), which increased by 4% as compared to last year.

III. Fair value gains on investment properties

For the year ended 31 December 2016, fair value gains on investment properties of the Group amounted to RMB319.3 million, which comprised primarily the fair value gains of the office and retail portions of Jin Mao Tower.

IV. Other income and gains

For the year ended 31 December 2016, other income and gains of the Group amounted to approximately RMB51.4 million, representing a decrease of 59% as compared to RMB126.6 million for last year, which was mainly due to the recognition of government grants resulting from the relocation of staff dormitory of Hilton Sanya Yalong Bay Resort & Spa in 2015.

V. Selling and marketing expenses

For the year ended 31 December 2016, selling and marketing expenses of the Group slightly increased to RMB145.4 million from RMB140.3 million for last year, which was mainly due to the increase in the expenses of marketing activities. In addition to pre-opening expenses of hotels, selling and marketing expenses comprise primarily advertising expenses, commissions paid to the relevant sales agencies and other expenses in relation to market promotion incurred in the Group's daily operations.

VI. Administrative expenses

For the year ended 31 December 2016, administrative expenses of the Group amounted to RMB702.1 million, representing an increase of 9% from RMB645.8 million in last year, which was mainly due to the increase in depreciation expenses of properties, expenses for IT upgrades for "VAT Reform" and consultancy fee. Administrative expenses comprise primarily staff costs, depreciation of properties, urban real estate tax, property insurance expenses, IT system expenses and consultancy fee.

VII. Finance costs

For the year ended 31 December 2016, finance costs of the Group were RMB319.9 million, representing a decrease of 5% from RMB337.7 million in last year, which was mainly due to the decrease in interest rate.

VIII. Income tax expense

For the year ended 31 December 2016, the Group had an income tax expense of RMB216.6 million, representing a decrease of 2% from RMB221.3 million in last year.

IX. Profit attributable to Holders of Share Stapled Units

For the year ended 31 December 2016, profit attributable to Holders of Share Stapled Units amounted to RMB374.6 million, representing a decrease of 14% as compared to RMB436.1 million in last year, mainly attributable to the decrease of other income and gains. In 2015, government grants for the relocation of staff dormitory of Hilton Sanya Yalong Bay Resort & Spa of RMB84.1 million was recognized.

X. Property, plant and equipment

As at 31 December 2016, property, plant and equipment amounted to RMB7,335.7 million, representing a decrease of 2% from RMB7,459.6 million as at 31 December 2015 due to the property depreciation.

XI. Investment properties

As at 31 December 2016, investment properties are RMB8,731.4 million, which mainly comprised Jin Mao Tower (the leasable portion). The fair value gain from investment properties for the year amounted to RMB319.3 million.

XII. Trade receivables

As at 31 December 2016, trade receivables were RMB77.2 million, representing an increase of 10% from RMB70.0 million as at 31 December 2015, which was primarily due to the increase in rental receivables from leasing properties and receivables from hotel operations.

XIII. Trade and bills payables

As at 31 December 2016, trade and bills payables were RMB130.4 million, representing an increase of 6% from RMB123.3 million as at 31 December 2015, which was mainly due to the increase in payables from hotel operations.

XIV. Other payables and accruals

As at 31 December 2016, other payables and accruals were RMB975.8 million, representing a decrease of 6% from RMB1,036.7 million as at 31 December 2015, which was mainly due to the decrease in construction fees payable of the hotels.

XV. Interest-bearing bank and other borrowings

As at 31 December 2016, interest-bearing bank and other borrowings (including current and non-current) were RMB6,922.1 million, which was basically the same as RMB6,951.8 million as at 31 December 2015.

XVI. Gearing ratio

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less restricted bank balances and cash and cash equivalents. Adjusted capital comprises all components of equity as well as the amounts due to related parties. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to-adjusted capital ratio as at 31 December 2016 and 31 December 2015 were as follows:

	As at 31 December 2016 (RMB million)	As at 31 December 2015 (RMB million) (Restated)
Interest-bearing bank and other borrowings (current and non-current)	6,922.1	6,951.8
Less: cash and cash equivalents restricted bank balances	(810.3) (22.0)	(648.6) (24.1)
Net debt	6,089.8	6,279.1
Total equity	6,535.5	6,977.6
Add: amount due to related parties	2,081.0	1,452.3
Adjusted capital	8,616.5	8,429.9
Net debt-to-adjusted capital ratio	71%	74%

XVII. Liquidity and capital resources

The Group primarily uses its cash to fund working capital and daily recurring expenses of the property leasing and hotel operations, and the repayment of the Group's indebtedness. The Group has financed its liquidity requirements primarily through internal resources, bank and other loans and issue of short-term and mid-term notes.

As at 31 December 2016, the Group had cash and cash equivalents of RMB810.3 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2015: RMB648.6 million).

As at 31 December 2016, the Group had total interest-bearing bank and other borrowings of RMB6,922.1 million (as at 31 December 2015: RMB6,951.8 million). An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December	
	2016 (RMB million)	2015 (RMB million) (Restated)
Within one year	3,285.4	1,930.1
In the second year	1,728.5	4,341.7
In the third to fifth years, inclusive	1,908.2	145.0
Beyond five years	–	535.0
Total	6,922.1	6,951.8

Interest-bearing bank and other borrowings of approximately RMB3,285.4 million were repayable within one year shown under current liabilities. The Group's borrowings are denominated in RMB, HK dollar and US dollar. As at 31 December 2016, save as interest-bearing bank and other borrowings of approximately RMB2,335.7 million that bore interest at fixed rates, other interest-bearing bank loans and other borrowings of the Group bore interest at floating rates. There is no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2016, the Group had banking facilities of up to RMB11,016.9 million, which were all denominated in RMB, HK dollar and US dollar. The amount of banking facilities utilized was RMB6,922.1 million.

The Group's net cash inflow of RMB161.0 million for the year ended 31 December 2016 mainly consisted of:

1. A net cash inflow of RMB1,244.1 million from operating activities, which was mainly attributable to property rental income and net revenue from hotel operations.
2. A net cash outflow of RMB252.2 million from investing activities, which was mainly attributable to payment of construction fees for hotel projects.
3. A net cash outflow of RMB830.9 million from financing activities, which was mainly attributable to the payment of distributions, the repayment of bank loans and payment of loan interest.

XVIII. Pledge of assets

As at 31 December 2016, the Group has no pledge of assets.

XIX. Contingent liabilities

Details of the Group's contingent liabilities as at 31 December 2016 are set out in note 30 to the consolidated financial statements of the Trust Group.

XX. Capital commitments

Details of the Group's capital commitments as at 31 December 2016 are set out in note 32 to the consolidated financial statements of the Trust Group.

XXI. Market risk

The Group's assets are predominantly in the form of investment properties and hotel assets. Our business and operating results are subject to global and PRC economic conditions, the regulatory environment affecting the hospitality industry in the PRC and customer demand in the cities where we operate.

XXII. Interest rate risk

The Group is exposed to interest rate risk resulted from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. An increase in interest rates will increase the interest expense relating to the Group's outstanding floating interest rate borrowings and increase the cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the Group's debt obligations. The Group does not currently use any derivative instruments to manage the interest rate risk.

XXIII. Foreign currency exchange risk

Substantially all of the Group's revenue and costs are denominated in RMB. The Group reports its financial results in RMB. The Group's distributable income is settled in HK dollar. As a result, the Group is exposed to the risk of fluctuations in foreign exchange rates. The Group has not currently engaged in hedging to manage its foreign currency exchange risk. To the extent the Group decides to do so in the future, the Group cannot assure that any future hedging activities will protect the Group from fluctuations in exchange rates.

XXIV. Employees and remuneration policies

As at 31 December 2016, the Group employed 4,002 staff in total. The Group provides competitive salaries and bonuses for its employees, as well as other benefits, including retirement schemes, medical insurance schemes, accident insurance schemes, unemployment insurance schemes, maternity insurance schemes and housing benefits. The Group's salary levels are regularly reviewed against market standards. Please refer to the Environmental, Social and Governance Report as set out on pages 206 to 271 of this report for more information.

XXV. Share option scheme

During the Review Period, the Group had no share option scheme.

XXVI. Material acquisitions and disposals

During the Review Period, no material acquisition or disposal was carried out by the Group.

INVESTOR RELATIONS REPORT

INVESTOR RELATIONS ACTIVITIES IN 2016

March

- Announcement of 2015 results
 - Results presentation
 - Analysis seminar
- Carrying out non-deal roadshows in Hong Kong

April

- Participation in the investors meeting in Hong Kong held by HSBC

May

- Convening reverse investor roadshow and organizing Shanghai – Chongming – Lijiang delegation in Hong Kong to participate in the non-deal roadshows

June

- Participation in the investors meeting in Hong Kong held by Citibank
- Participation in the investors meeting in Beijing held by JPMorgan Chase

August

- Announcement of 2016 interim results
 - Results presentation
 - Analysis seminar
- Carrying out non-deal roadshows in Hong Kong and Singapore

October

- Participation in the investors meeting in Hong Kong held by Jefferies

November

- Participation in the investors meeting in Macau held by Citibank

COMMUNICATION WITH HOLDERS OF SHARE STAPLED UNITS

The Boards and senior management of the Company recognize their responsibility to represent the interests of all Holders of Share Stapled Units. Communication with Holders of Share Stapled Units and accountability to Holders of Share Stapled Units is a high priority of the Company.

To enhance its transparency, the Company is committed to communicating its information to investors and other stakeholders through various channels in a timely and accurate manner to enable investment decision-making by existing and prospective investors. Furthermore, the Company believes that effective and adequate communication would allow us to receive suggestions from investors including our strategic positioning, project investments which would enable the Company to adequately consider the potential impact of the market in the decision-making process.

The Company mainly provides information to the Holders of Share Stapled Units through the following means: the Company has preliminarily established diversified communication channels with its investors so as to update the investors with the latest information concerning the Company in a convenient and expeditious manner:

- The annual reports and interim reports of the Company will be delivered to the Holders of Share Stapled Units and investors as well as the analysts who pay attention to the performance of the Company in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong.

- The Company held its interim annual results presentation to announce its results and outlook and respond to investors and the media's inquiries.
- The Company maintained good communication and exchanges with investors through investor hotlines, email and results presentation. It handled queries from investors conscientiously and kept relevant records to convey investors' concerns and views to its management in a timely manner.
- The Directors and the management of the Company had attended regular meetings with securities analysts and investors, securities analyst briefings, investor group briefings, overseas roadshows and investor conferences.
- Project visits are organized and if needed, site visits are organized for investors and analysts to directly visit the properties of the Company and communicate with management so as to enhance investor's understanding of the Company.
- It set up an online investor relations data management platform to gather information relating to investor relations management from within the PRC and from overseas in a methodologically effective and timely manner, including archives relating to receiving and communicating with investors, analysts and media.

FEEDBACK FROM INVESTORS

The Company highly values the feedback from investors. During the Year, the Company has conducted a number of summary and analysis on the advices of investors and analysts in order to keep abreast of the effectiveness of the Company's investor relations function. Based on the feedback from investors, the Company will further improve the quality of communication accordingly to better communicate with investors and analysts in the future.

PROSPECTS OF OUR INVESTOR RELATIONS WORK

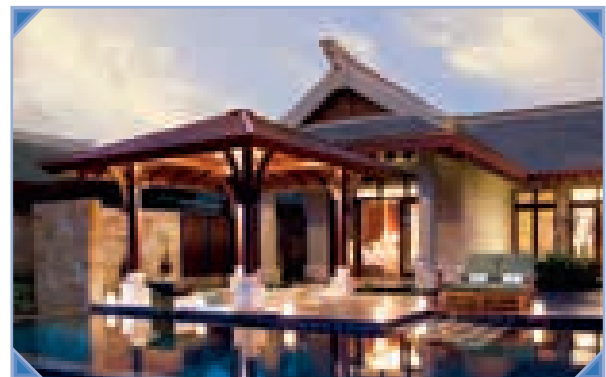
The Company will further enhance the investor relations management platform, to improve the efficiency and increase the transparency of its information disclosure to ensure that all investors will be able to promptly and fairly obtain relevant information of the Company, while complying with the Listing Rules and the applicable laws.

INVESTOR ENQUIRIES

Tel: +86 21 50476688-2327

Fax: +86 21 50470088-2327

Email: investors@jinmao88.com



PROFILE OF DIRECTORS AND SENIOR MANAGEMENT



Mr. Li Congrui
Chairman and
Non-executive Director

DIRECTORS

Mr. LI Congrui, aged 46, was appointed as the non-executive Director of the Trustee-Manager and the Company on 25 March 2014 and was appointed as the Chairman of the Board on 29 April 2016. He has been the Vice President of China Jinmao since April 2009, the executive director of China Jinmao since June 2011, the executive director and Chief Executive Officer of China Jinmao since January 2013, and the director of China Jin Mao (Group) since February 2013, and the chairman of China Jin Mao (Group) since November 2015, respectively. He also holds positions in a number of subsidiaries of China Jinmao, including the chairman of Sinochem Frashion Properties (Beijing) Co., Ltd., the chairman of Jinmao Investment (Changsha) Co., Ltd. and an executive director of Jinmao Investment Management (Shanghai) Co., Ltd.. Mr. LI joined Sinochem Group in 1997, and held various senior management positions in Shanghai Orient Terminal Co., Ltd. and Sinochem International Industrial Corporation. From 2003 and prior to joining China Jinmao, he has been the director and the general manager of Zhoushan State Oil Reserve Base Company Limited (舟山國家石油儲備基地有限責任公司). Mr. LI has over 10 years of experience in strategy management, corporate governance, organisational construction, appraisal and analysis on project investment, project management and large-scale project construction.

Mr. LI graduated from the Petroleum Department of China University of Geosciences (Wuhan) with a bachelor's degree in petroleum geology and exploration in June 1994. He obtained a master's degree in petroleum development from the Research Institute of Petroleum Exploration & Development in 1997 and an executive master's degree in business administration from China Europe International Business School (CEIBS) in 2007.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT



Mr. ZHANG Hui
Executive Director and
Chief Executive Officer

Mr. ZHANG Hui, aged 46, was appointed as the Chief Executive Officer and the sole executive director of the Trustee-Manager and the Company on 25 March 2014. He is responsible for the operation and management of the Group. He has also been a director and the general manager of China Jin Mao (Group), since January 2010. He joined Sinochem Group in 2002 and held a number of senior positions including general manager of Shanghai Orient Terminal Co., Ltd.. He had been the Vice President of China Jinmao from January 2010 to July 2014. Before joining Sinochem Group, he worked at Shanghai Offshore Petroleum Bureau of China Petrochemical Corporation from 1995 to 2002. Mr. ZHANG has approximately 20 years of experience in large-scale project development and management, project investment planning and corporate governance.

Mr. ZHANG graduated from China University of Geosciences (Wuhan) with a bachelor's degree in oil and gas reservoir engineering in June 1995 and obtained a master's degree in business administration from China Europe International Business School in September 2008. He obtained the Professional Certificate of Specialty and Technology as a senior economist from Sinochem Group in December 2011. He is now a delegate in the 14th Session of the Shanghai Municipal People's Congress.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT



Mr. JIANG Nan
Non-executive Director

Mr. JIANG Nan, aged 43, was appointed as the non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Mr. JIANG joined China Jinmao in 2006 as the Chief Financial Officer and has been involved in the day-to-day management of China Jinmao such as accounting and financing, capital market, investor relations, and the guidance and management of strategy and budget assessment. He was appointed as an executive director of China Jinmao in August 2015. Mr. JIANG joined Sinochem Group in August 1995 and worked in the Finance Department from 1995 to 2002. He was the Treasurer of Sinochem Hong Kong from August 2002 to January 2006, responsible for financial management and investment affairs, and operation of the overseas funds of Sinochem Group. He served as the executive director of China Jinmao from 2007 to 2011 and has been the director of China Jin Mao (Group) since December 2008. Mr. JIANG has approximately 20 years of experience in corporate finance and accounting management.

Mr. JIANG graduated from China Institute of Finance with a bachelor's degree in finance in July 1995 and a master's degree in finance from Central University of Finance and Economics in 2003. He obtained the Accounting Qualification Certificate in 1999. He is now a member of the Association of International Accountants (AIA).

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT



Ms. LAN Haiqing
Non-executive Director

Ms. LAN Haiqing, aged 50, was appointed as the non-executive Director of the Trustee-Manager and the Company on 29 April 2016. Ms. LAN has been the vice president of China Jinmao since December 2007, and the director of China Jin Mao (Group) since October 2015. Ms. LAN also holds positions in a number of subsidiaries of China Jinmao, including the director of Sinochem Frashion Property (Beijing) Co., Ltd. and the director of Jinmao Investment (Changsha) Co., Ltd. From 1997 to 2007, Ms. LAN served as the deputy general manager and general manager of Sinochem Qingdao Golden Beach Hotel and the general manager and chairman of Wangfujing Hotel Management Co., Ltd.. Ms. LAN has over 20 years of hotel management experience and has accumulated extensive experience in the appraisal and analysis of investments, product positioning and project operational management of real estate complex projects.

Ms. LAN graduated from Ocean University of China in 1988 and Shandong University with an executive master's degree in Business Administration in 1998, respectively, and obtained a master's degree from Les Roches School of Hospitality Management in Switzerland in June 2000.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT



Dr. CHEN Jieping
Independent
non-executive Director

Dr. CHEN Jieping, aged 63, was appointed as the independent non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Dr. CHEN is an independent non-executive director of Shenzhen Worldunion Properties Consultancy Incorporated (stock code: 002285), which is listed on the Shenzhen Stock Exchange, an independent non-executive director of Industrial Securities Co., Ltd. (stock code: 601377), which is a company listed on the Shanghai Stock Exchange. Dr. CHEN is also an independent non-executive director of iOne Holdings Limited (stock code: 00982) and Shanghai La Chapelle Fashion Co., Ltd. (stock code: 06116), which are companies listed on the Stock Exchange.

Dr. CHEN has over 15 years of experience in accounting. He was the Associate Dean, Director of the Senior Management Master of Business Administration Program and a Professor of the China Europe International Business School from 2009 and 2016. He is currently a Professor of the Senior Management Master of Business Administration Program of the China Europe International Business School. Dr. CHEN was the Head of the Department of Accountancy of the City University of Hong Kong from 2005 to 2008.

Dr. CHEN obtained a bachelor's degree in Science and a master's degree in hospitality management, respectively, from the University of Houston in August 1990. He obtained a master's degree in business administration from the University of Houston in May 1992 and a doctoral degree in business administration from the University of Houston in August 1995.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT



**Dr. CHUNG
Shui Ming Timpson**
Independent
non-executive Director

Dr. CHUNG Shui Ming Timpson, GBS, JP, Dssc (Hon), aged 65, was appointed as the independent non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Dr. CHUNG is an independent non-executive director of China Unicom (Hong Kong) Limited (stock code: 0762), Glorious Sun Enterprises Limited (stock code: 0393), Miramar Hotel and Investment Company Limited (stock code: 0071), China Overseas Grand Oceans Group Limited (stock code: 0081), China Everbright Limited (stock code: 0165), China Construction Bank Corporation (stock code: 0939), which are companies listed on the Main Board of the Stock Exchange, and China State Construction Engineering Corporation Limited (stock code: 601668), which is a company listed on the Shanghai Stock Exchange. Dr. CHUNG was an independent non-executive director of China Everbright Bank Company Limited (stock code: 601818), which is a company listed on the Shanghai Stock Exchange, and Nine Dragons Paper (Holdings) Limited (stock code: 02689) and Henderson Land Development Company Limited (stock code: 0012), which are companies listed on the Main Board of the Stock Exchange.

Dr. CHUNG is well-versed in accounting, finance and financial and corporate management and has over 30 years of experience in accounting and corporate management. Dr. CHUNG was the Audit Supervisor of Coopers & Lybrand, the Chairman of the Hong Kong Housing Society and the Chief Executive Officer of Shimao International Holdings Limited.

Dr. CHUNG graduated from the University of Hong Kong with a bachelor's degree in science in November 1976. Dr. CHUNG obtained a master's degree in business administration from the Chinese University of Hong Kong in October 1987 and was awarded Honorary Doctoral Degree in Social Science by the City University of Hong Kong in November 2010. Dr. CHUNG is also a fellow member of the Hong Kong Institute of Certified Public Accountants.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT



Dr. XIN Tao
Independent
non-executive Director

Dr. XIN Tao, aged 60, was appointed as the independent non-executive Director of the Trustee-Manager and the Company on 9 June 2015. Dr. XIN was the consultant to China World Hotel of China World Trade Center Company Limited (中國國際貿易中心有限公司) and the vice chairwoman of China World Trade Property & Hotel Management Co., Ltd. (國貿物業酒店管理公司). Dr. XIN has over 30 years of experience in hotel management. From 1983 to 1988, she was the deputy director of the Food and Beverage Department at Beijing Jinglun Hotel. From 1988 to 2014, Dr. XIN was the deputy general manager at China World Hotel and Traders Hotel Beijing of China World Trade Center, the deputy general manager at China World Summit Wing of China World Trade Center, the general manager at Traders Hotel Beijing of China World Trade Center, and the assistant to the general manager at China World Trade Center Company Limited, respectively. Dr. XIN also served various social positions, such as the adviser to China Tourist Hotel Association (中國旅遊飯店業協會), a member of the National Tourism Standards Committee (國家旅遊標準委), the deputy director of National Star Rating Committee of Experts (國家星評委專家委員會), the chairwoman of the board of supervisors of Beijing Tourism Industry Association (北京旅遊協會), the accommodation expert for Beijing 2008 Olympic Summer Games, the accommodation expert for Beijing 2022 Olympic Winter Games Bid Committee. As a senior expert in the hotel industry, Dr. XIN Tao also serves as the visiting professor and industry mentor at the Beijing Second Foreign Language Institute and Tourism Institute of Beijing Union University, as well as a consultant of Beijing Hospitality Institute (中瑞酒店管理學院).

Dr. XIN graduated from Beijing Tourism Institute (currently named as Tourism Institute of Beijing Union University) with a bachelor's degree in economics in tourism management in 1983. She obtained a master's degree in business administration from the Faculty of Business of Hull University, UK in 1998. She obtained a doctoral degree in engineering in the system engineering direction from the Faculty of Information and Electronic Engineering of the South China University of Technology in 2003.



Ms. ZHANG Runhong

SENIOR MANAGEMENT OF THE GROUP

Ms. ZHANG Runhong, aged 39, is the Head of Finance of the Group and the Head of Finance of China Jin Mao (Group). She joined China Jin Mao (Group) in 2003 and held a number of positions in its subsidiaries including deputy finance director of Shanghai Grand Hyatt and The Ritz-Carlton Sanya, Yalong Bay. Ms. ZHANG has approximately 14 years of experience in financial analysis and management.

Ms. ZHANG is also a director of Shanghai Property Management, Shanghai Jin Mao Jin Jiang Automobile Service Company Limited, Jin Mao Hainan Investment Company Limited, Jin Mao Sanya Tourism Company Limited, Beijing Jin Mao Real Estate Company Limited, Jin Mao Shenzhen Hotel Investment Company Limited, Wangfujing Hotel Management Company Limited, Li Long (Shanghai) Hotel Management Company Limited and Shanghai Jin Mao International Cruising-Yacht Company Limited, a company held as to 23% by China Jinmao.

Ms. ZHANG graduated from Shanghai University of Finance and Economics with a bachelor's degree in international accounting in June 2000 and obtained a master's degree in accounting from Shanghai University of Finance and Economics in February 2003. She is a holder of the Certificate of Certified Public Accountants and the Certificate of Certified Commercial Investment Member.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT



Mr. TANG Yong

Mr. TANG Yong, aged 48, is the deputy general manager of the Group and of China Jin Mao (Group) and the general manager of Shanghai Property Management. Mr. TANG joined China Jin Mao (Group) in May 2000 and has held a number of positions in its subsidiaries including assistant to the general manager and deputy general manager of the Human Resources Division, director of the Administration and Human Resources Division of Shanghai Property Management, deputy general manager and general manager of the Technical Support Division of Shanghai Property Management and the assistant of the general manager of China Jin Mao (Group). From 1991 to 2000 before joining China Jin Mao (Group), Mr. TANG has worked at Shanghai Crane & Conveyor Works Co., Ltd.. He has approximately 25 years of experience in corporate governance and human resources management.

Mr. TANG is also a director of Jin Mao (Shanghai) Property Management Co., Ltd. and Shanghai Jin Mao Jin Jiang Automobile Service Company Limited.

Mr. TANG graduated from Shanghai University in July 1991 with a bachelor's degree in history. He is the holder of the title of political engineer and the Human Resources Management Practitioner Qualification Certificate.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT



Mr. ZENG Fei

Mr. ZENG Fei, aged 39, is the deputy general manager of the Group and of China Jin Mao (Group) and the chairman of Labour Union of China Jin Mao (Group). Mr. ZENG joined Sinochem Group in June 2004 and has held a number of positions, including staff at Operation Division of Sinochem International Oil Corporation, deputy manager to the CEO of Sinochem. From August 2009 to February 2016, he has been the deputy general manager of the General Affairs Department, the deputy officer in the office of general manager (chaired) and the officer in the office of the general manager of China Jinmao and an assistant to the general manager of China Jin Mao (Group) from February 2016 to January 2017. Mr. ZENG has approximately 12 years of experience in corporate governance.

Mr. ZENG is also a director of Shanghai Jin Mao Jin Jiang Automobile Service Company Limited.

Mr. ZENG graduated from Peking University in July 2001 with a bachelor's degree in international relations. He also held a master's degree in international relations from the said university in June 2004.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT



Mr. ZHANG Wei

Mr. ZHANG Wei, aged 41, is an assistant to the general manager of the Group and of the China Jin Mao (Group). Mr. ZHANG joined China Jin Mao (Group) in July 1998 and had held a number of positions in China Jin Mao (Group) and its subsidiaries including assistant to the general manager of the Office Building Division, deputy general manager of the Business Development Division, deputy general manager of the Office Building Division and deputy general manager and general manager of Shanghai Property Management. He has approximately 18 years of experience in corporate governance, office building sales and leasing and property management.

Mr. ZHANG was also the deputy chairman of Shanghai Jin Mao International Cruising-Yacht Company Limited, a company held as to 23% by China Jinmao.

Mr. ZHANG graduated from Fudan University in July 1998 with a bachelor's degree in law and obtained an EMBA degree from the same university in January 2011. He is a holder of the Certificate of Certified Commercial Investment Member.

CONSOLIDATED CORPORATE GOVERNANCE REPORT

GOVERNANCE AND COMPLIANCE

Jinmao Hotel (formerly known as Jinmao Investments), a trust constituted by the Trust Deed dated 13 June 2014 entered into between Jinmao (China) Investments Manager Limited, as the trustee-manager of Jinmao Hotel, and the Company under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for investing in the Company or in connection with the Company.

Under the Trust Deed, the Trustee-Manager and the Company must ensure that, subject to the exercise of the exchange right, each Unit remains linked to a specifically identified ordinary share of the Company registered in the principal register of members of the Company in the Cayman Islands in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Hotel) and that each Unit remains stapled to a specifically identified preference share of the Company.

The Trust Deed contains provisions prohibiting the Trustee-Manager and the Company from taking any action which would result in the Units and the ordinary shares of the Company ceasing to be linked or in the Units and the preference shares of the Company ceasing to be stapled; or from refraining from doing any act required to maintain those relationships. The terms and conditions of the Trust Deed and all deeds supplemental to it shall be binding on each unitholder and all persons claiming through such unitholder. The rights and interests of Holders of Share Stapled Units are contained in the Trust Deed. Under the Trust Deed, those rights and interests are safeguarded by the Trustee-Manager.

The Trust Deed is available for download on the websites of the Stock Exchange and the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

This consolidated Corporate Governance Report of the Trust and the Company sets out a summary of the key processes, systems and measures used by the Trust, the Trustee-Manager and the Company in implementing the corporate governance framework for the year ended 31 December 2016. Pursuant to the Trust Deed, the Trustee-Manager shall ensure the compliance by Jinmao Hotel with the applicable Listing Rules and other relevant laws and regulations. The Company shall ensure compliance with the Listing Rules and other relevant laws and regulations. The Trustee-Manager and the Company shall work together to ensure compliance with the Listing Rules by all parties and cooperation between the parties on making disclosure to the Stock Exchange.

The Trustee-Manager Board and the Company Board have played a critical and supervisory role in the corporate governance duties of Jinmao Hotel and the Company through review of the overall corporate governance arrangement and approval of governance policies. Both Boards are responsible for overseeing their respective compliance with the Corporate Governance Code and shall review the disclosures set out in this consolidated corporate governance report.

CONSOLIDATED CORPORATE GOVERNANCE REPORT

Throughout the year ended 31 December 2016, Jinmao Hotel (through the Trustee-Manager) and the Company had complied with the applicable code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules and adopted some recommended best practices set out in the Corporate Governance Code if applicable. The requirement to establish a nomination committee is not relevant to the Trustee-Manager because the Trust Deed requires that the Directors of the Trustee-Manager shall at all times comprise the same individuals who serve as Directors of the Company. The requirement to establish a remuneration committee is also not relevant to the Trustee-Manager as its Directors are not entitled to any remuneration payable by the Trust or the Trustee-Manager, and the Trustee-Manager does not have any employee.

DATA OF SHARE STAPLED UNITS

As at the Listing Date, there were a total of 2,000,000,000 Share Stapled Units in issue. Each Share Stapled Unit refers to the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:

- 1) a Unit;
- 2) the beneficial interest in a specifically identified ordinary share of HK\$0.0005 each of the Company linked to the Unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of Jinmao Hotel); and
- 3) a specifically identified preference share of HK\$0.0005 each of the Company stapled to the Unit.

Subject to the provisions in the Trust Deed, the Units can only be dealt with together and may not be dealt with individually or one without the others.

As of the date of this report, no new Share Stapled Units have been issued by Jinmao Hotel and the Company.

THE BOARDS

Responsibilities of the Boards

The Trustee-Manager Board is responsible for taking all reasonable steps to ensure that the Trustee-Manager discharges its duties under clause 2.6 of the Trust Deed, including but not limited to, acting honestly and in good faith in the best interest of all the registered holders of Units as a whole, giving priority to the interests of all the registered holders of Units as a whole over its own interests in the event of a conflict between the interests of all the registered holders of Units as a whole and its own interests, ensuring that the Trust Property is properly accounted for and be answerable to the registered holders of Units for the application or misapplication of any Trust Property; disclosing fully to the registered holders of Units its interests in contracts with the Trust and/or the Group.

CONSOLIDATED CORPORATE GOVERNANCE REPORT

The Company Board is responsible for setting out the overall development strategy and business objectives of the Group, monitoring the financial conditions of the Company and overseeing the performance of the management team with a view to creating value for the Holders of Share Stapled Units by fostering the sustainable development of the Company. The power of the Company Board is distinguished from that of the management of the Company in accordance with the provisions of the Company's Articles. The duties of day-to-day management as well as business operations of the Group are delegated to the senior management, who is responsible for the execution of the business strategy and initiatives adopted by the Company Board.

For the year ended 31 December 2016, the Company had arranged appropriate liabilities insurance coverage to protect the Directors and the senior management of the Trustee-Manager and the Company against potential legal actions so that the Directors would be in a better position to perform their duties and prevent risks.

The executive Director works full-time for Jinmao Hotel and the Company, and all the non-executive Directors and independent non-executive Directors have confirmed to the Trustee-Manager and the Company that they contributed sufficient time and attention to the affairs of Jinmao Hotel and the Company for the year ended 31 December 2016.

Composition of the Boards

The Trust Deed requires that:

- 1) the Trustee-Manager Board shall at all times comprise the same individuals who serve as Directors of the Company;
- 2) no person shall serve as a Director of the Trustee-Manager unless he also serves as a Director of the Company at the same time; and
- 3) no person shall serve as a Director of the Company unless he also serves as a Director of the Trustee-Manager at the same time.

Accordingly, the compositions of the Trustee-Manager Board and the Company Board are the same at all times.

CONSOLIDATED CORPORATE GOVERNANCE REPORT

With respect to the board diversity, the Directors of the Company have different professional backgrounds, providing professional advice to the Company in their respective area of expertise. As of the date of this report, the compositions of the Trustee-Manager Board and the Company Board are the same and the Boards consisted of the following seven Directors and the details are as follows:

Non-executive Directors

Mr. LI Congrui (Chairman)
Mr. JIANG Nan
Ms. LAN Haiqing

Executive Director and Chief Executive Officer

Mr. ZHANG Hui

Independent non-executive Directors

Dr. CHUNG Shui Ming Timpson
Dr. CHEN Jieping
Dr. XIN Tao

Mr. CAI Xiyou has resigned from the positions of the Chairman and the non-executive Director of the Trustee-Manager and the Company, with effect from 15 March 2016.

Since 29 April 2016, Mr. LI Congrui, the current non-executive Director of the Trustee-Manager and the Company, has been appointed as the Chairman of the Board, for a term to be coterminous with his directorship. Ms. LAN Haiqing has been appointed as a non-executive Director of the Trustee-Manager and the Company since 29 April 2016 for a term of three years.

Each Director (including independent non-executive Director) has entered into a separate letter of appointment with the Trustee-Manager and the Company for a period of three years, subject to the provision of re-election pursuant to the Company's and the Trustee-Manager's respective articles of associations. According to the Trust Deed, the Trustee-Manager Board shall always be composed of the individuals who also serve as Directors of the Company. A Director of the Trustee-Manager shall resign from his office if he ceases to be a Director of the Company. A Director of the Company shall resign from his office if he ceases to be a Director of the Trustee-Manager.

Pursuant to the Trust Deed and the Company's Articles, any Director appointed either to fill a casual vacancy or as an addition to the Company Board and the Trustee-Manager Board, shall hold office only until the next following AGM and shall then be eligible for re-election.

Pursuant to Article 29.2(m) of Trust Deed and Article 16.21 in the Company's Articles, Dr. CHUNG Shui Ming Timpson, Dr. CHEN Jieping and Dr. XIN Tao will be subject to retirement by rotation and will be eligible for re-election at the 2016 AGM.

Biographical details of the Directors and the senior management are set out on pages 58 to 68 of this annual report. The members of the Boards have no financial, business, family or other material/relevant relationships with each other.

Chairman and Chief Executive Officer

There is a clear segregation of these two positions of our Chairman and Chief Executive Officer to ensure an appropriate balance of power and authority. The Chairman is responsible for providing leadership to the Boards, ensuring the effective operation of the Boards, performing his stated duties and discussing all important and appropriate issues on a timely basis to ensure that the Boards act in the best interests of Jinmao Hotel. In addition, the Chairman should promote a culture of openness by facilitating the effective contribution of Director (in particular, non-executive Directors). The Chief Executive Officer is responsible for the day-to-day management and operation of the Company, execution of strategies set by the Company Board, formulation and execution of policies of the Company, and is accountable to the Company Board for the overall operation of the Company.

The positions of the Chairman and the Chief Executive Officer are held by different persons. The Company is of the opinion that duties and obligations between the Chairman and the Chief Executive Officer have been well separated. The division between the operation and management of the Board and the day-to-day management function of the Company's operation is clearly established with an appropriate balance of power and authority and there is no excessive concentration of power in one person.

Board Diversity

To achieve sustainable and balanced development, the Company considers that having a diversified Board is crucial to fulfill its strategic objectives and achieve sustainable development. In determining the composition of the Board, the Company seeks to achieve Board diversity through the consideration of a number of factors. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The selection of candidates by the Company is based on a number of criteria on diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Remuneration and Nomination Committee made recommendations to the Board with respect to the appointment of Directors having due regard to the above diversity requirements. For future appointment and re-appointment, the Remuneration and Nomination Committee will also make recommendations to the Board with respect to the appointment of Directors according to the diversity policy of the Company so as to achieve Board diversity.

Independence of independent non-executive Directors

Each of the Trustee-Manager Board and the Company Board has three independent non-executive Directors in compliance with the requirements under the Listing Rules that the number of the independent non-executive Directors shall account for at least one-third of the members of the Board and at least one of them shall have appropriate financial management expertise. Each independent non-executive Director has confirmed his independence to the Trustee-Manager Board and the Company Board, and the Boards are of the view that these Directors are independent of the Trustee-Manager and the Company under the independence guidelines set out in Rule 3.13 of the Listing Rules.

CONSOLIDATED CORPORATE GOVERNANCE REPORT

Meetings of the Boards and committees under the Boards

During the Review Period, the Trustee-Manager and the Company jointly held five regular Board meetings and signed five written resolutions, the Trustee-Manager Audit Committee and the Company Audit Committee jointly held three committee meetings, the Remuneration and Nomination Committee of the Company signed six written resolutions, and the Independent Board Committee of the Company signed one written resolution.

Attendance at regular meetings of the Board and committees under the Board and its details as follows:

Name of Director	Joint Board meeting of the Trustee-Manager and the Company	Joint Audit Committee meeting of the Trustee-Manager and the Company
	No. of meetings attended/ No. of meetings (Attendance rate)	
Non-executive Directors		
Mr. LI Congrui (Chairman) (authorized to assume the role and duties of Chairman on 15 March 2016 and appointed as Chairman on 29 April 2016)	4/5/80% ⁽¹⁾	–
Mr. CAI Xiyou (Chairman) (resigned on 15 March 2016)	0/1/0% ⁽¹⁾	–
Mr. JIANG Nan	5/5/100%	3/3/100%
Ms. LAN Haiqing (appointed on 29 April 2016)	3/3/100%	–
Executive Director and Chief Executive Officer		
Mr. ZHANG Hui	5/5/100%	–
Independent non-executive Directors		
Dr. CHUNG Shui Ming Timpson	3/5/60% ⁽²⁾	–
Dr. CHEN Jieping	4/5/80% ⁽³⁾	3/3/100%
Dr. XIN Tao	4/5/80% ⁽³⁾	3/3/100%

Notes: (1) The Company has issued a notice of the meeting to all Directors of the Company in accordance with the Articles of Association, Mr. LI Congrui and Mr. CAI Xiyou failed to attend to one meeting of the Board due to other business commitment and they had informed the chairman of the meeting in advance. The number of Directors attending the relevant meeting had reached the quorum;

(2) The Company has issued a notice of the meeting to all Directors of the Company in accordance with the Articles of Association, Dr. CHUNG Shui Ming Timpson failed to attend to one regular meeting of the Board and one temporary meeting of the Board due to other business commitment and he had informed the chairman of the meeting in advance. The number of Directors attending the relevant meeting had reached the quorum;

(3) The Company has issued a notice of the meeting to all Directors of the Company in accordance with the Articles of Association, Dr. CHEN Jieping and Dr. XIN Tao failed to attend to one temporary meeting of the Board due to other business commitment and they had informed the chairman of the meeting in advance. The number of Directors attending the relevant meeting had reached the quorum.

Directors' continuous professional development and access to information

The Company has encouraged Directors and the administrative staff to take comprehensive professional development courses and seminars on the Listing Rules, Companies Ordinance/company law and Corporate Governance Code organised by Hong Kong professional bodies, independent auditors and/or associations, which would enable them to continuously and further refresh their related knowledge and skills. The Directors are also provided with written training materials from time to time to develop and review their professional skills.

The Directors actively participate in continuous professional development, develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant. During the Review Period, all of the Directors participated in various trainings organised by the Company, including the "New Director Orientation". The Directors also participated in a number of external trainings, seminars and conferences. Mr. LI Congrui participated in forums and trainings including "China Real Estate & Finance Annual Form 2016" and "the 7th China Europe Finance & Business Investment Forum of CEIBS". Mr. JIANG Nan participated in the summit forum of "One Belt One Road" organized by Hong Kong Trade Development Council. Mr. ZHANG Hui participated in forums and trainings including the CRECC Lingshui Summit, the 2016 Asia-Pacific Hotels Cooperation Forum, Global Meeting of Hilton Hotel Owners in Greater China Region, the press conference for the 17th Global Forum of China's Hotels (Shanghai) and the G50 Shanghai Summit, the leadership development class of Sinochem Group, the 29th training class of financial theories for management in State-owned enterprises with no financial background.

The Company provides a monthly magazine named "Beyond" to all the Directors on a monthly basis, including information in relation to the operational data of the Company, strategy implementation, market analysis, capital markets and compliance and governance, and provides access to information about Jinmao Hotel and the Company to Directors, which endeavours to promptly provide to help them make informed decisions and act with a view to the best interest of the Holders of Share Stapled Units as a whole. The Directors may seek independent professional advice to perform their duties and responsibilities. Such advice may be obtained at the expense of Jinmao Hotel and the Company upon reasonable request.

Responsibility for preparation of the financial account

The Trustee-Manager Board and the Company Board are responsible for the preparation of the financial account of the Trust Group and the Trustee-Manager for the year ended 31 December 2016 to give a true and fair view of the operating results and financial conditions of the Trust Group and the Trustee-Manager.

Our auditor has responsibility for its report on the financial statements of the Trust Group and Trustee-Manager and has made a statement as to its reporting responsibility on pages 110 to 115 and pages 193 to 195 of the "Independent Auditors' Report", respectively.

Committees under the Boards

The Trustee-Manager Board has established its Audit Committee. The Trustee-Manager Audit Committee functions in its area of expertise and reports its decisions and makes its recommendations to the Trustee-Manager Board.

The Board of the Company has established four committees, namely the Audit Committee, the Remuneration and Nomination Committee, the Independent Board Committee and the Strategy and Investment Committee. Each committee functions in its area of expertise and reports its decisions and recommendations to the Company Board.

CONSOLIDATED CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEES OF THE TRUSTEE-MANAGER AND THE COMPANY

The Trust Deed requires that the composition of the Company Audit Committee and the Trustee-Manager Audit Committee must be the same.

The Trustee-Manager and the Company have established their own respective Audit Committees with specific written terms of reference which clearly set out their authority and duties. Their terms of reference were approved at the joint meeting by the Boards of the Trustee-Manager and the Company respectively on 25 March 2014 and were amended by the joint Board meeting of the Trustee-Manager and the Company on 29 June 2016, and were uploaded to the websites of the Stock Exchange and the Company available for downloading.

The major terms of reference of the committees include:

- to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- to develop and implement policy on engaging an external auditor to supply non-audit services, and report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;
- to review the Company's financial controls, and to review the Company's risk management and internal control systems; to discuss the risk management and internal control system with the management to ensure that management has performed its duty to have effective systems and that resources, employees' qualifications and experiences are adequate for performing the accounting and financial reporting functions, and the training courses received by employees and any budgets in relation thereto are sufficient; to consider major investigations findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

CONSOLIDATED CORPORATE GOVERNANCE REPORT

- to review the Company's financial and accounting policies and practices; to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response; to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- to establish and review the system for direct reporting by employees of the Company, through which they can raise concerns about possible improprieties in financial reporting, internal control or other matters in confidence. The Audit Committee shall be entitled to take any action which it thinks appropriate and necessary for investigation of any unusual situation of the Company and to report it to the Board as and when necessary. The Committee should also ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- to act as the key representative body for overseeing the Company's relations with the external auditor; and
- to report to the Board on the matters set out above, and to deal with any other matters authorised by the Board.

As at the date of this report, members of the Trustee-Manager Audit Committee and the Company Audit Committee included independent non-executive Directors Dr. CHEN Jieping and non-executive Director Mr. JIANG Nan and Dr. XIN Tao. Dr. CHEN Jieping was also the chairman of the Trustee-Manager Audit Committee and the Company Audit Committee.

For the year ended 31 December 2016, the Trustee-Manager Audit Committee and the Company Audit Committee held three meetings in total. All members of the committee have attended the above meetings.

For the year ended 31 December 2016, the review of the financial reporting and internal control of the Trustee-Manager Audit Committee and the Company Audit Committee included the following:

- monitoring the financial statements of the Trust Group and the Trustee-Manager, auditing the 2015 Annual Report of the Trustee-Manager and the Company and reviewing the completeness and accuracy of the 2016 interim report and the formal announcement relating to the financial performance of the Trustee-Manager and the Company;
- approving the remuneration and terms of engagement of the external auditor and making recommendations to the Boards on the appointment of the external auditor;
- reviewing the annual pre-audit results, profit forecast, audit strategies and significant matters for 2016; and
- approving the 2016 internal review work summary, internal control work report and the 2017 work plans for internal review and internal control.

The Head of Finance and the auditors of the Company sat for the 3 meetings as mentioned above.

CONSOLIDATED CORPORATE GOVERNANCE REPORT

Remuneration and Nomination Committee of the Company

The Company has established the Remuneration and Nomination Committee with specific written terms of reference which clearly set out its authority and duties. The terms of reference were approved by the Company Board on 25 March 2014 and were amended by the joint Board meeting of the Trustee-Manager and the Company on 29 June 2016, and were uploaded to the websites of the Stock Exchange and the Company available for downloading.

The major terms of reference of the committee include:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals who are qualified to become members of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorship;
- to examine the standards and procedures for selection of Directors and senior management and to make recommendations to the Board;
- to review the qualifications and abilities of candidates for directorship and senior management and to make recommendations to the Board;
- to assess the independence of the independent non-executive Directors;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the chairman and the chief executive;
- to consult with the chairman and/or the chief executive on remuneration of the other executive Directors and to seek independent professional advices as and when necessary;
- to make recommendations to the Board on the policies and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including monetary benefits, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and to make recommendations to the Board on the remuneration of non-executive Directors;
- to review and approve the management's remuneration proposals with reference to the Board's corporate strategies, goals and objectives;
- to consider salaries paid by comparable companies, time commitment for discharging responsibilities, and employment conditions of other positions in the Company and its subsidiaries;

CONSOLIDATED CORPORATE GOVERNANCE REPORT

- to determine the criteria for assessing the executive Directors' and senior management's performance and appraise the performance of the executive Directors and senior management, and to participate in appraisal process or seek professional assistance and advice as and when necessary;
- to review and approve compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- to ensure that no Director or any of his associates is involved in deciding his own remuneration; and
- to deal with any other matters authorised by the Board.

As at the date of this report, members of the Remuneration and Nomination Committee of the Company included independent non-executive Director Dr. CHUNG Shui Ming Timpson, non-executive Director Mr. LI Congrui and independent non-executive Director Dr. CHEN Jieping. Dr. CHUNG Shui Ming Timpson was also the chairman of the Remuneration and Nomination Committee of the Company.

During the Review Period, the Remuneration and Nomination Committee of the Company signed six written resolutions. All members of the committee have voted for the above written resolutions.

For the year ended 31 December 2016, nomination, appointment, review and determination of remuneration packages of the Remuneration and Nomination Committee of the Company included the following:

- proposing the appointment of the Chairman of the Board, one non-executive Director and one senior management member based on the standards and procedures for selection of the Directors of the Company, and submitting such recommendations to the Company Board for review and approval;
- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Company Board;
- determining the remuneration packages of executive Director and some members of the senior management based on the operating results and profit of the Group and with reference to the rates of other companies, both domestically and overseas, and the prevailing market rates, and making recommendations to the Company Board; and
- assessing the independence of the independent non-executive Directors.

CONSOLIDATED CORPORATE GOVERNANCE REPORT

Independent Board Committee of the Company

The Company has established the Independent Board Committee with specific written terms of reference which clearly set out its authority and duties. The terms of reference were approved by the Company Board on 18 August 2014.

The major terms of reference of the committee include:

- responsible for overseeing the implementation of non-compete undertakings and the Hotel Arrangements, especially reviewing on an annual basis the compliance by China Jinmao with the terms of the non-compete undertaking and the Hotel Arrangements, based on the Hotel Arrangements Deed entered into between China Jinmao and the Company on 13 June 2014 and non-compete undertakings in any subsequent amendments, if any, made through lawful procedures and certain arrangements relating to the existing and future interests of the China Jinmao Group in hotels as agreed by the parties in the Hotel Arrangements Deed;
- for the connected transactions and transactions subject to independent shareholders' approval under the Listing Rules, to examine whether the terms thereunder are fair and reasonable, and in the interest of the issuer and its shareholders as a whole, and to make recommendations; and
- to deal with any other matters authorised by the Board.

As at the date of this report, members of the Independent Board Committee of the Company included independent non-executive Directors Dr. CHUNG Shui Ming Timpson, Dr. CHEN Jieping and Dr. XIN Tao. Dr. CHUNG Shui Ming Timpson was also the chairman of the Independent Board Committee of the Company.

For the year ended 31 December 2016, none of the properties acquired by or investment opportunities obtained by China Jinmao was subject to the Hotel Arrangements Deed and the Independent Board Committee of the Company did not hold any ad hoc meeting.

For the year ended 31 December 2016, the Independent Board Committee of the Company signed one written resolution and considered the following the issues:

- reviewing and confirming compliance by China Jinmao with the terms of the non-compete undertaking and the Hotel Arrangements;
- confirming that the Group did not exercise any call options or accept the offer under right of first refusals to acquire related hotels or participate in any investment opportunity pursuant to the Hotel Arrangements for the year ended 31 December 2016; and
- examining continuing connected transactions on an annual basis and confirming them in the annual report and accounts of the Company.

Compliance with terms of the non-compete undertaking and the Hotels Arrangements

China Jinmao has provided its written confirmation in respect of the China Jinmao Group's compliance with their obligations under terms of the non-compete undertaking and the Hotels Arrangements for the year ended 31 December 2016.

Strategy and Investment Committee of the Company

The Company has established the Strategy and Investment Committee with specific written terms of reference which clearly set out its authority and duties. The terms of reference were approved by the Company Board on 18 August 2014.

The major terms of reference of the committee include:

- to consider and formulate the Company's development strategies;
- to review new project investment proposals submitted by management according to the Company's development strategies; and the new projects include: acquisition or disposal of wholly-owned companies and joint ventures with business substance, purchase of operating hotel projects and disposal of or renovation of existing operating projects;
- to review management's proposals on the establishment of departments in the headquarters;
- to supervise and monitor management's execution of the Company's development strategies; and
- to deal with any other matters authorised by the Board.

As at the date of this report, members of the Strategy and Investment Committee of the Company included non-executive Director Mr. LI Congrui, executive Director and Chief Executive Officer Mr. ZHANG Hui, non-executive Director Mr. JIANG Nan, independent non-executive Director Dr. Chen Jieping and independent non-executive Director Dr. XIN Tao. Mr. LI Congrui was also the chairman of the Strategy and Investment Committee of the Company.

For the year ended 31 December 2016, the Strategy and Investment Committee signed one written resolution.

Company Secretary

The Trustee-Manager and the Company have appointed Ms. HO Wing Tsz Wendy, director of corporate services department of Tricor Services Limited, an external service provider as the Company Secretary of the Trustee-Manager and the Company in compliance with the requirements of Rules 3.28 and 3.29 of the Listing Rules. The primary corporate contact person at the Company is Mr. JIANG Nan. During the Review Period, Ms. HO Wing Tsz Wendy participated in professional training of not less than 15 hours.

CONSOLIDATED CORPORATE GOVERNANCE REPORT

Corporate governance measures for potential conflicts of interest

Given the unique nature of the Group's business structure and its close relationship with the China Jinmao Group, the Trust Group has established various corporate governance measures to seek to address any potential conflict of interest and competition between the two groups, thus safeguarding the interest of independent Holders of Share Stapled Units.

- Directors will abstain from voting at the Board meeting on any matter in which he has a material interest and are not to be counted in the quorum of the relevant Board meeting;
- Pursuant to article 92(b) of the Trustee-Manager's Articles, priority will be given to the interest of all the registered holders of Units as a whole over the interest of the Company in the event of a conflict between the interest of all the registered holders of Units as a whole and the interest of the Company;
- Any potential connected transactions and existing continuing connected transactions between the China Jinmao Group and/or the Sinochem and the Group are subject to annual review and report by the independent non-executive Directors and the auditors of the Company;
- Where the Trustee-Manager Board and the Company Board are required to make a decision on any matters relating to the following, all such matters will be referred to executive Director and the independent non-executive Directors who do not have any ongoing role with the China Jinmao Group:
 - whether to grant the China Jinmao Group consent to develop, own or operate any commercial and/or retail development in the Lujiazui Central Financial District in Shanghai, the PRC pursuant to the non-compete undertaking given by the China Jinmao Group; and
 - the Hotel Arrangements;
- A committee comprising all the independent non-executive Directors (the Independent Board Committee) will be responsible for overseeing the implementation of the Hotel Arrangements, and will review on an annual basis compliance by the China Jinmao Group with the terms of the Hotel Arrangements.

The Trustee-Manager and the Company (on the one hand) and China Jinmao (on the other hand) have boards of directors that function independently of each other. Although Mr. LI Congrui, Mr. JIANG Nan and Ms. LAN Haiqing hold existing roles with China Jinmao, the remaining four members of the Trustee-Manager Board and the Company Board have sufficient expertise to make their independent professional judgment for decision-making of the Boards.

Furthermore, there are three independent non-executive Directors out of a total board size of seven of the Trustee-Manager Board and the Company Board. It is believed that the Boards have adequate independence in order to address any situations of conflict of interest and to protect the interests of the independent Holders of Share Stapled Units.

MEETING OF REGISTERED HOLDERS OF SHARE STAPLED UNITS

So long as the Trust Deed remains in force, the Trustee-Manager and the Company are required to ensure that:

- (a) a general meeting is not convened and held unless (i) a meeting of registered holders of Units is also convened and held and (ii) the general meeting is convened and held either as a combined meeting with the meeting of registered holders of Units or separately but consecutively with (and immediately after) the meeting of registered holders of Units; and
- (b) a meeting of registered holders of Units is not convened and held unless a general meeting is also convened and held.

To the extent permitted under relevant laws and regulations, general meetings and meetings of registered holders of Units shall be held on a combined basis as a single meeting characterised as a meeting of registered holders of Share Stapled Units.

RIGHTS OF REGISTERED HOLDERS OF SHARE STAPLED UNITS

Pursuant to requirements of each of articles 1.1, 1.2 and 2.2 of Schedule 1 of the Trust Deed:

Article 1.1

The Trustee-Manager shall at least once in every calendar year convene a general meeting of the registered holders of Units as the annual general meeting thereof in addition to any other meetings in that year and shall specify the meeting as such in the notice calling it. The annual general meeting shall be held at such time and place as the Trustee-Manager shall appoint and not less than 21 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) in writing thereof shall be given to the registered holders of Units;

Article 1.2

The Trustee-Manager may (and the Trustee-Manager shall at the request in writing of registered holders of Units holding not less than 5% of the Units for the time being in issue and outstanding) at any time convene a meeting of registered holders of Units at such time or place in Hong Kong (subject as hereinafter provided) as the party convening the meeting may think fit and propose resolutions for consideration at such meeting; and

Article 2.2

At least 14 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the registered holders of Units in the manner provided in the Trust Deed, except that at least 21 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of the meeting shall be given to the registered holders of Units where an extraordinary resolution of registered holders of Units is proposed for consideration at such meeting. The notice shall specify the place, day and time of meeting and the terms of any resolution to be proposed thereat. The accidental omission to give notice to or the non-receipt of notice by any of the registered holders of Units shall not invalidate any resolution passed or any proceedings at any meeting.

CONSOLIDATED CORPORATE GOVERNANCE REPORT

Pursuant to requirements of article 53 of the Trustee-Manager's Articles, an AGM shall be called by 21 days' notice in writing at the least, and a meeting of the Company other than an AGM shall be called by 14 days' notice in writing at the least.

Pursuant to requirements of articles 12.3 and 12.4 of the Company's Articles, general meetings may also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than, for as long as the Trust Deed remains in force, 5% or, thereafter, one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than, for as long as the Trust Deed remains in force, 5% or, thereafter, one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

An AGM and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. Subject to the requirements under the Listing Rules, the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business the general nature of that business. The notice convening an AGM shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the Auditors and to all members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.

Proposing a candidate for election as a Director

Pursuant to requirements of articles 16.5 and 16.6 of the Company's Articles, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

While the Trust Deed remains in force, no person shall be eligible for appointment or election to the office of Director unless such person is also appointed or elected, or serves, as a director of the Trustee-Manager.

Constitutional documents

With effect from 2 June 2016, (i) the English name of the Company has been changed from "Jinmao (China) Investments Holdings Limited" to "Jinmao (China) Hotel Investments and Management Limited" and the Chinese name of the Company has been changed from "金茂(中國)投資控股有限公司" to "金茂(中國)酒店投資管理有限公司" and (ii) the English name of the Trust has been changed from "Jinmao Investments" to "Jinmao Hotel" and the Chinese name of the Trust has been changed from "金茂投資" to "金茂酒店". The amendments to the Company's memorandum and articles of association and the Trust Deed to reflect the change of Company name and Trust name were effective from 2 June 2016, being the date on which the Registrar of Companies in the Cayman Islands entered the new name of the Company on the register maintained by the Registrar of Companies in the Cayman Islands.

Save as disclosed above, during the year ended 31 December 2016, there is no major amendment to the articles of association of the Trustee-Manager and the Articles of Association of the Company, the aforesaid documents in effect are available for download at the websites of the Stock Exchange and the Company.

Auditors' remuneration

For the year ended 31 December 2016, the remuneration paid/payable to the Trustee-Manager's and the Company's auditors, Ernst & Young, amounted to a total of RMB3,168,410, of which RMB1,513,000 was for the audit service fees of the Trustee-Manager's financial statements and the Trust Group's consolidated financial statements, RMB948,000 was for audit service fees of certain subsidiaries of the Company, RMB510,000 was for review service fees of the Trust Group's interim financial information, RMB42,500 was for review services of the Group's continuing connected transactions and RMB154,910 was for tax services of the Group.

The internal control systems of the Trust Group are primarily designed to provide a reasonable but not absolute assurance against material misstatement relating to operating results, financial information, losses and frauds, rather than eliminating risks of operational errors or failure to meet its business objectives.

CONSOLIDATED CORPORATE GOVERNANCE REPORT

Risk Management and Internal Control

The Boards have the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining sound and effective risk management and internal control systems for the Group (including reviewing their effectiveness) to safeguard Shareholders' investment and the Group's assets.

Internal control systems of the Trust Group include a control and organisation structure with well-defined operational policies and procedures, authorisation at each level, and scope of liabilities, for the purpose of safeguarding assets of the Trust Group, keeping accurate accounting record, complying with relevant laws and regulations and monitoring risks of the Trust Group. Meanwhile, the Trust Group adopts comprehensive risk management, systematic management, knowable, controllable, affordable and match of revenue and risk as the Company's basic principles of risk management. Based on the strategy, operation target and the characteristics of the industry, the Trust Group collects the related matters on strategic risk, financial risk, market risk, operating risk and legal risk occurred during the course of operation, after which identifies, assesses and analyses the risk qualitatively and quantitatively and determines the priority for each risk management and respective strategies. Based on the risk assessment, the Trust Group formulates risk management strategy and determines its risk preference and risk tolerance with reference to the risk categories, and chooses proper risk management instruments such as risk taking, risk avoidance, risk transfer, risk hedging, risk compensation and risk control. The Company upholds the principle of business strategy being consistent with risk strategy and the balance between risk control and operation efficiency and results, and formulates all-process control measures that cover each procedure in respect of the management and business process that involves with major risks. The Company implements the risk management solution under the all-process control measures to ensure the proper implementation of each measure. Meanwhile, the Company conducts dynamic risk management and monitoring, checks the effectiveness of risk management through effective monitoring and inspection on the implementation of risk management work and the effectiveness of the system and makes corresponding improvement based on the change and defect identified. Instead of completely eliminating the Trust Group's risk of operating failure or failure to achieve the operation target, the main purpose of internal control system is to provide reasonable but not absolute guarantee regarding the absence of major misrepresentation of operating results, financial information, loss and fraud.

During 2016, the measures established and taken by the Trustee-Manager Board and the Company Board are set out as follows:

- (a) A good environment of control, including a clear organizational structure, power regulation and reporting methods and responsibilities;
- (b) An annual self-assessment on the risk management and internal control of the Trustee-Manager and the Company;
- (c) Appropriate supervising activities, including the written clarification of corporate policies and procedures that are sufficient to manage risk to an acceptable level to meet business objectives;
- (d) An effective information platform to facilitate internal and external information exchange; and
- (e) An organized internal audit functions to sustain independent assessment on major operations.

CONSOLIDATED CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2016, the Trustee-Manager Board and the Company Board did not discover any significant deviations or errors in risk management and internal controls. The Trustee-Manager Board and the Company Board are satisfied that the risk management and internal controls of the Trust (together with the Trustee-Manager) and the Company during the year ended 31 December 2016 are effective.

Inside Information System and Internal Control Procedures

The Company has formulated the Information Disclosure Management Standard of Jinmao Hotel, and further improved the information disclosure system of the Company to ensure that the Company's information is disclosed to the public on a true, accurate, complete and timely basis. In order to consolidate the standard of information disclosure, the Company has assigned the person responsible for information disclosure, developed the information identification, delivery and review procedures and formulated the guidance on potential inside information/undisclosed information based on the characteristics of the industry where the Company operates so as to procure the Company to comply with relevant requirements under the SFO and Listing Rules from time to time.

Compliance with the Model Code

The Trustee-Manager and the Company have formulated the "Administrative Standards Governing the Securities Transactions by the Employees of Jinmao Hotel" (the "Administrative Standards") to govern the dealing of Share Stapled Units and related securities transactions by all employees of the Trust Group (including Directors, related employees and their respective associates). The Administrative Standards is on terms no less exacting than the Model Code and shall be revised from time to time according to the Listing Rules.

The Directors of the Company were not aware of any non-compliance with the Administrative Standards by any employee during the year ended 31 December 2016.

Having made specific enquiries, all Directors and relevant employees of the Trustee-Manager and the Company confirmed that, as at the date of this report, they were in full compliance with the Administrative Standards.

Communication with Holders of Share Stapled Units

The Company is committed to maintaining a high standard and corporate transparency with respect to Jinmao Hotel and itself, and has kept regular communication with Holders of Share Stapled Units through diversified channels.

Holders of Share Stapled Units and prospective investors may obtain information about the latest development, announcements and press releases of Jinmao Hotel and the Company on the Company's website at <http://www.jinmao88.com>. They can also make inquiries to the Boards of the Trustee-Manager and the Company (contact details are set out in the section headed "Corporate Information" of this report).

Furthermore, the Company has formed an investor relations team responsible for receiving investors feedback and arranging for interim and annual results roadshows. Details of the investor relations are set out in the section headed "Investor Relations Report" of this report.

CONSOLIDATED CORPORATE GOVERNANCE REPORT

Meeting of Registered Holders of Share Stapled Units

The Company maintains and facilitates exchange and communication between Registered Holders of Share Stapled Units and the Board through a number of communication methods, including Meetings of Registered Holders of Share Stapled Units, announcements and circulars to shareholders. Jinmao Hotel and the Company held the AGM of Registered Holders of Share Stapled Units for the year 2015 on 1 June 2016 to review and approve the audited consolidated financial statements of the Trust Group, the Company and its subsidiaries for the year ended 31 December 2015 and the audited financial statements of Trustee-Manager for the year ended 31 December 2015, the Directors' report and the independent auditor's report; to declare a final dividend of HK\$19.91 cents per Share Stapled Unit for the year ended 31 December 2015; to re-elect Mr. LI Congrui as an executive Director of the Company; to re-elect Mr. ZHANG Hui as an executive Director; to re-elect Mr. JIANG Nan as a non-executive Director; to re-elect Ms. LAN Haiqing as a non-executive Director; to authorise the Trustee-Manager and the Directors of the Company to determine their remuneration; to re-appoint Ernst & Young as the auditors of the Trust, the Company and the Trustee-Manager and authorise the Trustee-Manager and Directors of the Company to determine the remuneration of the auditors; to review and approve the general mandate to the Directors of the Trustee-Manager and the Company to issue, allot and dispose of not more than 20% of the total number of issued Share Stapled Units on the day the resolution is approved; and to consider and approve the proposed change of the name of the Company and the Trust and the plan for the proposed change of the company name including the amendment to the memorandum of association and the Company's Articles and deed of trust accordingly. Except for Dr. CHUNG Shui Ming Timpson, an independent non-executive Director, who was unable to attend due to other business commitment, all other Directors had attended the AGM of Registered Holders of Share Stapled Units for the year 2015 held on 1 June 2016.

REPORT OF THE DIRECTORS

The Boards are pleased to present the annual report, the audited consolidated financial statements of the Trust Group for the year ended 31 December 2016 and the audited financial statements of Jinmao (China) Investments Manager Limited for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

Jinmao Hotel (formerly known as Jinmao Investments), a trust constituted by the Trust Deed dated 13 June 2014 entered into between Jinmao (China) Investments Manager Limited, as the Trustee-Manager of Jinmao Hotel, and the Company under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for investing in the Company or in connection with the Company.

Jinmao Hotel is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. Jinmao Hotel and the Group primarily own and invest in a portfolio of hotels. The Group also owns Jin Mao Tower, a mixed-use development.

During the Review Period, the property portfolio of the Group comprises the following Properties, all of which are located in the PRC: Jin Mao Tower (including Grand Hyatt Shanghai and office, retail and tourist areas), The Westin Beijing Chaoyang, JW Marriott Hotel Shenzhen, The Ritz-Carlton Sanya, Yalong Bay, Hilton Sanya Yalong Bay Resort & Spa, Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang.

Principal activities and other particulars of subsidiaries of the Company as at 31 December 2016 are set out in note 1 to the consolidated financial statements of the Trust Group.

The Trustee-Manager is an indirect wholly-owned subsidiary of China Jinmao with specified and limited duties to manage Jinmao Hotel. It does not have active participation in business operation of the Trust Group.

Business Review

A detailed review on the Trust Group's business performance during the Review Period, as well as the principal risks and uncertainties and future prospects of the Trust Group are set out in the Chairman's Statement on pages 11 to 13 of this report and Management Discussion and Analysis on pages 18 to 55 of this report and the Environment, Social and Governance Report is set out on pages 206 to 271 of this report, the discussions thereof form part of this Report of the Directors.

DISTRIBUTION

Group Distributable Income

For the year ended 31 December 2016, the Group Distributable Income amounted to approximately RMB612 million (equivalent to approximately HK\$714 million) after the adjustments permitted under the Trust Deed and the Company's Articles. A description of such adjustments is set out in note 12 to the consolidated financial statements of the Trust Group.

The proposed distribution attributable to the Group Distributable Income, which composes the final distribution (as further disclosed below), has been accounted for as a proposed distribution within the equity in the consolidated financial statements of the Trust Group.

REPORT OF THE DIRECTORS

Distribution per Share Stapled Unit

As disclosed in the Prospectus and pursuant to the Distribution Guarantee and Shortfall Payments Deed, China Jinmao agreed to provide the Shortfall Payments to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) of an amount equal to the difference between the specified EBITDA (being HK\$220 million) and the actual EBITDA of the Shortfall Payment Hotels in any financial year ending 31 December 2015, 2016 and 2017 (the “Shortfall Payment Period”) up to an aggregate maximum amount to be paid of HK\$300 million for the entire Shortfall Payment Period. Based on the actual EBITDA of the Shortfall Payment Hotels for the six months ended 30 June 2016, China Jinmao has paid an amount of approximately HK\$67 million to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) pursuant to the Distribution Guarantee and Shortfall Payments Deed.

Upon settlement of the payments as mentioned above, the Shortfall Payments paid by China Jinmao to the Trustee-Manager pursuant to the Distribution Guarantee and Shortfall Payments Deed amounted to HK\$300 million. Accordingly, China Jinmao will not make any further Shortfall Payments to the Trustee-Manager during the remaining Shortfall Payment Period pursuant to the Distribution Guarantee and Shortfall Payments Deed.

The Boards have recommended the payment of a final distribution of HK16.18 cents per Share Stapled Unit for the year ended 31 December 2016 to the Holders of Share Stapled Units, based on the total Trust Distributable Income of approximately RMB612 million (equivalent to approximately HK\$714 million) for the same period. Subject to approval of the Holders of Share Stapled Units at the forthcoming 2016 AGM, the payment of the proposed final distribution is expected to be made on or before 30 June 2017. Taken together with the interim distribution of HK19.50 cents per Share Stapled Unit paid in October 2016, the total distribution per Share Stapled Unit for the year 2016 is HK35.68 cents.

The Trustee-Manager Board has confirmed, in accordance with the Trust Deed, that (i) the auditors of the Trust Group have reviewed and verified the Trustee-Manager’s calculation of the distribution entitlement per Share Stapled Unit, and (ii) having made all reasonable enquiries, immediately after making the distribution to registered unitholders of the Trust, the Trustee-Manager will be able to fulfil, from the Trust Property, the liabilities of the Trust as they fall due.

FINANCIAL HIGHLIGHTS

Highlights of the results and assets and/or liabilities of the Trust Group are set out on page 9 of this report.

RESERVES

Movements in reserves of the Trust Group during the year ended 31 December 2016 are set out in the consolidated statement of changes in equity and note 29 to the consolidated financial statements of the Trust Group.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Trust Group during the year ended 31 December 2016 are set out in note 14 to the consolidated financial statements of the Trust Group.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Trust Group for the year ended 31 December 2016 are set out in note 15 to the consolidated financial statements of the Trust Group.

ISSUED SHARE STAPLED UNITS

For the year ended 31 December 2016, no new Share Stapled Units have been issued by the Trust Group. As at 31 December 2016, there were a total of 2,000,000,000 Share Stapled Units in issue.

Details of movements in the issued capital of the Trust and the Company for the year ended 31 December 2016 are set out in note 28 to the consolidated financial statements of the Trust Group. Details of the share capital of Trustee-Manager are set out in note 4 to the financial statements of the Trustee-Manager.

Issuance of Bonds

On 12 July 2016, China Jin Mao (Group) has completed the issue of the Short-term Notes in the national inter-bank market in the People's Republic of China, of an amount of RMB1 billion and with a maturity period of 365 days and an interest rate of 2.90% per annum. Please refer to the announcement issued by the Company and the Trust on 11 July 2016 and 12 July 2016 for details. The proceeds from the issue of the Short-term Notes have been used to finance bank loan repayment of China Jin Mao (Group) and its subsidiaries.

Except as disclosed above, for the year ended 31 December 2016, the Trust Group has not issued any bonds.

Equity-linked agreements

For the year ended 31 December 2016, no equity-linked agreement of the Trust Group has been entered into or existed.

Donations

For the year ended 31 December 2016, the Trust Group has made charitable and other donations of RMB75,800.

REPORT OF THE DIRECTORS

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

Total net proceeds from the global offering amounted to approximately HK\$3,072.1 million, of which approximately HK\$31.5 million was paid to China Jinmao for the provision of the project consulting services pursuant to the project consulting agreement dated 13 June 2014 entered into between China Jinmao and the Company, approximately HK\$593.5 million was paid to China Jinmao for the settlement of the intercompany loans between the Group and the China Jinmao Group which were interest free, repayable on demand and which had not been repaid prior to the Listing Date, and the remaining proceeds was used for the partial settlement of the pre-initial public offering dividend payable to China Jinmao.

DISCLOSURES PURSUANT TO RULES 13.21 OF THE LISTING RULES

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included with respect to the CCB Facility Letter obtained by the Company from CCB, the DBS Facility Letter obtained by the Company from DBS and the BoCom Facility Agreement entered into between the Company and BoCom, each of which imposes, among other things, minimum shareholding percentage requirements on the controlling holder(s) of Share Stapled Units of the Company, respectively.

CCB FACILITY LETTER

On 23 August 2016, the Company (as borrower) obtained from CCB (as lender) a HK\$1,000,000,000.00 equivalent dual currency term loan facility. The final maturity date of the term loan facility is the date falling three years from the drawdown date of the first loan. Pursuant to the terms of the CCB Facility Letter, if:

- (1) China Jinmao, the controlling holder of Share Stapled Units of the Company, ceases to hold (directly and indirectly) at least 50% of the issued Share Stapled Units of the Company, or ceases to remain the Company's single largest holder of the Share Stapled Units; or
- (2) Sinochem Group, the controlling shareholder of China Jinmao, ceases to hold (directly or indirectly) at least 50% of the issued share capital of China Jinmao, ceases to remain the single largest shareholder of China Jinmao; or
- (3) The central government of the PRC, the controlling shareholder of Sinochem Group, ceases to hold at least 51% of the issued share capital of Sinochem Group,

CCB may by notice to the Company:

- (1) declare the facility, accrued interest and all other sums payable immediately due and payable without further demand, notice or other legal formality of any kind; and/or
- (2) declare the facility terminated, whereupon CCB's obligation to make any further drawing hereunder (if not yet made) shall immediately cease.

DBS FACILITY LETTER

On 2 September 2016, the Company (as borrower) obtained from DBS (as lender) a US\$250,000,000.00 term loan facility for a term of up to two years.

Pursuant to the terms of the DBS Facility Letter, if China Jinmao does not or ceases to own at least 51% of the issued Share Stapled Units of the Company from time to time, free from any Security, it constitutes an event of default. DBS shall be entitled at any time after the occurrence of the event of default by notice in writing to the Company to declare that:

- (1) the facility to be cancelled, whereupon it shall be cancelled; and/or
- (2) the loan and all interest and fees and commissions accrued and all other sums payable pursuant to the DBS Facility Letter (notwithstanding any provision for payment by installments herein contained) have become immediately due and payable, whereupon they shall become immediately due and payable and the Company shall immediately pay them to the DBS.

BOCOM FACILITY AGREEMENT

On 2 September 2016, the Company (as borrower) entered into BoCom Facility Agreement with BoCom (as lender) for a HK\$1,000,000,000.00 equivalent dual currency term loan facility for a term of up to 36 months.

Pursuant to the terms of the BoCom Facility Agreement, if China Jinmao does not or ceases to own at least 51% of the issued Share Stapled Units of the Company from time to time, free from any Security, it constitutes an event of default.

BoCom may, on and at any time after the occurrence of the event of default, by notice to the Company:

- (1) cancel the facility (or any part of it), whereupon the facility (or relevant part of it) shall immediately be cancelled; and/or
- (2) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the BoCom Facility Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (3) declare that all or part of the loans be payable on demand, whereupon they shall immediately become payable on demand by BoCom.

PURCHASE, SALE OR REDEMPTION OF SHARE STAPLED UNITS

Except for the repurchase or redemption of preference shares of the Company in accordance with the provisions of the Trust Deed and the Company's Articles, the Trust Deed does not permit the Trustee-Manager to repurchase or redeem any Share Stapled Units on behalf of Jinmao Hotel unless and until expressly permitted to do so by the relevant codes and guidelines issued by the SFC from time to time.

For the year ended 31 December 2016, none of the Trust, the Trustee-Manager, the Company or any of its subsidiaries purchased, sold or redeemed any Share Stapled Units.

REPORT OF THE DIRECTORS

Directors

Pursuant to clause 29.1(a) of the Trust Deed, the Trustee-Manager Board shall at all times comprise the same individuals who serve as Directors of the Company. The list of Directors and their roles and functions from 1 January 2016 to the date of this report is as follows:

Name of Directors	Date of appointment
Non-executive Directors	
Mr. LI Congrui (Chairman)	(authorized to assume the role and duties of Chairman on 15 March 2016 and appointed as Chairman on 29 April 2016)
Mr. CAI Xiyou (Chairman)	(resigned on 15 March 2016)
Mr. JIANG Nan	
Ms. LAN Haiqing	(appointed on 29 April 2016)
Executive Director	
Mr. ZHANG Hui	(Chief Executive Officer)
Independent Non-executive Directors	
Dr. CHUNG Shui Ming	Timpson
Dr. CHEN Jieping	
Dr. XIN Tao	

Pursuant to article 16.3 of the Company's Articles of Association (as amended and restated) and clause 29.2(f) and 29.2(g) of the Trust Deed, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to clause 29.2(m) of the Trust Deed and article 16.21 of the Company's Articles, Dr. CHUNG Shui Ming Timpson, Dr. CHEN Jieping and Dr. XIN Tao shall retire from office by rotation on the 2016 AGM and they are eligible and willing to offer themselves for re-election.

The independence of independent non-executive Directors of the Trustee-Manager and the Company is subject to assessment by the remuneration and nomination committee of the Company. Each independent non-executive Director has confirmed his independence to the Trustee-Manager Board and the Company Board in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules, and the Boards are of the view that all independent non-executive Directors of the Trustee-Manager and the Company are independent of the Trustee-Manager and the Company.

Profile of Directors and senior management

The biographical details of Directors of the Trustee-Manager and the Company and senior management of the Company are set out on pages 58 to 68 of this report.

Directors' service contracts

None of the Directors had a service contract with the Trustee-Manager, the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

Remuneration of Directors

Details of remuneration of Directors of the Company are set out in note 9 to the consolidated financial statements of the Trust Group.

Pursuant to provisions of relevant letters of appointment/employment contracts, the remuneration of all Directors is to be borne by the Company.

Directors' interests and short positions in Share Stapled Units, underlying share stapled units and debentures

As at 31 December 2016, the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Share Stapled Units, the preference shares, the ordinary shares and the debentures of the Company and any interests and/or short positions (as applicable) in shares or debenture of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code, to be notified to the Trustee-Manager, the Company and the Stock Exchange, in each case once the Share Stapled Units are listed on the Stock Exchange, will be as follows:

(a) The Company

Name of Director	Capacity	Number of Shares Stapled Units held or owned	Percentage of issued Share Stapled Units
ZHANG Hui	Beneficial owner	700,000(L)	0.0350%

(b) Associated corporation of the Company

Name of Director	Capacity	Name of associated corporation	Number of shares held or owned in the associated corporation ⁽¹⁾⁽²⁾	Percentage of issued shares of the associated corporation
LI Congrui	Beneficial owner	China Jinmao	2,370,000(L)	0.0222%
JIANG Nan	Beneficial owner	China Jinmao	2,370,000(L)	0.0222%
LAN Haiqing	Beneficial owner	China Jinmao	2,112,000(L)	0.0198%

Notes: (1) China Jinmao holds 66.53% equity interests in Jinmao Hotel and the Company as at the date of this report and accordingly is an associated corporation of Jinmao Hotel and the Company. The above interests represent the underlying shares subject to share options of China Jinmao held by the Directors of the Trustee-Manager and the Company, which comprise of unlisted equity derivatives.

(2) On 17 October 2016, the remuneration and nomination committee of the board of China Jinmao approved and confirmed the lapse and cancellation of the remaining 40% of the share options granted in November 2012 by China Jinmao on 28 November 2016 according to the share option scheme (the amendment to which was approved by the board of China Jinmao on 23 August 2012), results of performance assessment of grantees of share options, and the "Explanation on the Non-fulfilment of Conditions of Results of the Company (2015 Results) to Effect the Third Vest with respect to Share Options granted by China Jinmao in 2012" provided by the financial management department of China Jinmao, as the results of performance assessment for 2015 did not meet the target performance results. Accordingly, certain share options of Mr. Li Congrui, Mr. Jiang Nan and Ms. Lan Haiqing due to their roles with China Jinmao has been affected.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2016, none of the Directors and the chief executive of the Company has any interests and/or short positions (as applicable) in the Share Stapled Units, the preference shares, the ordinary shares and the debentures of the Company and any interests and/or short positions (as applicable) in shares or debenture of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code, to be notified to the Trustee-Manager, the Company and the Stock Exchange, in each case once the Share Stapled Units are listed on the Stock Exchange.

Interest of Substantial Holders of Share Stapled Units

As at 31 December 2016, the interests or short positions of persons (other than the Directors or chief executives of the Company) in the Share Stapled Units or underlying Share Stapled Units which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Part XV of section 336 of the SFO, to be recorded in the register required under such section as having an interest in 5% or more of the issued Share Stapled Units are as follows:

Name of Holders of Share Stapled Units	Capacity	Number of Share Stapled Units held or interested	Long position/ short position	Percentage of issued Share Stapled Units
China Jinmao	Beneficial owner	1,330,680,500	Long position	66.53%
Sinochem Hong Kong (Group) Company Limited ⁽¹⁾	Interest in a controlled corporation	1,330,680,500	Long position	66.53%
Sinochem Corporation ⁽¹⁾	Interest in a controlled corporation	1,330,680,500	Long position	66.53%
Sinochem Group ⁽¹⁾	Interest in a controlled corporation	1,330,680,500	Long position	66.53%
TONG Jinquan ⁽²⁾	Beneficial owner	185,218,000	Long position	9.26%
Lu Shiqing	Beneficial owner	158,550,000	Long position	7.93%

Notes: (1) Sinochem Group holds 98.00% equity interests in Sinochem Corporation, which in turn holds the entire equity interests in Sinochem Hong Kong (Group) Company Limited, which in turn holds 53.97% equity interests in China Jinmao. For the purposes of the SFO, Sinochem Group, Sinochem Corporation and Sinochem Hong Kong (Group) Company Limited are all deemed to be interested in the Share Stapled Units beneficially owned by China Jinmao.

(2) Mr. TONG Jinquan is interested in 185,218,000 Share Stapled Units of the Company by virtue of his wholly-owned subsidiary, Wealthy Fountain Holdings Inc.

Save as disclosed above, as at 31 December 2016, no person (other than the Directors of the Trustee-Manager and the Company as set out below) had an interest or short position in the Share Stapled Units or underlying Share Stapled Units which would fall to be disclosed to the Trustee-Manager and the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register required under such section.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to Holders of Share Stapled Units by reason of their holding of the Share Stapled Units.

PRE-EMPTIVE RIGHTS

There is no provision with respect to pre-emptive rights under the Company's Articles and there is no provision under the law of Cayman Islands requiring new Share Stapled Units be offered to existing Holders of Share Stapled Units on a pro-rata basis.

MAJOR CUSTOMERS AND SUPPLIERS

During the Review Period, the five largest customers of the Trust Group accounted for no more than 30% of its total sales and its five largest suppliers accounted for no more than 30% of its total purchase.

Save as disclosed above, none of the Directors or their associates or any Holders of Share Stapled Units (which to the knowledge of the Trustee-Manager Board and the Company Board own more than 5% of the issued Share Stapled Units) had any interest in any of the five largest customers or suppliers of the Trust Group.

COMPLIANCE WITH NON-COMPETE UNDERTAKING

In order to maintain a clear delineation of the business of the Group (on the one hand) and the business of the China Jinmao Group (on the other hand), the Company and China Jinmao have entered into the Hotel Arrangements Deed pursuant to which (i) China Jinmao has agreed to provide a non-compete undertaking that, except with the prior written consent of the Company, the China Jinmao Group will not develop, own or operate any commercial and/or retail development in the Lujiazui Central Financial District in Shanghai, the PRC, which is where Jin Mao Tower is located; and (ii) the parties have agreed to certain arrangements relating to the existing and future interests of the China Jinmao Group in hotels (the "Hotel Arrangements").

Please refer to the Prospectus for further information with respect to the non-compete undertaking and the Hotel Arrangements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

During the Review Period, no transaction, arrangement or contract of significance to which the Trustee-Manager, the Company or its subsidiaries, its substantial Holders of Share Stapled Units, its holding company or any of its fellow subsidiaries was a party and in which a Director of the Trustee-Manager and the Company or an entity related to such Director had a material interest, whether directly or indirectly, subsisted as at the end of the year or at any time during the year.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

According to the Company's Articles, each Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director of the Company in defending any legal proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. The Company's Articles also provides that, subject to company law, if any Director shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director so becoming liable as aforesaid from any loss in respect of such liability.

The Company has arranged sufficient and proper insurance for the Directors during the year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, the Group employed 4,002 staff in total. The Group provides competitive salaries and bonuses for its employees, as well as other benefits, including retirement schemes, medical insurance schemes, accident insurance schemes, unemployment insurance schemes, maternity insurance schemes and housing benefits. The Group's salary levels are reviewed regularly against market standards.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

CONNECTED TRANSACTIONS

As disclosed in the Prospectus, the Trust Group has entered into certain transactions with parties who were connected persons of the Trust Group.

Following completion of the Listing, as China Jinmao is the controlling Holder of Share Stapled Units, China Jinmao and its subsidiaries are connected persons of the Trust Group. As Sinochem Group is the controlling shareholder of China Jinmao, Sinochem Group and its subsidiaries are connected persons of the Trust Group. Accordingly, the transactions entered into with the China Jinmao Group and the Sinochem Conglomerate will constitute connected transactions for the Trust Group.

Given the above, particulars of transactions constituting connected transactions of the Trust and the Company under the Listing Rules are set out below:

	Total transaction amount for the year ended 31 December 2016 (RMB'000)
A Financial assistance	
Distribution Guarantee and Shortfall Payments Deed	57,329
B One-off connected transactions	
Property management services agreement	2,521
Decoration service agreement	23,596
C Non-exempt continuing connected transactions	
Hotel property management agreement	3,874
Commercial property management agreement	1,490
Framework lease agreement	39,388
(i) Sinochem framework lease agreement	34,126
(ii) China Jinmao framework lease agreement	5,262
Property Management Services Agreements With Jinmao (Li Jiang)	2,198
Property Management Services Agreement With Shanghai Dehuan	3,700
Supplemental Property Management Services Agreement for Sinochem International Plaza	1,057
Decoration services framework agreement with Shanghai Decoration	11,794

Directors of the Trustee-Manager and the Company confirmed that the connected transactions of the Trust and the Company had complied with disclosure requirements under Chapter 14A of the Listing Rules.

A. Financial assistance

Distribution Guarantee and Shortfall Payments Deed

China Jinmao and the Trustee-Manager (as the trustee-manager of Jinmao Hotel) have entered into the Distribution Guarantee and Shortfall Payments Deed dated 13 June 2014 pursuant to which China Jinmao agreed to:

provide the shortfall payments up to an aggregate amount of HK\$300 million during the entire duration of the financial years ending 31 December 2015, 2016 and 2017 to enable the Group to minimise its exposure to the initial start-up risks associated with the operation of the shortfall payment hotels (being Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang) for an initial period of time following their commencement of operation and to provide the Holders of Share Stapled Units with some assurance of the level of income of the Group for the financial years ending 31 December 2015, 2016 and 2017.

REPORT OF THE DIRECTORS

B. One-off connected transactions

Property management service agreement

Shanghai Property Management primarily provides property management services to Jin Mao Tower and also provides other property management services which consist of (a) managing the residential properties of third party property owners and the China Jinmao Group, (b) managing certain office buildings of third party office owners and the China Jinmao and (c) providing property services for the sales and display units of residential properties developed by the China Jinmao Group.

As at the Listing Date of Jinmao Hotel, Shanghai Property Management had 11 property management agreements entered into with members of the China Jinmao Group which had not been terminated or transferred to the China Jinmao Group. Even though these property management agreements were entered into with members of the China Jinmao Group, Shanghai Property Management is required to obtain the consent of the relevant regulatory bodies and office tenants in order to terminate or transfer the relevant ongoing management services, which is outside the control of the Company. Therefore, it is not practical to terminate the ongoing management services prior to the Listing. Subject to obtaining the consent of the counterparties to these property management agreements, the Group intends to transfer such property management agreements to the China Jinmao Group as soon as practicable. If consent for the transfer of such property management agreements to the China Jinmao Group cannot be obtained, it was the Group's intention not to enter into any new agreements to provide property management services upon the termination of these existing property management agreements. As at 31 December 2016, all the 11 property management agreements between Shanghai Property Management and the China Jinmao Group have expired.

Decoration services agreement

Members of the Group have entered into decoration services agreements with Shanghai Decoration prior to the Listing Date (the "Decoration Services Agreements") pursuant to which Shanghai Decoration provided certain decoration services to the Group, which include but are not limited to, the renovation and interior design works for hotel rooms offices and other related facilities. The duration of the Decoration Services Agreement entered into range between five months and a year, depending on the nature of the renovation and interior design works to be provided by Shanghai Decoration. Major renovation works tend to require a longer period of time whereas the refurbishment of hotel rooms may require only a few months to complete.

Members of the Group generally source decoration services through a bidding process where both independent third parties and members of the China Jinmao Group are invited to submit bids. Decoration service providers are typically selected based on several factors, including price, reputation of the service provider and quality of the services offered.

The Decoration Services Agreements were completed by the end of 2014. The transaction amounts were paid in stages as and when certain payment milestones under the Decoration Services Agreements were met.

C. Non-exempt continuing connected transactions

1. Hotel property management agreement

The Company and China Jinmao entered into a hotel property management agreement dated 13 June 2014 (the “Hotel Property Management Agreement”) pursuant to which the Company has agreed to provide hotel property management services in respect of the Excluded Hotels to the China Jinmao Group. The arrangements under the Hotel Property Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

For the purposes of the Hotel Property Management Agreement, the hotel property management services relate to overseeing and monitoring the performance of the third party hotel management companies of their obligations under the relevant hotel management agreements, advising on hotel improvements and overseeing the financial performance of the Excluded Hotels.

Under the Hotel Property Management Agreement, the Group is entitled to receive an annual fee comprising a basic management fee of 0.5% of the total development costs of an Excluded Hotel and an incentive fee of 4% of the earnings before interest, taxes, depreciation and amortisation of each Excluded Hotel upon the formal opening of such Excluded Hotel.

The Hotel Property Management Agreement took effect on the Listing Date and will be valid for a period of three years, subject to compliance with the applicable provisions of the Listing Rules, unless terminated earlier in accordance with the terms of the Hotel Property Management Agreement.

On 7 December 2016, the Company entered into the Renewed Hotel Property Management Agreement with China Jinmao for a period of three years with effect from 1 January 2017. The current Hotel Property Management Agreement was terminated on 31 December 2016 and the Renewed Hotel Property Management Agreement became effective from 1 January 2017. Please refer the announcement issued by the Company and the Trust on 7 December 2016 for details.

2. Commercial property management agreement

Jinmao (Shanghai) entered into commercial property management agreement with China Jin Mao (Group) dated 13 June 2014 (the “Commercial Property Management Agreement”) pursuant to which the China Jinmao Group will provide the commercial property management services to the Group. The arrangements under the Commercial Property Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

For the purposes of the Commercial Property Management Agreement, the commercial property management services relate to the provisions of certain commercial property management services, including leasing management, marketing management, and project management and other relevant services as may be reasonably required by China Jin Mao (Group) and Jin Mao Sanya Tourism Company Limited, in relation to the commercial portions of the Group’s Properties, currently being the “J • LIFE” commercial portions in Jin Mao Tower and The Ritz-Carlton Sanya, Yalong Bay.

REPORT OF THE DIRECTORS

Under the Commercial Property Management Agreement, the China Jinmao Group will be entitled to receive an annual fee comprising 3% of the annual rental income from the commercial portions of the Group's Properties, currently being the "J • LIFE" commercial portions in Jin Mao Tower and The Ritz-Carlton Sanya, Yalong Bay.

The Commercial Property Management Agreement took effect on the Listing Date and will be valid for a period of three years, subject to compliance with applicable provisions of the Listing Rules, unless terminated earlier in accordance with the terms of the Commercial Property Management Agreement.

In accordance with Rule 14A.53 of the Listing Rules, the Group has set annual caps for the maximum aggregate amounts payable to the China Jinmao Group under the Commercial Property Management Agreements for FY2014, FY2015 and FY2016, which amount to approximately RMB3.7 million, RMB3.8 million and RMB3.9 million, respectively.

The above mentioned annual caps in respect of the commercial property management services have been estimated primarily based on similar commercial property management agreements entered into by other listed hospitality business, trusts and real estate investment trusts which invest in commercial assets.

On 7 December 2016, China Jin Mao (Group) entered into the Renewed Commercial Property Management Agreements with the China Jinmao Group for a period of three years with effect from 1 January 2017. The original Commercial Property Management Agreement was terminated on 31 December 2016 and the Renewed Commercial Property Management Agreements became effective from 1 January 2017. Please refer the announcement issued by the Company and the Trust on 7 December 2016 for details.

3. *Framework lease agreement*

Members of the Sinochem Conglomerate and members of the China Jinmao Group have entered into, and may in the future from time to time renew and enter into, lease agreements with the Group for office space in Jin Mao Tower (the "Individual Lease Agreements"). The total rental paid by the tenants under the Individual Lease Agreements include (i) the rental rates of the office space leased, (ii) the management fees of the relevant office space and (iii) various other fees. The management fees are charged by the property management company and may be adjusted upwards due to an increase in property management costs. The other fees are sundry charges actually incurred by the tenants, which include but are not limited to parking space rentals, car-park management fees, parking fees, utilities and overtime air-conditioning fees. The Individual Lease Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group. In addition, the Individual Lease Agreements entered into with members of the Sinochem Conglomerate and members of the China Jinmao Group are renewable, subject to consent from the relevant parties.

The Company has entered into (i) a master framework lease agreement with Sinochem Group dated 13 June 2014 (the “Sinochem Framework Lease Agreement”) and (ii) a master framework lease agreement with China Jinmao dated 13 June 2014 (the “China Jinmao Framework Lease Agreement”, together with the Sinochem Framework Lease Agreement, the “Framework Lease Agreements”) to supplement the Individual Lease Agreements for these continuing connected transactions such that the terms shall be on normal commercial terms. All existing and future Individual Lease Agreements entered into by members of the Sinochem Conglomerate and members of the China Jinmao Group with the Group will be regulated by their respective Framework Lease Agreements.

Each Framework Lease Agreement took effect on the Listing Date, will be valid for a period of three years and be automatically renewable for successive periods of three years thereafter, subject to compliance with applicable provisions of the Listing Rules, unless terminated earlier in accordance with the terms of the respective Framework Lease Agreements.

The rentals received from each of the Sinochem Conglomerate and the China Jinmao Group to the Group were determined based on arm’s length negotiations between the Group and each lessee of the Individual Leasing Agreements on the then prevailing market rates and on normal commercial terms.

In accordance with Rule 14A.53 of the Listing Rules, the Group has aggregated the annual caps for the Framework Lease Agreements, which are set with reference to the aggregate rental income received under the Individual Lease Agreements during the three years ended 31 December 2013 and the Group has also taken into account the following key factors in estimating the annual caps for the three years under each of the Framework Lease Agreements:

- the agreed rental rates in the existing Individual Lease Agreements and the prevailing rental rates of office space in, and in the proximity of, Jin Mao Tower which are leased to independent third parties;
- the previous adjustments of rental rates of office space in, and in the proximity of, Jin Mao Tower, and assuming that all the Individual Lease Agreements will be renewed based on the then rental rates when these existing leases expire, it is estimated that there will be an average annual upward adjustment of approximately 7% for the rental rates for each of the three years from 2014 to 2016;
- given that the management fees, which are payable under the Individual Lease Agreements, may be adjusted under the Individual Lease Agreements by taking into account the rate of property management costs in Shanghai, it has been estimated an annual upward adjustment of 7% to the management fees for each of the three years from 2014 to 2016;

REPORT OF THE DIRECTORS

- the business growth and demand of each of the members of the Sinochem Group and its subsidiaries (other than the Trust Group and the China Jinmao Group) and the members of the China Jinmao Group for office space, given the significance of the Shanghai market to the businesses of members of the Sinochem Conglomerate and members of the China Jinmao Group. During FY2016, most of the members of the Sinochem Conglomerate had relocated to Sinochem International Plaza. After the relocation, the total floor area rented by members of the Sinochem Conglomerate was approximately 2,757.06 sq.m., and the total floor area rented by members of the China Jinmao Group was approximately 1,315.22 sq.m.; and
- on the basis of the general increase in the market prices of the other fees, in particular, parking space rentals, it has been estimated an annual increase of 10% to the other fees for each of the three years from 2014 to 2016.

On the basis of the above key factors, the aggregate rental payable to the Group under the Framework Lease Agreements for FY2014, FY2015 and FY2016 are approximately RMB106.6 million, RMB130.2 million and RMB166.7 million, respectively.

On 7 December 2016, China Jin Mao (Group) entered into (i) the Renewed China Jinmao Framework Lease Agreement with China Jinmao for a period of two years with effect from 1 January 2017 and (ii) the Renewed Sinochem Framework Lease Agreement with Sinochem Group for a period of two years with effect from 1 January 2017. The current Framework Lease Agreements was terminated on 31 December 2016 and the Renewed Framework Lease Agreements became effective from 1 January 2017. Please refer to the announcement issued by the Company and the Trust on 7 December 2016 for details.

4. *Property management services agreements with Jinmao (Li Jiang)*

On 29 April 2016, Shanghai Property Management, an indirect wholly-owned subsidiary of the Company, and Jinmao (Li Jiang), a wholly-owned subsidiary of China Jinmao, entered into the property management services agreements (comprising the Residential Property Management Services Agreement and the Sales and Display Units Management Services Agreement) pursuant to which Shanghai Property Management agreed to provide certain property management services in relation to Lijiang Jinmao Whisper of Jade Dragon, a high-end residential recreational property in Lijiang owned by Jinmao (Li Jiang).

The term of the Residential Property Management Services Agreements is from 1 May 2016 to 30 April 2017, the subject matter of which is that Shanghai Property Management has agreed to provide certain property management services in relation to the residential community of Lijiang Jinmao Whisper of Jade Dragon. The property management services mainly include (i) maintenance services for common areas, (ii) garden landscape, cleaning and order maintenance services for common areas, and (iii) operational and maintenance services for public facilities and equipment.

According to the consideration and payment terms under the Residential Property Management Services Agreements, the property management fees to be paid to Shanghai Property Management by Jinmao (Li Jiang) range from RMB2.2 to RMB2.9 per month per square metre (based on the gross floor area), subject to different types of the residential properties. In relation to the unsold portion, the corresponding property management fees shall be subject to a 15% discount. The property management fees are based on arm's length negotiations and on terms no less favourable than those offered by Shanghai Property Management to other independent third parties. The total consideration under the Residential Property Management Services Agreement is expected to amount to approximately RMB2,794,894.24.

The term of the Sales and Display Units Management Services Agreement is from 1 May 2016 to 30 April 2017, the subject matter of which is that Shanghai Property Management has agreed to provide certain property management services in relation to the sales and display units of Lijiang Jinmao Whisper of Jade Dragon. The property management services mainly include (i) daily reception and maintenance services, (ii) daily materials management services, and (iii) cleaning and order maintenance services for common areas.

According to the consideration and payment terms under the Sales and Display Units Management Services Agreement, the property management fee to be paid to Shanghai Property Management by Jinmao (Li Jiang) is RMB200,000 per month, which is based on arm's length negotiations and on terms no less favourable than those offered by Shanghai Property Management to other independent third parties. The total consideration under the Sales and Display Units Management Services Agreement amounts to RMB2,400,000.

5. *Property management services agreement with Shanghai Dehuan*

On 29 April 2016, Shanghai Property Management, an indirect wholly-owned subsidiary of the Company, and Shanghai Dehuan entered into the Shanghai Dehuan Property Management Services Agreement for a term from 1 June 2016 to 31 May 2018, pursuant to which Shanghai Property Management agreed to provide certain property management services for Sinochem International Plaza, an office building in Shanghai owned by Shanghai Dehuan, mainly including (i) cleaning and order maintenance services for the common areas and (ii) operational and maintenance services for public facilities and equipment.

According to the consideration and payment terms under the Shanghai Dehuan Property Management Services Agreement, the property management fees to be paid to Shanghai Property Management by Shanghai Dehuan primarily consist of (i) a remuneration fee of RMB40,000 per month and (ii) a management fee of RMB14.24 per month per square metre (based on the gross floor area), each of which is based on arm's length negotiations and on terms no less favourable than those offered by Shanghai Property Management to other independent third parties. The total consideration (including remuneration fees and management fees) under the Property Management Services Agreement is expected to amount to approximately RMB15,519,464.12.

REPORT OF THE DIRECTORS

6. *Continuing connected transactions in relation to Sinochem International Plaza*

On 22 August 2016, Shanghai Property Management and Shanghai Dehuan entered into the Dehuan Supplemental Property Management Services Agreement, pursuant to which Shanghai Property Management agreed to provide the Additional Property Management Services for Sinochem International Plaza. On the same date, Shanghai Property Management entered into the Sinochem Property Management Framework Agreement with Sinochem International, pursuant to which Shanghai Property Management agreed to provide certain customised property management services to the Connected Tenants at Sinochem International Plaza.

The term of the Dehuan Supplemental Property Management Services Agreement is from 22 August 2016 to 31 May 2018. The additional property management services to be provided by Shanghai Property Management for Sinochem International Plaza include (i) services for the temporary car parking spaces; (ii) services for the transformer station; and (iii) services for festival decoration and material procurement in connection with Sinochem International Plaza (the “Additional Property Management Services”).

For the avoidance of doubt, the Additional Property Management Services are not included in the scope of services under the Dehuan Property Management Services Agreement. Under the Dehuan Supplemental Property Management Services Agreement, Shanghai Property Management and Shanghai Dehuan will enter into separate agreements in relation to the provision of each of the Additional Property Management Services.

The caps of the maximum aggregate amounts payable under the Dehuan Supplemental Property Management Services Agreement from 22 August 2016 to 31 December 2016, from 1 January 2017 to 31 December 2017 and 1 January 2018 to 31 May 2018 are RMB0.8 million, RMB1.4 million and RMB0.8 million, respectively.

The annual caps in respect of the Dehuan Supplemental Property Management Services Agreement are estimated with reference to (i) the nature of the transactions; (ii) the anticipated demand for the Additional Property Management Services by Shanghai Dehuan; and (iii) the prevailing market prices for relevant property management services.

The term of the Sinochem Property Management Framework Agreement is from 22 August 2016 to 31 May 2018. The customised property management services to be provided by Shanghai Property Management to the Connected Tenants at Sinochem International Plaza include (i) cleaning services for the rented areas of the Connected Tenants; (ii) pest control services for the rented areas of the Connected Tenants; (iii) commission management services in connection with the gym area rented by the Connected Tenants; and (iv) materials procurement on behalf of the Connected Tenants.

For the avoidance of doubt, the customised property management services is provided to the Connected Tenants in relation to their rented areas at Sinochem International Plaza and are not included in the scope of services under the Dehuan Property Management Services Agreement and the Dehuan Supplemental Property Management Services Agreement. Under the Sinochem Property Management Framework Agreement, Shanghai Property Management and each of the Connected Tenants will enter into separate agreements in relation to the provision of the customised property management services.

The caps of the maximum aggregate amounts payable under the Sinochem Property Management Framework Agreement from 22 August 2016 to 31 December 2016, from 1 January 2017 to 31 December 2017 and 1 January 2018 to 31 May 2018 are RMB5 million, RMB9.5 million and RMB5 million, respectively.

The annual caps in respect of the Sinochem Property Management Framework Agreement are estimated with reference to (i) the nature of the transactions; (ii) the anticipated demand for the customised property management services by the Connected Tenants; and (iii) the prevailing market prices for relevant customised property management services.

7. *Decoration services framework agreement with Shanghai Decoration*

On 1 June 2016, the Company have entered into a decoration services framework agreement with Shanghai Decoration for a term from June 2016 to December 2017, pursuant to which Shanghai Decoration provided decoration services to the Group, which include, but are not limited to, the renovation, recovery and relocation works for offices, hotel rooms and other related facilities. The caps of the maximum aggregate amounts payable under the Decoration Services Framework Agreement from 1 June 2016 to 31 December 2016 and 1 January 2017 to 31 December 2017 are RMB14.83 million and RMB19.31 million, respectively.

The annual caps in respect of the Decoration Services Framework Agreement are estimated with reference to (i) the nature of the transactions; (ii) the anticipated demand for the Decoration Services by the Group; (iii) historical quotations submitted by various decoration services providers invited by the Group for the bidding process; (iv) the prevailing market prices for relevant decoration services; and (v) the existing business scale and operations of Shanghai Decoration.

Members of the Group generally source Decoration Services through a bidding process where both independent third parties and Shanghai Decoration are invited to submit bids. Therefore, the prices and terms of the Decoration Services Agreements are subject to among other things, the actual demand for the Decoration Services by the members of the Group and the bidding results.

For the avoidance of doubt, the Group and Shanghai Decoration did not enter into any agreement in relation to the Decoration Services from 1 January 2016 to 31 May 2016.

D. *Waiver application for non-exempt continuing connected transactions*

The Trustee-Manager and the Company have applied for, and the Stock Exchange has granted to the Trustee-Manager and the Company, a waiver from strict compliance with the announcement requirement and, if applicable, the approval of independent Holders of Share Stapled Units requirement of the Listing Rules relating to each of the above non-exempt continuing connected transactions in respect of the Hotel Property Management Agreement, the Commercial Property Management Agreement and the Framework Lease Agreements.

In addition, the Trustee-Manager and the Company have also applied for, and the Stock Exchange has granted to the Trustee-Manager and the Company, a waiver from Rule 14A.53 of the Listing Rules in relation to the setting of monetary annual caps for the fees payable under the Hotel Property Management Agreement for the duration of the Hotel Property Management Agreement as more particularly set out in the description of this transaction in paragraph 1 under “- C. Non-exempt Continuing Connected Transactions” above.

REPORT OF THE DIRECTORS

Apart from the requirement with which strict compliance has been waived by the Stock Exchange as described above, the Trustee-Manager and the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules that are applicable to the continuing connected transactions under the Hotel Property Management Agreement, the Commercial Property Management Agreement, the Framework Lease Agreements, the Property Management Services Agreement with Jinmao (Lijiang), the Property Management Service Agreement with Shanghai Dehuan, the continuing connected transactions in relation to Sinochem International Plaza and the decoration services framework agreement with Shanghai Decoration.

Save as disclosed above, further details and conditions of exempt continuing connected transactions and waivers are set out in the Prospectus or the Company's and the Trust's announcement.

E. REVIEW ON CONNECTED TRANSACTIONS

Pursuant to Rule 14A.55 of the Listing Rules, the Directors of the Trustee-Manager and the Company (including independent non-executive Directors) have reviewed the above continuing connected transactions in the year ended 31 December 2016 and acknowledged that such transactions are:

- (1) entered into in the normal and ordinary course of business of the Company;
- (2) on normal commercial terms or terms no less favourable than those offered by or available from independent third parties to the Trust Group; and
- (3) conducted in accordance with terms of agreements governing such transactions which are fair and reasonable and in the interest of Holders of Share Stapled Units as a whole.

The auditor of the Trustee-Manager and the Company has been engaged to report on the above connected transactions of the Trust Group in accordance with the Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter in accordance with Rule 14A.56 of the Listing Rules containing its findings and conclusion on the above continuing connected transactions of the Trust Group. The Trustee-Manager and the Company has submitted a copy of such letter to the Stock Exchange no later than 10 business days before the bulk printing of this report.

The Trustee-Manager Board acknowledged that amounts paid or payable to the Trustee-Manager for the Trust Property under the Trust are in compliance with the Trust Deed, and that they were not aware of any misconduct of the Trustee-Manager which may have a material and adverse effect on the operation of the Trust or the interest of all Holders of Share Stapled Units as a whole.

Sufficiency of public float

As at the date of this report, based on publicly available information to the Trustee-Manager and the Company and to the best knowledge of the Directors, the public float of Share Stapled Units of the Trust Group in issue was sufficient and above 25%.

Material acquisitions and disposals

For the year ended 31 December 2016, no material acquisition or disposal was carried out by the Group.

Material Litigation

For the year ended 31 December 2016, the Trust Group was not subject to any material litigation that could have an adverse impact on the Trust Group.

Auditors

The financial statements of the Trust Group and the Trustee-Manager have been audited by Ernst & Young, who has offered themselves for reappointment. A resolution will be proposed at the forthcoming 2016 AGM of Holders of Share Stapled Units to re-appoint Ernst & Young as the auditors of the Company and the Trustee-Manager.

Corporate governance

The Trust, the Trustee-Manager and the Company embraced the importance of maintaining and developing high standard corporate governance practices to protect and safeguard the interest of Holders of Share Stapled Units. The Trustee-Manager and the Company have been in compliance with all applicable code provisions under the Corporate Governance Code for the year ended 31 December 2016, and had adopted certain best practices recommended therein where applicable.

Further details of the corporate governance code and practices of the Company are set out in the consolidated corporate governance report on pages 69 to 88 of this report.

By Order of the Board

**Jinmao (China) Investments Manager Limited (as the Trustee-Manager of the Trust) and
Jinmao (China) Hotel Investments and Management Limited**

Chairman

LI Congrui

Hong Kong, 27 March 2017

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
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To the holders of share stapled units of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited

(Jinmao Hotel is a trust constituted under the laws of Hong Kong; Jinmao (China) Hotel Investments and Management Limited is registered in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Jinmao Hotel (formerly known as Jinmao Investments) (the “Trust”), Jinmao (China) Hotel Investments and Management Limited (formerly known as Jinmao (China) Investments Holdings Limited) (the “Company”) and its subsidiaries (together, the “Trust Group”) and of the Company and its subsidiaries (the “JCHIML Group”) set out on pages 116 to 192 (together referred to as the “Trust and the Company’s consolidated financial statements”). As explained in note 2.1 to the Trust and the Company’s consolidated financial statements, the consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together. The Trust and the Company’s consolidated financial statements together comprise the consolidated statement of financial position of the Trust Group and of the JCHIML Group as at 31 December 2016, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Trust Group and of the JCHIML Group for the year then ended, and notes to the Trust and the Company’s consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the Trust and the Company’s consolidated financial statements give a true and fair view of the consolidated financial position of the Trust Group and the JCHIML Group as at 31 December 2016, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKASAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Trust Group and the JCHIML Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Trust and the Company's consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Trust and the Company's consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Trust and the Company's consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Revaluation of Investment Properties</p> <p>The Trust Group and the JCHIML Group adopted the fair value model for their investment properties in accordance with HKAS 40 <i>Investment Property</i>. Changes in fair values were recorded in profit or loss. The Trust Group and the JCHIML Group engaged DTZ Debenham Tie Leung Limited (“DTZ”), an independent appraiser, to perform valuation on the investment properties of the Trust Group and the JCHIML Group as at 31 December 2016. Both the amount of investment properties at 31 December 2016 and their changes of fair value for the year ended 31 December 2016, amounting to RMB8,731,350,000 and RMB319,281,000, respectively, were significant to the financial statements. In addition, since the valuation involved management judgement and estimates based on a projection of future income, term yield and reversionary yield which will affect the fair value of the investment properties, we considered it significant to our audit.</p> <p>Relevant disclosures are included in note 4 and note 15 to the financial statements.</p>	<p>We considered the objectivity, independence and expertise of the external appraiser. We involved our real estate valuation specialists to assist us in evaluating the valuation techniques and assessing the underlying assumptions for selected samples. We compared market rental assumptions against actual rents of existing leasing contracts and external market rents, expected occupancy against historical data maintained by the Trust Group and the JCHIML Group, and in respect of capitalisation rates against those of peers with similar nature and area of properties. We also assessed the adequacy of the disclosures of investment properties, including valuation sensitivity and the fair value hierarchy.</p>

INDEPENDENT AUDITOR'S REPORT

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment of Trade Receivables</i></p> <p>As at 31 December 2016, the balance of trade receivables of the Trust Group and the JCHIML Group was RMB77,249,000, mainly arising from hotel operation and leasing of commercial properties. The Trust Group and the JCHIML Group were exposed to credit risks thereof. The impairment of trade receivables is based on the ongoing evaluation of the collectability, aged analysis of the outstanding receivables and management's judgement. Since a considerable amount of judgement by management is required in assessing the collectability of trade receivables, including the creditworthiness and the past collection history of each customer, we considered it significant to our audit.</p>	<p>We assessed management's processes and controls relating to the monitoring of trade receivables to identify credit risks. We also assessed management's judgement on the recoverability and tested the aging report of trade receivables. In addition, we tested the receipts of cash after the reporting period and checked, on a sample basis, the underlying documents supporting the recoverability of the outstanding balances.</p>

Relevant disclosures are included in note 4 and 20 to the consolidated financial statements.

Other information included in the Annual Report

The directors of Jinmao (China) Investments Manager Limited (the "Trustee-Manager") (in its capacity as the trustee-manager of the Trust) and the directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Trust and the Company's consolidated financial statements and our auditor's report thereon.

Our opinion on the Trust and the Company's consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Trust and the Company's consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Trust and the Company's consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Trustee-Manager and the Company are responsible for the preparation of the Trust and the Company's consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the Trust and the Company's consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Trustee-Manager and the Company are responsible for assessing the ability of the Trust Group and the JCHIML Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Trustee-Manager and the Company either intend to liquidate the Trust Group and the JCHIML Group or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

The directors of the Trustee-Manager and the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the financial reporting process of the Trust Group and the JCHIML Group.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the Trust and the Company's consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Trust and the Company's consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Trust Group and the JCHIML Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Trust Group and the JCHIML Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Trust and the Company's consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Group and the JCHIML Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Trust and the Company's consolidated financial statements, including the disclosures, and whether the Trust and the Company's consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust Group and the JCHIML Group to express an opinion on the Trust and the Company's consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the Trust and the Company's consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Chin Hung.

Ernst & Young

Certified Public Accountants

Hong Kong

27 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
REVENUE	6	2,450,751	2,390,261
Cost of sales		(1,065,969)	(1,050,586)
Gross profit		1,384,782	1,339,675
Other income and gains	6	51,356	126,583
Fair value gains on investment properties	15	319,281	314,120
Selling and marketing expenses		(145,442)	(140,298)
Administrative expenses		(702,051)	(645,819)
Other expenses and losses, net		(542)	(2,407)
Finance costs	8	(319,860)	(337,672)
Share of profits of joint ventures		3,682	3,265
PROFIT BEFORE TAX	7	591,206	657,447
Income tax expense	11	(216,580)	(221,349)
PROFIT FOR THE YEAR		374,626	436,098
EARNINGS PER SHARE STAPLED UNIT/SHARE OF THE COMPANY	13		
Basic (RMB)		0.19	0.22
Diluted (RMB)		0.19	0.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016 RMB'000	2015 RMB'000 (Restated)
PROFIT FOR THE YEAR	374,626	436,098
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(294,735)	(213,492)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(294,735)	(213,492)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	79,891	222,606

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)	1 January 2015 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	14	7,335,697	7,459,563	7,265,973
Investment properties	15	8,731,350	8,404,600	8,091,900
Prepaid land lease payments	16	1,263,198	1,305,474	1,349,836
Other intangible assets	17	14,500	16,175	17,032
Prepayments		–	–	2,333
Investments in joint ventures	18	36,377	38,845	35,580
Deferred tax assets	27	375	4,670	22,971
Total non-current assets		17,381,497	17,229,327	16,785,625
CURRENT ASSETS				
Inventories	19	18,142	19,709	21,660
Trade receivables	20	77,249	70,008	41,192
Prepayments, deposits and other receivables	21	85,966	224,456	120,277
Due from related parties	22	12,072	7,086	1,411
Restricted bank balances	23	21,984	24,155	18,477
Cash and cash equivalents	23	810,309	648,578	872,169
Total current assets		1,025,722	993,992	1,075,186
CURRENT LIABILITIES				
Trade and bills payables	24	130,419	123,333	99,217
Other payables and accruals	25	975,769	1,036,672	1,046,616
Interest-bearing bank and other borrowings	26	3,285,408	1,930,079	1,722,123
Due to related parties	22	2,081,038	1,452,282	1,407,693
Tax payable		38,028	63,835	40,576
Total current liabilities		6,510,662	4,606,201	4,316,225
NET CURRENT LIABILITIES		(5,484,940)	(3,612,209)	(3,241,039)
TOTAL ASSETS LESS CURRENT LIABILITIES		11,896,557	13,617,118	13,544,586
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	26	3,636,741	5,021,741	4,843,144
Deferred tax liabilities	27	1,724,356	1,617,792	1,517,657
Total non-current liabilities		5,361,097	6,639,533	6,360,801
Net assets		6,535,460	6,977,585	7,183,785

CONSOLIDATED
STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)	1 January 2015 RMB'000 (Restated)
EQUITY				
Share capital	28	1,587	1,587	1,587
Reserves	29	6,533,873	6,975,998	7,182,198
Total equity		6,535,460	6,977,585	7,183,785

Li Congrui
Director

Zhang Hui
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Notes	Share		Merger reserve	Capital reserve	PRC			Retained profits	Total equity
		Share capital	premium account			statutory surplus reserve	Exchange fluctuation reserve	Asset revaluation reserve		
		RMB'000	RMB'000	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000	RMB'000 (note 29)	RMB'000	RMB'000
At 1 January 2015 (restated)		1,587	6,479,860	(5,771,842)	(37,856)	486,533	16,276	69,606	5,939,621	7,183,785
Profit for the year		-	-	-	-	-	-	-	436,098	436,098
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations		-	-	-	-	-	(213,492)	-	-	(213,492)
Total comprehensive income/(loss) for the year		-	-	-	-	-	(213,492)	-	436,098	222,606
Contribution from a shareholder		-	-	-	29,433	-	-	-	-	29,433
Final 2014 distributions declared		-	(180,724)	-	-	-	-	-	-	(180,724)
2015 interim distributions	12	-	(277,515)	-	-	-	-	-	-	(277,515)
Transfer from retained profits		-	-	-	-	19,520	-	-	(19,520)	-
At 31 December 2015 (restated) and At 1 January 2016		1,587	6,021,621*	(5,771,842)*	(8,423)*	506,053*	(197,216)*	69,606*	6,356,199*	6,977,585
Profit for the year		-	-	-	-	-	-	-	374,626	374,626
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations		-	-	-	-	-	(294,735)	-	-	(294,735)
Total comprehensive income/(loss) for the year		-	-	-	-	-	(294,735)	-	374,626	79,891
Final 2015 distributions declared		-	(244,365)	-	-	-	-	-	-	(244,365)
2016 interim distributions	12	-	(277,651)	-	-	-	-	-	-	(277,651)
Transfer from retained profits		-	-	-	-	81,108	-	-	(81,108)	-
At 31 December 2016		1,587	5,499,605*	(5,771,842)*	(8,423)*	587,161*	(491,951)*	69,606*	6,649,717*	6,535,460

* These reserve accounts comprise the consolidated reserves of RMB6,533,873,000 as at 31 December 2016 (2015: RMB6,975,998,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		591,206	657,447
Adjustments for:			
Finance costs	8	319,860	337,672
Share of profits of joint ventures		(3,682)	(3,265)
Bank interest income	6	(8,138)	(10,311)
Other interest income	6	(1)	(7)
Loss on disposal of items of property, plant and equipment	7	583	2,342
(Reversal of impairment)/impairment of trade receivables	7	(41)	65
Fair value gains on investment properties	15	(319,281)	(314,120)
Depreciation	7, 14	287,043	262,617
Recognition of prepaid land lease payments	7	43,980	43,894
Amortisation of intangible assets	7, 17	5,543	4,081
		917,072	980,415
Decrease in inventories		1,567	1,951
Increase in trade receivables		(7,200)	(28,881)
Decrease/(increase) in prepayments, deposits and other receivables		100,045	(84,253)
Increase in amounts due from related parties		(9,166)	(5,675)
Increase in trade and bills payables		7,086	24,116
Increase in other payables and accruals		57,279	20,614
Increase in amounts due to related parties		332,912	72,372
Exchange differences		(32,041)	(1,492)
Cash generated from operations		1,367,554	979,167
Interest received		8,139	10,318
PRC corporate income tax paid		(131,528)	(79,654)
Net cash flows from operating activities		1,244,165	909,831
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(246,521)	(504,161)
Proceeds from disposal of items of property, plant and equipment		40	289
Additions to investment properties	15	(7,469)	(3,580)
Additions to prepaid land lease payments	16	(1,747)	(174)
Additions to intangible assets	17	(3,868)	(3,224)
Dividends received from joint ventures		5,190	1,650
Decrease/(increase) in restricted bank balances		2,171	(5,678)
Net cash flows used in investing activities		(252,204)	(514,878)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		11,005,481	7,785,242
Repayment of bank and other borrowings		(11,335,542)	(7,634,601)
Interest paid		(275,642)	(311,780)
Distributions paid to holders of Share Stapled Units		(225,212)	(458,239)
Net cash flows used in financing activities		(830,915)	(619,378)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		161,046	(224,425)
Cash and cash equivalents at beginning of year			
		648,578	872,169
Effect of foreign exchange rate changes, net			
		685	834
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		810,309	648,578
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	674,691	529,987
Non-pledged time deposits with original maturity of less than three months when acquired		72,691	64,625
Non-pledged time deposits with original maturity of over three months when acquired with an option to withdraw upon demand similar to demand deposits		62,927	53,966
Cash and cash equivalents as stated in the consolidated statement of financial position	23	810,309	648,578

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

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1. CORPORATE AND TRUST GROUP INFORMATION AND GROUP REORGANISATION

Jinmao (China) Hotel Investments and Management Limited (the “Company”), formerly known as Jinmao (China) Investments Holdings Limited, was incorporated in the British Virgin Islands as a company with limited liability on 18 January 2008 and was registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.

Jinmao Hotel (the “Trust”), formerly known as Jinmao Investments, was constituted as a trust on 13 June 2014 by a Hong Kong law governed trust deed (the “Trust Deed”) entered into between Jinmao (China) Investments Manager Limited (the “Trustee-Manager”, in its capacity as the trustee-manager of the Trust) and the Company. The scope of activities of the Trust specified in the Trust Deed is essentially limited to investing in the Company, and the powers, authorities and rights of the Trustee-Manager conferred by the Trust Deed are commensurately limited.

The share stapled units (the “Share Stapled Units”) structure comprises: (i) a unit in the Trust; (ii) a beneficial interest in a specifically identified ordinary share in the Company which is “linked” to the unit and held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the Trust; and (iii) a specifically identified preference share in the Company which is “stapled” to the unit. The Share Stapled Units jointly issued by the Trust and the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 2 July 2014 (the “Listing Date”) (the “Listing”).

The Company is an investment holding company. During the year, the Trust, the Company and its subsidiaries (hereinafter collectively referred to as the “Trust Group”) were principally engaged in hotel operations, property leasing and the provision of property management services in the People's Republic of China (the “PRC”).

In the opinion of the directors of the Trustee-Manager and the Company (the “Directors”), China Jinmao Holdings Group Limited (“China Jinmao”), a company incorporated in Hong Kong and listed on the Stock Exchange, is the immediate holding company of the Trust and the Company, and the ultimate holding company of the Trust and the Company is Sinochem Group, a company established in the PRC and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

In order to rationalise the corporate structure of the Trust Group in preparation for the Listing, the Trust and the Company underwent a group reorganisation (the “Reorganisation”), further details of which are set out in the Trust and the Company's prospectus dated 19 June 2014.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

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1. CORPORATE AND TRUST GROUP INFORMATION AND GROUP REORGANISATION (Continued)

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Trust and the Company		Principal activities
			Direct	Indirect	
Grace Circle Development Limited	BVI/Hong Kong	US\$1	100	–	Investment holding
Most Giant Limited	Hong Kong	HK\$2	100	–	Investment holding
Forever Eagle Limited	Hong Kong	HK\$1	–	100	Investment holding
中國金茂(集團)有限公司 China Jin Mao (Group) Company Limited ** #	PRC/ Mainland China	RMB2,635,000,000	–	100	Investment holding, hotel operation and property investment
金茂(上海)物業服務有限公司 Jin Mao (Shanghai) Property Management Co., Ltd ** #	PRC/ Mainland China	RMB5,000,000	–	100	Property management
金茂(北京)置業有限公司 Beijing Jin Mao Real Estate Company Limited ** #	PRC/ Mainland China	RMB1,600,000,000	–	100	Hotel operation
金茂(三亞)度假酒店有限公司 Jin Mao Sanya Resort Hotel Company Limited ** #	PRC/ Mainland China	RMB300,000,000	–	100	Hotel operation
金茂(三亞)旅業有限公司 Jin Mao Sanya Tourism Company Limited ** #	PRC/ Mainland China	RMB500,000,000	–	100	Hotel operation
金茂(海南)投資有限公司 Jin Mao Hainan Investment Company Limited ** #	PRC/ Mainland China	RMB200,000,000	–	100	Investment holding
金茂深圳酒店投資有限公司 Jin Mao Shenzhen Hotel Investment Company Limited ** #	PRC/ Mainland China	RMB700,000,000	–	100	Hotel operation

1. CORPORATE AND TRUST GROUP INFORMATION AND GROUP REORGANISATION (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Trust and the Company		Principal activities
			Direct	Indirect	
金茂(麗江)酒店投資有限公司 Jin Mao (Li Jiang) Hotel Investment Company Limited ** #	PRC/ Mainland China	RMB100,000,000	-	100	Hotel operation
王府井飯店管理有限公司 Wangfujing Hotel Management Company Limited * #	PRC/ Mainland China	US\$73,345,000	-	100	Hotel operation
驪隆(上海)酒店管理有限公司 Li Long (Shanghai) Hotel Management Company Limited ** #	PRC/ Mainland China	RMB760,000,000	-	100	Hotel operation

The names of these companies referred to in these financial statements represent management's best effort at translating the Chinese names of these companies, as no English names have been registered.

* Registered as wholly-foreign-owned enterprises under PRC law

** Registered as limited liability companies under PRC law

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Groups (defined in note 2.1). To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PRESENTATION

In accordance with the Trust Deed, the Trust and the Company are each required to prepare their own sets of financial statements on a consolidated basis. The Trust's consolidated financial statements for the year ended 31 December 2016 comprise the consolidated financial statements of the Trust, the Company and its subsidiaries. The Company's consolidated financial statements for the year ended 31 December 2016 comprise the consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "JCHIML Group").

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

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2.1 BASIS OF PRESENTATION (Continued)

The Trust controls the Company and the sole activity of the Trust during the year ended 31 December 2016 was investing in the Company. Therefore, the consolidated results and financial position that would be presented in the consolidated financial statements of the Trust are identical to the consolidated financial results and financial position of the Company with the only difference being disclosures of capital of the Company. The Directors believe therefore that it is clearer to present the consolidated financial statements of the Trust and the Company together. The consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together to the extent they are identical and are hereinafter referred to as the “Trust and the Company’s consolidated financial statements”.

The consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of financial position, the consolidated statements of changes in equity, the consolidated statements of cash flows, the significant accounting policies and the related explanatory information are common to the Trust and the Company.

The Trust Group and the JCHIML Group are referred as the “Groups”.

Pursuant to the Reorganisation, the Trust was established on 13 June 2014 and the Company became the holding company of the companies then comprising the Groups prior to the Listing Date. Since the Trust, the Company and the companies then comprising the Groups were under common control of China Jinmao both before and after the Reorganisation, the Reorganisation was accounted for using the principles of merger accounting.

2.2 CHANGE OF PRESENTATION CURRENCY

The functional currency of the Trust and the Company is the Hong Kong dollar (“HK\$”). The presentation currency of the Trust and the Company’s consolidated financial statements in the prior financial year was HK\$.

Since the Groups mainly operate their businesses in the PRC, the Directors consider that it is more appropriate to use Renminbi (“RMB”) as the presentation currency of the Groups and that the presentation of financial statements in RMB can provide more relevant information for management to control and monitor the performance and financial position of the Groups. Accordingly, the Trust and the Company have changed their presentation currencies for the preparation of the Trust and the Company’s consolidated financial statements from HK\$ to RMB starting from the financial year ended 31 December 2016. The comparative figures in these consolidated financial statements have been restated from HK\$ to RMB accordingly.

The change of the Groups’ presentation currency has been accounted for in accordance with HKAS 21 *The Effects of Changes in Foreign Exchange Rates* and has been applied retrospectively in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

2.2 CHANGE OF PRESENTATION CURRENCY (Continued)

For the purpose of presenting the Trust and the Company's consolidated financial statements in RMB, the assets and liabilities for the consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting period. Income and expenses for the consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at the average exchange rates for the relevant financial year, unless exchange rates fluctuated significantly during the year, in which case the exchange rates prevailing on the dates of transactions are used. The share capital, the share premium and reserves are translated at the exchange rates on the dates of the relevant transactions.

The relevant exchange rates used to re-present the comparative figures at 1 January 2015 and 31 December 2015 and for the year ended 31 December 2015 are as follows:

Year ended 31 December 2014	RMB1=HK\$
Average rate	1.2628
Closing rate	1.2676
Year ended 31 December 2015	RMB1=HK\$
Average rate	1.2442
Closing rate	1.1936

The change in presentation currency mainly impacted the carrying amount of exchange fluctuation reserve, changing it from HK\$2,169,272,000 (credit balance) and HK\$1,377,467,000 (credit balance) to RMB16,276,000 (credit balance) and RMB197,216,000 (debit balance) as at 31 December 2014 and 2015, respectively.

2.3 BASIS OF PREPARATION

The Trust and the Company's consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. The Trust and the Company's consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

The Trust's consolidated financial statements for the year ended 31 December 2016 comprise the consolidated financial statements of the Trust, the Company and its subsidiaries. The Company's consolidated financial statements for the year ended 31 December 2016 comprise the consolidated financial statements of the Company and its subsidiaries. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Trust and the Company. Control is achieved when the Groups are exposed, or have rights, to variable returns from the Groups' involvement with the investee and have the ability to affect those returns through the Groups' power over the investee (i.e., existing rights that give the Groups the current ability to direct the relevant activities of the investee).

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

2.3 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

When the Trust and the Company have, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Groups consider all relevant facts and circumstances in assessing whether the Groups have power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Groups' voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Trust and the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Groups obtain control, and continue to be consolidated until the date that such control ceases. As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using the principles of merger accounting.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book value. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Groups and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Groups are eliminated in full on consolidation.

The Groups reassess whether or not they control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Groups lose control over a subsidiary, the Groups derecognise (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognise (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Groups' share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Groups had directly disposed of the related assets or liabilities.

2.4 NET CURRENT LIABILITIES

The Groups had net current liabilities of RMB5,484,940,000 as at 31 December 2016 (2015: RMB3,612,209,000). The Directors are of the opinion that, based on a detailed review of the working capital forecast of the Groups and the available unutilised banking facilities, the Groups will have the necessary liquid funds to finance the Groups' working capital and to meet the Groups' capital expenditure requirements.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the Trust and the Company's consolidated financial statements on a going concern basis. Should the Groups be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the Trust and the Company's consolidated financial statements.

2.5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Groups have adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11 HKFRS 14	<i>Accounting for Acquisitions of Interests in Joint Operations Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011) <i>Annual Improvements 2012-2014 Cycle</i>	<i>Equity Method in Separate Financial Statements Amendments to a number of HKFRSs</i>

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

2.5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and certain amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Groups' financial statements, the nature and the impact of the amendments are described below:

- (a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:
 - (i) the materiality requirements in HKAS 1;
 - (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
 - (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
 - (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Groups' financial statements.

- (b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Groups as the Groups have not used a revenue-based method for the calculation of depreciation of their non-current assets.

2.5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) *Annual Improvements to HKFRSs 2012-2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Groups as the Groups did not have any disposal group held for sale during the year.

2.6 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Groups have not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Trust and the Company's consolidated financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> ²
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i> ²
HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i> ²
HKFRS 16	<i>Leases</i> ³
Amendments to HKAS 7	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ No mandatory effective date yet determined but available for adoption

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

2.6 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Further information about those HKFRSs that are expected to be applicable to the Groups is as follows:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Groups expect to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Groups' financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Groups expect to adopt HKFRS 9 from 1 January 2018. The Groups are currently assessing the impact of the standard.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

2.6 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Groups expect to adopt HKFRS 15 on 1 January 2018 and are currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Groups expect to adopt HKFRS 16 on 1 January 2019 and are currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Groups expect to adopt the amendments from 1 January 2017.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

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2.6 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Groups expect to adopt the amendments from 1 January 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Groups' investments in joint ventures are stated in the consolidated statement of financial position at the Groups' share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Groups' share of the post-acquisition results and other comprehensive income of joint ventures are included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Groups recognise their share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Groups and the Groups' joint ventures are eliminated to the extent of the Groups' investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Groups' investments in joint ventures.

If an investment in a joint venture becomes an investment in an associate or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Groups measure and recognise any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

The Groups measure their investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Groups. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Groups use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Groups determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Groups if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Groups;
 - (ii) has significant influence over the Groups; or
 - (iii) is a member of the key management personnel of the Groups or of a parent of the Groups;

or

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Groups are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Groups are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Groups or an entity related to the Groups;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Groups or to the parent of the Groups.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Groups recognise such parts as individual assets with specific useful lives and depreciate them accordingly.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel properties	1.7%– 2.8%
Leasehold improvements	18%– 20%
Buildings	1.7%– 5%
Furniture, fixtures and office equipment	3.8%– 33.3%
Motor vehicles	8.3%– 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction/equipment and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Groups as an owner-occupied property becomes an investment property, the Groups account for such property as a revalued asset at the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation and is dealt with as movements in the asset revaluation reserve, if the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Groups as an owner-occupied property becomes an investment property, the Groups account for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Groups are the lessor, assets leased by the Groups under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Groups are the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Groups commit to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses and losses for receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Trust and the Company's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Groups have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Groups have transferred substantially all the risks and rewards of the asset, or (b) the Groups have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Groups have transferred the Groups' rights to receive cash flows from an asset or have entered into a pass-through arrangement, the Groups evaluate if and to what extent the Groups have retained the risk and rewards of ownership of the asset. When the Groups have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Groups continue to recognise the transferred asset to the extent of the Groups' continuing involvement. In that case, the Groups also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Groups have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Groups could be required to repay.

Impairment of financial assets

The Groups assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Groups first assess whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Groups determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, they include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Groups.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses and losses in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Groups' financial liabilities include trade and other payables and accruals, amounts due to related parties and interest-bearing bank and other borrowings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Groups' cash management.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents (Continued)

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in countries in which the Groups operate.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Groups and when the revenue can be measured reliably, on the following bases:

- (a) hotel and other service income, in the period in which such services are rendered;
- (b) rental income, on a time proportion basis over lease terms, except for contingent rental income which is recognised when it arises, where premiums received to terminate leases are recognised in the statement of profit or loss when they arise;
- (c) from the rendering of property management services, in the period in which such services are rendered;
- (d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (e) dividend income, when the shareholders' right to receive payment has been established.

Pension schemes

The Groups operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of the Groups' employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Groups in an independently administered fund. The Groups' employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Groups' subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dividends/distributions

Final dividends/distributions are recognised as a liability when they are approved by the shareholders/holders of Share Stapled Units in a general meeting.

Foreign currencies

The Trust and the Company's consolidated financial statements are presented in RMB, while the Trust's and the Company's functional currency is HK\$. Each entity in the Groups determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Groups are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of the Trust, the Company and subsidiaries operating outside Mainland China are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the Trust, the Company and subsidiaries operating outside Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Trust, the Company and subsidiaries operating outside Mainland China which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Trust and the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Groups' accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Trust and the Company's consolidated financial statements:

Operating lease commitments – Groups as lessor

The Groups have entered into commercial property leases on the Groups' investment property portfolio. The Groups have determined, based on an evaluation of the terms and conditions of the arrangements, that the Groups retain all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Groups determine whether a property qualifies as an investment property, and have developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Groups consider whether a property generates cash flows largely independently of the other assets held by the Groups. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Groups account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Withholding tax arising from the distribution of dividends

The Groups' determination, as to whether to accrue withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of trade and other receivables

The policy for impairment of trade and other receivables of the Groups is based on the ongoing evaluation of the collectability, aging analysis of the outstanding receivables and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Groups were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Groups consider information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties as at 31 December 2016 was RMB8,731,350,000 (2015: RMB8,404,600,000). Further details, including the key assumptions used for fair value measurement, are given in note 15 to the Trust and the Company's consolidated financial statements.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets

The Groups assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

PRC corporate income tax

The Groups are subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters are different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amount of income tax payable as at 31 December 2016 was RMB38,028,000 (2015: RMB63,835,000).

5. OPERATING SEGMENT INFORMATION

For management purposes, the Groups are organised into business units based on their products and services they provided and have three reportable operating segments as follows:

- (a) the property leasing segment leases office and commercial premises;
- (b) the hotel operations segment provides hotel accommodation services; and
- (c) the “others” segment mainly comprises the provision of property management and the operation of an observation deck.

Management monitors the results of the Groups' operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Groups' profit before tax except that interest income and finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, amounts due from related parties, restricted bank balances, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings and related interest payables, tax payable, amounts due to related parties, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

Geographical information

The Groups' operations are mainly conducted in Mainland China. Management considered there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Groups' significant non-current assets are located in Mainland China.

Information about major customers

For the years ended 31 December 2015 and 2016, there was no revenue from any single external customer which accounted for 10% or more of the Groups' total revenue.

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5. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2016

	Property leasing RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	495,768	1,808,701	146,282	2,450,751
Segment results	706,282	182,951	26,057	915,290
<i>Reconciliation:</i>				
Interest income				8,139
Corporate and other unallocated expenses				(12,363)
Finance costs				(319,860)
Profit before tax				591,206
Segment assets	8,761,996	12,261,135	137,386	21,160,517
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(8,295,550)
Corporate and other unallocated assets				5,542,252
Total assets				18,407,219
Segment liabilities	276,303	7,787,702	69,211	8,133,216
<i>Reconciliation:</i>				
Elimination of intersegment payables				(9,236,280)
Corporate and other unallocated liabilities				12,974,823
Total liabilities				11,871,759
Other segment information:				
Share of profits of joint ventures	–	–	3,682	3,682
Depreciation and amortisation	3,486	284,465	4,635	292,586
Recognition of prepaid land lease payments	–	43,980	–	43,980
Loss on disposal of items of property, plant and equipment	–	581	2	583
Reversal of impairment recognised in the statement of profit or loss	–	(41)	–	(41)
Fair value gains on investment properties	319,281	–	–	319,281
Investments in joint ventures	–	–	36,377	36,377
Capital expenditure*	9,435	166,211	1,238	176,884

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

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5. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2015

	Property leasing RMB'000 (Restated)	Hotel operations RMB'000 (Restated)	Others RMB'000 (Restated)	Total RMB'000 (Restated)
Segment revenue:				
Sales to external customers	511,800	1,746,815	131,646	2,390,261
Segment results	739,897	229,160	28,271	997,328
<i>Reconciliation:</i>				
Interest income				10,318
Corporate and other unallocated expenses				(12,527)
Finance costs				(337,672)
Profit before tax				657,447
Segment assets	8,432,467	13,270,455	128,071	21,830,993
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(9,227,619)
Corporate and other unallocated assets				5,619,945
Total assets				18,223,319
Segment liabilities	275,522	6,881,278	46,643	7,203,443
<i>Reconciliation:</i>				
Elimination of intersegment payables				(9,194,239)
Corporate and other unallocated liabilities				13,236,530
Total liabilities				11,245,734
Other segment information:				
Share of profits of joint ventures	–	–	3,265	3,265
Depreciation and amortisation	1,953	260,581	4,164	266,698
Recognition of prepaid land lease payments	–	43,894	–	43,894
Loss on disposal of items of property, plant and equipment	–	2,312	30	2,342
Impairment losses recognised in the statement of profit or loss	–	65	–	65
Fair value gains on investment properties	314,120	–	–	314,120
Investments in joint ventures	–	–	38,845	38,845
Capital expenditure*	6,323	469,898	1,891	478,112

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

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6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the income from hotel operations, property management and related services rendered, net of business tax; and gross rental income from investment properties, net of business tax, during the year.

An analysis of revenue, other income and gains is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Revenue		
Hotel operations	1,808,701	1,746,815
Gross rental income	495,768	511,800
Others	146,282	131,646
	2,450,751	2,390,261
Other income		
Bank interest income	8,138	10,311
Government grants*	19,326	94,291
Other interest income	1	7
	27,465	104,609
Gains		
Others	23,891	21,974
	51,356	126,583

* Various government grants have been received from the relevant authorities for the Groups' businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

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7. PROFIT BEFORE TAX

The Groups' profit before tax is arrived at after charging/(crediting):

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Cost of services provided		1,065,969	1,050,586
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		47,007	42,669
Depreciation	14	287,043	262,617
Amortisation of intangible assets	17	5,543	4,081
Minimum lease payments under operating leases		8,810	6,656
Recognition of prepaid land lease payments	16	43,980	44,239
Less: Amount capitalised		–	(345)
		43,980	43,894
Auditors' remuneration		1,513	1,407
Employee benefit expense (including directors' and chief executive's remuneration (note 9)):			
Wages and salaries		502,937	462,618
Pension scheme contributions (defined contribution schemes)		48,327	52,606
Less: Amount capitalised		(189)	(729)
Net pension scheme contributions*		48,138	51,877
		551,075	514,495
Foreign exchange differences, net		8,521	11,143
Loss on disposal of items of property, plant and equipment**		583	2,342
(Reversal of impairment)/impairment of trade receivables**	20	(41)	65

* As at 31 December 2016, the Groups had no forfeited contributions available to reduce the Groups' contributions to the pension schemes in future years (2015: Nil).

** These items are included in "Other expenses and losses, net" in the consolidated statement of profit or loss.

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8. FINANCE COSTS

An analysis of finance costs is as follows:

	Note	2016 RMB'000	2015 RMB'000 (Restated)
Interest on bank loans and notes		282,160	306,812
Interest on other loans due to a fellow subsidiary	33(a)	–	7,782
Amortisation of ancillary costs incurred in connection with the arrangement of bank loans		37,700	23,078
		319,860	337,672

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c), and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Fees	513	483
Other emoluments:		
Salaries, allowances and benefits in kind	1,697	1,396
Performance related bonuses*	1,313	1,221
Pension scheme contributions	303	400
	3,313	3,017
	3,826	3,500

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the performance of the Groups' operations.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Dr. Chung Shui Ming Timpson	171	161
Dr. Chen Jieping	171	161
Dr. Xin Tao (note 1)	171	90
Dr. Zhang Rungang (note 2)	–	71
	513	483

There were no other emoluments payable to the independent non-executive directors during the year (2015: Nil).

(b) Executive director, non-executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2016					
Executive director:					
Mr. Zhang Hui (note 5)	–	1,697	1,313	303	3,313
Non-executive directors:					
Mr. Cai Xiyu (note 3)	–	–	–	–	–
Mr. Li Congrui (note 6)	–	–	–	–	–
Mr. Jiang Nan	–	–	–	–	–
Ms. Lan Haiqing (note 7)	–	–	–	–	–
	–	–	–	–	–
	–	1,697	1,313	303	3,313

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9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive director, non-executive directors and the chief executive (Continued)

	Fees RMB'000 (Restated)	Salaries, allowances and benefits in kind RMB'000 (Restated)	Performance related bonuses RMB'000 (Restated)	Pension scheme contributions RMB'000 (Restated)	Total remuneration RMB'000 (Restated)
2015					
Executive director:					
Mr. Zhang Hui (note 5)	–	1,396	1,221	400	3,017
Non-executive directors:					
Mr. He Cao (note 4)	–	–	–	–	–
Mr. Cai Xiyou (note 3)	–	–	–	–	–
Mr. Li Congrui (note 6)	–	–	–	–	–
Mr. Jiang Nan	–	–	–	–	–
	–	–	–	–	–
	–	1,396	1,221	400	3,017

Notes:

- (1) Dr. Xin Tao was appointed as an independent non-executive director of the Trustee-Manager and the Company on 9 June 2015.
- (2) Dr. Zhang Rungang resigned as an independent non-executive director of the Trustee-Manager and the Company with effect from 9 June 2015.
- (3) Mr. Cai Xiyou was appointed as a non-executive director and the chairman of the Trustee-Manager and the Company on 9 October 2015 and resigned as a non-executive director and the chairman of the Trustee-Manager and the Company with effect from 15 March 2016.
- (4) Mr. He Cao retired as the chairman and a non-executive director of the Trustee-Manager and the Company with effect from 9 October 2015.
- (5) Mr. Zhang Hui is also the chief executive of the Trust-Manager and the Company.
- (6) Mr. Li Congrui was appointed as the chairman of the Trustee-Manager and the Company on 29 April 2016.
- (7) Ms. Lan Haiqing was appointed as a non-executive director of the Trustee-Manager and the Company on 29 April 2016.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2015: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included the chief executive (2015: the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2015: four) highest paid employees who are neither a director nor chief executive of the Trustee-Manager and the Company are as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Salaries, allowances and benefits in kind	2,667	2,085
Performance related bonuses	2,655	2,611
Pension scheme contributions	641	727
	5,963	5,423

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2016	2015
HK\$1,500,001 to HK\$2,000,000	4	4

11. INCOME TAX

	2016 RMB'000	2015 RMB'000 (Restated)
Current – PRC corporate income tax	105,721	102,913
Deferred (note 27)	110,859	118,436
Total tax charge for the year	216,580	221,349

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Groups did not generate any assessable profits arising in Hong Kong during the year (2015: Nil).

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2015: 25%) on the taxable profits of the Groups' PRC subsidiaries during the year.

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11. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the jurisdiction in which the Trust, the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

2016

	Mainland China		Hong Kong		Total	
	RMB'000	%	RMB'000	%	RMB'000	%
Profit/(loss) before tax	730,543		(139,337)		591,206	
Tax at the statutory tax rate	182,636	25.0	(22,991)	16.5	159,645	27.0
Profits and losses attributable to joint ventures	(921)	(0.1)	–	–	(921)	(0.2)
Income not subject to tax	–	–	(642)	0.5	(642)	(0.1)
Expenses not deductible for tax	11,567	1.6	23,633	(17.0)	35,200	6.0
Tax losses not recognised	23,298	3.1	–	–	23,298	3.9
Tax charge at the Groups' effective rate	216,580	29.6	–	–	216,580	36.6

2015

	Mainland China		Hong Kong		Total	
	RMB'000 (Restated)	%	RMB'000 (Restated)	%	RMB'000 (Restated)	%
Profit/(loss) before tax	767,362		(109,915)		657,447	
Tax at the statutory tax rate	191,840	25.0	(18,136)	16.5	173,704	26.4
Profits and losses attributable to joint ventures	(816)	(0.1)	–	–	(816)	(0.1)
Income not subject to tax	–	–	(456)	0.4	(456)	(0.1)
Expenses not deductible for tax	4,504	0.6	18,592	(16.9)	23,096	3.6
Tax losses utilised from previous periods	(10,534)	(1.4)	–	–	(10,534)	(1.6)
Tax losses not recognised	26,946	3.5	–	–	26,946	4.1
Write-down of deferred tax assets previously recognised	9,409	1.2	–	–	9,409	1.4
Tax charge at the Groups' effective rate	221,349	28.8	–	–	221,349	33.7

The share of tax attributable to joint ventures amounting to RMB1,233,000 (2015: RMB1,096,000) is included in the "Share of profits of joint ventures" in the consolidated statement of profit or loss.

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12. DISTRIBUTIONS

	Note	2016 RMB'000	2015 RMB'000 (Restated)
Interim – HK16.15 cents (2015: HK16.85 cents) per Share Stapled Unit		277,651	277,515
Proposed 2016 distributions attributable to group distributable income – HK16.18 cents (2015: HK14.41 cents) per Share Stapled Unit	(a)	276,889	244,365
		554,540	521,880

- (a) The proposed 2016 distribution to holders of Share Stapled Units is based on the group distributable income for the year ended 31 December 2016 and the number of Share Stapled Units as at 31 December 2016. The proposed 2016 distribution was not recognised as a liability as at 31 December 2016, and is subject to the approval of the holders of Share Stapled Units at the forthcoming AGM.

The group distributable income for the year ended 31 December 2016 is RMB554,540,000, equivalent to HK\$646,600,000, which is adjusted from the profit or loss for the year ended 31 December 2016 after the adjustments permitted under the Trust Deed and the Company's Articles.

- (i) Pursuant to clause 1.1 of the Trust Deed, "Adjustments" includes, but not limited to (i) unrealised revaluation gains/losses, including impairment provisions and reversals of impairment provisions; (ii) impairment of goodwill/recognition of negative goodwill; (iii) material non-cash gains/losses; (iv) costs of any public offering of Share Stapled Units that are expensed through the consolidated statement of profit or loss but are funded by proceeds from the issuance of such Share Stapled Units; (v) depreciation and amortisation; (vi) tax charges as shown in the consolidated statement of profit or loss; and (vii) net finance income/costs as shown in the consolidated statement of profit or loss.
- (ii) The Trust Deed and the articles of association of the Company state that, except with the prior approval of an ordinary resolution of registered holders of units and an ordinary resolution of the shareholders of the Company and subject to compliance with all applicable laws of the Cayman Islands and the articles of association of the Company, the Directors will declare and distribute 100% of the distributable income (as defined in the Trust Deed) in respect of each financial year thereafter. The Trust Deed requires the Trustee-Manager (on behalf of the Trust) to distribute the dividends, distributions and other amounts received by the Trustee-Manager in respect of the ordinary shares from the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed.

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13. EARNINGS PER SHARE STAPLED UNIT

The calculation of the basic earnings per Share Stapled Unit amount for the year is based on the profit for the year of RMB374,626,000 (2015: RMB436,098,000), and the weighted average number of Share Stapled Units of 2,000,000,000 (2015: 2,000,000,000) in issue during the year.

The calculation of the diluted earnings per Share Stapled Unit/share of the Company amount is based on the profit for the year. The weighted average number of Share Stapled Units/ordinary shares of the Company used in the calculation is the number of Share Stapled Units/ordinary shares of the Company in issue during the year, as used in the basic earnings per Share Stapled Unit/share of the Company calculation, and the weighted average number of Share Stapled Units/ordinary shares of the Company assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential Share Stapled Units/ordinary shares of the Company into Share Stapled Units/ordinary shares of the Company.

No adjustment has been made to the basic earnings per Share Stapled Unit. The Groups had no potentially dilutive Share Stapled Units/ordinary shares of the Company in issue during the year (2015: Nil).

The calculation of basic earnings per Share Stapled Unit/share of the Company is based on:

	2016 RMB'000	2015 RMB'000 (Restated)
Earnings		
Profit for the year, used in the calculation of basic earnings per Share Stapled Unit/share of the Company	374,626	436,098
	2016	2015
Share Stapled Units/ordinary shares of the Company		
Weighted average number of Share Stapled Units/ordinary shares of the Company in issue during the year, used in the calculation of basic earnings per Share Stapled Unit/share of the Company	2,000,000,000	2,000,000,000

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14. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2016							
At 31 December 2015 and at 1 January 2016:							
Cost	7,710,457	49,284	143,970	1,494,901	29,506	16,721	9,444,839
Accumulated depreciation and impairment	(1,093,876)	(49,284)	(35,284)	(789,289)	(17,543)	–	(1,985,276)
Net carrying amount	6,616,581	–	108,686	705,612	11,963	16,721	7,459,563
At 1 January 2016, net of accumulated depreciation and impairment	6,616,581	–	108,686	705,612	11,963	16,721	7,459,563
Additions	92,712	–	–	9,009	738	61,341	163,800
Disposals	(5)	–	–	(419)	(199)	–	(623)
Depreciation provided during the year	(188,681)	–	(2,545)	(92,976)	(2,841)	–	(287,043)
Transfers	66,305	–	–	3,141	–	(69,446)	–
At 31 December 2016, net of accumulated depreciation and impairment	6,586,912	–	106,141	624,367	9,661	8,616	7,335,697
At 31 December 2016:							
Cost	7,869,469	49,284	143,970	1,501,443	28,755	8,616	9,601,537
Accumulated depreciation and impairment	(1,282,557)	(49,284)	(37,829)	(877,076)	(19,094)	–	(2,265,840)
Net carrying amount	6,586,912	–	106,141	624,367	9,661	8,616	7,335,697

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14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Hotel properties RMB'000 (Restated)	Leasehold improvements RMB'000 (Restated)	Buildings RMB'000 (Restated)	Furniture, fixtures and office equipment RMB'000 (Restated)	Motor vehicles RMB'000 (Restated)	Construction in progress RMB'000 (Restated)	Total RMB'000 (Restated)
31 December 2015							
At 1 January 2015:							
Cost	7,156,662	49,284	159,947	1,472,922	27,972	129,940	8,996,727
Accumulated depreciation and impairment	(938,467)	(49,284)	(34,211)	(692,548)	(16,244)	–	(1,730,754)
Net carrying amount	6,218,195	–	125,736	780,374	11,728	129,940	7,265,973
At 1 January 2015, net of accumulated depreciation and impairment							
	6,218,195	–	125,736	780,374	11,728	129,940	7,265,973
Additions	1,611	–	–	13,698	2,996	452,829	471,134
Disposals	(1,781)	–	(17,423)	(692)	(31)	–	(19,927)
Depreciation provided during the year	(156,000)	–	(4,627)	(99,260)	(2,730)	–	(262,617)
Transfer from investment properties	–	–	5,000	–	–	–	5,000
Transfers	554,556	–	–	11,492	–	(566,048)	–
At 31 December 2015, net of accumulated depreciation and impairment							
	6,616,581	–	108,686	705,612	11,963	16,721	7,459,563
At 31 December 2015:							
Cost	7,710,457	49,284	143,970	1,494,901	29,506	16,721	9,444,839
Accumulated depreciation and impairment	(1,093,876)	(49,284)	(35,284)	(789,289)	(17,543)	–	(1,985,276)
Net carrying amount	6,616,581	–	108,686	705,612	11,963	16,721	7,459,563

As at 31 December 2015, certain of the Groups' hotel properties with an aggregate net carrying amount of approximately RMB437,506,000 were pledged to secure bank loans granted to the Groups (note 26).

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15. INVESTMENT PROPERTIES

	2016 RMB'000	2015 RMB'000 (Restated)
Carrying amount at 1 January	8,404,600	8,091,900
Additions	7,469	3,580
Net gain from a fair value adjustment recognised in profit or loss	319,281	314,120
Transfer to owner-occupied properties	–	(5,000)
Carrying amount at 31 December	8,731,350	8,404,600

The Groups' investment properties consist of one commercial property in Mainland China. The Directors have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Groups' investment properties were revalued on 31 December 2016 and 31 December 2015 at approximately RMB8,731,350,000 and RMB8,404,600,000, respectively, by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers. Each year, the Groups' management decide to appoint which external valuer to be responsible for the external valuations of the Groups' properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Groups' management have discussions with the valuer on the valuation assumptions and valuation results every year when the valuation is performed for annual financial reporting.

These investment properties are leased to related parties and third parties under operating leases, further summary details of which are included in note 31(a) to the Trust and the Company's consolidated financial statements.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Groups' investment properties:

	Fair value measurement as at 31 December 2016 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for: Commercial properties	–	–	8,731,350	8,731,350

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15. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

	Fair value measurement as at 31 December 2015 using			
	Quoted prices in active markets (Level 1) RMB'000 (Restated)	Significant observable inputs (Level 2) RMB'000 (Restated)	Significant unobservable inputs (Level 3) RMB'000 (Restated)	Total RMB'000 (Restated)

Recurring fair value measurement for:

Commercial properties	–	–	8,404,600	8,404,600
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During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2015: Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

2016

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Commercial properties – Jin Mao Tower – Office	Term and reversion method	Term yield	4.50%
		Reversionary yield	5.00%
		Market rent (per sqm p.a.)	RMB3,960
Commercial properties – Jin Mao Tower – Retail	Term and reversion method	Term yield	4.50%
		Reversionary yield	5.00%
		Market rent (per sqm p.a.)	RMB9,960
Commercial properties – Jin Mao Tower – Car parks	Term and reversion method	Term yield	3.50%
		Reversionary yield	4.00%
		Market rent (per unit p.a.)	RMB11,700

15. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

2015

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Commercial properties – Jin Mao Tower – Office	Term and reversion method	Term yield Reversionary yield Market rent (per sqm p.a.)	4.50% 5.00% RMB3,732
Commercial properties – Jin Mao Tower – Retail	Term and reversion method	Term yield Reversionary yield Market rent (per sqm p.a.)	4.50% 5.00% RMB9,600
Commercial properties – Jin Mao Tower – Car parks	Term and reversion method	Term yield Reversionary yield Market rent (per unit p.a.)	3.50% 4.00% RMB11,700

The term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent and the price per square metre would result in a significant increase (decrease) in the fair value of the investment properties.

16. PREPAID LAND LEASE PAYMENTS

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Carrying amount at 1 January		1,349,262	1,393,327
Additions		1,747	174
Recognised during the year	7	(43,980)	(44,239)
Carrying amount at 31 December		1,307,029	1,349,262
Current portion included in prepayments, deposits and other receivables	21	(43,831)	(43,788)
Non-current portion		1,263,198	1,305,474

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17. OTHER INTANGIBLE ASSETS

	Computer software RMB'000	Others RMB'000	Total RMB'000
31 December 2016			
At 1 January 2016:			
Cost	51,517	3,860	55,377
Accumulated amortisation	(37,509)	(1,693)	(39,202)
Net carrying amount	14,008	2,167	16,175
Cost at 1 January 2016, net of accumulated amortisation	14,008	2,167	16,175
Additions	3,868	–	3,868
Amortisation provided during the year	(5,385)	(158)	(5,543)
At 31 December 2016, net of accumulated amortisation	12,491	2,009	14,500
At 31 December 2016:			
Cost	55,385	3,860	59,245
Accumulated amortisation	(42,894)	(1,851)	(44,745)
Net carrying amount	12,491	2,009	14,500
	Computer software RMB'000 (Restated)	Others RMB'000 (Restated)	Total RMB'000 (Restated)
31 December 2015			
At 1 January 2015:			
Cost	48,293	3,860	52,153
Accumulated amortisation	(33,586)	(1,535)	(35,121)
Net carrying amount	14,707	2,325	17,032
Cost at 1 January 2015, net of accumulated amortisation	14,707	2,325	17,032
Additions	3,224	–	3,224
Amortisation provided during the year	(3,923)	(158)	(4,081)
At 31 December 2015, net of accumulated amortisation	14,008	2,167	16,175
At 31 December 2015:			
Cost	51,517	3,860	55,377
Accumulated amortisation	(37,509)	(1,693)	(39,202)
Net carrying amount	14,008	2,167	16,175

18. INVESTMENTS IN JOINT VENTURES

	2016 RMB'000	2015 RMB'000 (Restated)
Share of net assets	36,377	38,845

The amounts due from/to joint ventures are disclosed in note 22 to the Trust and the Company's consolidated financial statements.

Particulars of the Groups' joint ventures are as follows:

Name	Particulars of issued shares held	Place of registration and business	Ownership interest	Percentage of Voting power	Profit sharing	Principal activities
上海金茂錦江汽車服務有限公司 Shanghai Jin Mao Jin Jiang Automobile Service Company Limited ("Jin Mao Jin Jiang") #	Registered capital of RMB1 each	PRC/Mainland China	50%	57%	50%	Lease of commercial vehicles
上海金茂汽車租賃有限公司 Shanghai Jin Mao Auto Hire Company Limited ("Jin Mao Auto Hire") #	Registered capital of RMB1 each	PRC/Mainland China	45%	57%	45%	Lease of commercial vehicles

The names of these companies referred to in the Trust and the Company's consolidated financial statements represent management's best effort at translating the Chinese names of these companies, as no English names have been registered.

Jin Mao Jin Jiang and Jin Mao Auto Hire (collectively, the "Auto Hire Group"), which are indirectly held by the Trust and the Company and are considered as material joint ventures of the Groups, act as the Groups' taxi and car chauffeur service providers in Mainland China and are accounted for using the equity method.

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18. INVESTMENTS IN JOINT VENTURES (Continued)

The following tables illustrate the summarised financial information in respect of the Auto Hire Group adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2016 RMB'000	2015 RMB'000 (Restated)
Cash and cash equivalents	5,920	10,199
Other current assets	22,251	24,255
Current assets	28,171	34,454
Non-current assets	62,957	70,600
Financial liabilities, excluding trade and other payables	(8,251)	(17,547)
Other current liabilities	(10,123)	(9,818)
Current liabilities	(18,374)	(27,365)
Net assets	72,754	77,689

Reconciliation to the Groups' interests in the joint ventures:

	2016 RMB'000	2015 RMB'000 (Restated)
Proportion of the Groups' ownership	50%	50%
The Groups' share of net assets of the joint ventures and carrying amount of the investments	36,377	38,845
Revenue	55,804	57,041
Interest income	19	22
Depreciation and amortisation	(17,291)	(13,245)
Interest expenses	(504)	(927)
Tax	(2,466)	(2,192)
Profit and total comprehensive income for the year	7,365	6,529
Dividend received from the Auto Hire Group	5,190	1,650

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19. INVENTORIES

	2016 RMB'000	2015 RMB'000 (Restated)
Raw materials	3,474	3,765
Hotel merchandise	12,863	14,050
Trading stock	1,805	1,894
	18,142	19,709

20. TRADE RECEIVABLES

	2016 RMB'000	2015 RMB'000 (Restated)
Trade receivables	77,558	70,358
Impairment	(309)	(350)
	77,249	70,008

The Groups' trading terms with certain of the Groups' customers in relation to the provision of hotel and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months, extending up to six months for major customers. Each customer has a maximum credit limit.

The Groups seek to maintain strict control over their outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Groups' trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Groups do not hold any collateral or other credit enhancements over their trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Within 1 month	72,616	64,575
1 to 3 months	3,850	4,547
4 to 6 months	274	521
Over 6 months	509	365
	77,249	70,008

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20. TRADE RECEIVABLES (Continued)

The movements in provision for impairment of trade receivables are as follows:

	Note	2016 RMB'000	2015 RMB'000 (Restated)
At 1 January		350	285
Impairment losses recognised/(reversed)	7	(41)	65
At 31 December		309	350

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB309,000 (2015: RMB350,000) with a carrying amount before provision of RMB309,000 (2015: RMB350,000).

The individually impaired trade receivables related to customers that were in financial difficulties or were in default.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Neither past due nor impaired	74,076	64,576
Less than 1 month past due	2,228	4,600
1 to 3 months past due	424	96
Over 3 months past due	521	736
	77,249	70,008

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Groups. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

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21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2016 RMB'000	2015 RMB'000 (Restated)
Prepayments		13,149	33,069
Deposits		8,188	32,224
Other receivables		20,798	115,375
Prepaid land lease payments	16	43,831	43,788
		85,966	224,456

None of the above assets is impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

22. BALANCES WITH RELATED PARTIES

An analysis of the balances with related parties is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Due from related parties:		
Fellow subsidiaries	7,505	7,082
Joint ventures	2	–
An associate of the Groups' ultimate holding company	4,565	4
	12,072	7,086
Due to related parties:		
Immediate holding company	687,489	367,528
Fellow subsidiaries	1,370,738	1,061,207
Joint ventures	6,341	7,197
Joint ventures of immediate holding company	1	–
An associate of the Groups' ultimate holding company	16,469	16,350
	2,081,038	1,452,282

The amounts due from/to related parties are unsecured, interest-free and are repayable on demand.

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23. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	2016 RMB'000	2015 RMB'000 (Restated)
Cash and bank balances	674,691	529,987
Time deposits	157,602	142,746
	832,293	672,733
Less: Restricted bank balances	(21,984)	(24,155)
Cash and cash equivalents	810,309	648,578

As at 31 December 2016, the cash and bank balances and time deposits of the Groups denominated in RMB amounted to RMB803,171,000 (2015: RMB637,721,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Groups are permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of within one year depending on the immediate cash requirements of the Groups, and earn interest at the respective short term time deposit rates. The bank balances and restricted bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2016, included in the Groups' cash and cash equivalents were deposits of RMB181,000 (2015: RMB181,000) placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance", a fellow subsidiary of the Groups), a financial institution approved by the People's Bank of China. During the year, the interest rates on these deposits were determined at a rate of 0.35% (2015: 0.35%) per annum. Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 33(a) to the Trust and the Company's consolidated financial statements.

24. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Within 1 year or on demand	104,679	121,852
1 to 2 years	25,520	1,261
Over 2 years	220	220
	130,419	123,333

The trade and bills payables are non-interest-bearing and are normally settled on 60-day terms.

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25. OTHER PAYABLES AND ACCRUALS

	2016 RMB'000	2015 RMB'000 (Restated)
Other payables	775,196	876,406
Receipts in advance	115,410	93,394
Accruals	85,163	66,872
	975,769	1,036,672

Other payables and accruals are non-interest-bearing with an average term of not more than one year.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2016			2015		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000 (Restated)
Current						
Bank loans, unsecured	1.32-3.915	2017	1,285,408	1.59-6.00	2016	1,895,079
Current portion of long-term bank loans, secured	-	-	-	4.635	2016	35,000
Notes, unsecured	2.90	2017	1,000,000	-	-	-
Current portion of mid-term notes, unsecured	5.60	2017	1,000,000	-	-	-
			3,285,408			1,930,079
Non-current						
Bank loans, secured	-	-	-	4.635	2017-2023	715,000
Bank loans, unsecured	HIBOR+1.2, HIBOR+1.4, LIBOR+1.1	2018-2019	3,636,741	HIBOR+2.1, LIBOR+2.1	2017	3,306,741
Mid-term notes, unsecured	-	-	-	5.60	2017	1,000,000
			3,636,741			5,021,741
			6,922,149			6,951,820

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26. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	2016 RMB'000	2015 RMB'000 (Restated)
Analysed into bank loans repayable:		
Within one year	1,285,408	1,930,079
In the second year	1,728,542	3,341,741
In the third to fifth years, inclusive	1,908,199	145,000
Beyond five years	–	535,000
	4,922,149	5,951,820
Analysed into other borrowings repayable:		
Within one year	2,000,000	–
In the second year	–	1,000,000
	2,000,000	1,000,000
	6,922,149	6,951,820

Notes:

- (a) The Groups' loan facilities amounted to RMB11,016,903,000 (2015: RMB9,239,484,000), of which RMB6,922,149,000 (2015: RMB6,951,820,000) had been utilised as at the end of the reporting period.
- (b) As at 31 December 2015, certain of the Groups' bank loans were secured by mortgages over certain of the Groups' hotel properties with an aggregate net carrying amount of approximately RMB437,506,000 (note 14).
- (c) Except for the bank and other borrowings amounting to approximately RMB1,728,542,000 (2015: RMB1,867,261,000) and RMB2,443,607,000 (2015: RMB1,934,559,000) which are denominated in United States dollars ("US\$") and HK\$, respectively, all bank and other borrowings are denominated in RMB.

27. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of properties RMB'000 (Restated)	Depreciation allowance in excess of related depreciation RMB'000 (Restated)	Others RMB'000 (Restated)	Total RMB'000 (Restated)
Gross deferred tax liabilities at 1 January 2015	1,297,156	229,708	551	1,527,415
Deferred tax charged to the statement of profit or loss during the year (note 11)	78,530	16,704	4,879	100,113
Gross deferred tax liabilities at 31 December 2015 and 1 January 2016	1,375,686	246,412	5,430	1,627,528
Deferred tax charged to the statement of profit or loss during the year (note 11)	79,820	16,378	642	96,840
Gross deferred tax liabilities at 31 December 2016	1,455,506	262,790	6,072	1,724,368

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000 (Restated)	Accruals RMB'000 (Restated)	Total RMB'000 (Restated)
Gross deferred tax assets at 1 January 2015	9,409	23,320	32,729
Deferred tax charged to the statement of profit or loss during the year (note 11)	(9,409)	(8,914)	(18,323)
Gross deferred tax assets at 31 December 2015 and 1 January 2016	–	14,406	14,406
Deferred tax charged to the statement of profit or loss during the year (note 11)	–	(14,019)	(14,019)
Gross deferred tax assets at 31 December 2016	–	387	387

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27. DEFERRED TAX (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Groups for financial reporting purposes:

	2016 RMB'000	2015 RMB'000 (Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	375	4,670
Net deferred tax liabilities recognised in the consolidated statement of financial position	(1,724,356)	(1,617,792)
	(1,723,981)	(1,613,122)

As at 31 December 2016, the Groups have tax losses arising in Mainland China of RMB535,782,000 (2015: RMB496,661,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Groups, the applicable rate is 5% or 10%. The Groups are therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2016, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Groups' subsidiaries established in Mainland China (2015: Nil). In the opinion of the Directors, the unremitted earnings of the Groups' PRC subsidiaries are expected to be used to fund their operations and capital expenditures and therefore it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB854,134,000 at 31 December 2016 (2015: RMB844,829,000).

There are no income tax consequences attaching to the payment of distributions/dividends by the Trust and the Company to the holders of Share Stapled Units/shareholders.

28. SHARE CAPITAL

Shares

	2016 RMB	2015 RMB (Restated)
Issued and fully paid:		
2,000,000,000 ordinary shares of HK\$0.0005 each	793,500	793,500
2,000,000,000 preference shares of HK\$0.0005 each	793,500	793,500
	1,587,000	1,587,000

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Nominal value RMB
Issued and fully paid:		
Ordinary shares		
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	2,000,000,000	793,500
Preference shares		
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	2,000,000,000	793,500
At 31 December 2016	4,000,000,000	1,587,000

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29. RESERVES

The amounts of the Groups' reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 120 of the Trust and the Company's consolidated financial statements.

(i) Merger reserve

The merger reserve of the Groups represents the capital contributions from the equity holders of the subsidiaries now comprising the Groups before the completion of the Reorganisation as detailed in note 1 to the Trust and the Company's consolidated financial statements.

(ii) Capital reserve

The capital reserve represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of an acquisition of an additional equity interest in a non-wholly-owned subsidiary and the waiver of a payable by a shareholder.

(iii) PRC statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Groups' subsidiaries established in Mainland China and were approved by the boards of directors of the respective subsidiaries.

The statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holding, provided that the balance after such conversion is not less than 25% of the registered capital.

(iv) Asset revaluation reserve

The asset revaluation reserve arose from changes in use from owner-occupied properties to investment properties carried at fair value.

30. CONTINGENT LIABILITIES

As at 31 December 2016, the Groups did not have any significant contingent liabilities (2015: Nil).

31. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Groups lease their investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to six years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at the end of the reporting period, the Groups had total future minimum lease receivables under non-cancellable operating leases with their tenants falling due as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Within one year	475,142	407,558
In the second to fifth years, inclusive	651,319	501,493
After five years	60,174	30,645
	1,186,635	939,696

(b) As lessee

The Groups lease certain of their office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

As 31 December 2016, the Groups had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Within one year	6,927	3,135
In the second to fifth years, inclusive	3,745	1,937
	10,672	5,072

32. COMMITMENTS

In addition to the operating lease commitments detailed in note 31(b) above, the Groups had the following capital commitments as at the end of the reporting period:

	2016 RMB'000	2015 RMB'000 (Restated)
Contracted, but not provided for: Property, plant and equipment	1,258	128,898

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33. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these Trust and the Company's consolidated financial statements, the Groups had the following material transactions with related parties during the year:

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Transactions with fellow subsidiaries:			
Decoration services received	(i)	35,390	58,262
Provision of property management services	(i)	8,443	8,577
Rental income	(i)	36,852	47,840
Rental expense	(vi)	219	–
Interest income	(ii)	1	7
Interest expense	(iii)	–	7,782
Commercial property management services received	(iv)	1,490	1,822
Transactions with the immediate holding company:			
Provision of hotel property management services	(v)	3,874	2,754
Transactions with the associate of the Groups' ultimate holding company:			
Provision of property management services	(vi)	1,719	2,137
Rental income	(vi)	49,608	47,613

Notes:

- (i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.
- (ii) The interest income was determined at a rate of 0.35% (2015: 0.35%) per annum.
- (iii) There was no interest expense paid to related parties during the year (2015: charged at rates ranging from 4.14% to 5.04% per annum).
- (iv) Effective from the Listing Date, commercial property management expenses were payable at a fixed percentage of 3% of the annual rental income from the commercial portions of the Groups' properties pursuant to the commercial property management agreement dated 13 June 2014 entered into between Jinmao Investment Management (Shanghai) Company Limited (formerly known as Frashion Properties Investment Management (Shanghai) Company Limited), a wholly-owned subsidiary of China Jinmao, and China Jin Mao (Group) Company Limited, a wholly-owned subsidiary of the Company.
- (v) Effective from the Listing Date, pursuant to the hotel property management agreement dated 13 June 2014 entered into between the Company and China Jinmao, the Groups would be entitled to receive the following annual fees for providing certain hotel property management services to China Jinmao: (i) a basic management fee of 0.5% of the total development costs of the relevant hotels of China Jinmao (the "Relevant Hotels"); and (ii) an incentive fee of 4% of the earnings before interest, taxes, depreciation and amortisation of the Relevant Hotels upon the formal opening of the Relevant Hotels.
- (vi) These transactions were carried out in accordance with the terms and conditions manually agreed by the parties involved.

33. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties

Details of the Groups' balances with related parties are disclosed in notes 18, 22 and 23 to the Trust and the Company's consolidated financial statements.

(c) Compensation of key management personnel of the Groups

	2016 RMB'000	2015 RMB'000 (Restated)
Short term employee benefits	9,219	10,441
Post-employment benefits	1,098	1,646
Total compensation paid to key management personnel	10,317	12,087

Further details of directors' and the chief executive's emoluments are included in note 9 to the Trust and the Company's consolidated financial statements.

(d) Transactions and balances with other state-owned entities

The Groups are indirectly controlled by the PRC government and operate in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the year, the Groups had some transactions with other SOEs including, but not limited to, borrowings, deposits and the provision of property lease and management services. The Directors consider that these transactions with other SOEs are activities conducted in the ordinary course of business and that the dealings of the Groups have not been significantly or unduly affected by the fact that the Groups and the other SOEs are ultimately controlled or owned by the PRC government. The Groups have also established pricing policies for the Groups' products and services and such pricing policies do not depend on whether or not the customers are SOEs.

A certain portion of these related party transactions in respect of items (i), (iv) and (v) of (a) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

34. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 December 2016 and 2015, all the financial assets and liabilities of the Groups were loans and receivables and financial liabilities at amortised cost, respectively.

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35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Groups' financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2016 RMB'000	2015 RMB'000 (Restated)	2016 RMB'000	2015 RMB'000 (Restated)
Financial liabilities				
Interest-bearing bank and other borrowings	6,922,149	6,951,820	6,925,679	7,008,183

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables and accruals, and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Groups' finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank and other borrowings except for notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of notes is based on quoted market prices. The Groups' own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2016 was assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Groups' financial instruments:

Assets measured at fair value:

The Groups did not have any financial assets measured at fair value as at 31 December 2016 (2015: Nil).

Liabilities measured at fair value:

The Groups did not have any financial liabilities measured at fair value as at 31 December 2016 (2015: Nil).

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets for which fair value is disclosed:

The Groups did not have any financial assets that were not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed as at 31 December 2016 (2015: Nil).

Liabilities for which fair value are disclosed:

As at 31 December 2016

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings	2,003,530	4,922,149	–	6,925,679

As at 31 December 2015

	Fair value measurement using			Total RMB'000 (Restated)
	Quoted prices in active markets (Level 1) RMB'000 (Restated)	Significant observable inputs (Level 2) RMB'000 (Restated)	Significant unobservable inputs (Level 3) RMB'000 (Restated)	
Interest-bearing bank and other borrowings	1,056,363	5,951,820	–	7,008,183

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Groups' principal financial instruments comprise bank loans and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Groups' operations. The Groups have various other financial assets and liabilities such as trade receivables and payables, which arise directly from the Groups' operations.

It is, and has been throughout the year under review, the Groups' policy that no trading in financial instruments shall be undertaken.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The main risks arising from the Groups' financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Groups' exposure to the risk of changes in market interest rates relates primarily to the Groups' long term debt obligations with floating interest rates.

The Groups' policy is to manage the Groups' interest cost using a mix of fixed and variable rate debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Groups' profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
31 December 2016		
RMB	25	–
US\$	25	(4,393)
HK\$	25	(4,850)
RMB	(25)	–
US\$	(25)	4,393
HK\$	(25)	4,850
31 December 2015 (restated)		
RMB	25	(4,436)
US\$	25	(4,301)
HK\$	25	(4,543)
RMB	(25)	4,436
US\$	(25)	4,301
HK\$	(25)	4,543

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk (Continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and had applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.

Foreign currency risk

All of the Groups' turnover and substantially all of the Groups' operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Groups' PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Groups.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, the approval from the appropriate PRC governmental authorities is required where RMB is to be converted into foreign currencies and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Groups' PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends, without the prior approval of the State Administration of Foreign Exchange. The Groups' PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require the approval from the State Administration of Foreign Exchange, this could affect the ability of the Groups' subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

The Groups' financial assets and liabilities are not subject to foreign currency risk, except for certain cash and cash equivalents and interest-bearing bank and other borrowings denominated in US\$ and HK\$. The fluctuations in the exchange rates of RMB against foreign currencies could affect the Groups' results of operations.

There are limited hedging instruments available in Mainland China to reduce the Groups' exposure to exchange rate fluctuations between RMB and other currencies. To date, the Groups have not entered into any hedging transactions in an effort to reduce the Groups' exposure to foreign currency exchange risk. While the Groups may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Groups may not be able to hedge the Groups' exposure successfully, or at all.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between RMB and US\$ and the exchange rate between HK\$ and US\$ on the Groups' profit before tax for the years ended 31 December 2016 and 2015.

	Increase/ (decrease) in US\$ exchange rate %	Increase/ (decrease) in profit before tax RMB'000
31 December 2016		
If the HK\$ weakens against the US\$	1	(16,438)
If the HK\$ strengthens against the US\$	(1)	16,438
If the RMB weakens against the US\$	5	354
If the RMB strengthens against the US\$	(5)	(354)
31 December 2015 (restated)		
If the HK\$ weakens against the US\$	1	(15,290)
If the HK\$ strengthens against the US\$	(1)	15,290
If the RMB weakens against the US\$	5	(12,682)
If the RMB strengthens against the US\$	(5)	12,682

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Groups are exposed to credit risk from the Groups' leasing activities, the provision of hotel and property management services and the Groups' financing activities, including deposits with banks and financial institutions. Credit risk is managed by requiring tenants to pay rentals in advance. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk as at the end of the reporting period is the carrying value of each class of financial asset.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Groups' objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other interest-bearing loans. In the opinion of the Directors, the Groups are expected to have adequate source of funding to finance and manage the Groups' liquidity position.

The maturity profile of the Groups' financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	More than five years RMB'000	Total RMB'000
31 December 2016					
Interest-bearing bank and other borrowings	3,415,164	1,788,222	1,933,240	–	7,136,626
Trade and bills payables	130,419	–	–	–	130,419
Other payables	775,196	–	–	–	775,196
Due to related parties	2,081,038	–	–	–	2,081,038
	6,401,817	1,788,222	1,933,240	–	10,123,279

	Within one year or on demand RMB'000 (Restated)	More than one year but less than two years RMB'000 (Restated)	More than two years but less than five years RMB'000 (Restated)	More than five years RMB'000 (Restated)	Total RMB'000 (Restated)
31 December 2015					
Interest-bearing bank and other borrowings	2,124,235	4,442,018	229,936	580,771	7,376,960
Trade and bills payables	123,333	–	–	–	123,333
Other payables	876,406	–	–	–	876,406
Due to related parties	1,452,282	–	–	–	1,452,282
	4,576,256	4,442,018	229,936	580,771	9,828,981

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Groups' capital management are to safeguard the Groups' ability to continue as a going concern, so that the Groups can continue to provide returns for shareholders/holders of Share Stapled Units and benefits for other stakeholders, and to provide an adequate return to shareholders/holders of Share Stapled Units by pricing products and services commensurately with the level of risk.

The Groups manage the capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Groups may adjust the dividend/distribution payment to shareholders/holders of Share Stapled Units, issue new Share Stapled Units or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 2015.

The Groups monitor capital on the basis of the debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the consolidated statement of financial position) less cash and cash equivalents and restricted bank balances. Adjusted capital comprises all components of equity and amounts due to related parties. The Groups aim to maintain the debt-to-adjusted-capital ratio at a reasonable level. The debt-to-adjusted-capital ratios as at the end of the reporting periods were as follows:

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Interest-bearing bank and other borrowings	26	6,922,149	6,951,820
Less: Cash and cash equivalents	23	(810,309)	(648,578)
Restricted bank balances	23	(21,984)	(24,155)
Net debt		6,089,856	6,279,087
Total equity		6,535,460	6,977,585
Add: Amounts due to related parties	22	2,081,038	1,452,282
Adjusted capital		8,616,498	8,429,867
Debt-to-adjusted-capital ratio		70.7%	74.5%

NOTES TO THE TRUST AND THE COMPANY'S
CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

37. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the change of presentation currency during the current year, the comparative figures in the consolidated financial statements have been restated from HK\$ to RMB accordingly to conform with the current year's presentation, and a third statement of financial position as at 1 January 2015 has been presented.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
NON-CURRENT ASSETS		
Investments in subsidiaries	9,025,000	9,025,000
CURRENT ASSETS		
Prepayments, deposits and other receivables	32	–
Due from a subsidiary	530,903	497,232
Restricted bank balances	18,395	20,584
Cash and cash equivalents	3,191	4,659
Total current assets	552,521	522,475
CURRENT LIABILITIES		
Other payables	11,124	10,035
Due to subsidiaries	1,083	460
Due to a related party	687,489	367,527
Interest-bearing bank borrowings	535,408	234,584
Total current liabilities	1,235,104	612,606
NET CURRENT LIABILITIES	(682,583)	(90,131)
TOTAL ASSETS LESS CURRENT LIABILITIES	8,342,417	8,934,869
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	3,636,741	3,306,741
Net assets	4,705,676	5,628,128
EQUITY		
Share capital	1,587	1,587
Reserves (note)	4,704,089	5,626,541
Total equity	4,705,676	5,628,128

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000 (Restated)	Accumulated losses RMB'000 (Restated)	Exchange fluctuation reserve RMB'000 (Restated)	Total RMB'000 (Restated)
At 1 January 2015	6,479,860	(113,980)	13,298	6,379,178
Loss for the year	–	(109,922)	–	(109,922)
Translation of functional currency to presentation currency	–	–	(184,476)	(184,476)
Final 2014 distributions declared	(180,724)	–	–	(180,724)
2015 interim distributions	(277,515)	–	–	(277,515)
At 31 December 2015 and 1 January 2016	6,021,621	(223,902)	(171,178)	5,626,541
Loss for the year	–	(139,356)	–	(139,356)
Translation of functional currency to presentation currency	–	–	(261,080)	(261,080)
Final 2015 distributions declared	(244,365)	–	–	(244,365)
2016 interim distributions	(277,651)	–	–	(277,651)
At 31 December 2016	5,499,605	(363,258)	(432,258)	4,704,089

39. APPROVAL OF THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

The Trust and the Company's consolidated financial statements were approved and authorised for issue by the Directors on 27 March 2017.

INDEPENDENT AUDITOR'S REPORT



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**To the sole member of
Jinmao (China) Investments Manager Limited**
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Jinmao (China) Investments Manager Limited (the “Company”) set out on pages 196 to 204, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the directors and those charged with governance for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's responsibilities for the audit of the financial statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Company's financial statements, including the disclosures, and whether the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Certified Public Accountants

Hong Kong

27 March 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016 HK\$	2015 HK\$
Administrative expenses	(56,655)	(48,255)
Less: Amount borne by a fellow subsidiary	56,655	48,255
PROFIT OR LOSS BEFORE TAX	-	-
Income tax expense	-	-
PROFIT OR LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-

STATEMENT OF FINANCIAL POSITION

31 December 2016

	2016 HK\$	2015 HK\$
CURRENT ASSET		
Due from the immediate holding company	1	1
Net asset	1	1
EQUITY		
Share capital	1	1
Total equity	1	1

Li Congrui
Director

Zhang Hui
Director

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Share capital HK\$	Total equity HK\$
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	1	1

STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	2016 HK\$	2015 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Trust distributable income received in a capacity as trustee-manager	788,200,000	949,800,000
Trust distributable income paid in a capacity as trustee-manager	(788,200,000)	(949,800,000)
Net cash flows used in operating activities	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR AND AT END OF YEAR		
	-	-
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	-	-

NOTES TO FINANCIAL STATEMENTS

31 December 2016

1. CORPORATE INFORMATION

Jinmao (China) Investments Manager Limited (the “Company”) is a limited liability company incorporated in Hong Kong on 20 March 2014. The registered office of the Company is located at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.

In the opinion of the directors of the Company (the “Directors”), China Jinmao Holdings Group Limited (“China Jinmao”), a company incorporated in Hong Kong and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), is the immediate holding company of the Company, and the ultimate holding company of the Company is Sinochem Group, a company established in the People’s Republic of China (the “PRC”) and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

The principal activity of the Company is administering Jinmao Hotel (formerly known as Jinmao Investments) (the “Trust”), in its capacity as trustee-manager of the Trust.

2.1 BASIS OF PREPARATION

The Company’s financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The Company’s financial statements have been prepared under the historical cost convention. The Company’s financial statements are presented in Hong Kong dollars (“HK\$”) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11 HKFRS 14	<i>Accounting for Acquisitions of Interests in Joint Operations Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	<i>Amendments to a number of HKFRSs</i>

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 38, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Company's financial statements, the nature and the impact of the amendments are described below:

- (a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:
- (i) the materiality requirements in HKAS 1;
 - (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
 - (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
 - (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Company's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2016

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Company's financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions²</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts²</i>
HKFRS 9	<i>Financial Instruments²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
HKFRS 15	<i>Revenue from Contracts with Customers²</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers²</i>
HKFRS 16	<i>Leases³</i>
Amendments to HKAS 7	<i>Disclosure Initiative¹</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses¹</i>

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Company is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Company expects to adopt HKFRS 9 from 1 January 2018. The Company is currently assessing the impact of the standard.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Company expects to adopt the amendments from 1 January 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

NOTES TO FINANCIAL STATEMENTS

31 December 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets

The Company's financial asset includes an amount due from the immediate holding company and is classified and accounted for as loans and receivables. Financial assets are recognised on the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Any changes in their value are recognised in profit or loss.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment of impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Company will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

4. SHARE CAPITAL

At the time of incorporation, 1 ordinary share of the Company was issued.

5. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year.

6. RELATED PARTY TRANSACTIONS

Transactions with a fellow subsidiary are disclosed in the statement of profit or loss and other comprehensive income.

In the opinion of the directors, the directors represented the key management personnel of the Company. During the year, no compensation was paid to the key management personnel.

7. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT

As at 31 December 2016 and 2015, the carrying amount of the Company's financial instrument approximated to its fair value.

8. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on 27 March 2017.

FIVE-YEAR FINANCIAL INFORMATION

31 December 2016

I. MAJOR INFORMATION OF STATEMENTS OF PROFIT OR LOSS

	2012 RMB'000 (Restated)	2013 RMB'000 (Restated)	2014 RMB'000 (Restated)	2015 RMB'000 (Restated)	2016 RMB'000
RESULTS					
Revenue	2,154,764	2,104,467	2,186,527	2,390,261	2,450,751
Cost of sales	(872,643)	(884,373)	(956,435)	(1,050,586)	(1,065,969)
Gross profit	1,282,121	1,220,094	1,230,092	1,339,675	1,384,782
Other income and gains	68,217	64,583	33,595	126,583	51,356
Fair value gains on investment properties	374,605	673,577	1,061,040	314,120	319,281
Selling and marketing expenses	(129,670)	(126,862)	(211,286)	(140,298)	(145,442)
Administrative expenses	(502,263)	(472,156)	(710,280)	(645,819)	(702,051)
Other expenses and losses, net	(12,547)	(1,768)	73	(2,407)	(542)
Finance costs	(436,181)	(266,696)	(296,472)	(337,672)	(319,860)
Share of profits of joint ventures	2,004	1,832	2,518	3,265	3,682
PROFIT BEFORE TAX	646,286	1,092,604	1,109,280	657,447	591,206
Income tax expense	(126,921)	(282,990)	(390,948)	(221,349)	(216,580)
PROFIT FOR THE YEAR	519,365	809,614	718,332	436,098	374,626
Attributable to:					
Owners of the parent	519,365	809,614	718,332	436,098	374,626
Non-controlling interests	-	-	-	-	-
	519,365	809,614	718,332	436,098	374,626

II. MAJOR INFORMATION OF FINANCIAL POSITION

	2012 RMB'000 (Restated)	2013 RMB'000 (Restated)	2014 RMB'000 (Restated)	2015 RMB'000 (Restated)	2016 RMB'000
Total non-current assets	13,386,670	14,717,730	16,785,625	17,229,327	17,381,497
Total current assets	4,829,428	1,408,219	1,075,186	993,992	1,025,722
Total assets	18,216,098	16,125,949	17,860,811	18,223,319	18,407,219
Total current liabilities	7,931,704	3,855,437	4,316,225	4,606,201	6,510,662
Total non-current liabilities	2,018,121	2,890,327	6,360,801	6,639,533	5,361,097
Total liabilities	9,949,825	6,745,764	10,677,026	11,245,734	11,871,759
Equity attributable to:					
Owners of the parent	8,266,273	9,380,185	7,183,785	6,977,585	6,535,460
Total equity	8,266,273	9,380,185	7,183,785	6,977,585	6,535,460





ENVIRONMENTAL SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This report is the annual environmental, social and governance report publicly released by Jinmao (China) Hotel Investments and Management Limited, mainly introducing the Company's values on responsibility, management, practices, and performance in the economic, environmental, and social aspects.

RANGE OF PERIOD

This report covers a period from January to December 2016.

FREQUENCY OF PUBLICATION

This report is an annual report.

SCOPE OF REPORTING

This report covers Jinmao (China) Hotel Investments and Management Limited and its subsidiaries (see "Company Overview"). Content involving only certain or some subsidiaries will be specified accordingly.

BASIS OF PREPARATION

This report was prepared in accordance with the ESG Reporting Guide of Appendix 27 of the Listing Rules, the latest version of Global Reporting Initiative G4 Guideline, and the National Standards of the PRC GB/T 36000-2015: Guidance on social responsibility.

SOURCES OF INFORMATION

The information and data disclosed in this report all come from the relevant internal statistical reports, company documents and reports, third-party investigations, and statistics of Jinmao (China) Hotel Investments and Management Limited.

DESCRIPTION OF REFERENCES

For the purpose of presentation, "Jinmao (China) Hotel Investments and Management Limited" in this report is referred to as "Jinmao Hotel", "the Company", "we", or "us".

Compliance with the ESG Reporting Guidelines

For the year ended 31 December 2016, Jinmao Hotel (through the Trustee-Manager) and the Company had been in compliance with the applicable code provisions as set out in the ESG Reporting Guidelines in Appendix 27 to the Listing Rules and adopted recommended disclosures set out in the ESG Reporting Guidelines if applicable. For more information, please see the ESG Index at the end of this report.



1. PRELUDE

1. Message from the Senior Management

In 2016, with world economy remaining in doldrums, the hotel industry in China is undergoing severe challenges, such as a slowdown in economic growth, periodic cycles, structural adjustments, and regional oversupply. Meanwhile, the explosive growth of tourism in China and the frequent business activities in jointly brought to the hotel industry a continuous stream of customers. Jinmao Hotel captures opportunities and positively rises to challenges. Consistently sticking to the development proposition of “Innovation, Consolidation, and Collaboration”, the Company strives to create values for stakeholders and build a win-win platform through continuous innovation in products, services, and systems in a responsible operating manner.

In 2016, Jinmao Hotel put social responsibilities and the sustainable development into specific practice, focusing on the integration of social responsibilities and enterprise strategies, operation, and enterprise culture. The Company also paid more attention to stakeholders’ requests, with the problem-oriented principle, focusing on core issues, such as quality services, environmentally-friendly operation, employees’ development, and harmony in the community. The Company assumes responsibilities for stakeholders, including customers, the environment, staff, the community, and strives to promote and build a responsible ecosphere with mutual trust, mutual benefits and mutual reliance.

We continuously whole-heartedly serve customers with full passion and exceedingly fulfil their expectation with innovative, quality, safe products and services by attending to their changing demands. We look at the healthy development of the supply chain and stick to high standards when conducting evaluations and reviews. Through optimizing the management model for the supply chain, we have also established a supply chain platform to grow the number of quality suppliers while ensuring the quality of suppliers. We treasure the gift from the nature, and while offering quality service, and insist on adopting a series of measures to reduce the negative impacts on the environment, as in promoting energy saving and emission reduction through energy management. We see staff as the Company’s most important wealth. We respect each and every unwilling employee who is willing and capable of making contribution. With systematic management and standardized services, we have created a safe working environment and an agreeable working sentiment. By providing high-caliber talents with career advancement, we grow up with our employees. Rooted in the community, we organize various charity activities, promote the passing-on of the local culture, and contribute to the economic and social development, maintaining an excellent corporate citizenship.

Looking forward, we go with the flow, only then can we have a long, lasting role to play in the history. Jinmao Hotel will see performing its social responsibilities as the life of the corporate by integrating the social responsibilities into every single sector of the Company’s operation. We will insist on the corporate spirit of “Creation of Values and Pursuit of Excellence” to remain responsive to the concerns from various sectors of the society, continuously offer products and services of the highest quality to customers, assist the growth of supplier and staff, care for the community and the environment, and strive to become a respectable and loved responsible enterprise.

2. About us

2.1. Company Overview

Funded by large enterprises such as the Sinochem Group, China Jin Mao (Group) Company Limited was founded in June 1995. In January 2009, the Company officially became a listed enterprise in Hong Kong as a member corporate of “Franshion Properties” (which was later renamed to “China Jinmao”, stock code: 00817). In July 2014, following the spin-off of the Company’s business, Jinmao (China) Investments Holdings Limited was established and listed on the Stock Exchange of Hong Kong (stock code: 06139). In June 2016, the Company was renamed to “Jinmao (China) Hotel Investments and Management Limited”, further stepping onwards in the development as an “internationally renowned, domestically first-class investor and operator in hotels. The Company mainly engages in the possession and operation of high-class commercial fixed assets and strives to operate landmark and luxury hotels with fine features, upmarket offices and commercial projects at specially selected land lots in core cities.

Jin Mao Tower, located in Shanghai Pudong New Area, is one of the landmark buildings in China. As the sole developer and operator of Jin Mao Tower, the Company is rooted and centered in Pudong, Shanghai and covers Beijing, Guangdong, Hainan and Yunnan, forming three core businesses, including the operation of high-end hotels, operation and facility management of high-class compound buildings, and the operation of high-end travel and leisure products. As at the end of 2016, 8 hotels under the Company are operating in specially selected areas and tourism destinations and collaborating with top international hotel brands with the number of rooms reaching 3,300. Since 2005, the “Jinmao” brand have been awarded the “China’s 500 Most Valuable Brands” and the “China’s No. 1 Brand Annual Award (Real Estate Sector)” by the World Brand Lab for 11 years in a row.

In the future, the Company will actively integrate into the economic development of the areas where projects are located, continue to improve the efficiency of property management, and seek to add values to assets. The Company is ready to take chances of development and contribute to the growth of the modern service industries towards maturity.



2.2. Business Layout

Operation of high-end hotels

(From north to south)

The Westin Beijing Chaoyang (“Westin Beijing”): Situated at Yansha Business Circle, Chaoyang District, Beijing and adjacent to Beijing’s embassy area, Westin Beijing is only 25 minutes’ ride from Beijing Capital International Airport. The hotel has received many foreign leaders and business elites since its opening in 2008, having established a high-end brand image.

Renaissance Beijing Wangfujing Hotel (Renaissance Beijing): Situated at Beijing’s Wangfujing Avenue – Golden Street and adjacent to Tiananmen Square and Palace Museum, Renaissance Beijing Wangfujing Hotel was opened in 2014. The hotel adopts a unique and cutting-edge dual-wing architecture design with an endless spectacular palace from the Ancient Wall of the Imperial City and The Forbidden City to the west and the modernized international metropolitan in the central business district (“CBD”) of Wangfujing to the east.

Grand Hyatt Shanghai (Grand Shanghai): Situated on 53rd to 87th floors of Jin Mao Tower, Grand Hyatt Shanghai was opened in 1999. The hotel has successfully hosted a series of significant activities such as the Fortune Global Forum, APEC Conference, Asian Bankers’ Annual Conference, Forbes’ Global CEO Conference and Shanghai Expo.

Hyatt Regency Chongming (Hyatt Chongming): Hyatt Regency Chongming, which is located on the east of Chongming Island, being the third largest island in China and named the “Land of Plenty Resources”, was opened in 2014. The hotel takes a modern Chinese style as its overall architectural design which magically blends with the surrounding eco-environment.

Grand Hyatt Lijiang (Grand Lijiang): Grand Hyatt Lijiang in the urban area, which was opened in 2014, is situated inside Jinmao Richmond Town at the northern end of Shangri-La Avenue and connects to J-Life’s exquisite commercial portion and premium quality villas. The hotels perfectly integrate the elements of Naxi culture and modern comfort, creating an impeccable space for clients to admire the magnificent snow mountain view from their room.

JW Marriott Hotel Shenzhen (JW Marriott Shenzhen): JW Marriott Shenzhen, which is located in Futian District, Shenzhen and in close proximity to the Shenzhen Golf Club, was opened in 2009. Its modern tropical design concept blends into the architectural style of the hotel and the seasonal characteristics of the South China city, making the hotel one of Shenzhen’s landmark deluxe five-star business hotels.

Hilton Sanya Yalong Bay Resort & Spa (Hilton Sanya): Hilton Sanya Yalong Bay Resort & Spa, which is situated at the Yalong Bay, Hainan, was opened in 2006. The hotel is designed and built with unique features and services to provide an “unparalleled Resort Experience”, a basic concept embodying strong southern China’s characteristics in its resort experience.

The Ritz-Carlton Sanya, Yalong Bay (Ritz-Carlton Sanya): Situated at the Yalong Bay, Hainan, The Ritz-Carlton Sanya, Yalong Bay was opened in 2008. The hotel has a number of luxury suites and villas with private housekeepers and independent swimming pools, all of which are situated between the fine and silvery white sand recesses and the conservation zone of the mangrove forest of Yalong Bay.

Operation and facility management of high-class compound buildings

Jin Mao Tower: As an international class A office building, Jin Mao Tower has attracted many quality enterprises to settle in, with the number of top 500 companies in the world, international financial institutions, and international law firms claiming a top rank in Shanghai, thus known as the “standing financial street” and “world office”. Jin Mao Tower office building has various types of mature and sound business ancillary facilities, such as catering, fitness, banks, post offices, laundry, convenience stores, and beauty salons, as an one-stop, quality, and customized service for customers.



Shanghai Property Management: Jin Mao (Shanghai) Property Management Co., Ltd. was established in 1995. The Company is an independent legal entity specializing in the facility management service of large public facilities. Shanghai Property Management aims to continuously exceed customers' growing expectation, focusing on high-end commercial properties to build diversified smart properties.

Operation of high-end tourism and leisure products

Jin Mao Height—Jin Mao Tower, the nation's first 4A tourism destination, has 88 floors of sightseeing halls, and 420.5 meters in height. The glass walls in the halls offer a wide vision. Tourists can lean on the rails and appreciate the landscape of the two traits of the Huangpu River as well as the magnificent view of the Yangtze River estuary. It is an excellent attraction spot to enjoy the full view of the international metropolitan of Shanghai from the 360 degree.

Jin Mao Speed—the two ultra-speed lifts at 9.1 meters per second. It takes only 45 seconds to reach the 88th sightseeing hall.

Jin Mao Depth—from the inside of the 88 sightseeing halls, one can view the central courtyard of Grand Hyatt Shanghai. Floor 56 to 88 have 152 meters in height, 27 meters in diameter, and 28 circular corridors, giving people a "time tunnel" experience.

Jin Mao Walking in the Cloud—the tower is 60 meters long, 1.2 meters wide, 340.6 meters away from the ground, equipped with safety protection of very high standard, and is the highest among the mega-high-rise buildings in the world. It is an outdoors, fully transparent, and fenceless air track.

Ancillary services

Shanghai Jin Mao Jin Jiang Automobile Service Company Limited was jointly invested and established by Jinmao (China) Hotel Investments and Management Limited and Shanghai Jin Jiang Automobile Service Company Limited. It strives to offer services such as senior concierge, business limousine services, vehicle leasing, cross-province sightseeing tours. The company has established friendly co-operation relationships with customers in Shanghai and the East China since its establishment and offered safe, quick, comfortable, thoughtful, customized quality, efficient, comprehensive, and all-day car service to customers.

2.3. Development Timeline

Year	Development milestones
1995	China Jin Mao (Group) Co., Ltd. was founded
1999	Jin Mao Tower and Grand Hyatt Shanghai started operation
2006	Hilton Sanya Yalong Bay Resort & Spa opened
2008	The Westin Beijing Chaoyang opened The Ritz-Carlton Sanya, Yalong Bay opened
2009	JW Marriott Hotel Shenzhen opened
2012	Renaissance Beijing Wangfujing Hotel fully renovated
2014	Jinmao (China) Investments Holdings Limited was listed Hyatt Regency Chongming opened Renaissance Beijing Wangfujing Hotel opened Grand Hyatt Lijiang opened
2016	The Company was renamed to Jinmao (China) Hotel Investments and Management Limited





3. Responsibility Management

3.1. Responsibility Governance

We have integrated propositions of social responsibilities into every sector of the operation and management of the Company and actively perform the responsibilities in many forms to contribute back to the society. To have a better focus in social responsibility management, we have comprehensively analyzed the international trend of sustainability, taking the United Nation's 2030 sustainable development goals as an important guidance for the management and performance of the Company's social responsibilities. Meanwhile, we have actively responded to the nation's development strategies, taking the "Internet", and "Innovation Driven Development" as the Company's responsibility development directions, and continue to pay attention to the industry's development trend as always, hoping to respond and lead the industry trend. On such basis, we look at the communication among stakeholders, have their appeals, expectation, and proposals integrated into the Company's operation objectives and plans and divided to every department and position, and assists different parties in achieving excellence while creating more values and enhancing the Company's sustainability.

In 2016, Jin Mao Tower as well as the Company's hotels all received recognition from the government, industry authorities, cooperation partners, customers, and the media, and was awarded more than 100 awards and honors.

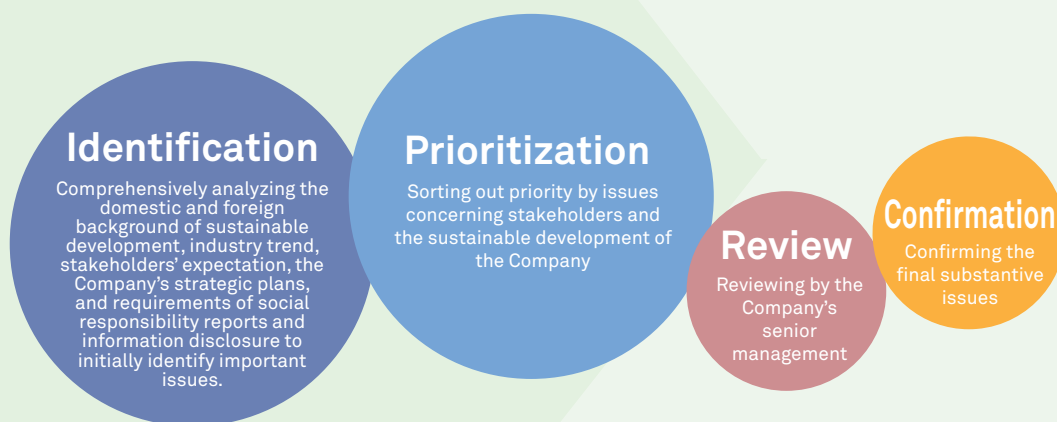


- Awarded the "China Tall Building Legacy Award" by the China International Committee for Tall Buildings and the Council on Tall Buildings and Urban Habitat
- Awarded "the Golden Pillow Award – 2016 China's Best Hotel Owner" by the 21st Century Business Herald and the Business Travel
- Awarded the "China's Best Hotel Owner" of "China Hotel Starlight Awards"
- Awarded the "Listed Enterprises of the Year" by Bloomberg Businessweek at "Listed Enterprises of the Year 2016"

Note: The Company received recognition from stakeholders in 2016

3.2. Analysis on substantive issues

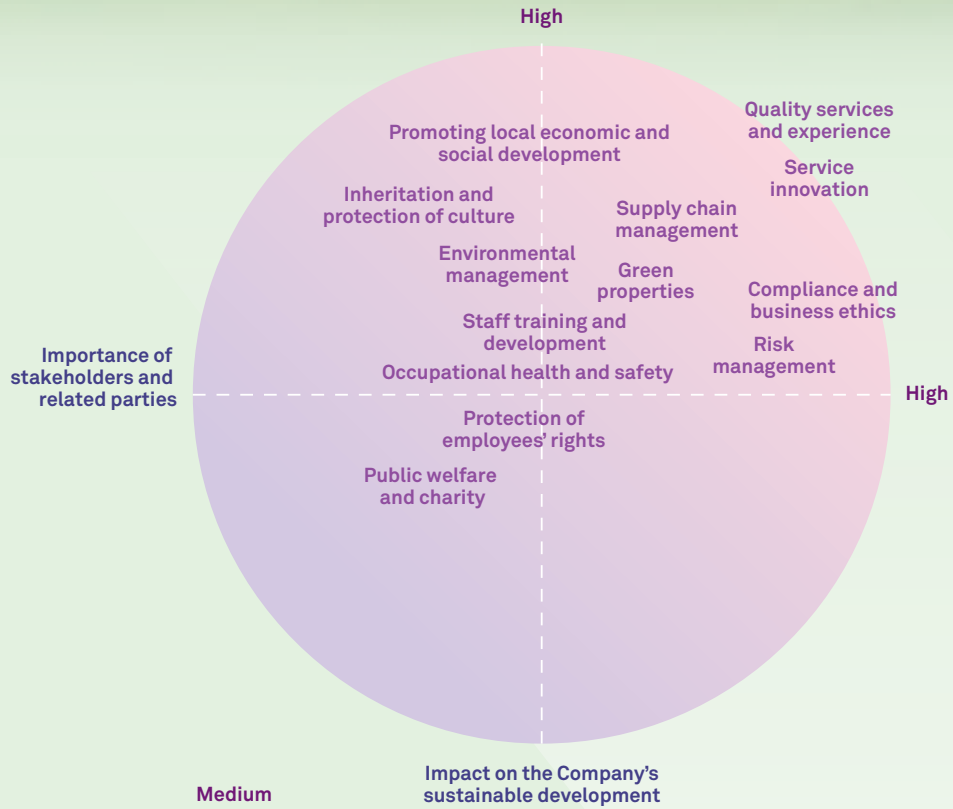
To better consolidate and allocate resources and create greater values, we have analyzed substantive issues. Firstly, we have comprehensively analyzed the domestic and foreign background of sustainable development from the economic, social, and environmental perspectives, the development trend and hot issues of the industry, the requests of stakeholders, including investors, the government, customers, suppliers, staff, and the community, as well as the requirements of the ESG Reporting Guide of the Stock exchange of Hong Kong and the latest version of G4 Sustainability Reporting Guidelines of the Global Reporting Initiative, and had them docked with the Company's strategic planning and operation focuses to initially identify the important issues. On such basis, we have rated the important issues and sorted out the priority for issues that concern stakeholders and the Company's development. Lastly, we proposed the selected substantive issues to the senior management of the Company for review and confirmation, which is the core content disclosed in this report.



Note: Selection process for substantive issues



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Note: Substantive issue analysis

3.3. Communication among stakeholders

Understanding and responding to the requests and expectation of stakeholders in a timely manner is an important basis for the Company’s sustainable development. Through building a smooth communication channel, we have had close communication with various stakeholders, listened and understood their requests while delivering information on the Company’s operation and performance of responsibilities, established a friendly relationship with mutual trust and reliance.

Stakeholders	Requests and expectation	Ways of response
Government	<ul style="list-style-type: none"> Abide by laws and be in compliance Pay tax according to laws Protect the environment Promote local economic and social development 	<ul style="list-style-type: none"> Regular reporting Improving compliance and business ethics standard Responding to the Nation’s “Thirteenth Five-year” plan and development strategy Driving local tourism
Shareholders/ Investors	<ul style="list-style-type: none"> Create profits and values Control and reduce risks Disclose information in time 	<ul style="list-style-type: none"> Disclosing information in time through various channels according to the disclosure requirements of company listing Strengthening controllability over risks
Suppliers and cooperation partners	<ul style="list-style-type: none"> Fair and transparent procurement Sticking to business ethics Maintaining long-term cooperation and realizing win-win Mutually enhancing capabilities and jointly developing 	<ul style="list-style-type: none"> Supply chain platform Daily communication and mutual visit Supplier review and cultivation
Customers	<ul style="list-style-type: none"> Providing high-end and unique experience Providing quality, diverse, and convenient services Respecting and protecting privacy 	<ul style="list-style-type: none"> Smooth communication channel to understand and respond to customer’ demands and opinions Innovative content and ways of services Enhancing service quality Establishing information protection mechanism



Stakeholders	Requests and expectation	Ways of response
Staff	<ul style="list-style-type: none"> • Guaranteeing basic rights and interests • Having a healthy and safe working environment • Improving skills and getting support in career development • Enriching cultural life 	<ul style="list-style-type: none"> • Perfecting internal communication mechanism • Caring for staff's physical and psychological health • Optimizing training system • Perfecting advancement and incentive mechanisms • Organizing various cultural activities
The Community and NGOs	<ul style="list-style-type: none"> • Concerning and Participating in community development • Passing on local culture • Actively participating in public welfare activities • Starting green operation and protecting the ecological environment 	<ul style="list-style-type: none"> • Integrating and spreading traditional local culture • Organizing various activities for public welfare • Putting forward green properties and perfecting efficiency management

2. THE BODY OF THE REPORT

1. Creation of greater values and stable operation

The support from Holders of Share Stapled Units is a strong momentum for Jinmao Hotel to progress. The Company upholds the “Pursuit of Excellence” to pursue sustainable and quality growth, create more values in the operation of assets, and bring considerable return to shareholders through healthy and good corporate governance and professionalized lean operation.

1.1. Corporate Governance

The Company regulated operation, continuously perfected the corporate governance structure in accordance with the Company Law, Securities Law, and relevant regulations of the CSRC and the Stock Exchange of Hong Kong.

1.2. Compliance and business ethics

- Legal compliance

Legal compliance is the basis and guarantee of a corporate's healthy development. The Company actively performs the responsibilities of operating in accordance with laws and integrity, integrates business ethics, social norms, discipline, and integrity into each sector of the Company's operation, and strives to build a business environment of fair competition in order to promote the healthy development of the industry.

In 2016, to avoid potential risks, such as unfairness and non-transparency, brought by connected transactions, the Company continuously optimised a monitoring mechanism for connected transactions, organized the "List of Connected Persons" and the procedure for centralized performance of compliance for frequently connected transactions, and renewed the continuing connected transaction framework agreement entered into at the time of listing. Meanwhile, to guarantee the effectiveness and timeliness of the supervision of the Directors on the Company's operation, the Company constructed a mutual communication channel with Directors and perfected the communication channels for performance reports, information of special reports, information of issues of meetings of the Board of Directors, the reporting and delivery of other insider information, and the bulletin.

- Risk Control

Comprehensive risk control is a prerequisite for enterprises to achieve sustainable development. Through the establishment of the Audit Committee, Jinmao Hotel focuses on supervising the Company's financial reporting system and internal control procedures to ensure that the Company's financial data are accessible and transparent, the processes are in compliance so as to reduce financial risk. Meanwhile, the Company has set up Remuneration and Nomination Committee under the Board of Directors of the Company to further establish and improve the assessment and remuneration management system of the directors and senior management of the Company, to ensure effective supervision of the Board, reduce the risk of compliance, and protect the interests of Holders of Share Stapled Units. In addition, the Company actively established a legal risk prevention mechanism, strengthened control over legal risks, and identified and eliminated risks. The Company made judgements accurately, contained risks, and set alerts ahead of risks to prevent risk in advance.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

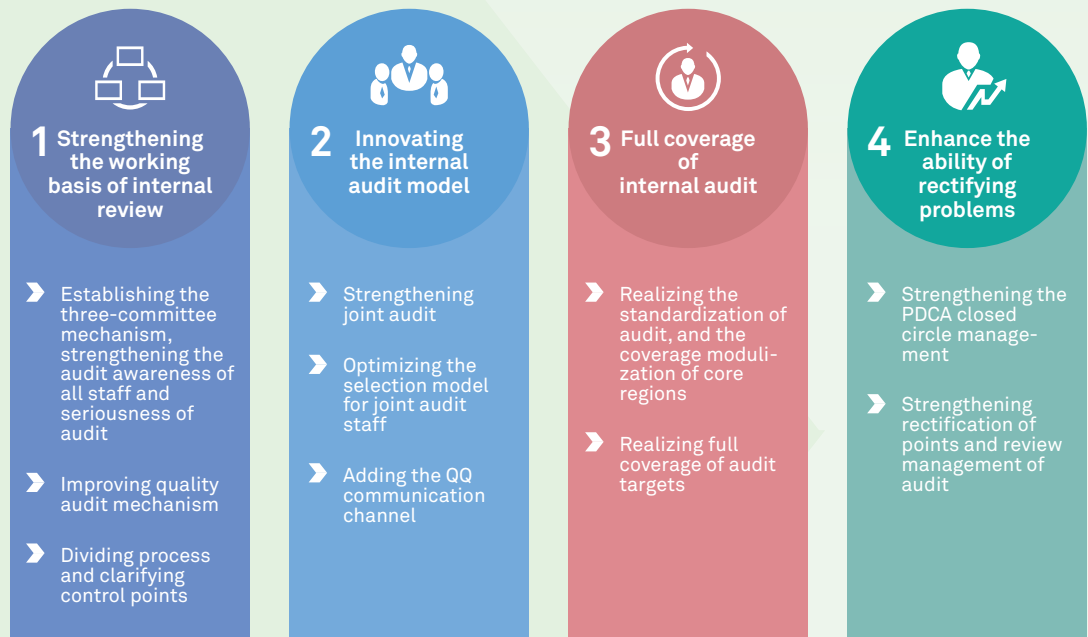
- Enhancing the risk management system of “Before-In the Middle-After” through strengthening the monitoring of the review and implementation stages of contracts, having early intervention with disputes.
- Establishing a three-level communicative and contact system to improve the delivery of daily information and set up an alert mechanism for legal affairs.



- Offering legal assistance for the Company's major strategic projects throughout the entire process to ensure the smooth and timely progress of the projects.
- Providing feasible solutions to various types of claims and arbitrations.
- Amending the Company's relevant systems and guidelines.
- Continuously optimizing the work flow through the coordination among departments and operational units to enhance efficiency.

Note: Jinmao Hotel controls legal risks in various ways

In order to discover potential risks in a timely manner, maintain the safety, value maintenance, and appreciation of assets. The Company insists on adopting risk-oriented auditing and enhance its internal audit standards through a series of measures. In 2016, the Company conducted 11 audits in total, having found 183 issues and completed rectification in accordance with relevant requirements.



Note: Jinmao Hotel comprehensively enhanced the standard of internal audit in 2016

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Business ethics

The Company strictly complied with the codes of business ethics to build a sunshine enterprise, prevent the ethical risks of corruption and bribery from occurring, and ensure various operational and managerial activities of the Company are carried out and implemented in a fair, just, and honest manner. In 2016, there is no personnel involved in corruption.

Strengthening the awareness of Honesty

Continuously strengthening the awareness of honesty in practicing of the staff at key positions, having 5 demonstrative education on alerting of honesty issues

Through entering the "Home-participation agreement" and the "sunshine Agreement", comprehensively establishing the anti-corruption mechanism



Comprehensively preventing risks

Highly valuing the organization, control of honesty risks in every task, preventing various types of ethical risks from occurring

Adopting the mechanisms of "violating 8 regulations" to understand the honesty risks in every unit



Establishing an effective mechanism

Activating the reporting mailbox for disciplinary issues to further establish the discipline regulation mechanism

Establishing the one-vote mechanism for the assessment of honesty risks



Note: Jinmao Hotel strictly complied with the codes of business ethics in 2016

- Insisting on fair competition

According to the relevant laws and regulations of the PRC Competition Law and the Interim Provisions on Banning Commercial Bribery, in 2016, the Company upheld the common values of openness, justice, fairness, and integrity, set disciplinary and regulatory laws such as the "petition, case inspection and trial management procedures", the "recruitment review discipline" and the "Sunshine Agreement" as the Company's management standards, and integrated them in to the management system, aiming at banning all gains of illegitimate benefits, actively promoting the transparency of transactions in the industry, and establishing and maintaining good market discipline.

- Attaching importance to privacy and intellectual property rights protection

The Company pays close attention to customers' information and the protection privacy and work with industry partners to incorporate privacy protection into day-to-day business activities.



Ask all employees to sign customers' privacy confidentiality agreement



Improve the awareness of protecting customers' privacy through regular trainings



Restrict the infrastructures connecting the network to avoid virus

Note: The company protects customers' data and privacy by multiple means



As an operator of high-class commercial fixed assets, the brand is one of the important assets of Jinmao Hotel. The Company values the use and maintenance of brand image, respects the brand values of its cooperation partners, and pays attention to intellectual property rights protection. In 2016, the Company strictly complied with the provisions of the management contract in the use of the hotel brand. There have been no disputes concerning intellectual property rights since establishment.

1.3. Information Disclosure

The demands and expectations of our stakeholders are the tireless motivations for us to go forward, we value the communication of information with various stakeholders, continuously improve the communication mechanism, enrich communication channels, striving to work with stakeholders to contribute to the sustainable development in China.



Regulated and transparent information disclosure

The Company discloses important information in accordance to related laws and regulations, and maintains good interaction with Holders of Share Stapled Units and investors, ensuring the transparency of decision making and operation.



Effective and convenient communication channels

The Company's main channels for the public disclosure of information include but are not limited to: the HKExnew's website, the Company's website at www.jinmao88.com, and WeChat ID "Jinmao Group".



Rich and comprehensive communication content

Key information disclosed by the Company includes but is not limited to: information required by the Listing Rules of the Stock Exchange of Hong Kong, company profile, trends, major promotion events, and contact information.

Note: The Company's Information Disclosure Mechanism in 2016

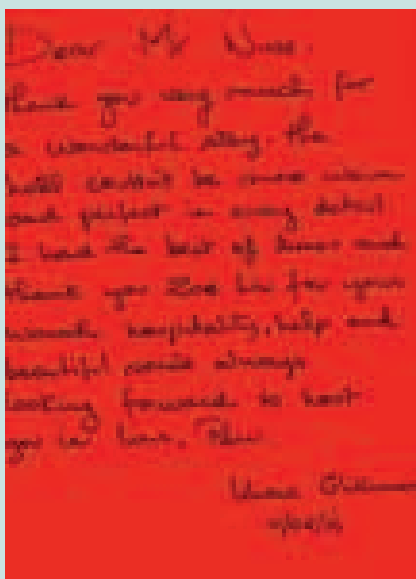
2. Provision of quality privilege services

Jinmao Hotel upholds the service concept of “our customer’s needs are our pursuits”, pays attention to customers’ experience and feelings at all time, and insists on the service mission of “multi-dimensional ancillary, premium value experience, convenient and carefree”. The Company selects products and services of better quality through responsible procurement to continuously enhance service quality, enrich service channels, and implement responsible marketing, in order to give customers a high-end experience of the finest home-like hospitality.

Testimonial: Displaying Jinmao Hotel’s safe and thoughtful services to the world

In August 2016, JW Marriott Shenzhen, as a designated reception hotel, successfully received the 2016 Third Meeting of APEC Business Advisory Council (“ABAC”) organized by the China Council for the Promotion of International Trade (“CCPIT”).

With the full assistance from the host and after 4 months of careful study, planning and arrangements, we continuously enhance our service standards, through a series of preparation for checking in, meeting, dining, and security, JW Marriott Shenzhen creates a safe and worry-free living space and living experience during the meeting to 201 guests from around the world.



Note: The thank-you letter from Mrs. Raffo, wife of ABAC honorary chairman



2.1. Ensuring the quality of products and services from the source

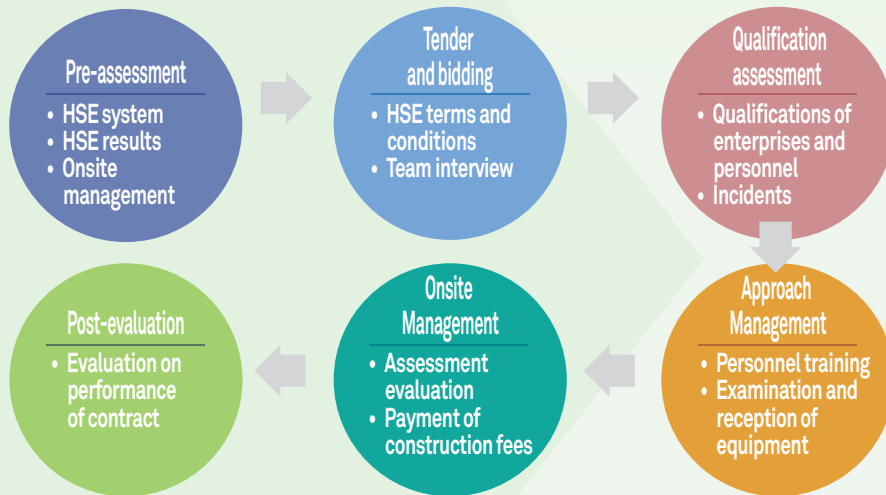
The sustainability of Jinmao Hotel and the performance awareness of suppliers are closely related. The Company pays attention to supplier management, actively adopts responsible procurement, and strives to enhance suppliers' management standards of the environment, health, and safety and ability to perform responsibilities, in order to ensure the quality of products and services from the source.

To ensure the independency and efficiency of the hotels' operation, the hotels owned by the Company are respectively entrusted to different hotel management groups for management. Each management group has their own independent procurement department in charge of regular procurement business. Jinmao Hotel is mainly responsible for the monitoring work of the procurement of the supply chain. To ensure the consistency in the quality of each hotel, the Company have developed a supply chain management system with its own features.



2.1.1. Evaluation and assessment of suppliers

The quality of suppliers directly affects the standards of the Company's products and services. We put in all efforts in strengthening the evaluation, assessment, and selection of suppliers, continuously improve the establishment of whole-process supplier management mechanisms, such as pre-assessment, tender and bidding, qualification assessment, approach management, onsite management, and post evaluation, and implement upward management and front-end management. Meanwhile, we supplemented the terms and conditions of the supervisor's HSE contract to link the evaluation results of safety assessment with the suppliers' performance of contract and set safety as a supplier selection criterion in order to select quality suppliers as cooperation partners by high standards.



Note: The whole-process supplier management



2.1.2. Supply chain management model

The Company continuously improves the supply chain management model to enhance the standard of supplier management and comprehensively guarantee the transparency openness and justice in the procurement of the hotel under the Company.

Establishing regular procurement management model

- Include the suppliers of each hotel's management group in the platform for united management
- Set relevant assessment indicators to increase competitiveness in auctions
- Strictly maintain and enhance the procurement quality and reasonably control the procurement costs, and

Optimizing the procurement management model for disposable items

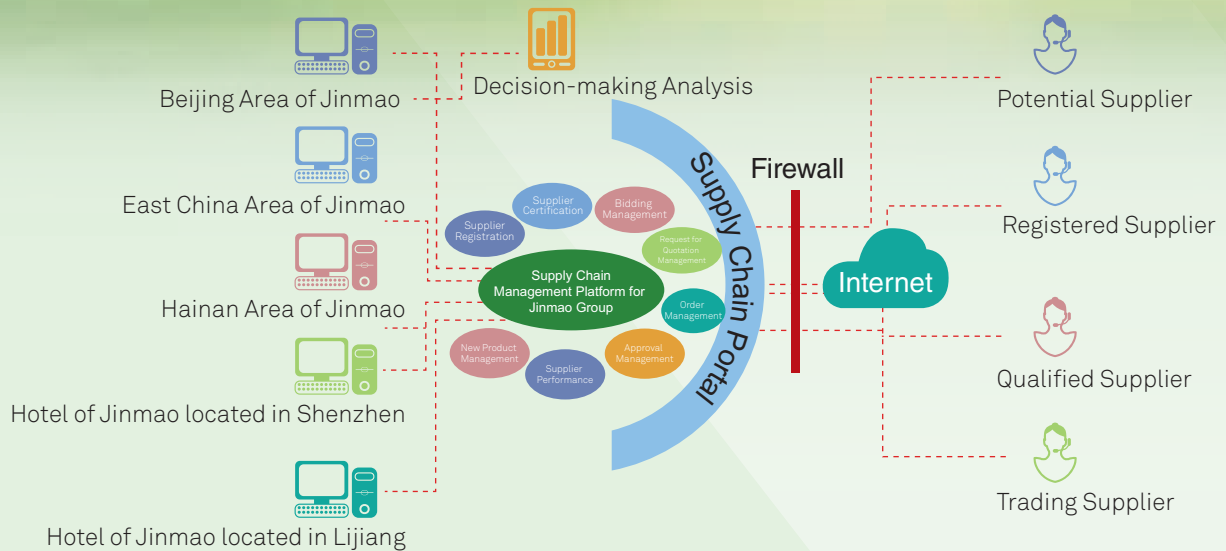
- Divide the procurement of disposable items into four process by their amounts
- Assign a gate-keeper for each sector of the processes
- Ensure the procurement of disposable items is open, just, standardized, reasonable

Standardized and centralized procurement management model

- Gather together the procurement needs of the hotels under the Company
- The Company's supply chain unifies the bidding price
- Adopt unified bidding for the Company's supply chain
- The procurement department of each hotel adopts a central procurement agreement price

Caption: The Company's supply chain management model

Under the existing supply chain management model, Jinmao Hotel actively built a transparent, open, and shared supply chain platform, hoping to jointly grow with cooperation partners and create values. Through the supply chain platform, the Company is connected to the SCALA, MC, SCM, and BBS procurement systems of the management groups of each hotel, such as Hyatt group, Marriott Group, Starwood Group, and Hilton Group. This allows the Company to share suppliers and procurement information among the hotel management groups and procurement managers and fully make comprehensive use of the platform as a supplier management center, a procurement pricing center, and a procurement information center, so as to enjoy the scale advantage in procurement, increase procure efficiency, and add values to the brand of the Company.



Note: Jinmao Hotel's supply chain platform

To better discover the values of the supply chain, the Company built a database analysis platform to analyze results based on multi-dimensional information, such as the compliance in the procurement process, the distribution of procurement amounts, suppliers, the control over procurement costs, so as to update the content and pricing of different types of products and services in a timely manner and to guarantee the best service experience and the most reasonable market prices for customers.

2.2. Striving to improve service quality

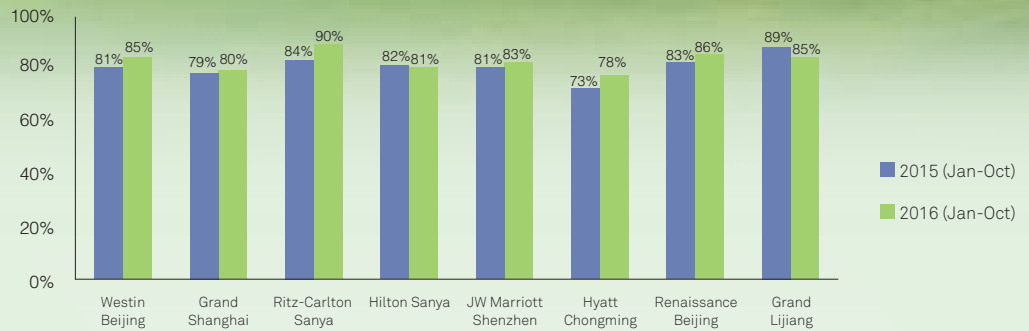
With the change in views and opinions, people become more and more aware of the service quality of hotel and even base their choice of hotel on this. In Jinmao Hotel, we insist on “Whole-heartedly serving with full passion”, strive to discover and respond to changing needs in a timely manner to offer enjoyable experience that exceeds expectation.

2.2.1. Hotel service

Offering quality privilege services is Jinmao Hotel's relentless pursuit. In the “Year for Serving Customers”, the Company kept track of the service performance of the its hotels by three indicators, including positive feedback rate, catering praise rate, and service negative rate, aiming at finding out and solving problems so as to improve customers' satisfaction.

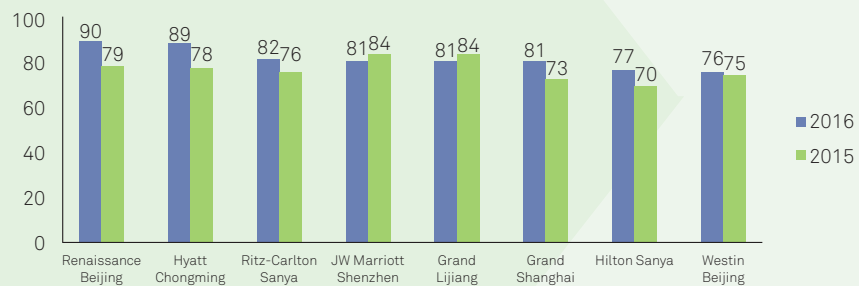
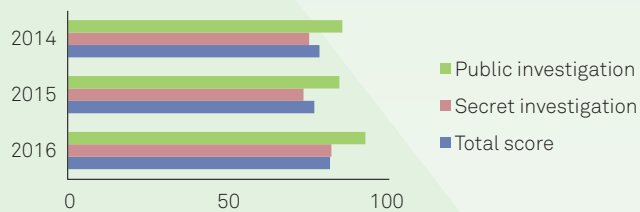


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Caption: According to the statistical data of Brand Wisdom, the Company kept track of the service performance of the its hotels by three indicators, including positive comment rate, catering praise rate, and service negative rate. As of October 2016, the positive feedback rate increased over the last year for 6 hotels in total. Each hotel had improvement in the enthusiasm, target, and timeliness in work as seen in customers' feedback on major OTA and other online rating channels. The Company's annual positive comments ranked top among benchmarking enterprises in areas of catering, services, and facilities.

To listen to the true opinions of customers and offer them the most satisfying services, the Company conducted comprehensive mystery shopper investigations. The "mystery shopper" reviewed and organized service processes from customers' perspective, offered the hotels improvement and rectification opinions, and precisely enhanced the Company's service quality. In 2016, the scores of mystery shopper's secret and public investigation of Jinmao Hotel increased.



Caption: In 2016, 6 out of 9 hotels had an increase in their overall scores, proving that the Company has received recognition in either general service standard and hardware and equipment.

Meanwhile, we also value and respond to customers' negative comments. Based on the public and secret investigations, the Company generated relevant reports. Hotel owner also convened special conferences to report on relevant matters, strictly request relevant hotels to rectify and adjust the proposed problems within given time, supervise the hotels in making action plans in light of service weaknesses in order to realize improvement.

2.2.2. Property services

Only property services of high standard and quality can satisfy the needs of owners. Upon the provision of basic property services, Jinmao Hotel also offers comprehensive value-adding services. Through reshaping the service quality management system, Jinmao Hotel integrated leasing and properties to create a safe, comfortable and efficient business workplace for owners.



A Standardization of management processes

To make structural adjustments oriented by customers' demands, implement the delegation of authority and responsibility, and clarify the division of management responsibilities.



B Standardization of business processes

To visualize service and management standards so that customers can enjoy standardized services.



C Standardization of information processes

Using the information center as a platform, to confirm the standardized process for information delivery, effectively output various types of data, and drive the sophisticated cooperation among various professional data analysis results.



D Standardization of full cycle services

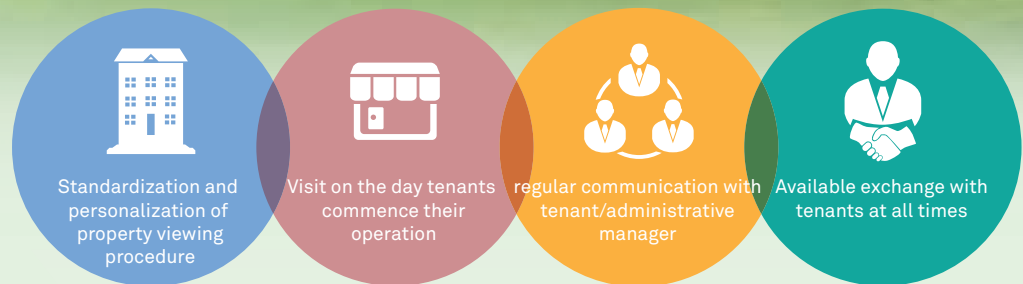
To build templates for 7 major service guarantee systems, organize concerns, plan service contents, optimize service processes, and finally consolidate the full cycle service chain.

Note: Quality management system of property services

Through sincere communication and rich and colorful events, we soothe and relieve stress from work so as to significantly enhance customer participation and recognition. In 2016, the general customer satisfaction on the Company's business offices building increased from 96 points last year to 98 points.



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Caption: Full-cycle customer communication

- In February, “Amazing the World with a Single ‘Name’”; “My Food Makes Decision for Me” activity satisfied our pursuit of delicacy
- In May, running for love with joy arouse the enthusiasm for fitness
- In July, law firm fraternity were held to promote peer communication
- In October, Shanghai Lujiazui Finance and Trade Zone Administration Committee held a charity activity “Coffee Culture Festival, Coffee Around the City” in the lobby, spreading power of love to the society
- In November, Shanghai International Vertical Climbing Prix Competition was held to encourage all of us to face the challenge

The photos show various tenant activities: a group of people sitting at a table, a person in a wheelchair, a group of people holding a banner, and a person running with a stroller.

Note: Tenants' colorful activities

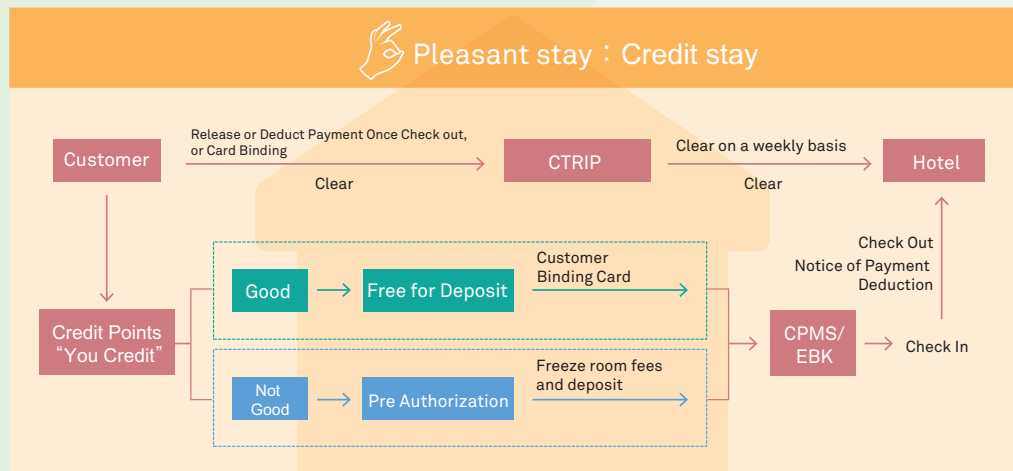
“Jin Mao Tower does a good job in maintaining customer relations while not many owners in the market would spend much energy on this.”

—Extract from industry interview

2.3. Innovative service contents and forms

Looking at the modern enterprises, only continuous innovation can secure an active position in competition. Jinmao Hotel upholds the “Innovation, Consolidation, and Collaboration” proposition, continuously innovating service content and forms and offering customers quality accommodation experience with brand new regional culture themes, comprehensive ancillary facilities, and thoughtful exclusive services.

- Making check-in more efficient



Note: To accommodate world trends, cater customers' demands, and enhance customer experience, in 2016, Jinmao Hotel's hotels jointly launched charge-free quick check-out service, trying to save time from every session when checking in, making it more efficient and easy for customers, and substantively enhancing customer satisfaction and happiness.



- Making services more convenient



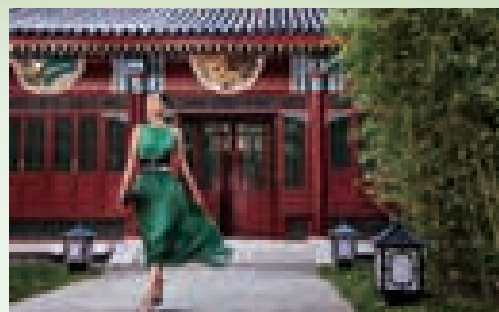
Caption: To let customers enjoy quality services at more affordable prices, in 2016, the Company established a preliminary instant reservation channel at internal staff price – the Jinmao Mobile Reservation Platform, and will gradually promote a comprehensive mobile reservation platform for external instant reservation. The platform's pricing system is based on the primary prices of each hotel and serves as a brand-new reservation channel for customers, being the pioneer in domestic hotel owners.

- Getting closer to the nature



Note: In order to allow customers to enjoy the natural landscape of ice and snow and experience the perfect blend of the traditional residential humanities and modern comfort, the Company built Grand Hyatt Lijiang – Mountain Lodge to provide the customers with the human settlements experience combining with the magnificent natural wonders and rich ethnic group culture.

- More integration with culture



Note: In order to allow customers to enjoy the comfort of living while feel the charm of regional culture, the Company built Fu Ying Pavilion with a traditional quadrangle with three yards set up in Renaissance Beijing Wangfujing Hotel combining with Chinese classical culture, in order to provide customers with a differentiated experience with Qing dynasty dishes cooked with high-quality ingredients and local specialties.

2.4. Committed to providing safe and secure services

The health and safety of our customers is vital to Jinmao Hotel. The Company actively promotes the safety strategy and constantly improve the HSE (health, safety and environmental) responsibility system, focusing on ensuring food safety, eliminating all fire hazards, protecting the privacy of customers and providing customers with the safe and secure service.

2.4.1. Food safety

“Food is first necessity of the people”. The taste of food and the freshness of ingredients are vital to the customer experience of food, which also reflects the hotel's dining standards. The Company actively advocated safe and healthy life of food, through introducing the evaluation channels of www.dianping.com and www.meituan.com. We strictly control every step from the field to the dining table and strive to enhance the quality and reputation of dishes.

Jinmao Hotel's restaurants are managed by the international hotel management group and the food safety standards are in accordance with the Group's standards. The Company set up food safety personnel to monitor the supplier qualification, raw material quality, processing links, food processing environment and the production process and other aspects. If issues are detected, the personnel will require suppliers to make rectification immediately. If the problem is found again, the responsible person will be punished and the supplier partnership will be terminated.



On the kitchen and other key areas, the Company conducts weekly inspection and rate the performance in accordance with the results of the inspection of the relevant departments, which is included as the annual performance appraisal indicators. Meanwhile, the Food Safety Committee comprised of leaders from various departments and the national third-party food supervision agencies will conduct annual internal and external audit on the existing food processing sector and issue a relevant rectification plan. Aside from routine checks, food safety personnel from various departments will organize a food safety training at least once monthly and discuss about the popular food safety issues to effectively prevent food safety risks.

2.4.2. *Personal safety*

Jinmao Hotel always cares about the customer's personal and property safety. All of the major public places of the hotels of the Company are equipped with advanced closed-circuit television and video facilities, which are running non-stop 24-hour and closely monitored by professionally trained security personnel. In addition, based on the Incident and Accident Management System of Jinmao Operating Hotels, the Company established an emergency team with members from the different departments, in order to timely response to various types of emergencies, intervene, investigate and manage incidents in the hotels, in order to allow customers to enjoy the most comfortable and safe service.



Note: The security personnel is protecting the personal and property safety of our customers on a 24-hour basis.

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Fire safety is an important guarantee for customer safety. The Company has adopted the “zero tolerance” policy for the non-compliance with the fire and life safety. Through the fire safety training, fire visualization, hazard identification work, emergency drills and “119” safety activities, we have enhanced the awareness of fire safety of employees and timely improved fire prevention works, putting an end to all fire hazards. In 2016, the Company did not have any personal and property safety incidents.



Note: Showing fire visualization of the Company



2.4.3. *Safe Privacy*

In the era of information economy, the Internet enables the mass information in the world to pass on without geographical and time constraints at very low cost. With the continued growth of information disclosure incidents, more and more people pay attention to the customer's privacy protection. Jinmao Hotel respects privacy of all guests and employees and strictly follows the ethical and legal standards in the collection, use, custody and disclosure of personal information.

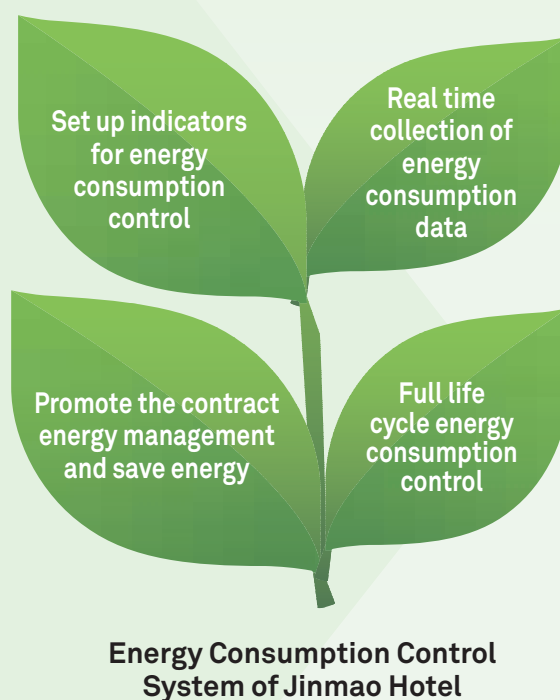
According to the international management group standards, customer information will be saved in electronic form and stored in the server room of the hotel. Such information will be regularly saved through external memory container, which will be locked in the safe with only the relevant persons knowing the password. In order to avoid data leakage, the Company will separate the network of customers and internal employees and avoid the theft of credit cards, customer information and other information with the use of firewalls and anti-virus software and other methods. Apart from technical protections, the Company organizes online training on customer privacy protection every year to prepare employees for different situations. In 2016, the Company did not have any material customer information leakage.

3. Construction of high-quality ecological environment

As a first-class hotel investor and operators, the Company is committed to integrate the green concept into the whole process of service, to vigorously promote energy conservation, efficient use of resources and achieve energy-saving emission reduction in all our hotels. Meanwhile, the Company actively participates in the national green hotel development strategy to encourage and promote its hotels to become green hotels, contributing to the sustainable development of natural ecology.

3.1. Environmental management

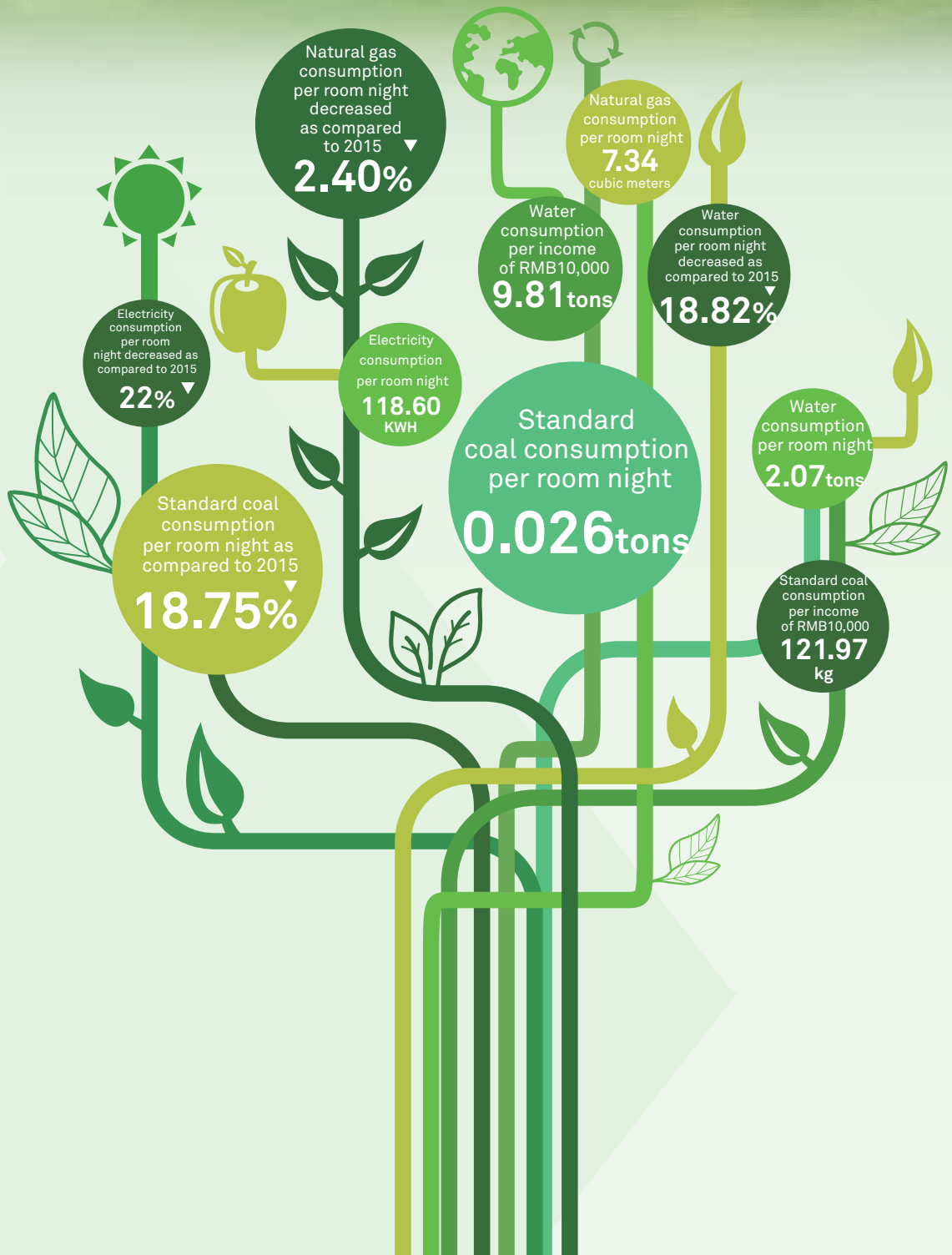
The Company continues to deepen its green strategy, through the platform establishment to promote the implementation of its green hotel management. Meanwhile, Jinmao Hotel adopts the energy management approach and carry out energy-saving cooperation with third-party energy-saving service providers, which reduce the energy consumption and waste emissions so as to manage their own energy use in a more professional and reasonable way and achieve cost reduction efficiency.



Note: Energy Consumption Control System of Jinmao Hotel

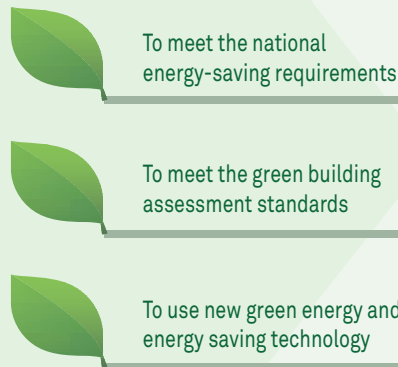


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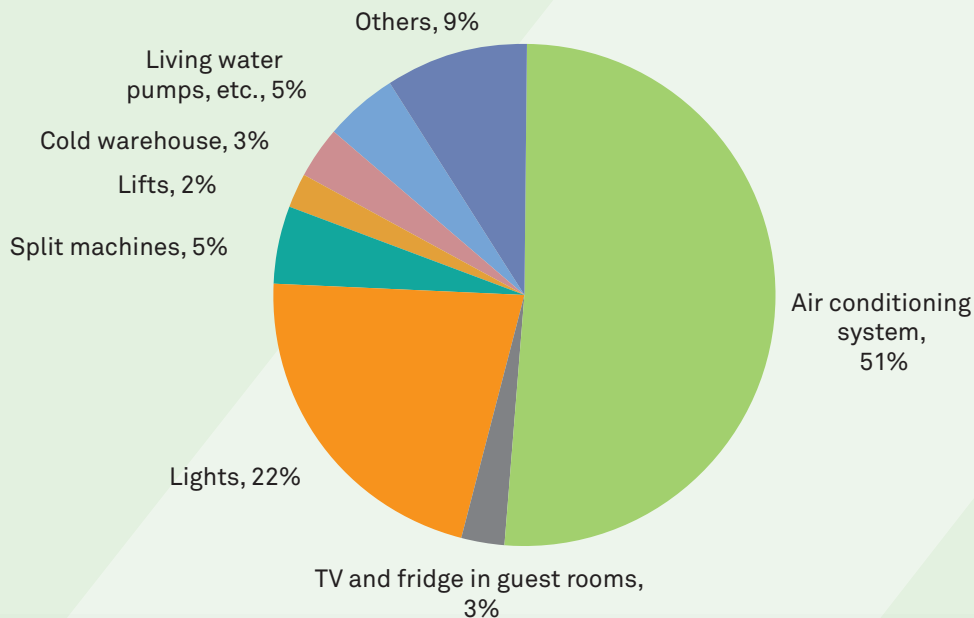


3.2. Green design

Technological progress and applications pushes forward the sustainable development of human and the environment. In the sustainable development of the operation, Jinmao Hotel strives to innovate, continuing to increase green technology research and development and conducting low energy consumption projects. In the design stage, Jinmao Hotel focuses on the source control and strictly set up the building energy consumption level. In the acceptance stage, it ensures that energy-saving environmental protection equipment is set in place to ensure that energy-saving system operating in reasonable conditions. In addition, in the operation stage, Jinmao Hotel also collect data for immediate analysis, seizing the keys of energy-saving, while focusing on new energy-saving technologies, and establishing a model for the green development of industry. In addition to power management, we also focus on optimizing water resource management. We carried out upgrades on water recycle system and renovations on sanitary equipment for water conservation at Westin Beijing to improve water efficiency.



Note: Jinmao Hotel Green Energy Saving Design Mechanism



Note: Energy consumption ratio of Jinmao Hotel

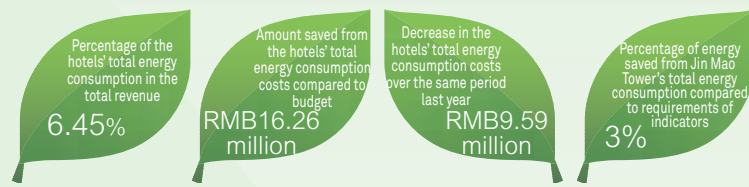


3.3. Green procurement

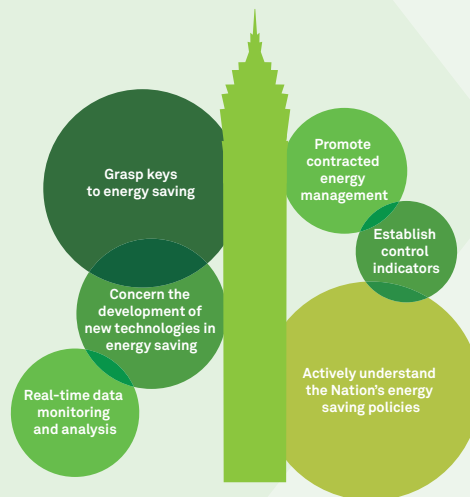
Jinmao Hotel adheres to the green procurement concept and strictly abides by the relevant policies and regulations to ensure the transparency of procurement, taking into accounts of environmental factors in the procurement, raising awareness of environmental protection for the suppliers and building a green supply chain. In 2016, under the leadership of “Green and strategic procurement team”, the Company includes the material environmental requirements into the procurement standards and optimizes the supply chain platform, prioritizes the use of environmentally friendly products and improves the Company’s brand value.

3.4. Green operation

In high-class compound property management, we adopt a green concept. Through the full cycle management of architectures, energy efficiency is realized in green buildings.



In the control over energy consumption in each hotel, the Company actively improved the energy-efficient work plans for each hotel, established analysis models for energy consumption costs, and adopted management methods of focused control and monthly control in each operating hotel in light of their conditions, so as to reduce operational costs while reducing energy consumption, support the corporate’s light asset development strategy, and realize sustainability in hotel operation. In 2016, through the live monitoring of the EAM platform, the control over energy consumption of hotels under Jinmao Hotel has better performance, with the energy consumption indicators contained within a reasonable range in an units measured by revenue.

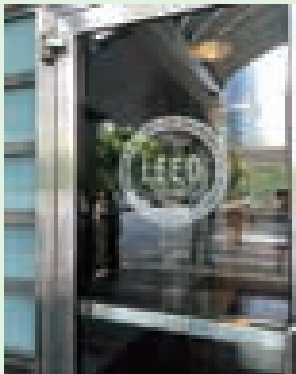


Note: Consumption Reduction Mechanism of Jinmao Hotel's operation

Awards and Honors:

Jin Mao Tower

- Best Tall Building Award and Finalist-Performance Award
- LEED-EB Gold Certificate
- “Shanghai Green Building” Award
- Entered the Shanghai Green Building Council as a governing unit



Grand Hyatt Shanghai

- New Leader Among Green Business Hotels in Asia (2010)
- Excellence in Environmental Sustainability Award (2013)

The Ritz-Carlton Sanya, Ya Long Bay

- China’s Outstanding Green Hotel (2010)
- China’s Green Hotel-Gold Leaf Level (2010)
- Top Prize in Energy Saving in Asia Pacific Area (2014)

JW Marriott Hotel Shenzhen

- Best Green Hotel of China (2010)

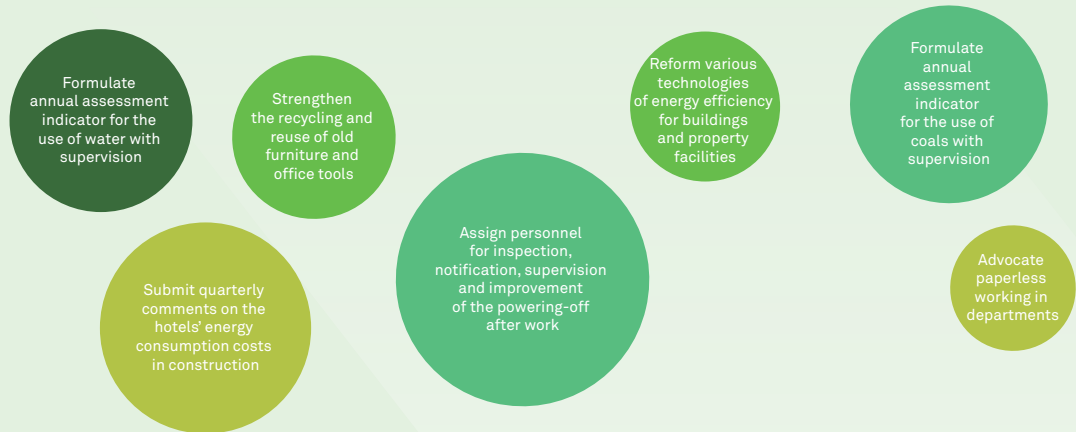
Hyatt Regency Chongming

- The National Green Buildings design label certificate with Three Star



3.5. Green office

Jinmao Hotel actively implement the Nation's rules and regulations regarding the reduction of energy consumption and emission in location where the hotels operate. The Company conducted regular review in the hotels to identify directions for rectification, actively promoted the implementation of energy efficiency measures, and continuously promoted green corporate working concepts.



Note: Jinmao Hotel's green working measures

4. To help development of high-level talents

Employees are service bearer and creator of the development value of Jinmao Hotel. The Company uphold the concept of “co-create, share, growing together” for the staff to build a happy home. Jinmao Hotel adheres to the people-oriented value, building a fair and just working environment, committed to the development of staff ability, caring for the health of employees and creating staff culture, in line with the standards of both ability and integrity to conduct “selection, usage, education and retaining” of the talent team and promote the long-term development for the enterprise.

4.1. Safeguarding basic rights and interests

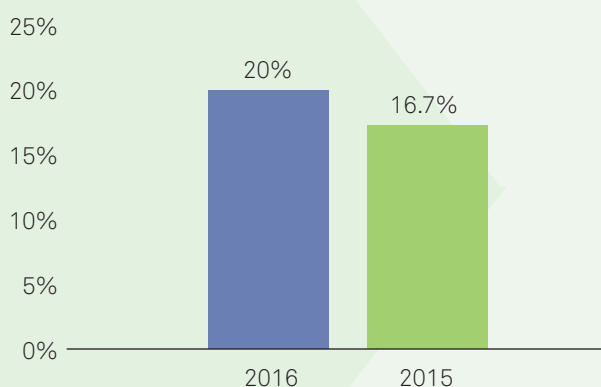
Jinmao Hotel adheres to the law-abiding, to protect the legitimate rights and interests of employees. The Company established a sound labor management system and salary and benefits system and set up labor unions to encourage employees to participate in the management of the Company. In 2016, the Company further revised the Hotel Human Resource Management Standards, to ensure a standardized human resources management through the system documents and the Company did not have any major labor disputes or non-compliance of relevant laws and regulations throughout the year.

4.1.1. *Equal Employment*

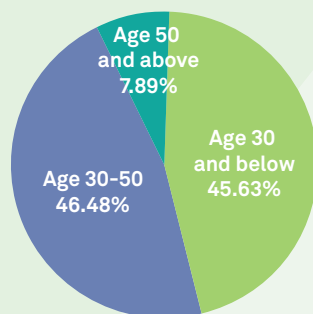
Under the requirements of Labor Laws and other provisions, Jinmao Hotel does not discriminate against employees based on gender, religious beliefs, ethnic and other factors, and guarantee equal paid for equal works. The Company puts an end to the use of child labor and forced staff labor. Through strict human resources management, the Company standardizes the recruitment process and examination for talent reporting to duty, to avoid the risks of non-compliance and ensure to carry out daily works. As at the end of 2016, the Company has 4,002 employees and maintains a ratio of 1:1 for employees and hotel room, including 1,635 female employees. The rate of employees signing labor contracts and with social insurance coverage are 100%.

Performance:

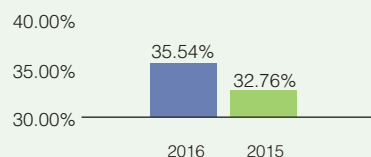
Ratio of female managers in senior management



Employee age structure

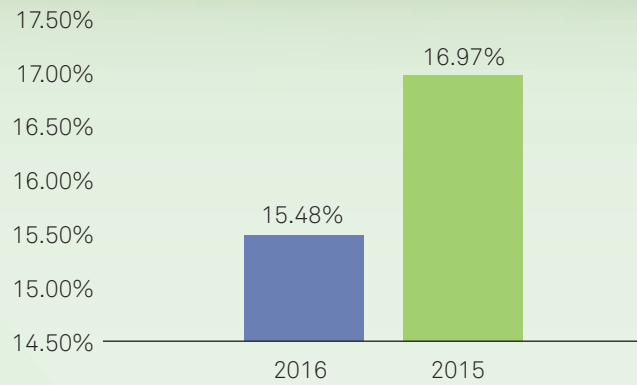


Employee turnover rate

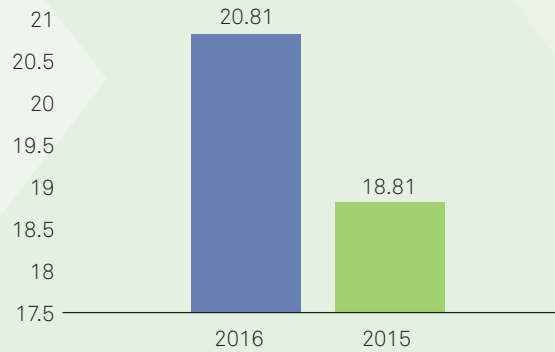




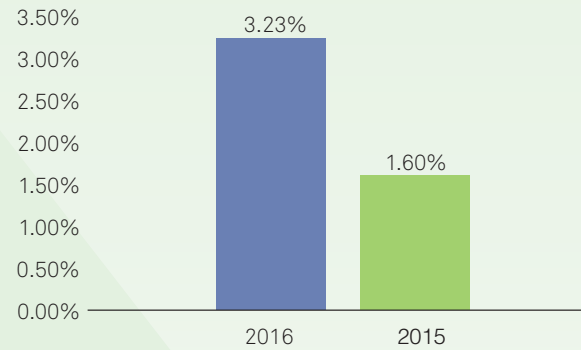
The percentage of middle-level management of the total number of employees



Training hours per person (hour)

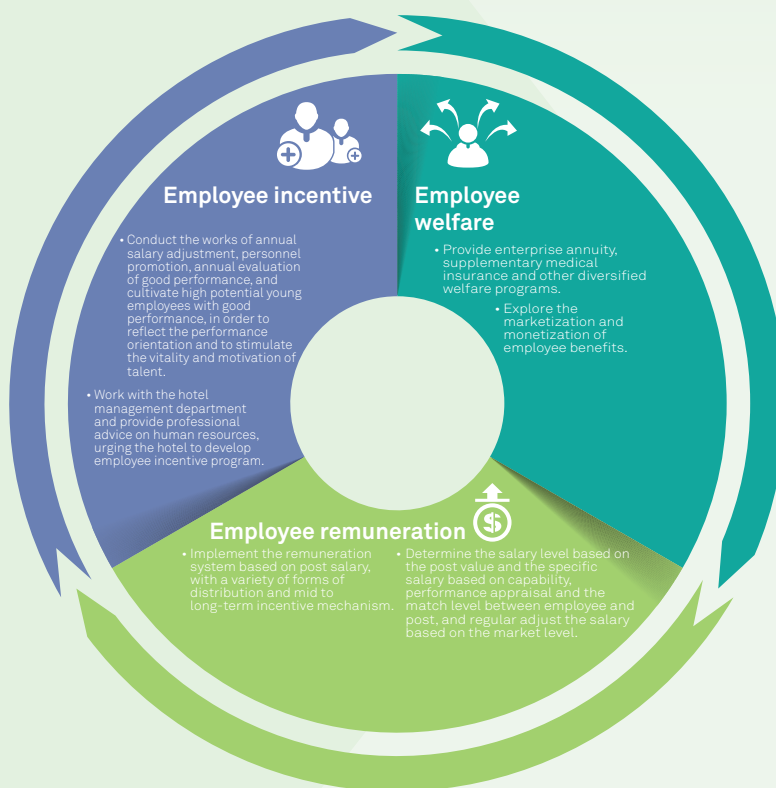


The percentage of senior management who receive training of the total number of employees



4.1.2. Remuneration

Jinmao Hotel is committed to improving the remuneration of employees. In addition to protecting the basic salary and statutory benefits of employees, we also share the development results and increase the happiness of employee by considering to introduce the employee stock ownership plan in due course, etc. The Company continues to improve the performance appraisal and salary welfare system and establish a market-based salary management mechanism, in order to reflect the value of positions and performance of employees in an objective way, taking into account the short and long-term interests of employees while stimulating the creativity and work enthusiasm of our team of talents.

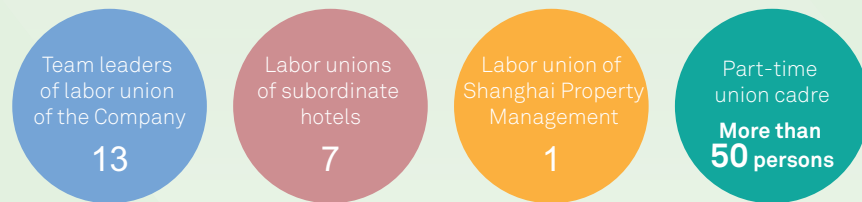


Note: Employee compensation welfare and incentive mechanism



4.1.3. Democratic management

Jinmao Hotel protects the rights of democratic management, democratic participation, democratic supervision of employees, through the standardization of operation mechanism of labor unions, to promote the establishment of labor unions at all levels, promote the openness of corporate matters, enhance the level of corporate democratic management. In 2016, the Company held the sixth labor union (workers) congress and elected the sixth session of labor union committee and the funding review committee.



4.2. Promotion of health and safety

The health and safety of employees are the basis of ensuring the smooth operation. Jinmao Hotel actively promotes the safety strategy, continuously improves HSE responsibility system, implements safety risk prevention and process control and the safety training, to strengthen the awareness for the employees at all levels.



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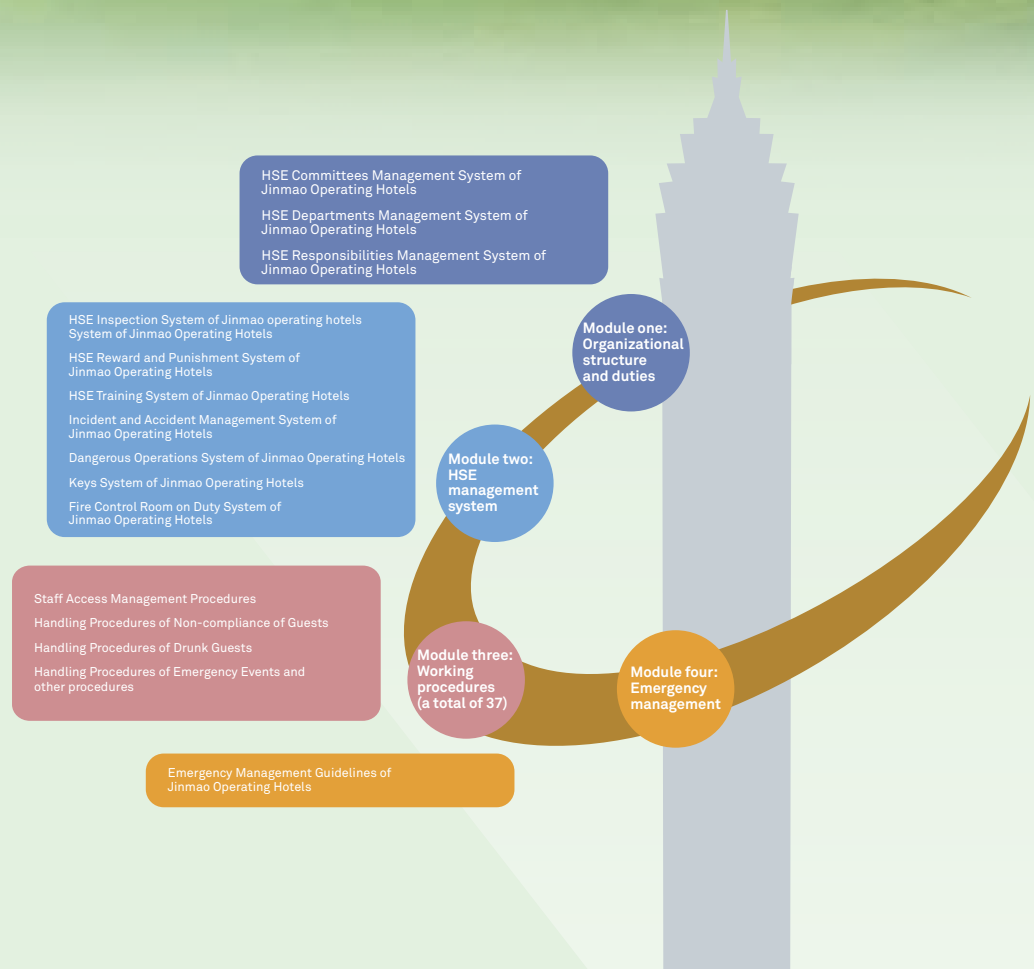


4.2.1. Deepening safety management

We consider the safety system construction as an important part of promoting employee safety. Based on the existing basis and combining with the industry characteristics, the Company continues to deepen the establishment of HSE system. In 2016, based on the existing standards and drawing on the management standards and experience from the same industry, the Company revised and completed the HSE Management Standard of Jinmao Hotel, prepared Hazardous Materials Management Guidelines of Jinmao Hotel through the preparation of 2016 HSE Responsibility Book of Jinmao Group, the Company strengthened the subject responsibility of each operation departments.



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Note: HSE Management Systems

In addition, Jinmao Hotel conducts security checks in every aspects of our employees' work and provides a safe working environment for the employees. In 2016, Jinmao Hotel conducted the safety inspection works by the inspection and guidance of managers and the self-inspection and rectification by each operation departments. All 185 issues discovered during the inspection have all been rectified. In May, the HSE Management Department of the Company cooperated and negotiated with the Sightseeing Tour Department in respect of the operational safety management matters of SKY WALK of the Observation Deck on the 88th Floor of Jin Mao Tower. We specially studied the risks which may exist during the operation and propose improvement advice on the risks.

4.2.2. *Strengthening safety training*

The safety training of employees is the important means to continuously improve the safety awareness and safe operation skills of employees, allowing our employees to scientifically identify hazards, assess risk and avoid accidents. In 2016, Jinmao Hotel organized a variety of training. We strengthened the certification training system for important posts in HSE. Meanwhile, through weekly publication, Wechat, official accounts and other new media to share case studies, we continue to promote the cultural construction of the Company.



- ① Training for department liaison persons Safety training for all employees at the headquarter of the Company
- ② HSE training at Grand Hyatt Shanghai, Hyatt Regency Chongming and Shanghai Property Management

Note: HSE training of Jinmao Hotel





Case: Fire evacuation drill to improve emergency management capability

In order to enhance the awareness and ability to prevent safety risks, Jin Mao Tower held a fire evacuation drill in 2016. Grand Hyatt Shanghai, Shanghai Property Management and the tenants of Jinmao Tower participated in the drill. The drill took 59 minutes and evacuated 828 persons. After the drill, the Company summarized and assessed the performance and issues during the fire drill, making “Jinmao Safety Family” a “big family” we protect with our lives.



- ① Picture of safety drill
- ② Evacuation drill headquarter
- ③ Evacuation drill site

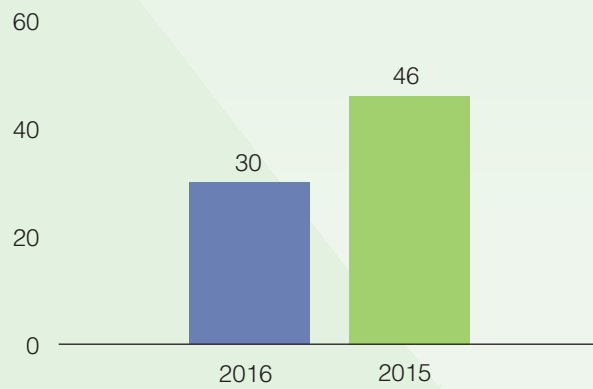
Note: Fire evacuation drill at Jin Mao Tower

4.2.3. Care for occupational health

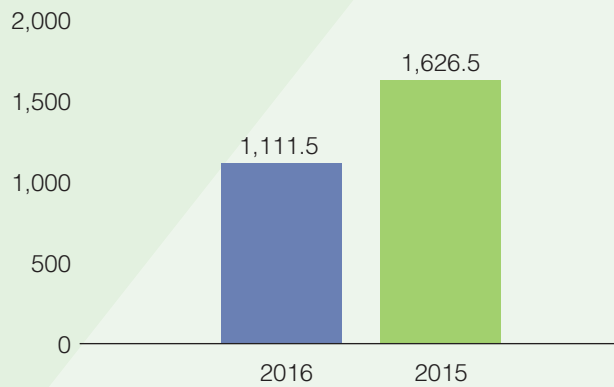
In order to ensure the health of employees, Jinmao Hotel established Guidelines for Occupational Health and Safety Management, to advocate a big safety concept, and organizes regular physical examination every year to assist our employees in achieving timely understanding of their health conditions.



Employee Number of Work Injury (Person)



Loss of Working Days for Work Injury (Day)



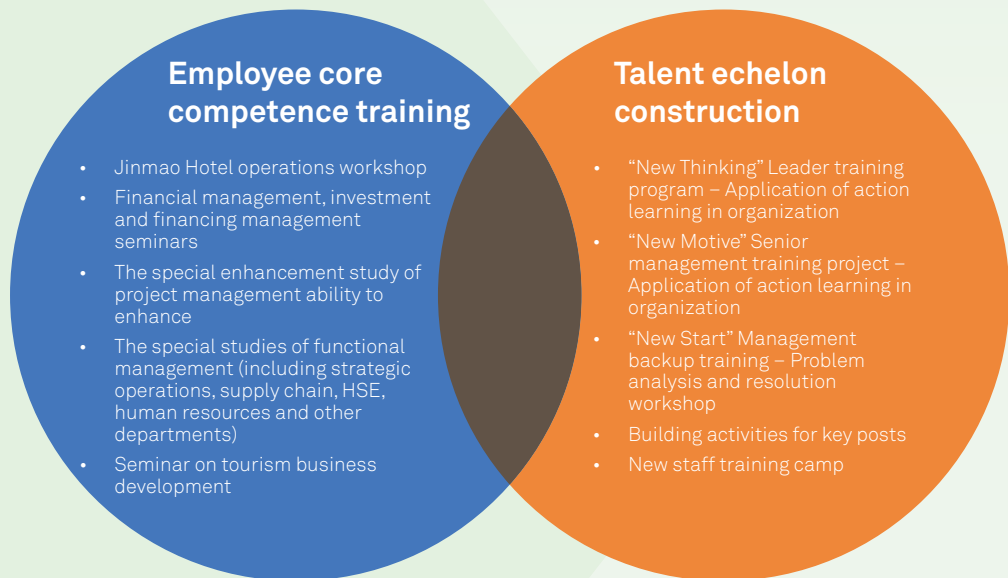


4.3. Building a development platform

In accordance with the needs of business development and post requirements and combining with the regular patterns of talent growth, Jinmao Hotel actively provides the employees with diversified training and vast development opportunities, in order to stimulate the creativity of value and create a good environment for the employees to grow and develop.

4.3.1. Improving the training system

Jinmao Hotel attaches importance to the professional development of employees, in accordance with the principles of “treating the capacity-building and talent echelon building as the center”, to provide employees with comprehensive, systematic trainings and development plans. Our training covers the general training, skill training focusing on the employee’s responsibilities and duties and leadership development training. The Company also encourages employees to participate in job-related training and provide internal programs to improve their skills. We also provide personalized training courses for key positions, core management members and young talents to help with their career development. Meanwhile, through establishing and improving the training system of “training management system + lecturer team + program development”, Jinmao Hotel plans interactive training programs to enhance the Company’s knowledge management capabilities and provide intelligent support for the Company’s light asset output strategy. In 2016, the Company organized a total of 50 sessions of first class training, 293 persons participated in the trainings and training hours amounted to 2,434 class hours.



Note: Employee training mechanism and measures



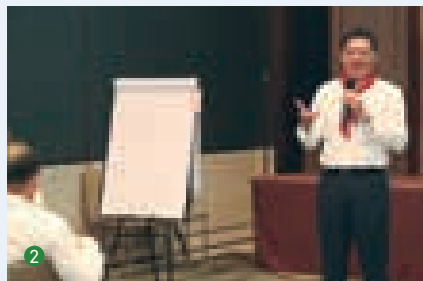
Note: 2016 training class has held a problem analysis and resolution workshop. The program focused on the practical problems discovered and resolved at work. By sharing case, study and review, practical guidance, experiential teaching and action study, the enthusiasm of the students were fully awakened.

Case: Application of action learning to continuously enhance the management capability

To strengthen the implementation of the Company's key strategic issues and to improve the abilities of the management team to find the problem, analyze the reason and develop solutions, in July 2016, the Company organized the training of "Application of action learning in organization". A total of 62 employees from the management sequence participated in the training. Through the action learning of "practicing from learning and learning from practicing", their management innovation ability of the enterprise were enhanced.

"The action learning is an important tool to solve the problem and create value; it is an effective tool to enhance the organization ability of the enterprise and promote the management innovation for the enterprise, which helps to promote the development of individuals and organizations."

– By a trainee



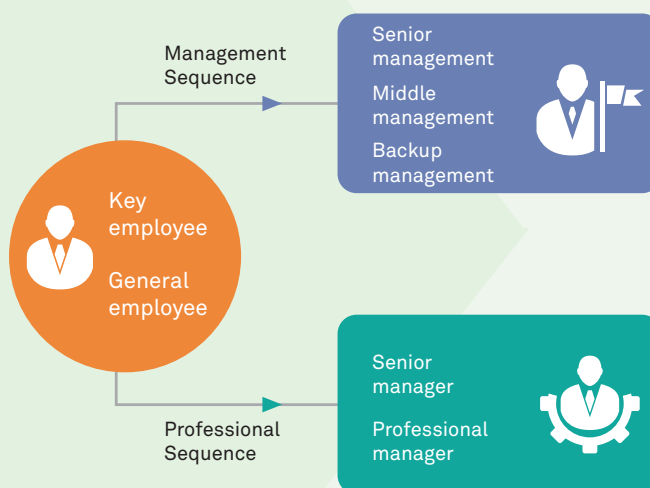
- ① Find the problem and analyse the reason with team work
- ② Executive director and CEO Mr. ZHANG Hui explaining

Note: The training site of Application of action learning in organization

4.3.2. Promote career development

The professional development of employees is the key to promote the long-term growth of enterprises. Jinmao Hotel adheres to the internal training principle of “hiring teachers and sending out students”. Through the talent allocation system, learning development system, cross-rotation mechanism, we speed up the flow of internal key positions and enhance the mutual understanding between the posts, to nurture a multi-talent suitable for multi-posts.

In 2016, through constantly optimizing the quality of talent echelon, the Company has engaged, promoted and re-designated 19 management sequence members and promoted and re-designated 15 professional sequence members, enriching the strength of the management team.



Note: Employee promotion and development mechanism



4.4. Create a happy life

The well-being of our staff and the well-being of the enterprise is reciprocal. Therefore, through the organization of a variety of staff activities, Jinmao Hotel is committed to meeting the needs of employees from multi-levels, gathering team strength, which shapes the cultural and harmonious organization.

4.4.1. Balance between life and work

Ensuring the balance between work and life for the employees can more efficiently help employees committed to work and production. Jinmao Hotel actively carries out favorite cultural and sports activities to help employees to pursue the peaceful and harmonious balance between work and life. In 2016, the labor unions of Company at all levels carried out the second season for team culture construction activities “our team is facing towards the sun”.



Reward for healthy exercises

The labor union of the Company organized a green walking event for employees at the headquarter, i.e. “I will buy you movie tickets if you walk 8,000 steps”. So far 190 persons have participated in the above event.

We opened two badminton training venues to facilitate more employees to do exercises.



Life with flowers

The labor unions organized three “Life with flowers” events in August, October and December. A total of 85 persons participated in the above events.



A taste of tea

The labor unions organized three levels of tea tasting events, i.e., “Tea for spring and autumn”, “The first phase of tea” and “The passionate Pu'er” in July, September and November, with an average of 110 persons for each event.



Team work

On 8 March, the labor unions organized all female employees to pick strawberries on the outskirts.

In April, we held a photography event for outing at Flower Port, i.e., “I have a date with the spring”. The labor unions received 107 pictures from 38 employees from various departments. 10 outstanding pictures were awarded after being selected and voted by the employees.



You are in my heart

At the beginning of every month, the birthday luncheon aka “You are in my heart” will be held and the Company sent a sincere wish for the employees.

Note: During 2016, the labor unions organized various cultural and sports activities.



- ① In May, the finance department and capital market department bathed in the spring wind of "VAT Reform", with the high passion for studies, and gathered in Chongming with all their talents. Together they painted a picture like a Chinese dream. They exchanged their opinions about the world and the essence of hotel operations and talked about financial management blueprints. Heroes are able to fight in the business wars and conduct great corporate governance. Heroines are able to speak out their minds and make great contributions.
- ② Customer service center: During the lobby team business training, the receptionists were examined on their flexible handling abilities of service etiquette and all kinds of unexpected events. Their business skills were consolidated and enhanced and their enthusiasm of works were also motivated.
- ③ In October, the supplier chain department actively carried out training of theories regarding procurement before opening and invited some related parties to attend together to learn and share industry information and resources. Meanwhile, they further strengthened their understanding on procurement before hotel opening. Our team is diligent and happy!

Note: Team culture construction exhibitions of "Our team is facing towards the sun"

4.4.2. *Concern about employees in difficulties*

We treat our employees as family members and take the initiative to attend to their difficulties at work and life, helping them to solve problems and reduce their worries. At the same time, we respect the customs of every employees and send heartfelt wishes in traditional festivals.



- During the high temperature period, the leaders of the Company visited the front-line staff and sent out 1,100 gift packages.
- During the Mid-autumn Festival, the Company sent out a season's greeting and Grand Hyatt Shanghai Mooncakes to all our employees.
- During Chung Yeung Festival aka Elderly Day, the labor unions sent out 41 gift packages of "wild mushrooms" for 41 parents of employees who are above age 70.



Note: Jinmao Hotel visited employees

5. Contribute to a high level of harmonious community

Jinmao Hotel always see the protection, inheritance and development of local culture, promotion of education, promotion of regional economies and the development of culture and society as its mission. In addition to providing richer and more diversified services of hotel accommodation and catering, we will see the development of traditional culture and transmission of public welfare energy as our own major social responsibility.

5.1. Promote the development of the industry

The development of the industry is essential to the growth of enterprise. Through organizing industry exchange events, Jinmao Hotel shares its experiences in hotel and property operation to promote common progress in the industry. In addition, Jinmao Tower provide engineering information of Jinmao Tower to global scholars and engineers for free through professional publications CTBUH Awards Book and the Skyscrapers Center database to facilitate the technology exchange of the high-level buildings around the world.



Note: Jin Mao Tower contributing to the information and technology of high-level buildings

5.2. Promote community harmony and protect traditional culture

The building has the functions of witnessing the history and passing on culture. Jinmao Hotel is committed to the integration of corporate resources. We cooperate with the local institutions and organizations to spread the traditional culture and facilitate the progress and cultural inheritance of the region and city where it is operated.

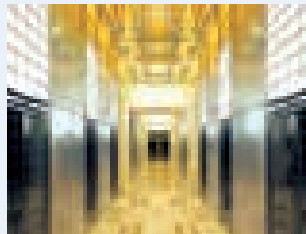
Jiangnan arches

The lobby arch window is like a Jiangnan moon-shaped arches. Walking from the deep of the backyard to the front hall atrium, people will see the common decoration of northern residential tracery windows changing into gold arches.



Magnificence

The entrances of the office area are facing the cylinder wall. After entering, people will be drawn to the golden lines beaming through two holes on the wall and led to the lift lobby which is access to the office area. The lobby's passenger can move comfortable and smooth.



Hemispherical dome and ancient city wall

In the lobby, the cylinder wall draws on the solid base of a Chinese tower and shows the spirit of China's ancient city walls.



Note: The beauty of Chinese culture is inherited in Jin Mao Tower



Case: A hotel designed to local conditions, to practicing the responsibilities of cultural communication, inherit the Dongba culture and promote regional development.

Lijiang is the only city in China which held the title of “A city of three heritages” with the World Natural Heritage (Three Parallel Rivers), the World Cultural Heritage (Lijiang Ancient City) and Memory of the World (Naxi Dongba Culture). However, due to the thin tourism industry structure, the tourism economy did not match with the cultural heritage and the local excellent culture cannot be effectively protected and inherited, which is why a differentiated competitive advantage cannot be formed in the tourism industry of Lijiang. Therefore, Lijiang urgently requires the reorganization and conversion of city functions, improving the tourism industry structure, upgrading the city image of Lijiang and forming a differentiated competitive advantage.

Jinmao Hotel actively fulfills its corporate responsibility to promote the sustainable development of local culture and economy, helping the country to cultivate around 1,000 featured towns with distinctive and vibrant characters of leisure tourism, trade logistics, modern manufacturing, educational technology, traditional culture and easy living style by 2020. The Company combines the culture of the Naxi People with the hotel design, using architectural elements such as courtyard-style design, grey-tile roof and Naxi-style wooden doors as well as decoration art works including ethnic minority hand-woven textiles, pillow and pendants made from wood, bamboo or ancient-style copper and other art works equipped with the Dongba words. It not only provided a colorful cultural feast to the society, but also helped to form a differentiated competitive advantage through the modernization of ancient culture.

5.3. Carry out charity activities

Jinmao Hotel views public service practice as an important way for enterprises to contribute to society. With its own resources and strength enthusiastically participates in various social welfare activities to contribute to the harmony and fairness for the community.



Note: In 2016, Hyatt Regency Chongming cooperated with WABC(world of art brut culture) and held a “Rainbow Run”event. Such event was aimed at passing love with running. Based on providing physical assistance to people with special needs, we educated and enhanced the spiritual quality of life of the disabled with the contemporary culture and art as the media, presenting the world with warmth. The event registration fees were used as charitable donations to support this project.

5.3.1. Care for children’s growth

Since its opening in 2008, The Ritz-Carlton Sanya, Yalong Bay has made the project of “Caring for children” as one of their long-term project of “Society footprint”, which is committed to create happiness for the children with brain illness and poor groups through long-term assistance and companions. As the pioneer of society footprint, The Ritz-Carlton Sanya, Yalong Bay was the first to communicate with and provide assistance to Sanya Bright Link Brain Disability Child Rehabilitation Center. In 2016, the Company began the “Charity sales of bear Dundun” and is planning to raise RMB1 million to provide funding to Sanya Bright Link Brain Disability Child Rehabilitation Center and assisting the children with autism and cerebral palsy to conduct physical rehabilitation physical training, as well as providing rehabilitation sites for sea turtles to promote marine education.



- ① The image ambassador of society footprint of The Ritz-Carlton Sanya, Yalong Bay – a teddy bear named “Dundun”
- ② The site of charity sale

Note: The “Charity sales of bear Dundun” of The Ritz-Carlton Sanya

“The charity sale was inspired by my daughter. When she was five, I bought her a teddy. She treasured it very much. Through the charity sale, we can advocate the creation of a life surrounded by love, accompanying and stimulating children to explore love.”

*– Mr. Hoss Vetry, the regional vice president general manager of
The Ritz-Carlton Sanya, Yalong Bay*

Note: Community footprint is the most important part of social responsibility of The Ritz-Carlton Sanya, which comprises of three parts, the environmental protection, caring for children and poverty relief. Community footprints have been presented in the Lingshui Turtle Hospital, Bright Link Brain Disability Child Rehabilitation Center, Li Miao Primary School, local cleaners, Sanya special schools, Bainian Vocational School (a charity school), Gaofeng Homes for the Elderly, poor families in Ding’an County, Sanya Welfare Hospital, Environmental Protection Bureau of Sanya Hedong District, Blue Ribbon Society (Ocean Protection), Yao Fund, Sanya Blood Center, Sanya Disabled Persons Association Center, Smile Tomorrow Charity Foundation and China Lions Association Hainan Representative Office and other places.

5.3.2. *Help ecological protection*

We believe that the significance of public welfare is not only for helping the others but is also the pursuit of harmony co-existence of human and nature, human and other creatures. Therefore Jinmao Hotel has been paying attention to and support public welfare activities with love and action.

- The responsibility of ecological protection

Due to its special location between the White Beach and the Mangrove Reserve in Yalong Bay. The Ritz-Carlton Sanya attaches great concern to ecological protection. The Ritz-Carlton Sanya has long-term cooperation with 911 International Turtle Relief Organization and built a turtle cruise station, striving to save, foster and release sea turtles. They created more opportunities for survival for sea turtles by promoting the rescue knowledge of sea turtles to the hotel guests and local fishermen. Apart from the protection of marine ecology, the Ritz-Carlton Sanya is also active in volunteer activities of mangrove conservation and beach cleaning, to encourage employees to achieve harmonious co-existence with the nature.



The volunteer from 911 International Turtle Relief Organization explained sea turtles to children

Note: Jinmao Hotel offering assistance in the protection of marine ecology



- Assist in the publicity of ecological protection

Jinmao Hotel not only consciously assume the corporate responsibility of ecological protection, but also willingly provide platform for organizing activities and campaigns for ecological protection. In December 2016, Grand Hyatt Shanghai cooperated with the Asian Animal Foundation and successfully held the first Blue Moon Charity Dinner in Mainland China to contribute to the promotion of animal protection with “Forest: the home for bears” as its theme, we advocate the pet owners to be “a responsible pet owner”. Meanwhile, the proceed from the donation auction on the event will be donated to the Black Bear Ambulance Center of Asian Animal Fund in Chengdu to provide funds to the relief works.



Note: The charity dinner event

3. END OF THE REPORT

1. Key performance

Environmental category

Jinmao Hotel (including Jin Mao Tower)	2016	2015
Electricity (KWh)	104,315,706	125,057,364
Natural gas (cubic meters)	6,456,671	6,179,618
Heat (GJ)	35,281	34,618
Water (ton)	1,818,718	2,095,779
Standard coal (ton)	22,612	26,485
Wastewater (ton)	1,636,846	1,886,201
Room nights	879,567	821,976
Electricity (KWh/room nights)	118.60	152.14
Natural gas (cubic meters/room nights)	7.34	7.52
Water (ton/room nights)	2.07	2.55 [#]
Standard coal (ton/room nights)	0.026	0.032
Standard coal consumption per income of RMB10,000 (kg/RMB10,000)	121.97	No Statistics
Water consumption per income of RMB10,000 (ton/RMB10,000)	9.81	No Statistics

[#] It should be noted that due to adjustment in statistical methods, after the recalculation, the usage of water in 2015 shall be 2.55 tons/room nights, which varies from the figure disclosed in 2015 annual report.

Society category

Employee

Jinmao Hotel (including Jin Mao Tower)	2016	2015
Employees on-post (person)	4,002	4,242
Male employees (person)	2,367	2,382
Female employees (person)	1,635	1,860
Male managers in senior management (person)	4	5
Female managers in senior management (person)	1	1
Employees aged 30 and below (person)	1,826	1,846
Employees aged 30 to 50 (person)	1,860	2,057
Employees aged 50 and above (person)	316	339
Employee turnover rate	35.54%	32.76%
Safety incident	0	0
Number of employees who die due to work	0	0
Number of injured employees (person)	30	46
Loss of working days due to work injury (day)	1,111.5	1,626.5
The percentage of senior management who receiving training of the total number of employees	3.23%	1.6%
The percentage of intermediate management of the total number of employees	15.48%	16.97%
Training hours per person (hour)	20.81	18.81



Supply chain management

Jinmao Hotel (including Jin Mao Tower)	2016	2015
Total number of suppliers	6,122	5,327

Customer service

Jinmao Hotel (including Jin Mao Tower)	2016	2015
Guests received (person)	3,585,702	3,388,216
External customer satisfaction (online satisfaction)	83.0%	72.8%
Mysterious guest plan	82.1%	79.5%
Online guest complaints	2,211	2,058
Internal customer complaint	0	0

Anti-corruption

Jinmao Hotel (including Jin Mao Tower)	2016	2015
Number of cases of corruption litigation	0	0

Community investment

Jinmao Hotel (including Jin Mao Tower)	2016	2015
Total charity donations (RMB10,000)	7.58	No statistics
Public welfare activities	4	No statistics
Volunteers participating in the public welfare activities (person)	60	No statistics

Note: The data covers The Westin Beijing, Renaissance Beijing, Grand Shanghai, Hyatt Chongming, Grand Lijiang, JW Marriott Shenzhen, Hilton Sanya, The Ritz-Carlton Sanya and Jin Mao Tower.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. ESG indicators index

Environment Areas			
Aspect	Indicator number	Indicator content	Section located
A1: Emissions	General Disclosure	Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Construction of high-quality ecological environment In 2016, Jinmao Hotel did not have any non-compliance incidents relating to environmental protection that have significant impacts.
	A1.1*	The types of emissions and respective emissions data.	Jinmao Hotel has no detailed statistics on the types and data of emissions. The emission management will be implemented subsequently.
	A1.2*	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Jinmao Hotel has no detailed statistics on the data of greenhouse gas emissions.
	A1.3*	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Jinmao Hotel did not produce much hazardous waste, so the impact of waste intensity on operation is not significant.
	A1.4*	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Jinmao Hotel has not yet established daily information reporting and performance evaluation mechanism to manage and calculate non-hazardous waste disposal such as daily waste, so there is no detailed statistics on the data of non-hazardous waste volume.
	A1.5*	Description of measures to mitigate emissions and results achieved.	Construction of high-quality ecological environment – Environmental management, Green design, Green operation, Green office
	A1.6*	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Jinmao Hotel does not produce much hazardous waste. For non-hazardous waste such as daily waste, Jinmao Hotel has not yet included such into consolidated management.
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Construction of high-quality ecological environment
	A2.1*	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Key performance
	A2.2*	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key performance
	A2.3*	Description of energy use efficiency initiatives and results achieved.	Construction of high-quality ecological environment – Environmental management, Green design, Green operation, Green office
	A2.4*	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	In 2016, there is no issue of water source during the daily operation of Jinmao Hotel.
	A2.5*	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	In 2016, there is no large amount of finished products packaging materials of Jinmao Hotel.
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Contribute to a high level of harmonious community – Carry out charity activities In 2016, the operations of Jinmao Hotel have no material negative effect on the environment and natural resources.
	A3.1*	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Contribute to a high level of harmonious community – Carry out charity activities



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Society Area			
Aspect	Indicator number	Indicator content	Section located
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	To help development of high-level talents Safeguarding basic rights and interests, Building a development platform, Create a happy life In 2016, there is no non-compliance incidents relating to employment that have significant impacts on Jinmao Hotel.
	B1.1*	Total workforce by gender, employment type, age group and geographical region.	To help development of high-level talents Safeguarding basic rights and interests Key performance
	B1.2*	Employee turnover rate by gender, age group and geographical region.	Key performance
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	To help development of high-level talents Promotion of health and safety In 2016, there is no non-compliance incidents relating to health and safety that have significant impacts on Jinmao Hotel.
	B2.1*	Number and rate of work-related fatalities.	To help development of high-level talents Promotion of health and safety Key performance
	B2.2*	Lost days due to work injury.	To help development of high-level talents Promotion of health and safety Key performance
	B2.3*	Description of occupational health and safety measures adopted, how they are implemented and monitored.	To help development of high-level talents Promotion of health and safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	To help development of high-level talents Promotion of health and safety – Building a development platform
	B3.1*	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key performance
	B3.2*	The average training hours completed per employee by gender and employee category.	Key performance
B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	To help development of high-level talents Safeguarding basic rights and interests In 2016, there is no non-compliance incidents relating to child and forced labor that have significant impacts on Jinmao Hotel.
	B4.1*	Description of measures to review employment practices to avoid child and forced labor.	To help development of high-level talents Safeguarding basic rights and interests
	B4.2*	Description of steps taken to eliminate such practices when discovered.	In 2006, there is no non-compliance incidents relating to child and forced labor that have significant impacts on Jinmao Hotel
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Provision of quality privilege services – Ensuring the quality of products and services from the source
	B5.1*	Number of suppliers by geographical region.	Provision of quality privilege services – Ensuring the quality of products and services from the source
	B5.2*	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Provision of quality privilege services – Ensuring the quality of products and services from the source

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Society Area			
Aspect	Indicator number	Indicator content	Section located
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Provision of quality privilege services – Striving to improve service quality, Innovative service contents and forms, Committed to providing safe and secure services In 2016, there is no non-compliance incidents relating to health and safety, advertising, labelling and privacy matters with significant impacts of Jinmao Hotel.
	B6.1*	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	In 2016, no products of Jinmao Hotel subject to recalls for safety and health reasons.
	B6.2*	Number of products and service related complaints received and how they are dealt with.	Key performance
	B6.3*	Description of practices relating to observing and protecting intellectual property rights.	Provision of quality privilege services – Committed to providing safe and secure services
	B6.4*	Description of quality assurance process and recall procedures.	Provision of quality privilege services – Striving to improve service quality, Committed to providing safe and secure services
	B6.5*	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Provision of quality privilege services – Committed to providing safe and secure services
B7: Anti- corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Creation of greater values and stable operation – Compliance and business ethics In 2016, there is no non-compliance incidents of Jinmao Hotel with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.
	B7.1*	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	In 2016, Jinmao Hotel has no legal cases regarding corrupt practices.
	B7.2*	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Creation of greater values and stable operation – Compliance and business ethics
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Contribute to a high level of harmonious community
	B8.1*	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Contribute to a high level of harmonious community – Promote the development of the industry, Carry out charity activities
	B8.2*	Resources contributed (e.g. money or time) to the focus area.	Contribute to a high level of harmonious community – Carry out charity activities Key performance

Note: “*” represents voluntary disclosure for this year.



3. Feedback form

Dear readers:

Hello! Thank you for reading the Environmental, Social and Governance Report of 2016 of Jinmao (China) Hotel Investments and Management Limited. We highly value and expect to hear from you of the feedback on environmental, social and governance works of the Company and this report. Your opinions and suggestions are important for us to continuously improve the level of environmental, social and governance responsibility information disclosure and promote the management and practice of corporate responsibility. You can fill in the form below and return it by mail, email or fax. Thank you for your support and feedback!

Name:		Contact:			
1. Opinion on this Report					
		Very good	Good	General	Poor
(1)	Do you think the report structure is reasonable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(2)	Do you think this Report shows the Company's responsibility philosophy and practice characteristics?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(3)	Do you think the report is friendly and easy to read?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(4)	Do you think the layout of the report is reasonable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(5)	What is your overall opinion of this Report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. For Jinmao Hotel, what is your identity?					
<input type="checkbox"/> Customer/Guest		<input type="checkbox"/> Visitor		<input type="checkbox"/> Office tenant	
<input type="checkbox"/> Related government personnel		<input type="checkbox"/> Supplier		<input type="checkbox"/> NGO	
<input type="checkbox"/> Employee		<input type="checkbox"/> Industry partner		<input type="checkbox"/> Media	
<input type="checkbox"/> Others_____					
3. Which topic are you most concerned about? (Multiple choice)					
<input type="checkbox"/> Responsibility management		<input type="checkbox"/> Business ethics		<input type="checkbox"/> Service quality and innovation	
<input type="checkbox"/> Supply chain management		<input type="checkbox"/> Environmental management		<input type="checkbox"/> Employee development	
<input type="checkbox"/> Community development		<input type="checkbox"/> Others_____			
4. What is the disclosure degree of your concerned issue?					
<input type="checkbox"/> Very comprehensive		<input type="checkbox"/> Relatively comprehensive		<input type="checkbox"/> Mentioned for a bit	
<input type="checkbox"/> Few mentioned		<input type="checkbox"/> Never mentioned			
5. What are your suggestions for this Environmental, Social and Governance Report?					
6. What are your suggestions for the Company to perform its environmental, social and governance responsibility?					
You can download this Report on the Company's website at: http://www.jinmao88.com					
You can contact us by: Jinmao (China) Hotel Investments and Management Limited Address: 8th Floor, Jinmao Tower No.88, Century Avenue, Pudong New Area, Shanghai, the PRC Post Code: 200121 Tel: + 86-21-50476688					

DEFINITIONS

“AGM”	the annual general meeting of the Trust and the Company to be held on a combined basis as a meeting
“Board(s)”	the Trustee-Manager Board and/or the Company Board
“BoCom”	Bank of Communications Co., Ltd. Hong Kong Branch
“BoCom Facility Agreement”	the facility agreement dated 2 September 2016 entered into between the Company and BoCom, pursuant to which BoCom agreed to grant HK\$1,000,000,000.00 equivalent HK\$/US\$ dual currency term loan facility to the Company
“CCB”	China Construction Bank (Asia) Corporation Limited
“CCB Facility Letter”	the facility letter dated 23 August 2016 obtained by the Company from CCB, pursuant to which CCB agreed to grant a HK\$1,000,000,000.00 equivalent HK\$/US\$ dual currency term loan facility to the Company
“China Jinmao”	China Jinmao Holdings Group Limited (中國金茂控股集團有限公司), (formerly known as Franshion Properties (China) Limited 方興地產(中國)有限公司) a company incorporated in Hong Kong with limited liability on 2 June 2004, whose shares are listed on the Main Board of the Stock Exchange (stock code: 00817) and a controlling Holder of Share Stapled Units and a connected person of Jinmao Hotel and the Company
“China Jinmao Group”	China Jinmao and its subsidiaries (excluding the Trust Group)
“China Jin Mao (Group)”	China Jin Mao (Group) Company Limited (中國金茂(集團)有限公司), a company incorporated in the PRC with limited liability on 10 February 1993 and a wholly-owned subsidiary of the Company
“Commercial Property Management Agreement”	the commercial property management agreement entered into between China Jin Mao (Group) and Jinmao (Shanghai) (formerly known as Franshion Properties Investment Management (Shanghai) Company Limited) dated 13 June 2014
“Company”	Jinmao (China) Hotel Investments and Management Limited (金茂(中國)投資控股有限公司) (formerly known as Jinmao (China) Investments Holdings Limited), a company incorporated under the laws of the British Virgin Islands with limited liability on 18 January 2008 and registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014 under the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands

DEFINITIONS

“Company Audit Committee”	the audit committee of the Company
“Company Board”	the board of directors of the Company
“Company’s Articles”	the amended and restated articles of association of the Company adopted on 13 June 2014, as amended from time to time
“Connected Tenants”	Sinochem International and/or its subsidiaries (excluding Shanghai Dehuan and its subsidiaries) who are tenants of Sinochem International Plaza
“DBS”	DBS Bank Ltd.
“DBS Facility Letter”	the facility letter dated 2 September 2016 obtained by the Company from DBS, pursuant to which the DBS agreed to grant US\$250,000,000.00 term loan facility to the Company
“Decoration Services Framework Agreement”	the decoration services framework agreement entered into between the Company and Shanghai Decoration on 1 June 2016, pursuant to which Shanghai Decoration will provide the Decoration Services to the Group
“Dehuan Supplemental Property Management Services Agreement”	the supplemental property management services agreement entered into between Shanghai Property Management and Shanghai Dehuan on 22 August 2016
“Director(s)”	a director of the Trustee-Manager and/or a director of the Company
“Distribution Guarantee”	the guarantee provided by China Jinmao to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) in respect of the aggregate distributions to be made by the Trustee-Manager (on behalf of Jinmao Hotel) to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014
“Distribution Guarantee and Shortfall Payments Deed”	the deed dated 13 June 2014 entered into between China Jinmao and the Trustee-Manager in relation to the Distribution Guarantee and the shortfall payments, as further described in “Distributions – Shortfall Payments” in the Prospectus

DEFINITIONS

“EBITDA”	profit before tax, after deducting fair value gains on investment properties, bank interest income and other investment income, adding back depreciation, amortisation of intangible assets, recognition of prepaid lease payments less amount capitalised, finance costs, write-down of inventories to net realisable value and impairment of items of property, plant and equipment, and adjustment for impairment/(reversal of impairment) of trade receivables and gain or loss on disposal of items of property, plant and equipment. As a non-HKFRS accounting measure, EBITDA is included because the Group’s management believes such information will be helpful for investors in assessing our operating performance
“Excluded Hotels”	includes The Westin Nanjing, Nanjing International Center Phase II Hotel and Meixi Lake International Plaza Hotel, in which the China Jinmao Group continues to hold interests following completion of the Listing but subject to the Hotel Arrangements
“FY”	financial year ended or ending 31 December
“GFA”	gross floor area
“Group”, “we” or “our”	the Company and its subsidiaries
“Group Distributable Income”	the audited consolidated profit attributable to the Holders of Share Stapled Units in respect of the relevant financial year or the relevant distribution period after giving effect to certain adjustments as described in the Prospectus and the Trust Deed
“Holder(s) of Share Stapled Units”	person(s) registered in the Share Stapled Units register as holder(s) of Share Stapled Units and, where the registered holder of Share Stapled Units is HKSCC Nominees Limited, shall also include, where the context so admits, the CCASS participants whose securities accounts with the Central Clearing and Settlement System are deposited with the Share Stapled Units
“Hotel Arrangements”	the arrangements relating to the existing and future interests of the China Jinmao Group in hotel assets as set out in “Report of The Directors” in this report
“Hotel Arrangements Deed”	the deed dated 13 June 2014 entered into between the Company and China Jinmao relating to the Hotel Arrangements
“Hotel Property Management Agreement”	the hotel property management agreement entered into between the Company and China Jinmao dated 13 June 2014

“Jinmao Hotel” or “Trust”	Jinmao Hotel (金茂酒店) (formerly known as Jinmao Investments (金茂投資)), a trust constituted by the Trust Deed under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for or in connection with investing in the Company
“Jinmao (Li Jiang)”	Jinmao (Li Jiang) Real Estate Company Limited (金茂(麗江)置業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of China Jinmao
“Jinmao (Shanghai)”	Jinmao Investment Management (Shanghai) Co., Ltd. (金茂投資管理(上海)有限公司), a company incorporated in the PRC with limited liability on 15 November 2007 and a wholly-owned subsidiary of China Jinmao
“Listing”	the listing of the Share Stapled Units on the Main Board of the Stock Exchange
“Listing Date”	the date on which the Share Stapled Units were first listed and from which dealings in the Share Stapled Units were permitted to take place on the Main Board of the Stock Exchange, being 2 July 2014
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Loan Facility”	the term loan facility agreement dated 13 June 2014 entered into between the Company and a group of financial institutions
“Lujiazui Central Financial District”	an urban centre of the Pudong New District of Shanghai, the PRC, which covers an area of approximately 1.7 sq.km.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Properties”	the property portfolio of the Group, comprising Jin Mao Tower and eight hotels of the Group as at the date of this report
“Prospectus”	the prospectus jointly issued by Jinmao Hotel and the Company dated 19 June 2014
“Renewed China Jinmao Framework Lease Agreement”	the framework lease agreement dated 7 December 2016 entered into between China Jin Mao (Group) and China Jinmao

DEFINITIONS

“Renewed Commercial Property Management Agreements”	the commercial property management agreement entered into between China Jin Mao (Group) and Jinmao (Shanghai) on 7 December 2016 and the commercial property management agreement entered into between Jinmao (Li Jiang) Hotel Investment Limited Company (金茂(麗江)酒店投資有限公司) and Jinmao (Shanghai) on 7 December 2016
“Renewed Framework Lease Agreements”	the Renewed China Jinmao Framework Lease Agreement and the Renewed Sinochem Framework Lease Agreement
“Renewed Hotel Property Management Agreement”	the hotel property management agreement entered into between the Company and China Jinmao (formerly known as Frashion Properties (China) Limited) on 7 December 2016
“Renewed Sinochem Framework Lease Agreement”	the framework lease agreement dated 7 December 2016 entered into between China Jin Mao (Group) and Sinochem Group
“Residential Property Management Services Agreement”	the property management agreement entered into between Shanghai Property Management and Jinmao (Li Jiang) on 29 April 2016, pursuant to which Shanghai Property Management agreed to provide certain property management services in relation to the residential community of Lijiang Jinmao Whisper of Jade Dragon
“Review Period”	from 1 January 2016 to 31 December 2016
“RevPAR”	revenue per available room, calculated as the total room revenue divided by the total number of room nights available for sale during the relevant period, which may not directly reflect the total number of rooms in inventory due to renovations or other considerations
“RMB”	Renminbi, the lawful currency of the PRC
“Sales and Display Units Management Services Agreement”	the property management agreement entered into between Shanghai Property Management and Jinmao (Li Jiang) on 29 April 2016, pursuant to which Shanghai Property Management agreed to provide certain property management services in relation to the sales and display units of Lijiang Jinmao Whisper of Jade Dragon
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Decoration”	Shanghai Jin Mao Construction & Decoration Company Limited (上海金茂建築裝飾有限公司), a company incorporated in the PRC with limited liability on 18 October 1994 and a wholly-owned subsidiary of China Jinmao

“Shanghai Dehuan”	Shanghai Dehuan Property Co., Ltd. (上海德寰置業有限公司), a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of Sinochem Group
“Shanghai Dehuan Property Management Services Agreement”	the property management services agreement entered into between Shanghai Property Management and Shanghai Dehuan on 29 April 2016
“Shanghai Property Management”	Jin Mao (Shanghai) Property Management Co., Ltd. (金茂(上海)物業服務有限公司), a company incorporated in the PRC with limited liability on 18 September 1995 and an indirect wholly-owned subsidiary of the Company
“Share Stapled Units”	<p>the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:</p> <ul style="list-style-type: none"> (a) a Unit; (b) the beneficial interest in a specifically identified ordinary share of the Company linked to the Unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of Jinmao Hotel); and (c) a specifically identified preference share of the Company stapled to the Unit
“Shareholders”	the persons registered at the relevant time in the principal register of members of the Company maintained in Cayman Islands or the branch register of members of the Company established and maintained in Hong Kong as the holders of an ordinary share of the Company and/or a preference share of the Company
“Shortfall Payment Hotels”	Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang
“Shortfall Payments”	the payment to be made by China Jinmao to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) pursuant to the Distribution Guarantee and Shortfall Payments Deed if the actual EBITDA of the Shortfall Payment Hotels for the relevant financial year during the Shortfall Payment Period is less than the specified EBITDA (being HK\$220 million), as further described in “Distributions – Shortfall Payments” in the Prospectus

DEFINITIONS

“Sinochem Conglomerate”	Sinochem Group and its subsidiaries (excluding the Trust Group and the China Jinmao Group)
“Sinochem Group”	Sinochem Group (中國中化集團公司), a state-owned enterprise established in the PRC on 11 August 1981 and the ultimate controlling holder of the Share Stapled Units
“Sinochem International”	Sinochem International Corporation (中化國際(控股)股份有限公司), a state-owned corporation incorporated in the PRC and listed on the Shanghai Stock Exchange (stock code: 600500) and a subsidiary of Sinochem Group
“Sinochem Property Management Framework Agreement”	the property management framework agreement entered into between Shanghai Property Management and Sinochem International on 22 August 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Deed”	the trust deed dated 13 June 2014 constituting Jinmao Hotel and entered into between the Trustee-Manager and the Company
“Trust Distributable Income”	the Trustee-Manager’s distributing 100% of the dividends (on behalf of Jinmao Hotel), distributions and other amounts received by it from the Company in respect of the ordinary shares of the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed (such as operating expenses of Jinmao Hotel), as required under the Trust Deed
“Trust Group”	Jinmao Hotel and the Group
“Trust Property”	all property and rights of any kind whatsoever which are held on trust for Holders of Share Stapled Units, in accordance with the terms of the Trust Deed
“Trustee-Manager”	Jinmao (China) Investments Manager Limited (金茂(中國)投資管理人有限公司), a company incorporated in Hong Kong with limited liability on 20 March 2014, in its capacity as trustee-manager of Jinmao Hotel
“Trustee-Manager Audit Committee”	the audit committee of the Trustee-Manager
“Trustee-Manager Board”	the board of directors of the Trustee-Manager
“Trustee-Manager’s Articles”	the articles of association of the Trustee-Manager, as amended from time to time
“Unit”	a unit in Jinmao Hotel

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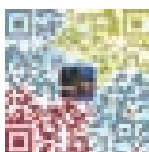


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JINMAO HOTEL & JINMAO (CHINA) HOTEL
INVESTMENTS AND MANAGEMENT LIMITED

