



Shanghai Jin Jiang International Hotels (Group) Company Limited

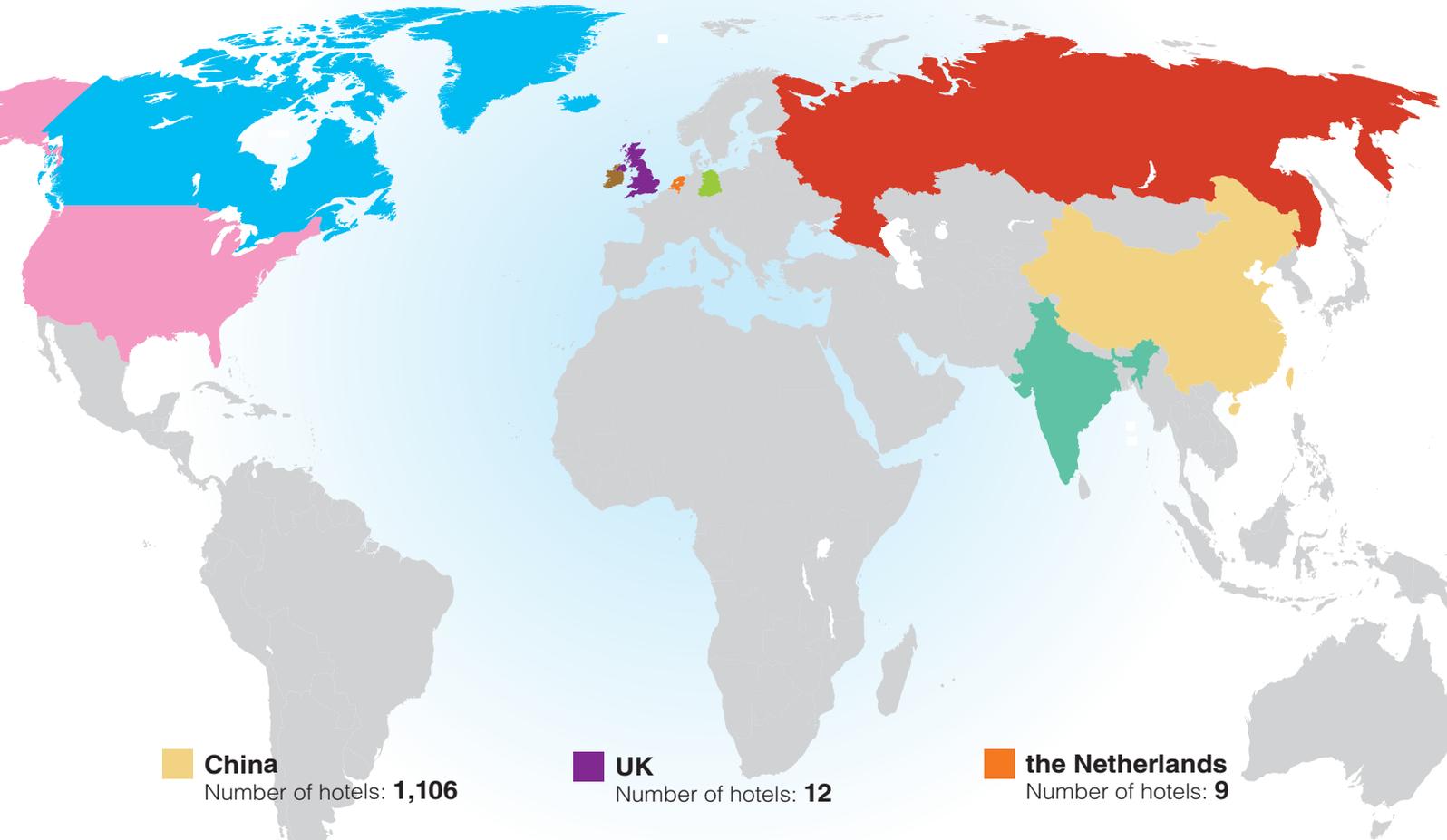
(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 02006



Interim Report 2013

Global Hotel Deployment



China
Number of hotels: **1,106**

UK
Number of hotels: **12**

the Netherlands
Number of hotels: **9**

US
Number of hotels: **309**

India
Number of hotels: **10**

Belgium
Number of hotels: **3**

Russia
Number of hotels: **7**

Canada
Number of hotels: **2**

Ireland
Number of hotels: **1**

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

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ji Gang
 Mr. Sun Dajian
 Dr. Rui Mingjie
 Mr. Yang Menghua
 Dr. Tu Qiyu
 Mr. Shen Chengxiang

SUPERVISORS

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

AUTHORISED REPRESENTATIVES

Mr. Yang Weimin
 Mr. Kang Ming

JOINT COMPANY SECRETARIES

Mr. Kang Ming
 Ms. Ma Sau Kuen Gloria

QUALIFIED ACCOUNTANT

Dr. Ai Gengyun

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

STRATEGIC INVESTMENT COMMITTEE

Mr. Yang Weimin (*Chairman*)
 Mr. Han Min
 Dr. Rui Mingjie

INTERNATIONAL AUDITOR

PricewaterhouseCoopers

PRC AUDITOR

PricewaterhouseCoopers Zhong Tian
 (Special General Partnership)

LEGAL ADVISERS

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

As to PRC law:
 King and Wood

CHINESE NAME OF THE COMPANY

上海錦江國際酒店（集團）股份有限公司

ENGLISH NAME OF THE COMPANY

Shanghai Jin Jiang International
 Hotels (Group) Company Limited

H SHARE REGISTRAR AND TRANSFER OFFICE

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

INVESTOR AND MEDIA RELATIONS CONSULTANT

iPR Ogilvy Limited

PRINCIPAL BANKERS

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

LEGAL ADDRESS

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

PRINCIPAL PLACES OF BUSINESS IN THE PRC

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

PRINCIPAL PLACES OF BUSINESS IN HONG KONG

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

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

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

INFORMATION ON HOTELS OF THE GROUP

STATISTICS OF ALL HOTELS IN CHINA

All hotels (As at 30 June 2013)	Hotels in which the Group held Hotel Interests and managed by the Group		Hotels in which the Group held Hotel Interests but managed by third parties		Hotels owned by third parties but managed by the Group		Hotels owned by third parties but operated under franchises granted by the Group		Total number of hotels	
	Total		Total		Total		Total		Total	
	Number of hotels	Number of Rooms	Number of hotels	Number of Rooms	Number of hotels	Number of Rooms	Number of hotels	Number of Rooms	Number of hotels	Number of Rooms
Hotel Category										
Full Service Hotels										
– 5-star Luxury hotels	6	3,063	2	940	67	20,938	–	–	75	24,941
– 4-star Luxury hotels	11	4,145	2	932	35	7,798	–	–	48	12,875
Sub-total	17	7,208	4	1,872	102	28,736	–	–	123	37,816
Commercial Hotels	4	723	–	–	1	223	–	–	5	946
Total number of Full Service Hotels	21	7,931	4	1,872	103	28,959	–	–	128	38,762
Select Service Hotels	264	36,815	–	–	–	–	714	79,337	978	116,152
Total	285	44,746	4	1,872	103	28,959	714	79,337	1,106	154,914

INFORMATION ON HOTELS OF THE GROUP

STATISTICS OF HOTELS IN OPERATION IN CHINA

In operation (As at 30 June 2013)	Hotels in which the Group held Hotel Interests and managed by the Group		Hotels in which the Group held Hotel Interests but managed by third parties		Hotels owned by third parties but managed by the Group		Hotels owned by third parties but operated under franchises granted by the Group		Total number of hotels in operation	
	Total		Total		Total		Total		Total	
	Number of hotels	Number of Rooms	Number of hotels	Number of Rooms	Number of hotels	Number of Rooms	Number of hotels	Number of Rooms	Number of hotels	Number of Rooms
Hotel Category										
Full Service Hotels										
– 5-star Luxury hotels	6	3,063	2	940	35	11,925	–	–	43	15,928
– 4-star Luxury hotels	11	4,145	2	932	31	6,796	–	–	44	11,873
Sub-total	17	7,208	4	1,872	66	18,721	–	–	87	27,801
Commercial Hotels	4	723	–	–	1	223	–	–	5	946
Total number of Full Service Hotels	21	7,931	4	1,872	67	18,944	–	–	92	28,747
Select Service Hotels	229	32,243	–	–	–	–	543	61,825	772	94,068
Total	250	40,174	4	1,872	67	18,944	543	61,825	864	122,815

INFORMATION ON HOTELS OF THE GROUP

STATISTICS OF HOTELS UNDER DEVELOPMENT IN CHINA

Under development (As at 30 June 2013)	Hotels in which the Group held Hotel Interests and managed by the Group		Hotels in which the Group held Hotel Interests but managed by third parties		Hotels owned by third parties but managed by the Group		Hotels owned by third parties but operated under franchises granted by the Group		Total number of hotels under development	
	Total		Total		Total		Total		Total	
	Number of hotels	Number of Rooms	Number of hotels	Number of Rooms	Number of hotels	Number of Rooms	Number of hotels	Number of Rooms	Number of hotels	Number of Rooms
Hotel Category										
Full Service Hotels										
– 5-star Luxury hotels	–	–	–	–	32	9,013	–	–	32	9,013
– 4-star Luxury hotels	–	–	–	–	4	1,002	–	–	4	1,002
Sub-total	–	–	–	–	36	10,015	–	–	36	10,015
Commercial Hotels	–	–	–	–	–	–	–	–	–	–
Total number of Full Service Hotels	–	–	–	–	36	10,015	–	–	36	10,015
Select Service Hotels	35	4,572	–	–	–	–	171	17,512	206	22,084
Total	35	4,572	–	–	36	10,015	171	17,512	242	32,099

INFORMATION ON HOTELS OF THE GROUP

STATISTICS OF REGIONAL DISTRIBUTION IN CHINA

Province/ autonomous region/ municipality (As at 30 June 2013)		In operation				Under development			
		Full Service		Select Service		Full Service		Select Service	
		Hotels		Hotels		Hotels		Hotels	
		Number of hotels	Total Number of Rooms						
Eastern region	Shanghai	27	10,087	100	13,063	3	707	17	1,643
	Zhejiang	2	621	55	6,310	6	1,959	16	1,577
	Jiangsu	9	2,587	139	15,742	6	1,642	23	2,352
	Anhui	2	410	20	2,281	1	200	6	653
	Shandong	5	1,540	77	8,268	1	248	14	1,549
Northern region	Beijing	15	4,298	47	6,075	2	598	6	555
	Tianjin	—	—	15	1,963	1	200	6	656
	Hebei	3	534	22	2,748	2	453	16	1,676
	Liaoning	3	797	34	4,308	1	300	15	1,633
	Jilin	—	—	12	1,576	—	—	5	454
	Heilongjiang	2	696	9	1,018	1	300	1	119
Central region	Henan	3	969	29	3,816	1	280	11	1,248
	Hubei	2	777	25	3,427	1	300	3	291
	Hunan	1	310	8	1,152	1	280	2	231
	Jiangxi	3	749	14	1,768	—	—	4	396
	Guangxi	—	—	4	538	—	—	2	241
Southern region	Fujian	1	306	23	2,829	1	300	11	1,340
	Guangdong	1	337	29	3,696	—	—	7	791
	Hainan	1	151	3	522	—	—	3	364
Northwestern region	Shanxi	1	115	30	3,748	—	—	5	505
	Shannxi	3	915	24	3,158	—	—	6	840
	Gansu	1	236	5	505	—	—	—	—
	Qinghai	—	—	5	435	—	—	—	—
	Xinjiang	—	—	3	311	2	629	1	66
	Inner Mongolia	2	1,098	11	1,516	2	720	9	1,036
	Ningxia	—	—	4	423	—	—	1	100
Southwestern region	Chongqing	1	313	2	257	—	—	—	—
	Sichuan	2	312	12	1,499	1	120	9	981
	Guizhou	1	269	6	595	1	320	2	237
	Yunnan	1	320	4	452	2	459	5	550
	Tibet	—	—	1	69	—	—	—	—
Total		92	28,747	772	94,068	36	10,015	206	22,084

INFORMATION ON HOTELS OF THE GROUP

STATISTICS OF HOTELS OWNED AND MANAGED BY IHR GROUP AS AT 30 JUNE 2013

	Number of hotels	Total Number of Rooms
USA and Canada	311	59,227
Russia	7	2,031
Europe	25	3,617
India	10	976
China	4	2,144
Total	357	67,995

OPERATIONAL STATISTICS

	January to June 2013	January to June 2012
Average Occupancy Rate		
Full Service Hotels		
– 5-star Luxury Hotels	59%	57%
– 4-star Luxury Hotels	60%	61%
– Commercial Hotels	57%	60%
Select Service Hotels	82%	85%
Average room rate (RMB)		
Full Service Hotels		
– 5-star Luxury Hotels	817	868
– 4-star Luxury Hotels	494	532
– Commercial Hotels	452	463
Select Service Hotels	181	184
RevPAR (RMB)		
Full Service Hotels		
– 5-star Luxury Hotels	486	497
– 4-star Luxury Hotels	295	326
– Commercial Hotels	258	279
Select Service Hotels	149	157

Notes:

1. 5-star Luxury Hotels include: Jin Jiang Hotel, Peace Hotel, Wuhan Jin Jiang International Hotel, Beijing Kunlun Hotel, Huating Hotel & Towers, Jin Jiang Tower, Jin Jiang Tomson Hotel and Yangtze Hotel.
2. 4-star Luxury Hotels include: Park Hotel, Jian Guo Hotel, Cypress Hotel, Holiday Inn Downtown Shanghai, Galaxy Hotel, Rainbow Hotel, Shanghai Hotel, Shanghai Jing An Hotel, Sofitel Hotel, Jiangsu Nanjing Hotel, Wuxi Jin Jiang Grand Hotel, West Capital International Hotel and Kunming Jin Jiang Hotel.
3. Commercial Hotels include: Pacific Hotel, New Garden Hotel and Marvel Y.M.C.A.
4. Select Service Hotels include all hotels under the brand of “Jin Jiang Inn”, “Bestay Hotels Express”, “Jinguang Inn” and “Yulan” as well as the hotel chains under brand consolidation.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“ADR”	room revenue divided by rooms in use
“Available Rooms”	number of rooms available of each hotel after deducting Permanent House Use
“Board”	the board of Directors of the Company
“Brand Consolidated Hotels”	hotels obtained by ways such as acquisition, leasing or entrusted operation, and which are yet to complete and implement brand conversion
“Commercial Hotels”	hotels in which the Group holds Hotel Interests or which are owned by third parties but managed by the Group, all of which have obtained or are expected to obtain 3-star or 2-star ratings, according to the criteria set by the Group
“Company”	Shanghai Jin Jiang International Hotels (Group) Company Limited
“Director(s)”	the director(s) of the Company
“Franchisee(s)”	third party(ies) which have entered into franchise agreement(s) with the Group for the license to use the Jin Jiang trademark or Jin Jiang Inn trademark
“Full Service Hotels”	hotels which are based on comprehensive hotel functions and facilities, and provide all-rounded quality services for guests
“Group”	the Company and its subsidiaries or, where the context so requires, in respect of the period prior to the date of incorporation of the Company, those entities or businesses which were consolidated into and operated by the Company upon its establishment
“Hotel Interests”	the equity interests held by the Group in companies engaged in hotel operations which are associated companies, jointly controlled entities or subsidiaries of the Company
“IHR”	Interstate Hotels & Resorts, Inc.
“IHR China”	Interstate (China) Hotels & Resorts Co., Ltd.
“IHR Group”	Interstate Hotels & Resorts, Inc. and its subsidiaries
“JHJ International Transaction”	JHJ International Transaction Co. Ltd.
“Jin Jiang Automobile Company”	Shanghai Jin Jiang Automobile Service Co., Ltd.
“Jin Jiang Hotels Development”	Shanghai Jin Jiang International Hotels Development Company Limited
“Jin Jiang Inn”	Jin Jiang Inn Company Limited

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Jin Jiang Inn Budget Hotels”	budget hotels in which the Group holds Substantial Hotel Interests and managed by Jin Jiang Inn, or which are owned by third parties to which Jin Jiang Inn has granted a franchise, most of which are operating under the trademarks of  锦江之星 and 
“Jin Jiang International”	Jin Jiang International Holdings Company Limited
“Jin Jiang International Finance”	Jin Jiang International Finance Company Limited
“Jin Jiang Investment”	Shanghai Jin Jiang International Industrial Investment Company Limited
“Jin Jiang Travel”	Shanghai Jin Jiang International Travel Co., Ltd.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Luxury Hotels”	hotels in which the Group holds Hotel Interests or which are owned by third parties but managed by the Group and which have obtained or are expected to obtain 5-star or 4-star ratings according to the criteria set by the Group
“MICE”	an acronym that refers to a combination of 4 elements, namely meeting, incentive, convention and exhibition
“Occupancy Rate”	rooms in use divided by Available Rooms for a given period
“Permanent House Use”	guest rooms which have been removed from the rentable inventory for a period longer than six months
“PRC”, “China” or “Mainland China”	the People’s Republic of China
“Reporting Period”	the period from 1 January 2013 to 30 June 2013
“RevPAR”	room revenue per Available Room
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“Select Service Hotels”	hotels providing guests with basic professional services which are suitable for the mass consumption with emphasis on core function of accommodation
“Star-rating” or “Star-rated”	number of star(s) conferred by the National Tourism Administration of the PRC to a hotel according to the Star-rating Standard Manual and a Star-rated hotel refers to a hotel with Star-rating conferred as mentioned above
“Star-Rating Standard Manual”	the star-rating standard for tourist hotels published by the National Tourism Administration of the PRC

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Hotel Interests”	the equity interests of the joint ventures or subsidiaries of the Company engaged in hotel operations held by the Group
“Supervisor(s)”	the supervisor(s) of the Company
“Total Number of Rooms”	number of available rooms per hotel
“USD” or “US dollars”	United States dollars, the lawful currency of the United States of America

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the Group realized sales revenue of approximately RMB4,270,339,000, representing an increase of approximately 2.8% as compared to the same period of last year. Operating profit of the Group amounted to approximately RMB431,421,000, representing a decrease of approximately 2.8% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB130,806,000, representing a decrease of approximately 22.1% as compared to the same period of last year.

As at 30 June 2013, the Group owned or managed 1,459 hotels throughout the world, with total number of rooms over 220,000. Based on the scale of the rooms, the Group was ranked the ninth on the list of global hotel groups in the official publication, "HOTELS Magazine", by The International Hotel and Restaurant Association released in July 2013. Amongst which 1,106 hotels are owned or managed by the Group in the PRC and are in operation or under construction, with rooms over 155,000, located variously in over 230 cities in 31 provinces, autonomous regions and municipalities. IHR Group, in which the Group held 50% interests, managed 357 hotel properties and 68,000 guest rooms located variously in 9 countries around the world.

During the Reporting Period, the Group continued to rely on Jin Jiang e-commerce platform and its membership system, which further strengthens the resources integration and system integration in hotels, car rentals and tourism, with total membership of over 10 million.

Full Service Hotels

Full Service Hotels represent one of the major sources of revenue for the Group. During the Reporting Period, operation of Full Service Hotels contributed approximately RMB1,082,860,000 to the Group's revenue, representing a decrease of approximately 8.2% as compared to the same period of last year and accounting for approximately 25.4% of the Group's turnover.

As at 30 June 2013, the Group owned and managed 128 Full Service Hotels in the PRC, offering close to 39,000 guest rooms.

During the Reporting Period, the Group enhanced its marketing efforts with a full-scale upgrading of the room reservation functions of its official website, while making dedicated efforts in procurement cooperation agreements and global customer development. During the Reporting Period, room nights reserved through the official website increased by 150% over the same period of last year. As at the end of the Reporting Period, 370 global cooperation agreements had been signed, representing a growth exceeding 250% as at the end of 2012.

During the Reporting Period, Jin Jiang International Hotel Management Company Limited won the "Best Hotel Group of the Year Award" in the nomination of leaders in the business travel industry for 2013 hosted by China Business News, "TTG China Travel Awards — Best Local Chain Hotel Group in Greater China Market" voted by readers of TTG China, as well as one of the "Top 10 International Hotel Management Company" at the 13th China Hotel Global Forum and Golden Horse Award Ceremony.

MANAGEMENT DISCUSSION AND ANALYSIS

The asset management centre of the Group launched various operations in close adherence to the objectives of business format conversion, brand streamlining and asset management, striving to enhance the profitability of hotel assets and the Group's corporate value. During the Reporting Period, adjustments to the operating structure of Full Service Hotels under the Group showed initial results. At the same time, the Group upgraded the centralised procurement platform to foster an advantage in resource centralisation. Efforts have also been made to further improve the concentration of the unified payment, reduce working capital appropriation and improve the capital utilisation ratio, in a bid to enhance the Group's core competitiveness on all fronts.

Select Service Hotels

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

During the Reporting Period, operation of Select Service Hotels reported a stable growth in turnover, contributing approximately RMB1,081,835,000 to the Group's revenue, representing an increase of approximately 7.0% as compared to the same period of last year and accounting for approximately 25.3% of the Group's turnover. Out of the revenue from hotel management and franchise fees, the revenue from initial and ongoing franchise fees amounted to approximately RMB104,668,000, representing a growth of approximately 26.8% as compared to the same period of last year; and the revenue from room reservation distribution fees amounted to approximately RMB17,408,000, representing a growth of approximately 70.2% as compared to the same period of last year.

During the Reporting Period, there were 78 newly contracted Select Service Hotels, of which 35 were self-managed hotels and 43 were franchised hotels. As at 30 June 2013, there were a total of 978 contracted chain Select Service Hotels (comprising 817 Jin Jiang Inn Budget Hotels, 79 Bestay Hotels Express hotels, 10 Yulan hotels, 45 Jinguang Inn hotels and 27 Brand Consolidated Hotels), offering 116,152 guest rooms in aggregate. There were 714 contracted franchised hotels, accounting for 73% of all contracted Select Service Hotels. During the Reporting Period, 82 Select Service Hotels such as Jin Jiang Inn Budget Hotels were opened, comprising 37 self-managed hotels and 45 franchised hotels. As at 30 June 2013, a total of 772 Select Service Hotels were in operation (comprising 653 Jin Jiang Inn Budget Hotels, 67 Bestay Hotels Express hotels, 7 Yulan hotels, 25 Jinguang Inn hotels and 20 Brand Consolidated Hotels), offering 94,068 guest rooms in aggregate.

As at 30 June 2013, out of 772 Select Service Hotels that had commenced operation, 229 were self-managed hotels, accounting for approximately 30%, while 543 were franchised hotels, accounting for approximately 70%.

During the Reporting Period, the Company signed an entrusted operation contract and a lease contract respectively with Jin Jiang Hotels Development on 29 March 2013 to entrust the operating management of New Asia Hotel and Metropole Hotel to Jin Jiang Hotels Development, and to lease the properties of Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel to Jin Jiang Hotels Development respectively. The 5 aforesaid hotels will be converted into Select Service Hotels.

During the Reporting Period, Jin Jiang Hotels Development acquired 100% interests in Smart Hotels Management Co., Ltd.. As at the end of the Reporting Period, Smart Hotels Management Co., Ltd. held 16 hotels in operation with a total of 2,382 guest rooms and 5 hotels under development with a total of 728 guest rooms. Jin Jiang Hotels Development is currently engaged in systems consolidation work with Smart Hotels Management Co., Ltd. and its 21 hotels. Jin Jiang Hotels Development plans to develop select service commercial hotels for business under the brand of "Jin Jiang Metropole".

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, Jin Jiang Inn Company Limited was honoured with the titles of “Top 100 Hotels in China 2012–2013”, “13th Golden Horse Award for Hotels in China” and “Most Satisfactory Brand in Budget Hotel Chain for Chinese Consumers 2012–2013” nominated by the Organizing Committee of the China Hotel Industry Annual Conference and “China Hotels with Outstanding Quality 2013” by The China Hotel Association.

Food and Restaurants

During the Reporting Period, the Group reported stable development of its food and restaurant operations through various brands of food and restaurant chains held through Jin Jiang Hotels Development, generating revenue of approximately RMB160,733,000 which represented a growth of approximately 17.5% as compared to the same period of last year and accounting for approximately 3.8% of the Group’s turnover. During the Reporting Period, Jin Jiang Hotels Development made a major effort to develop the corporate catering business, managing 24 corporate catering restaurants as at the end of the Reporting Period, as compared to 11 at the end of last year. Jing An Bakery was vigorously expanding its franchise operations, with the number of its franchise outlets increased from 2 to 16 during the Reporting Period, and the total number of its outlets increased to 54. As at 30 June 2013, Shanghai KFC, “New Asia Snacks” and “Shanghai Yoshinoya” had a total of 308, 64 and 21 outlets, respectively. “Chinoise Story” currently operates 2 restaurants in Jin Jiang Hotel and Wuhan Jin Jiang International Hotel respectively.

Vehicle Operation and Logistics

During the Reporting Period, vehicle operation and logistics business reported an operating revenue of approximately RMB1,013,095,000, representing growth of approximately 3.6% as compared to the same period of last year and accounting for approximately 23.7% of the Group’s turnover.

During the Reporting Period, the role of “Jin Jiang Automobile Service Centre” of Jin Jiang Automobile Company as a cross-industry hub showed initial effects. Phase-two construction of Jin Jiang Automobile Service Centre was accelerated, as the construction of underground structures had been completed and above-ground construction had started as at the end of the Reporting Period. During the Reporting Period, the vehicle operation business succeeded in lowering administrative costs and improving economic efficiency through innovative management models and enhanced efforts in resource consolidation and optimised allocation. The two van teams were combined into one with a single-shift of 1,261 vehicles after the addition of 224 vehicles. A total of 238 charter vehicles were in operation after new additions, as we continued to optimise our commercial leasing structure to leverage our advantages in brand recognition and services. During the Reporting Period, Jin Jiang Automobile Company received 20 large international cruise ships such as the Diamond Princess and served 32 trips for the Shanghai East China Import and Export Fair and the Shanghai International Film Festival, which further enhanced the utilisation ratio and profitability of the vehicle. Through the connection with the e-commerce platform, stronger results were achieved in e-commerce marketing, as 4,070 orders for vehicle services were received via the e-commerce platform system during the Reporting Period. More than 7,400 orders had been received through mobile phone calls during the first half of the year since the launch of the “mobile phone automobile calling” system in early 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Shanghai Jin Jiang International Cold Logistics Development Co., Ltd. expanded its refrigerated storage capacity through external as well as internal measures coupled with output management. Through internal management, the level of standardised operation has been raised. At the same time, the refrigeration business sustained sound development on the back of vigorous implementation of the major customer marketing strategy and consistent improvements to the model of operation that allowed better control over operating risks.

Against austere and intricate economic conditions domestically and abroad, JHJ International Transaction increased its efforts in the development of integrated logistics and enhanced its competitiveness and profitability by designing and implementing integrated logistics solutions for customers, while continuing to strengthen and expand its existing businesses in free trade warehousing, inland shipping and conference and exhibition logistics.

During the Reporting Period, the operating results of the Shuijinyang project, a joint venture between Jin Jiang Investment and Shanghai Fisheries General Corporation (Group) showed steady progress as the business made its first step towards the creation of “Chinese cuisines with fishes from all over the world”.

During the Reporting Period, Jin Jiang Investment successfully conducted the transfer of the 50% interests in Wanguo Automobile, which was listed on Shanghai United Assets and Equity Exchange in late May with a listing price of approximately RMB132 million. The transfer was subsequently completed in July 2013.

Travel Agency

During the Reporting Period, operating revenue of the travel agency business amounted to approximately RMB881,701,000, representing a growth of approximately 6.7% as compared to the same period of last year and accounting for approximately 20.6% of the Group’s turnover.

During the Reporting Period, Jin Jiang Travel handled outbound travel for 90,000 travelers, representing an increase of 18.73% as compared to the same period of last year, domestic travel of 63,900 people, representing a decrease of 7.26% as compared to the same period of last year, inbound tours for 38,600 people, representing a decrease of 20.08% as compared to the same period of last year, and inbound reception for 53,200 people, representing a decrease of 30.55% as compared to the same period of last year.

During the Reporting Period, Jin Jiang Travel continued to reinforce the structural adjustment of its principal tourism business with an emphasis on products sales and research and development, and made considerable improvements to its core competitiveness. Its outbound travel business maintained double digit growth, underpinned by outstanding performance of the liner travel business. For domestic travel, we increased our efforts in the development of our own brand of holiday and leisure products. In connection with the MICE segment, we formulated plans to serve and retain major customers based on our business characteristics, optimising the resource development, servicing and maintenance process for major customers and at the same time enhancing cost control and efficiency management.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

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

	Six months ended 30 June 2013		Six months ended 30 June 2012	
	RMB in million	Percentage of turnover	RMB in million (restated)	Percentage of turnover (restated)
Full Service Hotels	1,082.9	25.4%	1,179.9	28.4%
Select Service Hotels	1,081.8	25.3%	1,011.1	24.3%
Food and restaurants	160.7	3.8%	136.8	3.3%
Vehicle and logistics	1,013.1	23.7%	977.9	23.6%
Travel agency	881.7	20.6%	826.5	19.9%
Other operations	50.1	1.2%	20.6	0.5%
Total	4,270.3	100.0%	4,152.8	100.0%

Full Service Hotels

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

	Six months ended 30 June 2013		Six months ended 30 June 2012	
	RMB in million	Percentage of turnover	RMB in million (restated)	Percentage of turnover (restated)
— Accommodation revenue	484.6	44.8%	539.9	45.8%
— Food and beverage sales	396.8	36.6%	422.8	35.8%
— Rental revenue	90.1	8.3%	84.5	7.2%
— Rendering of ancillary services	56.5	5.2%	59.4	5.0%
— Hotel management revenue	46.4	4.3%	43.9	3.7%
— Sales of hotel supplies	8.5	0.8%	29.4	2.5%
Total	1,082.9	100.0%	1,179.9	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Accommodation revenue

Accommodation revenue was mainly determined by the number of Available Rooms, Occupancy Rate and ADR of the Group's hotels. The accommodation revenue of Full Service Hotels for the Reporting Period amounted to approximately RMB484,591,000, representing a decrease of approximately 10.3% or RMB55,352,000 as compared to the same period in 2012. The aforesaid changes were mainly attributable to further rate adjustments conducted by the Full Service Hotels to stabilise occupancy rates in view of changes in the business environment such as the macro-economic downturn, changes in the social environment and the increasing surplus in the domestic sector of Full Service Hotels, which had resulted in the decline in RevPAR to various extents for members in this sector. Moreover, the conversion of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel into Select Service Hotels during the Reporting Period resulted in the decrease in ADR by approximately RMB21,864,000 as compared to the same period of last year.

Food and beverage sales

Food and beverage sales in the Group's hotels comprised catering for weddings and conferences, room services for guests and other sales in bars and restaurants in the hotels. Revenue from food and beverage sales in Full Service Hotels for the Reporting Period amounted to approximately RMB396,734,000, representing a decrease of approximately 6.2% or approximately RMB26,102,000 from the same period of last year. During the Reporting Period, food and beverage sales were adversely affected by the social environment with dwindling budgets for banquets and conferences. The Full Service Hotels of the Group took active measures to address such adverse factors and succeeded in partially mitigating the negative impact of the macro-environment by adjusting the product mix with the introduction of new products and cuisines that catered to a broader group of consumers, while expanding and fortifying their competitive products. The conversion of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel into Select Service Hotels during the Reporting Period resulted in the decrease in food and beverage sales by approximately RMB19,876,000 as compared to the same period of last year.

Rental revenue

Rental revenue was mainly generated from the leasing of shops at the Group's Full Service Hotels for retail, exhibition and other purposes, as well as the lease of certain catering space on an outsourcing basis. During the Reporting Period, rental revenue amounted to approximately RMB90,084,000, representing an increase of approximately 6.6% or approximately RMB5,548,000 as compared to the same period of last year. The Group's "Flex Property Lease Management System" went online during the Reporting Period, allowing the Group to strengthen its centralised management over lease projects and carry out centralised streamlining in respect of tenants and rental rates, with a view to optimising lease operation and procuring stable growth in lease income.

Rendering of ancillary services

Revenue from rendering of ancillary services was mainly generated from gift shops, entertainment, laundry services and other guest services. During the Reporting Period, revenue from the provision of ancillary services amounted to approximately RMB56,530,000, representing a decrease of approximately 4.8% or approximately RMB2,838,000 as compared to the same period of last year, which was driven by the slight decline in the average Occupancy Rate for Full Service Hotels.

MANAGEMENT DISCUSSION AND ANALYSIS

Hotel management

The revenue of hotel management was mainly generated from the management fees received for the provision of management services of Full Service Hotels not owned by the Group. Revenue of hotel management amounted to approximately RMB46,415,000 during the Reporting Period, representing an increase of approximately 5.8% or approximately RMB2,555,000 as compared to the same period of last year. As the Group's management business continued to expand and IHR China made strong efforts in developing the business of technology management services, the hotel management business reported a growth in revenue from management fees against unfavourable macro-economic conditions in the hotel management sector.

Sales of hotel supplies

Turnover from guest supplies and hotel products decreased by approximately RMB20,883,000 as compared to the same period of last year.

Select Service Hotels

During the Reporting Period, turnover of Select Service Hotels amounted to approximately RMB1,081,835,000, representing an increase of approximately RMB70,774,000 or approximately 7.0% as compared to the same period of last year. It was mainly due to the opening of 82 and 136 Select Service Hotels in 2013 and 2012, respectively, which increased the number of Available Rooms, and also the increase in initial franchise fees and ongoing franchise fees collected from Franchisees for the grant of brand use rights and the provision of technology and management services. During the Reporting Period, as part of the management and franchise fees for Select Service Hotels, the revenue from initial and ongoing franchise fees amounted to approximately RMB104,668,000, representing an increase of approximately 26.8% as compared to the same period of last year, and revenue generated from room reservation distribution fees amounted to approximately RMB17,408,000, representing an increase of approximately 70.2% as compared to the same period of last year.

Food and Restaurants

Revenue for food and restaurants segment was mainly derived from New Asia Café de Coral, Jing An Bakery, Shanghai Jin Jiang International Catering Investment Co., Ltd. ("Jin Jiang International Catering"), Chinese Story, and Shanghai New Asia Food Company Limited. During the Reporting Period, total sales from the food and restaurants segment amounted to approximately RMB160,733,000, representing an increase of approximately RMB23,972,000 or approximately 17.5% as compared to the same period of last year. During the Reporting Period, the increase in food and restaurants revenue was primarily due to an increase of approximately RMB36,460,000 in revenue of group catering business as compared to the same period last year, offsetting a slight decrease in operating revenue of, among others, New Asia Café de Coral and Jin Jiang Tung Lok as adversely affected by food safety incidents.

Vehicle Operation and Logistics

During the Reporting Period, the revenue for vehicle operation and logistics was approximately RMB1,013,095,000, representing an increase of approximately 3.6% or approximately RMB35,167,000 as compared to same period of last year. The increase was primarily due to an increase of approximately RMB52,633,000 driven by an improvement of utilization rate of automobiles and an enhancement of profitability of our vehicle operation.

MANAGEMENT DISCUSSION AND ANALYSIS

Travel Agency

During the Reporting Period, the revenue of travel agency was approximately RMB881,701,000, representing an increase of approximately 6.7% or approximately RMB55,157,000 as compared to same period of last year. The increase was primarily due to constantly rapid development of outbound travel business as well as market opportunities being realized by Jin Jiang Travel through proactive development of outbound travel and cruise tours which target at mid-to-high end markets, resulting in continuous uplift in operating revenue.

Other Operations

In addition, the Group also engages in other domestic business, including the provision of financial services via Jin Jiang International Finance and the provision of training services. During the Reporting Period, revenue of other operations was approximately RMB50,115,000, representing an increase of approximately 144.1% as compared to the same period of last year, which was primarily due to an increase in interest income from interbank lending of Jin Jiang International Finance.

Cost of Sales

Cost of sales for the Reporting Period amounted to approximately RMB3,448,660,000, representing an increase of approximately 2.0% as compared to the same period of last year. The increase was primarily due to business expansion of Select Service Hotels as well as increase in revenue of travel agency.

Gross Profit

As a result of the factors described above, the Group recorded a gross profit of approximately RMB821,679,000 for the Reporting Period, representing an increase of approximately RMB49,363,000 or approximately 6.4% as compared to the same period of last year.

Other Income

Other income for the Reporting Period amounted to approximately RMB211,725,000 (same period in 2012: approximately RMB278,179,000), representing a decrease of approximately 23.9% as compared to the same period of last year. The decrease was primarily due to a decrease in gain on disposal of available-for-sale financial assets to approximately RMB55,546,000 in the Reporting Period, such as Changjiang Securities Company Limited and Shanghai Yuyuan Tourist Mart Co. Ltd., from approximately RMB152,911,000 in the same period of last year, such as AVIC Real Estate Holding Company Limited and Changjiang Securities Company Limited. At the same time, dividend received from available-for-sale financial assets held by the Group during the Reporting Period was approximately RMB99,614,000 (same period in 2012: approximately RMB76,813,000).

Sales and Marketing Expenses

Sales and marketing expenses comprised primarily of labour costs, travel agents commission and advertizing fees, which amounted to approximately RMB202,856,000 during the Reporting Period (same period in 2012: approximately RMB198,911,000), representing an increase of approximately 2.0% as compared to the same period of last year. The increase was mainly due to an increase in efforts on expanding travel agency business under the Full Service Hotels of the Group in response to changes in external environment, resulting in elevation of our travel agents commission. In addition, an increase in lease expenses was due to expansion of travel agency business.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

Administrative expenses for the Reporting Period was approximately RMB376,611,000 (same period in 2012: approximately RMB381,753,000), representing a decrease of approximately 1.3% as compared to the same period of last year. The decrease was primarily due to the Group's stringent control over various expenses as well as the increased collection efforts for receivables in the Reporting Period, resulting in a reversal of bad debt loss (net) of approximately RMB10,386,000.

Other Expenses

Other expenses for the Reporting Period, consisting primarily of bank charges and losses on disposal of property, plant and equipment, amounted to approximately RMB22,516,000 (same period in 2012: approximately RMB26,031,000), representing a decrease of approximately RMB3,515,000 as compared to the same period of last year.

Finance Cost

Finance cost comprises of interest expenses in respect of the Group's bank borrowings. During the Reporting Period, finance cost was approximately RMB50,447,000 (same period in 2012: approximately RMB44,448,000), representing an increase of approximately 13.5% as compared to the same period of last year. The increase was primarily due to a growth in our bank borrowings and an upward adjustment of interest rate during the Reporting Period.

Share of Results of Joint Ventures and Associates

Operating results of joint ventures and associates mainly include results of the Group's joint ventures, namely IHR Group, Beijing Kunlun Hotel, Jin Jiang Tomson Hotel and JHJ International Transaction, as well as the Group's associates, namely Shanghai Kentucky Fried Chicken Company Limited, Shanghai Yangtze Hotel Company Limited, Shanghai Pudong International Airport Transport Terminal Co. Ltd., Jiangsu Nanjing Long Distance Passenger Transport and China Oriental International Travel & Transport Co., Ltd, etc.

Share of results of joint ventures and associates for the Reporting Period was approximately RMB5,889,000 (same period in 2012: approximately RMB67,889,000). Share of operating results of Shanghai Kentucky Fried Chicken Company Limited decreased by approximately RMB60,186,000 during the Reporting Period as compared to the same period last year as affected by an incident on chicken raw materials and bird flu.

Taxation

The effective tax rate for the Reporting Period was approximately 22.1% (same period in 2012: approximately 18.6%). Increase in effective tax rate was primarily due to a decrease in non-taxable profit such as share of results of joint ventures and associates.

Net Profit

As a result of the factors described above, net profit for the Reporting Period attributable to shareholders of the Company was approximately RMB130,806,000 (same period in 2012: approximately RMB167,827,000), representing a decrease of approximately RMB37,021,000 or approximately 22.1%.

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings and Pledge of Assets

As at 30 June 2013, the borrowings included:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000 (Restated)
Borrowings included in non-current liabilities		
Bank borrowings — secured ⁽¹⁾	80,076	94,032
Bank borrowings — unsecured	1,309,638	1,324,267
Finance lease liabilities ⁽²⁾	24,085	21,729
	1,413,799	1,440,028
Less: current portion of long-term secured bank borrowings	(12,357)	(12,571)
current portion of long-term unsecured bank borrowings	(32,000)	(32,000)
current portion of long-term finance lease liabilities	(1,865)	(1,364)
	1,367,577	1,394,093
Borrowings included in current liabilities		
Bank borrowings — secured ⁽³⁾	10,000	33,668
Bank borrowings — unsecured	503,807	11,220
Borrowings from related parties	1,463,000	105,000
Other borrowings — unsecured	5,000	405,000
Current portion of long-term secured bank borrowings	12,357	12,571
Current portion of long-term unsecured bank borrowings	32,000	32,000
Current portion of long-term finance lease liabilities	1,865	1,364
	2,028,029	600,823

As at 30 June 2013, the secured bank borrowings include:

- (1) Bank borrowings of USD12,960,000, equivalent to RMB80,076,000 (31 December 2012: USD14,960,000, equivalent to RMB94,032,000), which were guaranteed by Jin Jiang International.
- (2) Finance lease liabilities of RMB24,085,000 (31 December 2012: RMB21,729,000), which were collateralized by leasehold equipment with carrying amount of RMB21,367,000 (31 December 2012: RMB20,496,000).
- (3) Bank borrowings of RMB10,000,000 (31 December 2012: RMB33,668,000), which were guaranteed by the non-controlling interest of a subsidiary of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing Ratio

The gearing ratio (calculated as total borrowings divided by total assets) increased from approximately 11.0% as at 31 December 2012 to approximately 16.8% as at 30 June 2013. The increase in the gearing ratio was mainly due to the increase in borrowings of RMB1,100,000,000 for the consideration paid by Jin Jiang Hotels Development for the acquisition of 100% equity interest in Smart Hotels Management Co., Ltd. and for the settlement of borrowings owed to Tianjin Huasheng Tourism Equity Investment Partners (LLP) by Jin Jiang Hotels Development.

TREASURY MANAGEMENT

The Group had cash and cash equivalents as at 30 June 2013 and 31 December 2012 amounting to approximately RMB3,051,475,000 and approximately RMB2,536,253,000 respectively. The cash flow is relatively sufficient.

INTEREST RATE RISK MANAGEMENT

Jin Jiang International Finance, a subsidiary of the Company, acts as a non-bank financial institution within the Group. In order to fully centralize cash resources and improve the efficiency of fund applications, the subsidiaries, joint ventures and associates of the Company deposit as much of their operation funds and surplus funds as possible in the accounts with Jin Jiang International Finance and borrow from Jin Jiang International Finance as first priority for short-term financing requirements, and hence, reducing the Group's interest expenses on external bank borrowings.

During the Reporting Period, the Group was not subject to any exposure to significant fluctuation in exchange rate nor was it engaged in any hedging activities. The Company will actively consider the use of relevant financial instruments to manage interest rate risks and currency exchange rate risks in line with the Group's business development.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets held by the Group included 7,216,458 shares in AVIC Real Estate Holding Company Limited (Stock code: 000043.SZ), as well as 115,630,000 shares in Changjiang Securities Company Limited (Stock code: 000783.SZ), 42,973,976 shares in Bank of Communications Co., Ltd. (Stock code: 601328.SH), 16,291,542 shares in YuYuan Trade Mart (600655.SH) and 25,152,662 shares in Pudong Development Bank Co., Ltd (600000.SH) held by the Group's subsidiaries, etc.

HUMAN RESOURCES

As at 30 June 2013, the Group had approximately 32,000 employees. Employee benefit expense for the Reporting Period increased by approximately RMB26,938,000 or approximately 2.5% as compared to the same period of 2012. The remuneration for employees comprises of basic salary, discretionary bonus and social security contributions. Currently, the Group has not set up share option schemes.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT

The development of the Group's principal businesses will continue to be subject to uncertainties in global economic recovery, slowdown in domestic macro-economic growth and cyclical oversupply in the hotel industry. The Group will vigorously address the challenges and develop new resources by enhancing its brand and network marketing capabilities. The advantage of centralisation will be fostered by fully leveraging our system platforms, strengthening cost reduction measures and optimising our staff structure. Synergies arising from our acquisitions will be brought into full play to drive the internationalisation process in full force. We will also leverage benefits of group restructuring to optimise the multi-sector link among the hotel, passenger transport logistics and tourism sectors. We will continue to drive asset turnover of the Company and seek to enhance our overall return on assets and corporate value through the conversion and adjustment of our properties. By improving the Company's core competitiveness in brand building, network, human resources and management systems, we will strive to grow into the leader in hotel and tourism industry in China with international competitiveness.

OTHER INFORMATION

INTERIM DIVIDEND

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

INTERESTS IN SHARES OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS

As at 30 June 2013, none of the Directors, chief executive or Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

INTERESTS IN SHARES OR UNDERLYING SHARES OR DEBENTURES OF ASSOCIATED CORPORATIONS

As at 30 June 2013, two Directors, namely Mr. Yu Minliang and Mr. Yang Weimin, held the following number of shares in Jin Jiang Hotels Development:

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

Save as disclosed above, as at 30 June 2013, none of the Directors, chief executive or Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors, chief executive or Supervisors of the Company were taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

As at 30 June 2013, so far as the Directors are aware, the following persons (other than a Director, chief executive or Supervisor of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the Company's register pursuant to section 336 of the SFO:

Name of shareholder	Class of shares	Number of shares/underlying shares held	Capacity	Percentage in the relevant class of share capital	Percentage in total share capital
Jin Jiang International	Domestic shares	4,174,500,000 (long position)	Beneficial owner	100%	75%
Kwok Hoi Hing	H shares	139,570,000 (long position)	Beneficial owner	10.03%	2.51%
National Council for Social Security Fund (全國社會保障基金理事會)	H shares	83,342,000 (long position)	Beneficial owner	5.99%	1.50%

Save as disclosed above and so far as the Directors are aware, as at 30 June 2013, no other person had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the Company's register pursuant to section 336 of the SFO.

AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee"), the principal duty of which is to review the financial controls, internal controls and risk management system of the Company. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Yang Menghua (chairman), Mr. Sun Dajian and Mr. Ji Gang.

The Audit Committee held meetings on 27 March 2013 and 22 August 2013 respectively. The consolidated financial statements for the year ended 31 December 2012 and the unaudited condensed consolidated interim financial statements as at 30 June 2013 of the Group were respectively reviewed at such meetings. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group as at 30 June 2013 and agreed with the accounting treatment adopted by the Company.

OTHER INFORMATION

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

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

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

By order of the Board

Yu Minliang

Chairman of the Board

29 August 2013

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2013

	Note	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	8	8,795,943	7,026,450
Investment properties	8	178,213	185,809
Land use rights	8	1,838,735	1,867,419
Intangible assets	8	435,695	386,420
Investments in joint ventures		1,377,866	1,444,765
Investments in associates		476,385	626,600
Available-for-sale financial assets		1,618,847	1,964,156
Deferred income tax assets		233,188	229,018
Trade receivables, prepayments and other receivables	9	75,499	41,764
		15,030,371	13,772,401
Current assets			
Financial assets at fair value through profit or loss		728	730
Available-for-sale financial assets		86,486	61,640
Inventories		167,102	150,743
Trade receivables, prepayments and other receivables	9	1,276,818	1,063,481
Restricted cash		568,255	544,171
Cash and cash equivalents		3,051,475	2,536,253
		5,150,864	4,357,018
A non-current asset held for sale	10	30,061	—
		5,180,925	4,357,018
Total assets		20,211,296	18,129,419

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

As at 30 June 2013

	Note	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000 (Restated)
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital		5,566,000	5,566,000
Reserves	11		
— Proposed dividend	18	—	166,980
— Others		1,578,252	1,579,409
		7,144,252	7,312,389
Non-controlling interests		4,689,077	4,823,056
Total equity		11,833,329	12,135,445
LIABILITIES			
Non-current liabilities			
Borrowings	13	1,367,577	1,394,093
Deferred income tax liabilities		654,938	638,651
Trade and other payables	12	186,040	114,219
		2,208,555	2,146,963
Current liabilities			
Borrowings	13	2,028,029	600,823
Income tax payable		78,360	103,416
Dividend payable to shareholders of the Company		166,980	—
Trade and other payables	12	3,896,043	3,142,772
		6,169,412	3,847,011
Total liabilities		8,377,967	5,993,974
Total equity and liabilities		20,211,296	18,129,419
Net current (liabilities)/assets		(988,487)	510,007
Total assets less current liabilities		14,041,884	14,282,408

The notes on pages 34 to 64 are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2013

	Note	Six months ended 30 June	
		2013 RMB'000	2012 RMB'000 (Restated)
Revenue	7(a)	4,270,339	4,152,753
Cost of sales	15	(3,448,660)	(3,380,437)
Gross profit		821,679	772,316
Other income	14	211,725	278,179
Selling and marketing expenses	15	(202,856)	(198,911)
Administrative expenses	15	(376,611)	(381,753)
Other expenses		(22,516)	(26,031)
Operating profit		431,421	443,800
Finance costs		(50,447)	(44,448)
Share of results of joint ventures and associates		5,889	67,889
Profit before income tax		386,863	467,241
Income tax expense	16	(85,373)	(86,936)
Profit for the period		301,490	380,305
Attributable to:			
Shareholders of the Company		130,806	167,827
Non-controlling interests		170,684	212,478
		301,490	380,305
Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB cents per share)			
— basic and diluted	17	2.35	3.02

The notes on pages 34 to 64 are an integral part of these unaudited condensed consolidated interim financial statements.

	Note	Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
Dividends	18	—	—

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000 (Restated)
Profit for the period	301,490	380,305
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Fair value changes on available-for-sale financial assets — gross	(273,177)	320,767
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	(59,062)	(152,911)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	83,060	(41,919)
Currency translation differences	(1,269)	22
Total other comprehensive income	(250,448)	125,959
Total comprehensive income for the period	51,042	506,264
Attributable to:		
— Shareholders of the Company	(1,157)	231,920
— Non-controlling interests	52,199	274,344
	51,042	506,264

The notes on pages 34 to 64 are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to shareholders of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
Balance at 31 December 2012, as previously presented	5,566,000	222,355	1,524,034	7,312,389	4,837,997	12,150,386
Impact of change in accounting policy (note 6)	—	—	—	—	(14,941)	(14,941)
Balance at 31 December 2012 (restated)	5,566,000	222,355	1,524,034	7,312,389	4,823,056	12,135,445
Comprehensive income:						
Profit for the period	—	—	130,806	130,806	170,684	301,490
Other comprehensive income:						
Fair value changes on available-for-sale financial assets — gross	—	(144,556)	—	(144,556)	(128,621)	(273,177)
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	(29,703)	—	(29,703)	(29,359)	(59,062)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	43,565	—	43,565	39,495	83,060
Currency translation differences	—	(1,269)	—	(1,269)	—	(1,269)
Total other comprehensive income	—	(131,963)	—	(131,963)	(118,485)	(250,448)
Total comprehensive income	—	(131,963)	130,806	(1,157)	52,199	51,042
Transaction with owners:						
Dividends to non-controlling interests	—	—	—	—	(211,659)	(211,659)
Dividends declared (note 18)	—	—	(166,980)	(166,980)	—	(166,980)
Capital contribution from non-controlling interests	—	—	—	—	25,481	25,481
Total transactions with owners	—	—	(166,980)	(166,980)	(186,178)	(353,158)
Balance at 30 June 2013	5,566,000	90,392	1,487,860	7,144,252	4,689,077	11,833,329

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

For the six months ended 30 June 2013

	Attributable to shareholders of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
Balance at 31 December 2011, as previously presented	5,566,000	153,224	1,456,031	7,175,255	4,678,616	11,853,871
Impact of change in accounting policy (note 6)	—	—	—	—	(14,844)	(14,844)
Balance at 31 December 2011 (restated)	5,566,000	153,224	1,456,031	7,175,255	4,663,772	11,839,027
Comprehensive income:						
Profit for the period	—	—	167,827	167,827	212,478	380,305
Other comprehensive income:						
Fair value changes on available-for-sale financial assets — gross	—	195,397	—	195,397	125,370	320,767
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	(110,029)	—	(110,029)	(42,882)	(152,911)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	(21,297)	—	(21,297)	(20,622)	(41,919)
Currency translation differences	—	22	—	22	—	22
Total other comprehensive income	—	64,093	—	64,093	61,866	125,959
Total comprehensive income	—	64,093	167,827	231,920	274,344	506,264
Transaction with owners:						
Dividends to non-controlling interests	—	—	—	—	(230,404)	(230,404)
Dividends declared (note 18)	—	—	(222,640)	(222,640)	—	(222,640)
Acquisition of equity interests in a subsidiary from a non-controlling interest	—	(11,087)	—	(11,087)	(53,832)	(64,919)
Total transactions with owners	—	(11,087)	(222,640)	(233,727)	(284,236)	(517,963)
Balance at 30 June 2012 (restated)	5,566,000	206,230	1,401,218	7,173,448	4,653,880	11,827,328

The notes on pages 34 to 64 are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Note	Six months ended 30 June	
		2013 RMB'000	2012 RMB'000 (Restated)
Cash flows from operating activities:			
Cash generated from operations		853,442	1,074,403
Interest paid		(48,233)	(41,647)
Income tax paid		(125,634)	(129,002)
Transaction cost in relation to business combination	20	(2,900)	—
Net cash generated from operating activities		676,675	903,754
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		29,568	66,568
Proceeds from disposal of available-for-sale financial assets		154,475	183,264
Proceeds from disposal of financial assets at fair value through profit or loss		723	—
Release of bank deposits within maturity of 12 months		100,000	—
Purchase of property, plant and equipment		(328,530)	(326,777)
Purchase of intangible assets		(4,949)	(5,992)
Capital contribution to investments in a joint venture		(3,151)	(15,845)
Capital contribution to investments in an associate		(5,385)	—
Purchase of available-for-sale financial assets		(110,429)	(263)
Purchase of financial assets at fair value through profit or loss		(703)	—
Interest received		11,798	9,823
Dividends received		58,734	142,597
Purchase of bank deposits within maturity of 12 months		(80,000)	—
Net of cash outflow for business combination	20	(628,085)	—
Repayments of borrowings for business combination	20	(635,535)	—
Repayment of the deposits for disposal of interests in an associate		(20,000)	—
Deferred consideration for acquisition of Shan Xi Jinguang Inn Company Limited ("Jinguang Inn")		—	(11,000)
Net cash (used in)/generated from investing activities		(1,461,469)	42,375
Cash flows from financing activities:			
Capital contribution from non-controlling interests		25,481	—
Payment to a non-controlling interest for acquisition of shares in a subsidiary		—	(46,919)
Proceeds from borrowings		2,144,753	1,533,564
Repayments of borrowings and finance leases		(738,374)	(879,925)
Dividends paid to non-controlling interests		(129,237)	(132,617)
Net cash generated from financing activities		1,302,623	474,103
Increase in cash and cash equivalents		517,829	1,420,232
Cash and cash equivalents at beginning of the period		2,536,253	2,139,839
Exchange (losses)/gains on cash and cash equivalents		(2,607)	606
Cash and cash equivalents at end of the period		3,051,475	3,560,677

The notes on pages 34 to 64 are an integral part of these unaudited condensed consolidated interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1 GENERAL INFORMATION

Shanghai Jin Jiang International Hotels (Group) Company Limited (the “Company”), formerly known as Shanghai New Asia (Group) Company, was established on 16 June 1995 as a wholly state-owned company with limited liability and has been directly under the administration and control of the State-Owned Assets Supervision and Administration Commission of Shanghai Municipal Government (“Shanghai SASAC”) or its predecessors. Pursuant to an enterprise reorganisation in June 2003, the Company was designated by Shanghai SASAC as a wholly-owned subsidiary of Jin Jiang International Holdings Company Limited (“Jin Jiang International”), which is also a wholly state-owned company directly under the administration and control of Shanghai SASAC.

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

On 11 January 2006, the Company’s name was changed to its current name and the Company was converted into a joint stock limited company under the Company Law of the People’s Republic of China (the “PRC” or “Mainland China”) by converting its paid-in capital and reserves of Renminbi (“RMB”) 3,300,000,000 at 30 September 2005 into 3,300,000,000 ordinary shares of RMB1 per share.

On 15 December 2006 and 20 December 2006, a total of 1,265,000,000 ordinary shares of RMB1 per share newly issued by the Company through a public offer in Hong Kong and an international placing were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing”). Accordingly, the share capital of the Company was increased to RMB4,565,000,000.

On 16 February 2011, 1,001,000,000 ordinary shares of RMB1 per share were issued and allotted to Jin Jiang International as part of the consideration to acquire Shanghai Jin Jiang International Industrial Investment Co., Ltd. (“Jin Jiang Investment”) and Shanghai Jin Jiang International Travel Co., Ltd. (“Jin Jiang Travel”) (the “Acquisition”). Accordingly, the share capital of the Company was increased to RMB5,566,000,000.

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

The Group is principally engaged in investment and operation of hotels and related businesses (the “Hotel Related Businesses”) in Mainland China, the United States of America (“US”) and other oversea countries, investment and operation of vehicle, logistics and related businesses (the “Vehicle and Logistics Business”) and investment and operation of travel agency and related businesses (the “Travel Agency Business”) in Mainland China.

These unaudited condensed consolidated interim financial statements were approved for issue by the board (the “Board”) of directors (the “Director”) of the Company on 29 August 2013.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

2 BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2013 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The unaudited condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2012, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by HKICPA.

As at 30 June 2013, the Group’s current liabilities exceeded its current assets by RMB988,487,000. Its current liabilities as at 30 June 2013 included a current borrowing of RMB1,100,000,000, which Shanghai Jin Jiang International Hotels Development Company Limited (“Jin Jiang Hotels Development”, a subsidiary of the Company in which the Company holds a 50.32% equity interest) borrowed from Jin Jiang International to pay the cash consideration and repay the borrowing for the business combination of Smart Hotels Management Company Limited (“Smart Hotels”) (note 20). Jin Jiang Hotels Development announced that it planned to issue corporate bonds with the aggregate principal amount not exceeding RMB1,600,000,000 and with the term of 5 years, the Issuance Examination Committee of the China Securities Regulatory Commission approved the application for issuance of corporate bonds on 16 August 2013, and Jin Jiang Hotels Development expects the issuance of corporate bonds can be completed in the second half of 2013. Since Jin Jiang Hotels Development plans to use the proceeds from the issuance of corporate bonds to repay the current borrowing due to Jin Jiang International, the Directors believe that the Group will be able to meet its debts and commitments as they fall due at least within the coming twelve months and accordingly have prepared the unaudited condensed consolidated interim financial statements on a going concern basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below and changes in accounting policy of joint ventures (note 6), the accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 December 2012, as described in those annual financial statements.

As HKFRS 11 is adopted by the Group in the accounting period beginning on 1 January 2013 when effective, proportional consolidation of joint ventures is no longer applied. The Group recognised its interests in joint ventures as investments using the equity method in accordance with HKAS 28 (revised 2011), with restating comparatives, for the six months ended 30 June 2013. The adoption of HKFRS 11 has significant impact on the Group’s total assets, liabilities, revenue and other unaudited condensed consolidated interim income statement line items other than profit for the period, but no significant impact on the Group’s profit for the period attributable to the Company and equity attributable to the Company.

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

(a) New and amended standards adopted by the Group

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

HKAS 1 (Amendment)	Presentation of financial statements: Regarding other comprehensive income
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurements
HKAS 19 (Amendment)	Employee benefits

There are no other amended standards or interpretations that are effective for the first time for this interim period that have a material impact on the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (b) **The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2013 and have not been early adopted:**

		Effective for annual periods beginning on or after
HKFRSs 10, 12 and 27 (Amendment)	Investment entities	1 January 2014
HKAS 36	Recoverable amount disclosures for non-financial assets	1 January 2014
HKFRS 9	Financial instruments: Addresses the classification, measurement and recognition of financial assets and financial liabilities	1 January 2015

There are no new standards, new interpretations and amendments to standards and interpretations that are not yet effective that would be expected to have a material impact on the Group.

4 ESTIMATES

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

In preparing the unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

5 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

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

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2012.

There have been no material changes in the risk management department or in any material risk management policies since 31 December 2012.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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

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

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

The fair value measurement by level of the fair measurement hierarchy as at 30 June 2013 were as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale financial assets				
— Equity securities	1,451,763	—	25,844	1,477,607
— Debenture securities	—	86,486	—	86,486
Financial assets at fair value through profit or loss				
— Equity securities	728	—	—	728
	1,452,491	86,486	25,844	1,564,821

The fair value measurement by level of the fair measurement hierarchy as at 31 December 2012 were as follows:

	Level 1 RMB'000 (Restated)	Level 2 RMB'000 (Restated)	Level 3 RMB'000 (Restated)	Total RMB'000 (Restated)
Available-for-sale financial assets				
— Equity securities	1,798,631	—	25,844	1,824,475
— Debenture securities	—	61,640	—	61,640
Financial assets at fair value through profit or loss				
— Equity securities	730	—	—	730
	1,799,361	61,640	25,844	1,886,845

For the six months ended 30 June 2013, there were no material changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

For the six months ended 30 June 2013, there were no reclassifications of financial assets.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Fair value estimation (continued)

Fair value measurements using quoted prices (Level 1)

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

Valuation techniques used to derive fair value (Level 2)

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

Fair value measurements using significant unobservable inputs (Level 3)

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

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

There were no other changes in valuation techniques during the six months ended 30 June 2013.

6 CHANGES IN ACCOUNTING POLICY

The Group has adopted HKFRS 11, 'Joint arrangements', on 1 January 2013. This resulted in the Group changing its accounting policy for its interests in joint arrangements. The Group adopted HKFRS 10, 'Consolidated financial statements', HKFRS 12, 'Disclosure of interests in other entities', and consequential amendments to HKAS 28, 'Investments in associates and joint ventures' and HKAS 27, 'Separate financial statements', at the same time.

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

6 CHANGES IN ACCOUNTING POLICY (CONTINUED)

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

The effects of the change in accounting policies on the financial position of the Group at 30 June 2013 and 31 December 2012, the comprehensive income and the cash flows of the Group for the six months ended 30 June 2013 and 2012 are summarised below. The change in accounting policy has had no impact on earnings per share.

Impact of changes in accounting policy on unaudited condensed consolidated interim balance sheet

	As at 30 June 2013			As at 31 December 2012		
	Stated before changes in accounting policy RMB'000	Changes in accounting policy RMB'000	As presented RMB'000	Previously stated RMB'000	Changes in accounting policy RMB'000	As restated RMB'000
ASSETS						
Non-current assets						
Property, plant and equipment	9,981,594	(1,185,651)	8,795,943	8,179,535	(1,153,085)	7,026,450
Investment properties	216,578	(38,365)	178,213	224,679	(38,870)	185,809
Land use rights	1,944,679	(105,944)	1,838,735	1,974,971	(107,552)	1,867,419
Intangible assets	979,820	(544,125)	435,695	954,155	(567,735)	386,420
Investments in joint ventures	—	1,377,866	1,377,866	—	1,444,765	1,444,765
Investments in associates	533,400	(57,015)	476,385	686,093	(59,493)	626,600
Available-for-sale financial assets	1,651,413	(32,566)	1,618,847	1,996,337	(32,181)	1,964,156
Deferred income tax assets	286,923	(53,735)	233,188	284,338	(55,320)	229,018
Trade receivables, prepayments and other receivables	75,882	(383)	75,499	42,038	(274)	41,764
	15,670,289	(639,918)	15,030,371	14,342,146	(569,745)	13,772,401
Current assets						
Financial assets at fair value through profit or loss	728	—	728	730	—	730
Available-for-sale financial assets	96,543	(10,057)	86,486	64,174	(2,534)	61,640
Inventories	176,535	(9,433)	167,102	160,236	(9,493)	150,743
Trade receivables, prepayments and other receivables	1,465,023	(188,205)	1,276,818	1,222,969	(159,488)	1,063,481
Restricted cash	568,255	—	568,255	547,877	(3,706)	544,171
Cash and cash equivalents	3,583,577	(532,102)	3,051,475	2,921,139	(384,886)	2,536,253
	5,890,661	(739,797)	5,150,864	4,917,125	(560,107)	4,357,018
A non-current asset held for sale	30,061	—	30,061	—	—	—
	5,920,722	(739,797)	5,180,925	4,917,125	(560,107)	4,357,018
Total assets	21,591,011	(1,379,715)	20,211,296	19,259,271	(1,129,852)	18,129,419

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

6 CHANGES IN ACCOUNTING POLICY (CONTINUED)

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

	As at 30 June 2013			As at 31 December 2012		
	Stated before changes in accounting policy RMB'000	Changes in accounting policy RMB'000	As presented RMB'000	Previously stated RMB'000	Changes in accounting policy RMB'000	As restated RMB'000
EQUITY						
Capital and reserves attributable to shareholders of the Company						
Share capital	5,566,000	—	5,566,000	5,566,000	—	5,566,000
Reserves						
— Proposed dividend	—	—	—	166,980	—	166,980
— Others	1,578,252	—	1,578,252	1,579,409	—	1,579,409
	7,144,252	—	7,144,252	7,312,389	—	7,312,389
Non-controlling interests	4,703,994	(14,917)	4,689,077	4,837,997	(14,941)	4,823,056
Total equity	11,848,246	(14,917)	11,833,329	12,150,386	(14,941)	12,135,445
LIABILITIES						
Non-current liabilities						
Borrowings	1,801,833	(434,256)	1,367,577	2,053,322	(659,229)	1,394,093
Deferred income tax liabilities	682,984	(28,046)	654,938	672,618	(33,967)	638,651
Trade and other payables	196,498	(10,458)	186,040	137,097	(22,878)	114,219
	2,681,315	(472,760)	2,208,555	2,863,037	(716,074)	2,146,963
Current liabilities						
Borrowings	2,618,226	(590,197)	2,028,029	612,428	(11,605)	600,823
Income tax payable	79,976	(1,616)	78,360	120,567	(17,151)	103,416
Dividend payable to shareholders of the Company	166,980	—	166,980	—	—	—
Trade and other payables	4,196,268	(300,225)	3,896,043	3,512,853	(370,081)	3,142,772
	7,061,450	(892,038)	6,169,412	4,245,848	(398,837)	3,847,011
Total liabilities	9,742,765	(1,364,798)	8,377,967	7,108,885	(1,114,911)	5,993,974
Total equity and liabilities	21,591,011	(1,379,715)	20,211,296	19,259,271	(1,129,852)	18,129,419

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

6 CHANGES IN ACCOUNTING POLICY (CONTINUED)

Impact of changes in accounting policy on unaudited condensed consolidated interim statement of comprehensive income

	Six months ended 30 June 2013			Six months ended 30 June 2012		
	Stated before changes in accounting policy RMB'000	Changes in accounting policy RMB'000	As presented RMB'000	Previously stated RMB'000	Changes in accounting policy RMB'000	As restated RMB'000
Statement of comprehensive income						
Revenue	6,620,963	(2,350,624)	4,270,339	6,537,184	(2,384,431)	4,152,753
Cost of sales	(5,596,596)	2,147,936	(3,448,660)	(5,487,787)	2,107,350	(3,380,437)
Gross profit	1,024,367	(202,688)	821,679	1,049,397	(277,081)	772,316
Other income	216,175	(4,450)	211,725	279,678	(1,499)	278,179
Selling and marketing expenses	(260,072)	57,216	(202,856)	(277,746)	78,835	(198,911)
Administrative expenses	(471,899)	95,288	(376,611)	(535,058)	153,305	(381,753)
Other expenses	(39,667)	17,151	(22,516)	(38,793)	12,762	(26,031)
Other losses	—	—	—	(84)	84	—
Operating profit	468,904	(37,483)	431,421	477,394	(33,594)	443,800
Finance costs	(68,788)	18,341	(50,447)	(62,770)	18,322	(44,448)
Share of results of joint ventures and associates	(8,842)	14,731	5,889	60,888	7,001	67,889
Profit before income tax	391,274	(4,411)	386,863	475,512	(8,271)	467,241
Income tax expense	(88,645)	3,272	(85,373)	(94,462)	7,526	(86,936)
Profit for the period	302,629	(1,139)	301,490	381,050	(745)	380,305
Attributable to:						
Shareholders of the Company	130,806	—	130,806	167,827	—	167,827
Non-controlling interests	171,823	(1,139)	170,684	213,223	(745)	212,478
Other comprehensive income						
<i>Items that may be reclassified to profit or loss</i>						
Fair value changes on available-for-sale financial assets — gross	(273,106)	(71)	(273,177)	320,809	(42)	320,767
Transfer of fair value changes of available-for-sale financial assets — gross	(59,062)	—	(59,062)	(152,911)	—	(152,911)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	83,043	17	83,060	(41,929)	10	(41,919)
Currency translation differences	(1,269)	—	(1,269)	22	—	22
Total other comprehensive income	(250,394)	(54)	(250,448)	125,991	(32)	125,959
Total comprehensive income for the period	52,235	(1,193)	51,042	507,041	(777)	506,264

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

6 CHANGES IN ACCOUNTING POLICY (CONTINUED)

Impact of changes in accounting policy on unaudited condensed consolidated interim statement of cash flows

	Six months ended 30 June 2013			Six months ended 30 June 2012		
	Stated before changes in accounting policy RMB'000	Changes in accounting policy RMB'000	As presented RMB'000	Previously stated RMB'000	Changes in accounting policy RMB'000	As restated RMB'000
Statement of cash flows						
Cash flows from operating activities:						
Cash generated from operations	821,161	32,281	853,442	1,244,579	(170,176)	1,074,403
Interest paid	(65,070)	16,837	(48,233)	(59,884)	18,237	(41,647)
Income tax paid	(148,794)	23,160	(125,634)	(140,550)	11,548	(129,002)
Transaction cost in relation to business combination	(2,900)	—	(2,900)	—	—	—
Net cash generated from operating activities	604,397	72,278	676,675	1,044,145	(140,391)	903,754
Cash flows from investing activities:						
Proceeds from disposal of property, plant and equipment	30,788	(1,220)	29,568	72,561	(5,993)	66,568
Proceeds from disposal of available-for-sale financial assets	155,331	(856)	154,475	185,311	(2,047)	183,264
Proceeds from disposal of financial assets at fair value through profit or loss	723	—	723	—	—	—
Release of bank deposits within maturity of 12 months	100,000	—	100,000	—	—	—
Purchase of property, plant and equipment	(432,590)	104,060	(328,530)	(420,119)	93,342	(326,777)
Purchase of intangible assets	(20,273)	15,324	(4,949)	(9,761)	3,769	(5,992)
Capital contribution to a joint venture	—	(3,151)	(3,151)	(15,845)	—	(15,845)
Capital contribution to an associate	(17,028)	11,643	(5,385)	(5,613)	5,613	—
Purchase of available-for-sale financial assets	(118,332)	7,903	(110,429)	(977)	714	(263)
Purchase of financial assets at fair value through profit or loss	(703)	—	(703)	—	—	—
Interest received	12,469	(671)	11,798	10,836	(1,013)	9,823
Dividends received	51,094	7,640	58,734	78,884	63,713	142,597
Purchase of bank deposits within maturity of 12 months	(80,000)	—	(80,000)	—	—	—
Net of cash outflow for business combination	(628,085)	—	(628,085)	—	—	—
Repayments of borrowings for business combination	(635,535)	—	(635,535)	—	—	—
Release of the deposits for disposal of interests in an associate	(20,000)	—	(20,000)	—	—	—
Deferred consideration for acquisition of Jinguang Inn	—	—	—	(11,000)	—	(11,000)
Net cash (used in)/generated from investing activities	(1,602,141)	140,672	(1,461,469)	(115,723)	158,098	42,375
Cash flows from financing activities:						
Capital contribution from non-controlling interests	25,481	—	25,481	—	—	—
Payment to a non-controlling interest for acquisition of shares in a subsidiary	—	—	—	(46,919)	—	(46,919)
Proceeds from borrowings	2,529,239	(384,486)	2,144,753	1,542,541	(8,977)	1,533,564
Repayments of borrowings and finance leases	(758,761)	20,387	(738,374)	(926,125)	46,200	(879,925)
Dividends paid to non-controlling interests	(130,404)	1,167	(129,237)	(133,798)	1,181	(132,617)
Release of deposit pledged for borrowings	—	—	—	14,444	(14,444)	—
Net cash generated from financing activities	1,665,555	(362,932)	1,302,623	450,143	23,960	474,103
Increase in cash and cash equivalents	667,811	(149,982)	517,829	1,378,565	41,667	1,420,232
Cash and cash equivalents at beginning of the period	2,921,139	(384,886)	2,536,253	2,494,175	(354,336)	2,139,839
Exchange (losses)/gains on cash and cash equivalents	(5,373)	2,766	(2,607)	925	(319)	606
Cash and cash equivalents at end of the period	3,583,577	(532,102)	3,051,475	3,873,665	(312,988)	3,560,677

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

7 TURNOVER AND SEGMENT INFORMATION

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

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

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

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

- (1) Full service hotels (previously named as "Star-rated hotels"): ownership, operation and management of full service hotels;
- (2) Select service hotels (previously named as "Budget hotels"): operation of self-owned select service hotels and franchising to select service hotels owned by other parties;
- (3) Food and restaurants: operation of fast food or upscale restaurants, moon cake production and related investments;
- (4) Vehicle and logistics: vehicle operating, trading of automobiles, refrigerated logistics, freight forwarding and related services;
- (5) Travel agency: provision of travel agency and related services; and
- (6) Other operation: intra-group financial services, training and education, and corporate function.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

7 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(a) Turnover

The Group's revenue which represents turnover for the six months ended 30 June 2013 is as follows:

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000 (Restated)
Full service hotels	1,082,860	1,179,932
— Accommodation revenue	484,591	539,943
— Food and beverage sales	396,734	422,836
— Rental revenue	90,084	84,536
— Hotel management	46,415	43,860
— Sales of hotel supplies	8,506	29,389
— Rendering of ancillary services	56,530	59,368
Select service hotels	1,081,835	1,011,061
— Accommodation revenue	758,030	722,302
— Hotel management and franchise	141,915	105,683
— Food and beverage sales	97,312	104,207
— Revenue under customer royalty programme	38,241	32,415
— Sales of hotel supplies	16,610	11,240
— Rental revenue	13,825	11,960
— Rendering of ancillary services	15,902	23,254
Food and restaurants	160,733	136,761
Vehicle and logistics	1,013,095	977,928
— Vehicle operating	604,169	551,536
— Trading of automobile	339,147	354,979
— Refrigerated logistics	58,330	60,244
— Others	11,449	11,169
Travel agency	881,701	826,544
— Travel agency	864,003	808,988
— Others	17,698	17,556
Other operation	50,115	20,527
	4,270,339	4,152,753

The majority of the Group's sales are retail sales and no revenues from transactions with a single external customer account for 10% or more of the Group's revenue for the period ended 30 June 2013 (30 June 2012: nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

7 TURNOVER AND SEGMENT INFORMATION (CONTINUED)**(b) Segment information**

The segment results for the six months ended 30 June 2013 are as follows:

	Full service hotels RMB'000	Select service hotels RMB'000	Food and restaurants RMB'000	Vehicle and logistics RMB'000	Travel agency RMB'000	Other operation RMB'000	The Group RMB'000
External sales (note 7(a))	1,082,860	1,081,835	160,733	1,013,095	881,701	50,115	4,270,339
Inter-segment sales	5,630	2,029	2,773	1,665	718	16,194	29,009
Total gross segment sales	1,088,490	1,083,864	163,506	1,014,760	882,419	66,309	4,299,348
Profit for the period	288	118,496	2,558	114,971	32,916	32,261	301,490
Other income (note 14)	14,065	12,710	57,579	18,897	36,001	72,473	211,725
Including: interest income (note 14)	1,192	561	83	4,578	3,478	692	10,584
Depreciation of property, plant and equipment (note 8)	(142,693)	(137,902)	(4,593)	(124,743)	(2,802)	(4,787)	(417,520)
Depreciation of investment properties (note 8)	(78)	—	—	(256)	(2,074)	—	(2,408)
Amortization of land use rights (note 8)	(23,895)	(3,668)	(51)	(670)	—	(400)	(28,684)
Amortization of intangible assets (note 8)	(2,696)	(4,272)	(568)	—	(257)	(169)	(7,962)
Reversal of impairment of trade receivables, prepayments and other receivables (note 15)	10,385	—	—	—	1	—	10,386
Reversal of inventories write-down (note 15)	29	—	—	—	—	—	29
Finance costs	(38,706)	(1,593)	(74)	(1,080)	—	(8,994)	(50,447)
Share of results of joint ventures and associates	(7,274)	—	(34,434)	53,311	(6,945)	1,231	5,889
Income tax expense (note 16)	(4,818)	(39,581)	(582)	(20,063)	(6,051)	(14,278)	(85,373)
Capital expenditure	35,196	1,969,520	6,429	243,713	4,488	450	2,259,796

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

7 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

The restated segment results for the six months ended 30 June 2012 are as follows:

	Full service hotels RMB'000	Select service hotels RMB'000	Food and restaurants RMB'000	Vehicle and logistics RMB'000	Travel agency RMB'000	Other operation RMB'000	The Group RMB'000
External sales (note 7(a))	1,179,932	1,011,061	136,761	977,928	826,544	20,527	4,152,753
Inter-segment sales	1,911	689	1,034	1,262	162	33,697	38,755
Total gross segment sales	1,181,843	1,011,750	137,795	979,190	826,706	54,224	4,191,508
Profit for the period	21,903	112,242	48,730	114,866	22,509	60,055	380,305
Other income (note 14)	82,163	8,126	47,145	24,579	24,142	92,024	278,179
Including: interest income (note 14)	1,817	774	183	3,325	3,871	542	10,512
Depreciation of property, plant and equipment (note 8)	(157,585)	(143,488)	(7,038)	(127,547)	(2,915)	(730)	(439,303)
Depreciation of investment properties (note 8)	(78)	—	—	(256)	(2,143)	—	(2,477)
Amortization of land use rights (note 8)	(22,261)	(5,502)	(51)	(670)	—	(178)	(28,662)
Amortization of intangible assets (note 8)	(3,599)	(3,691)	(486)	—	(257)	(443)	(8,476)
(Provision for)/reversal of impairment of trade and other receivables (note 15)	(111)	—	—	—	115	—	4
Finance costs	(42,275)	(803)	38	(1,105)	—	(303)	(44,448)
Share of results of joint ventures and associates	(2,979)	—	24,190	54,153	(5,226)	(2,249)	67,889
Income tax expense (note 16)	(3,008)	(36,396)	(339)	(19,081)	(3,864)	(24,248)	(86,936)
Capital expenditure	32,302	153,831	12,280	121,798	3,005	3,125	326,341

The segment assets as at 30 June 2013 are as follows:

	Full service hotels RMB'000	Select service hotels RMB'000	Food and restaurants RMB'000	Vehicle and logistics RMB'000	Travel agency RMB'000	Other operation RMB'000	The Group RMB'000
Segment assets	5,121,252	5,405,567	175,377	2,567,083	1,353,462	3,734,304	18,357,045
Investments in joint ventures	1,015,793	—	—	344,188	—	17,885	1,377,866
Investments in associates	49,682	—	110,728	293,218	16,395	6,362	476,385
Total assets	6,186,727	5,405,567	286,105	3,204,489	1,369,857	3,758,551	20,211,296

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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

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

	Full service hotels RMB'000	Select service hotels RMB'000	Food and restaurants RMB'000	Vehicle and logistics RMB'000	Travel agency RMB'000	Other operation RMB'000	The Group RMB'000
Segment assets	5,160,521	3,540,493	148,240	2,274,490	1,314,247	3,620,063	16,058,054
Investments in joint ventures	1,070,148	—	—	356,494	—	18,123	1,444,765
Investments in associates	46,815	—	187,225	364,383	23,339	4,838	626,600
Total assets	6,277,484	3,540,493	335,465	2,995,367	1,337,586	3,643,024	18,129,419

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

Unallocated costs which mainly represent corporate expenses are included in the segment of "Other operation". Other income in the segment of "Other operation" for the six months ended 30 June 2013 mainly includes gains on disposal of available-for-sale financial assets of RMB40,069,000 (for the six months ended 30 June 2012: RMB77,849,000). Other income in the segment of "Full service hotels" for the six months ended 30 June 2012 mainly includes a gain on disposal of available-for-sale financial assets of RMB66,939,000.

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

Capital expenditure comprises additions to property, plant and equipment (note 8), investment properties (note 8), land use rights (note 8) and intangible assets (note 8) including additions resulting from business combination (note 20).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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

	Property, plant and equipment RMB'000	Investment properties RMB'000	Land use rights RMB'000	Intangible assets RMB'000
Cost				
At 1 January 2013 (restated)	13,207,162	256,786	2,157,657	451,401
Additions resulting from acquisition through business combination (note 20)	1,764,617	—	—	52,288
Additions	437,941	—	—	4,950
Transfer from investment property	7,557	(7,557)	—	—
Disposals	(228,763)	—	—	—
At 30 June 2013	15,188,514	249,229	2,157,657	508,639
At 1 January 2012 (restated)	12,830,241	256,786	2,157,657	440,806
Additions	320,349	—	—	5,992
Disposals	(194,392)	—	—	—
At 30 June 2012 (restated)	12,956,198	256,786	2,157,657	446,798
Accumulated depreciation, amortization and impairment				
At 1 January 2013 (restated)	(6,180,712)	(70,977)	(290,238)	(64,982)
Depreciation and amortization charge for the period (note 15)	(417,520)	(2,408)	(28,684)	(7,962)
Transfer from investment property	(2,369)	2,369	—	—
Disposals	208,030	—	—	—
At 30 June 2013	(6,392,571)	(71,016)	(318,922)	(72,944)
At 1 January 2012 (restated)	(5,592,013)	(66,024)	(232,862)	(49,400)
Depreciation and amortization charge for the period (note 15)	(439,303)	(2,477)	(28,662)	(8,476)
Disposals	143,481	—	—	—
At 30 June 2012 (restated)	(5,887,835)	(68,501)	(261,524)	(57,876)
Net book amount				
At 30 June 2013	8,795,943	178,213	1,838,735	435,695
At 30 June 2012 (restated)	7,068,363	188,285	1,896,133	388,922

The fair value of the investment properties is approximately RMB816,749,000 (31 December 2012: approximately RMB830,015,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

9 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000 (Restated)
Trade receivables	358,157	279,843
Less: provision for impairment of trade receivables	(8,273)	(10,211)
Trade receivables — net	349,884	269,632
Amounts due from related parties (note 21(b))	474,349	507,802
Prepayments and deposits	375,460	268,836
Accrual rental revenue	17,848	16,062
Dividends receivable	68,341	—
Others	72,506	59,491
Less: provision for impairment of amounts due from related parties and other receivables	(6,071)	(16,578)
Prepayments and other receivables — net	1,002,433	835,613
	1,352,317	1,105,245
Less: non-current portion of trade receivables, prepayments and other receivables	(75,499)	(41,764)
	1,276,818	1,063,481
Non-current portion of trade receivables, prepayments and other receivables	75,499	41,764

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000 (Restated)
0 to 3 months	336,248	261,083
3 months to 1 year	17,915	14,245
Over 1 year	3,994	4,515
	358,157	279,843

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

10 A NON-CURRENT ASSET HELD FOR SALE

In May and June 2013, Shanghai Jin Jiang Auto Service Co., Ltd. (“Jin Jiang Auto Service”, a subsidiary of the Group), had registered at the Shanghai Unified Assets and Equity Exchange to transfer its 50% equity interest in Shanghai Wanguo Automobile Driver Training Center (“Wanguo Automobile”) for a public bidding process, and it was confirmed that Shanghai Hexin Investment Development Co., Ltd. (“Hexin Investment”) had become the final bidder. The transaction was completed in July 2013 (note 22(b)). Therefore, the investment in Wanguo Automobile with carrying amount of RMB30,061,000 was reclassified as a non-current asset held for sale as at 30 June 2013.

11 RESERVES

	Other reserves					Total	Retained earnings	Total
	Capital surplus (i)	Statutory and discretionary surplus reserve (ii)	Merger reserve (iii)	Available-for-sale financial assets (iv)	Currency translation differences			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2012, as previously presented	1,981,072	470,871	(2,886,243)	671,316	(14,661)	222,355	1,524,034	1,746,389
Impact of change in accounting policy (note 6)	—	—	—	—	—	—	—	—
At 31 December 2012 (restated)	1,981,072	470,871	(2,886,243)	671,316	(14,661)	222,355	1,524,034	1,746,389
Profit for the period	—	—	—	—	—	—	130,806	130,806
Fair value changes on available-for-sale financial assets-gross	—	—	—	(144,556)	—	(144,556)	—	(144,556)
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	—	—	(29,703)	—	(29,703)	—	(29,703)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	—	—	43,565	—	43,565	—	43,565
Dividends declared (note 18)	—	—	—	—	—	—	(166,980)	(166,980)
Currency translation differences	—	—	—	—	(1,269)	(1,269)	—	(1,269)
At 30 June 2013	1,981,072	470,871	(2,886,243)	540,622	(15,930)	90,392	1,487,860	1,578,252

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

11 RESERVES (CONTINUED)

	Other reserves					Total RMB'000	Retained earnings RMB'000	Total RMB'000
	Capital surplus (i) RMB'000	Statutory and discretionary surplus reserve (ii) RMB'000	Merger reserve (iii) RMB'000	Available- for- sales financial assets (iv) RMB'000	Currency translation differences RMB'000			
At 31 December 2011, as previously presented	1,992,159	444,508	(2,886,243)	616,660	(13,860)	153,224	1,456,031	1,609,255
Impact of change in accounting policy (note 6)	—	—	—	—	—	—	—	—
At 31 December 2011 (restated)	1,992,159	444,508	(2,886,243)	616,660	(13,860)	153,224	1,456,031	1,609,255
Profit for the period	—	—	—	—	—	—	167,827	167,827
Fair value changes on available-for-sale financial assets-gross	—	—	—	195,397	—	195,397	—	195,397
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	—	—	(110,029)	—	(110,029)	—	(110,029)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	—	—	(21,297)	—	(21,297)	—	(21,297)
Dividends declared (note 18)	—	—	—	—	—	—	(222,640)	(222,640)
Acquisition of equity interests in a subsidiary from non-controlling interests	(11,087)	—	—	—	—	(11,087)	—	(11,087)
Currency translation differences	—	—	—	—	22	22	—	22
At 30 June 2012 (restated)	1,981,072	444,508	(2,886,243)	680,731	(13,838)	206,230	1,401,218	1,607,448

(i) Capital surplus represents premium arising from shareholders' contribution in excess of paid-in capital or from the issue of shares at a price in excess of their par value per share, and the effect for transactions with non-controlling interests on changes in equity attributable to shareholders of the Company.

(ii) Pursuant to the Company Law of Mainland China and the articles of association of certain group the companies, the Company is required to transfer 10% of its net profit, as determined under Mainland China accounting regulations, to statutory surplus reserve until the fund aggregates to 50% of their share capital; after the transfer of statutory surplus reserves, the Company can appropriate profit, subject to respective shareholders' approval, to discretionary surplus reserve.

The transfer to statutory and discretionary reserves must be made before distribution of dividends to shareholders. These reserves shall only be used to make good previous years' losses, to expand production operations, or to increase the capital of the Company. The Company may transfer the statutory surplus reserve into share capital, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of the registered capital.

(iii) Merger reserve represents the net effect arising from the application of merger accounting for business combinations resulting from transactions among entities under common control. It includes (1) the paid-in capital of certain subsidiaries, which were transferred to the Group in the Reorganisation and Acquisition, and their retained earnings/(accumulated losses) before acquisitions by Jin Jiang International, which were credited/(debited) to merger reserve and (2) the considerations and other settlements paid by the Group in the Reorganisation and Acquisition to obtain the interests in these subsidiaries, which were debited to merger reserve.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

12 TRADE AND OTHER PAYABLES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000 (Restated)
Trade payables	414,800	415,929
Advances from customers	677,326	610,860
Employee benefits payables	396,191	498,927
Payables for purchases of property, plant and equipment, and intangible assets	790,791	313,003
Amounts due to related parties (note 21(b))	913,836	712,255
Deposits from lessees and constructors	294,837	291,773
Other tax payables	142,342	157,212
Dividend payable to non-controlling interests	107,573	25,150
Accrued expenses and provisions for other liabilities and changes	90,887	85,728
Payable for deferred consideration of business combination (note 20)	47,345	—
Deferred revenue for customer royalty programme	6,359	2,758
Notes payable	19,794	19,364
Others	180,002	124,032
	4,082,083	3,256,991
Less: non-current portion of trade and other payables	(186,040)	(114,219)
	3,896,043	3,142,772
Non-current portion of trade and other payables	186,040	114,219

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000 (Restated)
0 to 3 months	373,817	379,518
3 months to 1 year	32,514	27,035
Over 1 year	8,469	9,376
	414,800	415,929

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

13 BORROWINGS

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000 (Restated)
Borrowings included in non-current liabilities:		
Bank borrowings — secured	80,076	94,032
Bank borrowings — unsecured	1,309,638	1,324,267
Finance lease liabilities	24,085	21,729
	1,413,799	1,440,028
Less: current portion of long-term secured bank borrowings	(12,357)	(12,571)
current portion of long-term unsecured bank borrowings	(32,000)	(32,000)
current portion of long-term finance lease liabilities	(1,865)	(1,364)
	1,367,577	1,394,093
Borrowings included in current liabilities:		
Bank borrowings — secured	10,000	33,668
Bank borrowings — unsecured	503,807	11,220
Borrowings from related parties (note 21(b))	1,463,000	105,000
Other borrowings — unsecured	5,000	405,000
Current portion of long-term secured bank borrowings	12,357	12,571
Current portion of long-term unsecured bank borrowings	32,000	32,000
Current portion of long-term finance lease liabilities	1,865	1,364
	2,028,029	600,823

As at 30 June 2013, the secured bank borrowings included:

- (1) Bank borrowings of USD12,960,000, equivalent to RMB80,076,000 (31 December 2012: USD14,960,000, equivalent to RMB94,032,000), which were guaranteed by Jin Jiang International;
- (2) Bank borrowings of RMB10,000,000 (31 December 2012: RMB33,668,000), which were guaranteed by a non-controlling interest of a subsidiary;

Finance lease liabilities with carrying amount of RMB24,085,000 (31 December 2012: RMB21,729,000) are effectively secured as the rights to the leased assets with carrying amount of RMB21,367,000 (31 December 2012: RMB20,496,000) revert to the lessor in the event of default.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

13 BORROWINGS (CONTINUED)

Movements in borrowings are analysed as follows:

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000 (Restated)
At beginning of the period	1,994,916	1,626,384
Proceeds from borrowings	2,144,753	1,533,564
Repayments of borrowings	(737,025)	(879,417)
Additions resulting from finance leases	3,705	—
Payments of finance leases	(1,349)	(508)
Foreign exchange (gain)/loss	(9,394)	1,674
At end of the period	3,395,606	2,281,697

14 OTHER INCOME

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000 (Restated)
Government grants income (a)	29,406	17,450
Interest income	10,584	10,512
Dividend income	99,614	76,813
— Unlisted equity investments	58,261	48,148
— Listed equity investments	41,353	28,665
Gain on disposal of property, plant and equipment	9,525	15,465
Gain on disposal of available-for-sale financial assets	55,546	152,911
Gain on disposal of financial assets at fair value through profit or loss	2	40
Others	7,048	4,988
	211,725	278,179

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

15 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000 (Restated)
Employee benefit expense	1,096,997	1,070,059
Cost of travel agency	782,890	733,867
Cost of inventories sold	698,954	712,825
Depreciation of property, plant and equipment (note 8)	417,520	439,303
Utility cost and consumables	325,176	331,099
Operating leases — land and buildings	199,324	177,883
Business tax, property tax, value added tax ("VAT") through a simplified method and other tax surcharges	173,504	164,342
Repairs and maintenance	48,010	49,823
Amortisation of land use rights (note 8)	28,684	28,662
Commission paid to travel agency	21,385	19,602
Laundry costs	13,792	10,869
Advertising cost	12,747	12,367
Telecommunication expenses	9,921	7,736
Transportation expenses	8,944	8,317
Amortisation of intangible assets (note 8)	7,962	8,476
Entertainment expenses	6,410	6,526
Auditors' remuneration	3,940	3,578
Transaction cost in business combination (note 20)	2,900	—
Depreciation of investment properties (note 8)	2,408	2,477
Pre-operation expenses	1,419	2,124
Reversal of inventories write-down	(29)	—
Reversal of impairment of trade receivables, prepayments, and other receivables	(10,386)	(4)
Others	175,655	171,170
	4,028,127	3,961,101

16 INCOME TAX EXPENSE

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000 (Restated)
Mainland China current income tax ("CIT")	100,578	102,636
Mainland China deferred income tax	(15,205)	(15,700)
	85,373	86,936

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

16 INCOME TAX EXPENSE (CONTINUED)

Provision for Mainland China CIT is calculated based on the statutory income tax rate of 25% on the assessable income of Group companies operating in Mainland China for the six months ended 30 June 2013 (the six months ended 30 June 2012: 25%) as determined in accordance with the Corporate Income Tax Law of PRC and the Detail Implementation Regulations.

Hong Kong profits tax is provided at a rate of 16.5% on the estimated assessable profits of Group's subsidiary incorporated in Hong Kong for the six months ended 30 June 2013 (the six months ended 30 June 2012: 16.5%). For the six months ended 30 June 2013, the Group's subsidiary incorporated in Hong Kong did not have assessable profit and therefore has not provided for any Hong Kong profits tax (the six months ended 30 June 2012: nil).

17 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2013	2012
Profit attributable to shareholders of the Company (RMB'000)	130,806	167,827
Weighted average number of ordinary shares in issue (thousands)	5,566,000	5,566,000
Basic earnings per share (RMB cents)	2.35	3.02

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

18 DIVIDENDS

The final dividend for the year ended 31 December 2012 of RMB3.0 cents (2011 final dividend: RMB4.0 cents) per share, totalling RMB166,980,000 (2011 final dividend: RMB222,640,000) was paid subsequently in August 2013. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012 interim dividend: nil).

19 COMMITMENTS

(a) Capital commitments

Capital expenditure at 30 June 2013 but not yet incurred is as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000 (Restated)
Acquisition of property, plant and equipment	46,713	95,753

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

19 COMMITMENTS (CONTINUED)

(b) Operating lease commitments

The Group leases various premises, offices and machinery and also leases out space in hotels under non-cancellable operating lease agreements. The rental revenue recognised and the lease expenditure expensed in the unaudited condensed consolidated interim income statement during the six months ended 30 June 2013 is disclosed in note 7(a) and note 15, respectively.

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

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000 (Restated)
Not later than 1 year	184,373	181,395
Later than 1 year and not later than 5 years	509,399	495,493
Later than 5 years	552,857	631,944
	1,246,629	1,308,832

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000 (Restated)
Not later than 1 year	361,967	329,751
Later than 1 year and not later than 5 years	1,464,662	1,420,894
Later than 5 years	2,677,913	2,528,233
	4,504,542	4,278,878

(c) Disposal of equity interest in Chengdu Jinhe Real Estate Company Limited ("Chengdu Jinhe")

As at 30 June 2013, the Company held a 30% equity interest in Chengdu Jinhe with carrying amount of nil under equity method.

Pursuant to an agreement signed between a third party (the "Purchaser") and the Company on 28 January 2010, the Company will dispose all its 30% equity interest in Chengdu Jinhe to the Purchaser, at a consideration of RMB17,760,000. Pursuant to a further agreement signed between the Purchaser and the Company on 10 May 2013, the Purchaser committed to pay the consideration of RMB17,760,000 and the interests for late payment of RMB1,450,000 before 31 December 2013. The transaction was not completed as at 29 August 2013.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

20 BUSINESS COMBINATIONS

Smart Hotels

Pursuant to the equity transfer agreement signed among Jin Jiang Hotels Development, Tianjin Huasheng Tourism Equity Investment Partners (LLP) ("Huasheng Tourism") and China Wallink Holding Group Co., Ltd. ("Wallink Holding"), Jin Jiang Hotels Development acquired 99% and 1% equity interest in Smart Hotels from Huasheng Tourism and Wallink Holding, respectively.

The equity transfer was completed on 24 June 2013 with a cash consideration of RMB686,345,000 and Jin Jiang Hotels Development held 100% equity interest in Smart Hotel thereafter. Jin Jiang Hotels Development also provided a loan of RMB635,535,000 to Smart Hotels to repay Smart Hotels' borrowing of RMB635,535,000 due to Huasheng Tourism in June 2013.

If the acquisition had occurred on 1 January 2013, Group revenue would have been RMB4,335,856,000, and profit for the period would have been RMB293,177,000. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation that would have been charged assuming the fair value adjustments to property, plant and equipment had applied from 1 January 2013, together with the consequential tax effects.

Details of purchase consideration are as follows:

	RMB'000
Purchase consideration:	
— Cash paid	639,000
— Deferred cash consideration to be paid	47,345
Total purchase consideration	686,345

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

20 BUSINESS COMBINATIONS (CONTINUED)**Smart Hotels (continued)**

The assets and liabilities as of 24 June 2013 arising from the acquisition are as follows:

	Fair values
	RMB'000
Property, plant and equipment	1,764,617
Intangible assets	502
Deferred income tax assets	3,208
Trade receivables, prepayments and other receivables — non-current portion	40,357
Inventories	8,018
Trade receivables, prepayments and other receivables — current portion	15,617
Cash and cash equivalents	10,915
Deferred income tax liabilities	(113,590)
Trade and other payables	(1,095,085)
Net assets	634,559
Share of net assets (100%)	634,559
Add: Goodwill	51,786
Total purchase consideration	686,345
Total purchase consideration settled in cash for the period ended 30 June 2013	(639,000)
100% share of cash and cash equivalents in the subsidiary acquired	10,915
Cash outflow of cash consideration on acquisition	(628,085)
Cash outflow of repayments of the borrowings on acquisition	(635,535)
Total transaction cost	2,900

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

21 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related party transactions

The Group had the following significant related party transactions during six months ended 30 June 2013:

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000 (Restated)
Transactions with Jin Jiang International		
— Provision of project management services	1,043	967
— Interest income received	589	89
— Provision of food and beverage services	398	835
— Provision of vehicle operating services	161	52
— Sales of hotel supplies	98	97
— Provision of training services	63	16
— Provision of hotel services	43	190
	2,395	2,246
— Interest expenses paid	8,065	18,815
— Rental expenses paid	4,228	5,326
— Food and beverage services paid	242	346
	12,535	24,487
Transactions with subsidiaries, joint ventures and associates of Jin Jiang International		
— Provision of hotel services	8,340	8,264
— Sales of hotel supplies	3,378	6,219
— Rental income received	2,339	2,099
— Provision of other services	1,349	490
— Provision of vehicle operating services	854	1,262
	16,260	18,334
— Rental expenses paid	12,220	8,164
— Receipt of other services	3,279	1,436
— Purchase of food and beverage	2,159	1,319
— Interest expenses paid	1,511	720
— Receipt of laundry services	—	167
	19,169	11,806

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000 (Restated)
Transactions with joint ventures of the Group		
— Interest income received	13,845	5,725
— Management fees received	1,715	2,137
— Sales of vehicles	1,707	—
— Sales of hotel supplies	302	710
	17,569	8,572
— Interest expenses paid	2,939	2,268
— Rental expenses paid	670	200
— Receipt of other services	239	82
	3,848	2,550
Transaction with associates of the Group		
— Rental income received	1,863	1,459
— Management fees received	1,030	1,141
— Interest income received	588	620
— Sales of vehicles	341	—
— Provision of hotel services	44	57
	3,866	3,277
— Purchase of property, plant and equipment	12,623	14,402
— Purchase of goods	3,361	900
— Receipt of maintenance services	498	810
— Rental expenses paid	314	270
— Interest expenses paid	165	67
— Receipt of travel services	46	122
	17,007	16,571

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amount due from/to related parties

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000 (Restated)
Amounts due from related parties (note 9)		
— Joint ventures of the Group (i)	311,300	467,591
— Associates of the Group (ii)	155,211	35,237
— Subsidiaries, joint ventures and associates of Jin Jiang International	6,115	3,530
— Jin Jiang International	1,723	1,444
	474,349	507,802
Amounts due to related parties (note 12)		
— Jin Jiang International (iii)	517,879	431,934
— Joint ventures of the Group (iv)	208,558	102,301
— Subsidiaries, joint ventures and associates of Jin Jiang International (v)	128,774	125,284
— Associates of the Group (vi)	58,625	52,736
	913,836	712,255
Borrowings from related parties (note 13)		
— Jin Jiang International (vii)	1,348,000	—
— A subsidiary of Jin Jiang International (viii)	100,000	50,000
— A joint venture of the Group (ix)	15,000	55,000
	1,463,000	105,000
Loan commitments		
— Jin Jiang International	500,000	500,000
— Joint ventures of the Group	242,000	90,000
— Associates of the Group	41,000	41,000
	783,000	631,000
Financial guarantees provided to related parties		
— Associates of the Group	11,600	15,600
— Joint ventures of the Group (x)	842,580	904,971
	854,180	920,571

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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

- (i) The balance includes secured loans to a joint venture of RMB205,500,000 as at 30 June 2013 (31 December 2012: RMB357,500,000) with effective interest rate of 5.81% (31 December 2012: 5.91%) per annum which was guaranteed by its properties, an unsecured loan to a joint venture of RMB10,000,000 as at 30 June 2013 (31 December 2012: RMB12,500,000) with effective interest rate of 5.40% (31 December 2012: 5.80%) per annum which was guaranteed by a subsidiary of the Group, unsecured loans to a joint venture of RMB40,000,000 as at 30 June 2013 (31 December 2012: RMB41,000,000) with effective interest rate of 6.00% (31 December 2012: 5.97%) per annum, and dividends due from a joint venture of RMB50,983,000 (31 December 2012: nil). An secured loan of RMB38,000,000 as at 31 December 2012 with effective interest rate of 5.90% per annum was repaid by a joint venture.
- (ii) The balance includes secured loans to an associate of the Group of RMB17,000,000 as at 30 June 2013 (31 December 2012: RMB17,000,000) with effective interest rate of 6.15% (31 December 2012: 6.65%) per annum which were guaranteed by its properties, an unsecured loan to an associate of the Group of RMB4,500,000 as at 30 June 2013 (31 December 2012: nil) with effective interest rate of 6.00% (31 December 2012: nil), and dividends due from associates of the Group of RMB120,284,000 (31 December 2012: nil).
- (iii) The balance includes deposits from Jin Jiang International of RMB492,180,000 as at 30 June 2013 (31 December 2012: RMB409,640,000) with effective interest rate of 0.83% (31 December 2012: 0.39%) per annum.
- (iv) The balance includes deposits from joint ventures of the Group of RMB176,271,000 as at 30 June 2013 (31 December 2012: RMB78,241,000) with effective interest rate of 2.67% (31 December 2012: 4.02%) per annum.
- (v) The balance includes deposits from subsidiaries of Jin Jiang International of RMB118,768,000 as at 30 June 2013 (31 December 2012: RMB118,709,000) with effective interest rate of 2.79% (31 December 2012: 2.48%) per annum.
- (vi) The balance includes deposits from associates of the Group of RMB16,710,000 as at 30 June 2013 (31 December 2012: RMB13,078,000) with effective interest rate of 2.09% (31 December 2012: 2.03%) per annum.
- (vii) The balance includes unsecured borrowings from Jin Jiang International of RMB1,348,000,000 as at 30 June 2013 (31 December 2012: nil) with effective interest rate of 5.11% (31 December 2012: nil) per annum.
- (viii) The balance includes an unsecured borrowing from a subsidiary of Jin Jiang International of RMB100,000,000 as at 30 June 2013 (31 December 2012: RMB50,000,000) with effective interest rate of 5.40% (31 December 2012: 5.51%) per annum.
- (ix) The balance includes an unsecured borrowing from a joint venture of the Group of RMB15,000,000 as at 30 June 2013 (31 December 2012: RMB55,000,000) with effective interest rate of 5.40% (31 December 2012: 5.77%) per annum.
- (x) Upon adoption of HKFRS 11, the Group did not proportionately consolidate IHR Group. The financial guarantees provided to joint ventures of the Group contains the financial guarantee provided by the Company to IHR Group amounted to USD134,750,000, equivalent to RMB832,580,000 (31 December 2012: USD134,750,000, equivalent to RMB846,971,000).

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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21 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Salary and other allowances	1,155	1,009
Discretionary bonus	181	187
Retirement scheme contributions	211	180
	1,547	1,376

22 SUBSEQUENT EVENTS

- (a) On 25 June 2013, Jin Jiang Hotels Development's general meeting approved a proposal of issuance of corporate bonds with the aggregate principal amount not exceeding RMB1,600,000,000 and with the term of 5 years from the date of issuance. On 16 August 2013, the Issuance Examination Committee of the China Securities Regulatory Commission approved the application for issuance of corporate bonds.
- (b) Pursuant to the agreement of equity transfer of Wanguo Automobile signed between Jin Jiang Auto Service and Hexin Investment in July 2013, Jin Jiang Auto Service transferred its 50% equity interest in Wanguo Automobile to Hexin Investment, at a cash consideration of RMB131,700,000. The equity transfer was completed in July 2013 and Jin Jiang Auto Service has no equity interest in Wanguo Automobile thereafter. The profit attributable to shareholders of the Company derived from the equity transfer was approximately RMB23,319,000.

23 RESTATEMENT OF COMPARATIVE FIGURES

Certain comparative figures have been restated according to the adoption of HKFRS 11 (note 6).

