Shanghai Jin Jiang International Hotels (Group) Company Limited

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

Stock Code : 02006

ANNUAL REPORT 2014

Contents

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Mr. Yu Minliang *(Chairman)*
Mr. Yang Weimin
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

AUTHORIZED REPRESENTATIVES
Mr. Yang Weimin
Mr. Kang Ming

JOINT COMPANY SECRETARIES
Mr. Kang Ming
Ms. Mok Ming Wai

QUALIFIED ACCOUNTANT
Dr. Ai Gengyun

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

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

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 LLP

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

As to PRC law:
King & Wood Mallesons

CHINESE NAME OF THE COMPANY
上海錦江國際酒店（集團）股份有限公司

ENGLISH NAME OF THE COMPANY
Shanghai Jin Jiang International Hotels (Group) Company Limited

H SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

INVESTOR AND MEDIA RELATIONS CONSULTANT
iPR Ogilvy Limited

PRINCIPAL BANKERS
Industrial and Commercial Bank of China

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

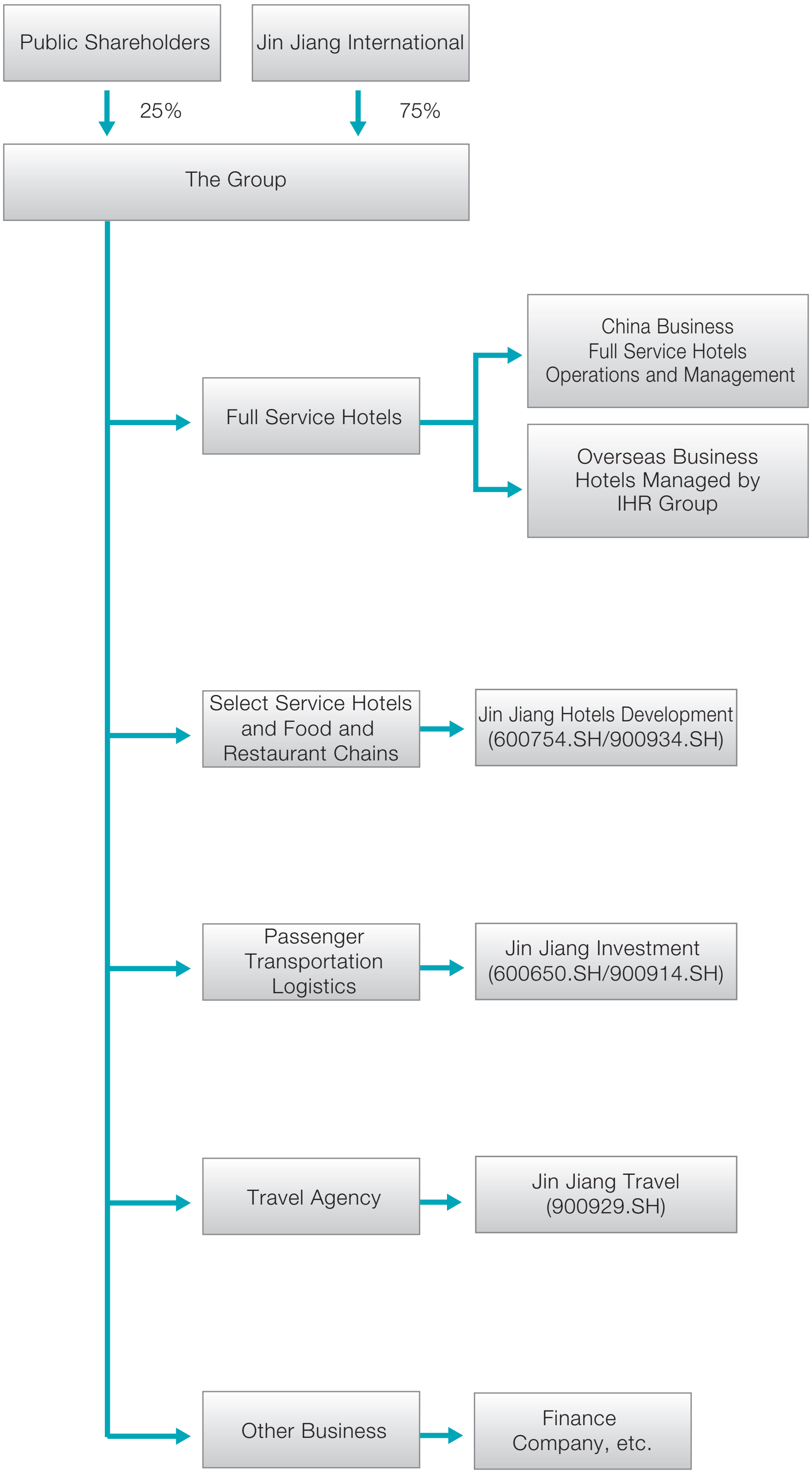
PRINCIPAL PLACES OF BUSINESS IN THE PRC
26/F., Union Building
No. 100 Yan'an East Road
Shanghai, the PRC

PRINCIPAL PLACES OF BUSINESS IN HONG KONG
Room 3203, 32nd Floor
Shun Tak Centre, West Tower
200 Connaught Road Central
Hong Kong Special Administrative Region of the PRC ("Hong Kong")

STOCK EXCHANGE ON WHICH H SHARES OF THE COMPANY ("H SHARES") ARE LISTED
Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")
Abbreviation of H Shares:
JIN JIANG HOTELS
Stock code: 02006
Website: www.jinjianghotels.com.cn
Tel: (86-21) 6326 4000
Fax: (86-21) 6323 8221

CORPORATE STRUCTURE

The following graph sets out the major business segments of the Company as at 31 December 2014:



INFORMATION ON HOTELS OF THE GROUP

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

All hotels (As of 31 December 2014)	Hotels in which the Group held Hotel Interests and managed by the Group		Hotels in which the Group held Hotel Interests but managed by third parties		Hotels owned by third parties but managed by the Group		Hotels owned by third parties but operated under franchises granted by the Group		Total number of hotels	
	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms
Hotel Category										
Full Service Hotels										
— 5-star hotels	5	2,472	2	940	63	20,622	—	—	70	24,034
— 4-star hotels	10	3,418	2	932	39	9,109	—	—	51	13,459
Sub-total	15	5,890	4	1,872	102	29,731	—	—	121	37,493
Commercial Hotels	2	268	—	—	2	545	—	—	4	813
Total number of Full Service Hotels	17	6,158	4	1,872	104	30,276	—	—	125	38,306
Select Service Hotels	296	40,892	—	—	—	—	918	101,493	1,214	142,385
Total	313	47,050	4	1,872	104	30,276	918	101,493	1,339	180,691

* Includes the Group's hotels in the PRC only.

INFORMATION ON HOTELS OF THE GROUP

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

In operation (As of 31 December 2014)	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	
	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms
Hotel Category										
Full Service Hotels										
— 5-star hotels	5	2,472	2	940	41	14,604	—	—	48	18,016
— 4-star hotels	10	3,418	2	932	33	7,652	—	—	45	12,002
Sub-total	15	5,890	4	1,872	74	22,256	—	—	93	30,018
Commercial Hotels	2	268	—	—	2	545	—	—	4	813
Total number of Full Service Hotels	17	6,158	4	1,872	76	22,801	—	—	97	30,831
Select Service Hotels	266	36,652	—	—	—	—	701	79,177	967	115,829
Total	283	42,810	4	1,872	76	22,801	701	79,177	1,064	146,660

* Includes the Group's hotels in the PRC only.

INFORMATION ON HOTELS OF THE GROUP

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

Under development (As of 31 December 2014)	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	
	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms
Hotel Category										
Full Service Hotels										
— 5-star hotels	—	—	—	—	22	6,018	—	—	22	6,018
— 4-star hotels	—	—	—	—	6	1,457	—	—	6	1,457
Sub-total	—	—	—	—	28	7,475	—	—	28	7,475
Commercial Hotels	—	—	—	—	—	—	—	—	—	—
Total number of Full Service Hotels	—	—	—	—	28	7,475	—	—	28	7,475
Select Service Hotels	30	4,240	—	—	—	—	217	22,316	247	26,556
Total	30	4,240	—	—	28	7,475	217	22,316	275	34,031

* Includes the Group's hotels in the PRC only.

INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP 4 — STATISTICS OF REGIONAL DISTRIBUTION

Province/autonomous region/ municipality		In operation				Under development			
		Full Service Hotels		Select Service Hotels		Full Service Hotels		Select Service Hotels	
		Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms	Number of hotels	Total Number of Rooms
Eastern region	Shanghai	26	9,934	117	14,459	1	169	21	2,619
	Zhejiang	2	631	62	6,994	5	1674	15	1,504
	Jiangsu	11	2,964	162	18,225	4	1,219	27	2,557
	Anhui	2	396	27	3,132	1	200	4	384
	Shandong	5	1,612	87	9,450	1	150	16	1,696
Northern region	Beijing	16	4,789	55	7,027	2	613	10	1,178
	Tianjin	—	—	21	2,563	—	—	12	1,327
	Hebei	3	591	35	4,106	3	671	14	1,264
	Liaoning	3	925	45	5,498	1	300	12	1,383
	Jilin	—	—	14	1,826	—	—	8	782
	Heilongjiang	3	998	10	1,124	—	—	6	543
Central region	Henan	3	901	40	5,148	2	360	12	1,273
	Hubei	2	768	27	3,803	1	300	8	934
	Hunan	1	300	11	1,447	2	430	3	365
	Jiangxi	3	735	16	1,971	—	—	7	697
	Guangxi	—	—	7	881	—	—	3	323
Southern region	Fujian	1	320	33	4,055	2	633	8	862
	Guangdong	1	350	46	6,030	—	—	11	1,121
	Hainan	2	395	9	1,182	—	—	1	82
Northwestern region	Shanxi	—	—	34	4,092	—	—	9	909
	Shaanxi	3	880	30	3,960	—	—	9	1,074
	Gansu	1	236	5	505	—	—	3	347
	Qinghai	—	—	6	522	—	—	1	67
	Xinjiang	2	630	4	383	—	—	6	761
	Inner Mongolia	2	1,120	16	2,108	—	—	9	1,014
	Ningxia	—	—	5	573	—	—	—	—
Southwestern region	Chongqing	1	315	2	257	—	—	1	166
	Sichuan	1	250	21	2,449	1	198	2	270
	Guizhou	1	250	8	831	1	320	2	303
	Yunnan	2	541	11	1,159	1	238	6	631
	Tibet	—	—	1	69	—	—	1	120

* Includes the Group's hotels in the PRC only.

INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP 5 — STATISTICS OF HOTELS OWNED AND MANAGED BY IHR GROUP AS OF 31 DECEMBER 2014

	Number of hotels	Total Number of Rooms
USA	350	64,947
UK	39	3,952
Holland	11	1,906
India	5	607
Russia	11	3,159
China	5	2,172
Belgium	3	329
Canada	2	570
Ireland	2	376
Bosnia and Herzegovina	1	75
Kazakhstan	1	271
Belarus	1	267
Hungary	1	136
Total	432	78,767

INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP 6 — LIST OF FULL SERVICE HOTELS IN WHICH THE GROUP HOLDS SUBSTANTIAL INTERESTS (INSIDE THE PRC)

Name of hotel	Effective interests held by the Company	Number of rooms	Address
5-star hotels			
Shanghai Jin Jiang Hotel	100.00%	442	No. 59, Maoming South Road, Shanghai, the PRC
Shanghai Peace Hotel	100.00%	270	No. 20, Nanjing East Road, Shanghai, the PRC
Shanghai Jin Jiang Tower	100.00%	582	No. 161, Changle Road, Shanghai, the PRC
Shanghai Jin Jiang Tomson Hotel	50.00%	398	No. 777, Zhangyang Road, Shanghai, the PRC
Shanghai Yangtze Hotel	40.00%	540	No. 2099, Yan'an West Road, Shanghai, the PRC
Beijing Kunlun Hotel	47.50%	646	No. 2, Xinyuan South Road, Beijing, the PRC
Wuhan Jin Jiang International Hotel	100.00%	407	No. 707, Jianshi Avenue, Wuhan, Hubei Province, the PRC
4-star hotels			
Shanghai Park Hotel	100.00%	261	No. 170, Nanjing West Road, Shanghai, the PRC
Shanghai Jian Guo Hotel	65.00%	455	No. 439, Caoxi North Road, Shanghai, the PRC
Shanghai Galaxy Hotel	100.00%	—	No. 888, Zhongshan West Road, Shanghai, the PRC
Shanghai Rainbow Hotel	100.00%	640	No. 2000, Yan'an West Road, Shanghai, the PRC
Shanghai Cypress Hotel	100.00%	149	No. 2419, Hongqiao Road, Shanghai, the PRC
Shanghai Hotel	100.00%	527	No. 505, Wulumuqi North Road, Shanghai, the PRC
Shanghai Jing An Hotel	100.00%	228	No. 370, Huashan Road, Jingan District, Shanghai, the PRC
Shanghai Sofitel Hotel	66.67%	401	No. 505, Nanjing East Road, Shanghai, the PRC
Holiday Inn Downtown Shanghai	100.00%	531	No. 585, Hengfeng Road, Shanghai, the PRC
Wuxi Jin Jiang Grand Hotel	25.00%	353	No. 218, Zhongshan Road, Chongan District, Wuxi, Jiangsu Province, the PRC
Kunming Jin Jiang Hotel	100.00%	320	No. 98, Beijing Road, Kunming, Yunnan Province, the PRC
West Capital International Hotel	100.00%	216	No. 135, West Street, Lianhu District, Xi'an, Shaanxi Province, the PRC
Jiangsu Nanjing Hotel	40.00%	309	No. 259, Zhongshan North Road, Nanjing, Jiangsu Province, the PRC
Commercial Hotels			
Shanghai Pacific Hotel	100.00%	189	No. 108, Nanjing West Road, Shanghai, the PRC

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

MAJOR AWARDS

MAJOR AWARDS RECEIVED BY THE GROUP IN 2014

• **Best Local Chain Hotel Group in Greater China Market**	**"TTG China"**
• **Best Global Communications Award**	**"PR Newswire"**
• **Top 60 Hotel Groups in China**	**"China Tourist Hotels Association"**
• **Top 10 Local Brand Hotels in Chinese Hotel Industry**	**"Meadin.com"**
• **Best Chain Hotel Brand**	**"The Third China Hotel Industry Development Summit"**
• **Hotel Management Group with the Most Operational Value Award**	**"China Business News"**
• **Top China Hotel Management Company**	**"7th China Hotel Gloden Dragon Award"**
• **The Most Popular Business Hotel Award 2014 — Jin Jiang Metropolo**	**"China Hotel Gloden Dragon Award"**
• **Best Chain Hotel Brand 2014 — Jin Jiang Metropolo**	**"China Tourist Hotels Association"**
• **Top 10 Economy Brand Hotels in Chinese Hotel Industry — Jin Jiang Inn**	**"Meadin.com"**
• **Medium Grade Hotel Brand with the Most Development Potential 2014 — Jin Jiang Metropolo**	**"Asia Hotel Forum"**
• **Economy Hotel Brand with the Most Investment Value 2014 — Jin Jiang Inn**	**"Asia Hotel Forum"**

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“ADR”	room revenue divided by rooms in use
“Available Rooms”	number of rooms available of each hotel after deducting Permanent House Use
“Board”	the board of Directors of the Company
“Commercial Hotels”	hotels in which the Group holds Hotel Interests or which are owned by the third parties but managed by the Group, which have obtained or are expected to obtain 3-star or 2-star ratings, according to the criteria set by the Group
“Company”	Shanghai Jin Jiang International Hotels (Group) Company Limited
“Director(s)”	the director(s) of the Company
“Finance Company”	Jin Jiang International Finance Company Limited
“Franchisee(s)”	third party(ies) who have entered into franchise agreement(s) with the Group for the license to use the Jin Jiang trademark or Jin Jiang Inn trademark
“Full Service Hotels”	hotels which 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 and 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, joint ventures or subsidiaries of the Company
“Hua Ting Hotel and Towers”	Shanghai Hua Ting Hotel and Towers Company Limited
“IHR”	Interstate Hotels & Resorts Inc.
“IHR China”	Interstate (China) Hotels & Resorts Co., Ltd.
“IHR Group”	IHR and its subsidiaries
“Jin Jiang Hotel Investment”	Shanghai Jin Jiang International Hotel Investment Company Limited
“Jin Jiang Hotels Development”	Shanghai Jin Jiang International Hotels Development Company Limited
“Jin Jiang Inn”	Jin Jiang Inn Company Limited
“Jin Jiang 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 Ji INN
“Jin Jiang International”	Jin Jiang International Holdings Company Limited
“Jin Jiang International Investment”	Shanghai Jin Jiang International Investment & Management Company Limited
“Jin Jiang Investment”	Shanghai Jin Jiang International Industrial Investment Company Limited
“Jin Jiang Travel”	Shanghai Jin Jiang International Travel Co., Ltd.
“Jin Yun Company”	Shanghai Jin Yun Assets Management Co., Ltd.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"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 which have obtained or are expected to obtain 5-star or 4-star ratings, according to the criteria set by the Group
"Occupancy Rate"	rooms in use divided by Available Rooms for a given period
"Permanent House Use"	guest rooms which have been removed from the rentable inventory for a period longer than six months
"Prospectus"	the prospectus issued by the Company on 30 November 2006
"Reporting Period"	the period from 1 January 2014 to 31 December 2014
"RevPAR"	room revenue per Available Room
"RMB"	Renminbi, the lawful currency of the PRC
"Select Service Hotels"	hotels providing guests with basic professional services which are suitable for mass consumption with emphasis on the core function of accommodation
"Star-rating" or "Star-rated"	number of star(s) conferred by the National Tourism Administration of the PRC to a hotel according to the Star-rating Standard Manual and a Star-rated hotel refers to a hotel with Star-rating conferred as mentioned above
"Star-Rating Standard Manual"	the star-rating standard for tourist hotels published by the National Tourism Administration of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Hotel Interests"	the equity interests held by the Group in companies engaged in hotel operations which are joint ventures or subsidiaries of the Company
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Total Number of Rooms"	number of available rooms per hotel
"US$"	United States Dollars, the lawful currency of the United States

FINANCIAL HIGHLIGHTS

	2014	2013	2012 (Restated)*	2011	2010 (Restated)**
Items of Consolidated Income Statement (RMB million)					
Revenue	**9,364**	9,288	9,004	12,653	11,824
Profit attributable to shareholders of the Company	**621**	444	317	536	387
Earnings per share of profit attributable to shareholders of the Company (RMB cents)	**11.16**	7.97	5.70	9.63	6.96
Items of Consolidated Balance Sheet (RMB million)					
Total assets	**24,163**	21,836	18,129	18,266	18,445
Total liabilities	**8,787**	9,886	5,994	6,412	6,453
Total equity	**15,376**	11,950	12,135	11,854	11,992
Total equity attributable to the shareholders of the Company	**8,619**	7,566	7,312	7,175	7,839
Item of Consolidated Statement of Cash Flows (RMB million)					
Net cash generated from operating activities	**(796)**	2,044	898	1,307	1,503
Non-HKFRS Financial Information					
Proposed dividends (RMB million)	**278**	250	167	223	122
Proposed dividend per share (RMB cents)	**5.00**	4.50	3.00	4.00	2.20
Earnings before interests, taxes, depreciation and amortization ("EBITDA") (RMB million)	**2,647**	2,360	1,919	2,177	2,046
Total equity per share (RMB)	**2.76**	2.15	2.18	2.13	2.15
Total equity per share attributable to the shareholders of the Company (RMB)	**1.55**	1.36	1.31	1.29	1.72
Gearing ratio	**14.8%**	17.7%	11.0%	13.0%	11.8%
Capital expenditure	**845**	2,702	727	2,543	2,484

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

** Upon the completion of the business combination under common control in 2011, the financial statements line items of Jin Jiang Investment and Jin Jiang Travel were included in the consolidated financial statements of the Group for the year ended 31 December 2011 as if the combinations had occurred from the date when Jin Jiang Investment and Jin Jiang Travel first came under the control of Jin Jiang International. Comparative figures as at 31 December 2010 and for the year ended 31 December 2010 were restated on the same basis.

OPERATIONAL STATISTICS

	2014	2013 (Restated)
Average Occupancy Rate		
Full Service Hotels		
— 5-star Luxury Hotels	**70%**	65%
— 4-star Luxury Hotels	**70%**	63%
Select Service Hotels	**79%**	83%
Average room rate (RMB)		
Full Service Hotels		
— 5-star Luxury Hotels	**824**	851
— 4-star Luxury Hotels	**500**	496
Select Service Hotels	**193**	187
RevPAR (RMB)		
Full Service Hotels		
— 5-star Luxury Hotels	**575**	556
— 4-star Luxury Hotels	**348**	312
Select Service Hotels	**152**	155

Notes:

1. 5-star Luxury Hotels include: Jin Jiang Hotel, Peace Hotel, Wuhan Jin Jiang International Hotel, Jin Jiang Tower, Beijing Kunlun Hotel, Jin Jiang Tomson Hotel and Yangtze Hotel.

2. 4-star Luxury Hotels include: Park Hotel, Jian Guo Hotel, Cypress Hotel, Holiday Inn Downtown Shanghai, Rainbow Hotel, Shanghai Hotel, Shanghai Jing An Hotel, Shanghai Sofitel Hotel, Jiangsu Nanjing Hotel, Wuxi Jin Jiang Grand Hotel, West Capital International Hotel and Kunming Jin Jiang Hotel.

3. Select Service Hotels include hotels under the following brands: Jin Jiang Metropolo, Jin Jiang Inn, Bestay Hotels, Express, Jinguang Inn, Magnotel and all other directly-operated chain hotels under brand consolidation which have commenced operation.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present on behalf of the Board of Shanghai Jin Jiang International Hotels (Group) Company Limited (the "Company" or "Jin Jiang Hotels") the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

During 2014, the Group's principal operations were subject to pressure given the slowdown in China's macro-economic growth, escalating competition in the global hotel industry, general downside in operating results and cyclical oversupply in the PRC hotel industry and other changes in the social environment. Nevertheless, the domestic hotel industry was slowly recovering from the doldrums of 2013, with Full Service Hotels in Shanghai showing notable recovery. The Group overcame unfavourable factors and capitalised on favourable ones and market opportunities, such as the increasing number of conventions and exhibitions held in Shanghai and the gradual realisation of the positive effect of the Free Trade Zone, and achieved notable results in its efforts to introduce innovations, adjust asset mix, optimise staff allocation, enhance asset profitability and shareholders' equity.

The Group reported revenue of approximately RMB9.36 billion in 2014, representing an increase of approximately 0.8% compared to the corresponding period of last year. Operating profit and profit for the year attributable to the shareholders of the Company amounted to approximately RMB1.57 billion and RMB620 million, respectively, representing growth of approximately 21.9% and 40.0%, respectively. To reward shareholders for their longstanding support, the Board proposed a final dividend of RMB5.0 cents per share (tax inclusive) (2013: RMB4.5 cents, tax inclusive).

ONGOING EXPANSION OF HOTEL NETWORK UNDERPINNED BY BREAKTHROUGHS IN INTERNATIONAL ACQUISITION

As one of the global leaders in hotel operation and management, the Group continued to expand its hotel operations during the Reporting Period.

During the Reporting Period, the Group stepped up with its international development, as material international acquisition projects were commenced and advanced successively. As of now, the Group completed the acquisition of 100% equity interest in Groupe du Louvre, which owns, manages and operates through franchises over 1,100 hotels with more than 90,000 rooms in 46 countries over the world.

The acquisition represents another major breakthrough after the acquisition of IHR Group in 2010 set to expedite the building of the Group's global presence and multinational operations. Following the completion of the acquisition, the Group invested and managed over 2,800 hotels with more than 340,000 guest rooms in aggregate over the world.

COMMENCING ASSET-BASED OPERATIONS ON THE BACK OF SOE REFORMS

During the Reporting Period, the Group forged breakthrough in its asset application as it seized the opportunity presented by the reform of state-owned assets and enterprises to steadily advance asset-based re-financing operations of the listed company, the conversion of hotel business models and the transfer of assets.

During the Reporting Period, Jin Jiang Hotels Development, a subsidiary of the Company, completed a private share placing to Hony Investment Fund, which became a strategic investor of Jin Jiang Hotels Development.

During the Reporting Period, the Group established a RMB cross-border funding pool to open up a two-way financing channel between its domestic and overseas operations, which has increased the flexibility of fund allocation and prepared the Group well for conducting acquisitions in the domestic as well as foreign markets.

During the Reporting Period, the Group completed the transfer of the main building of Galaxy Hotel (100% equity interest in Jin Yun Company) through an open listing process, while processes relating to the transfer of the equity interest in the lower block of Galaxy Hotel are underway. Such disposals of equity interests have further enhanced the Group's asset liquidity and financial conditions. Meanwhile, the Group further enhanced its centralised management of hotel assets and intensified its resource integration to further strengthen its core competitiveness.

CHAIRMAN'S STATEMENT

PERFECTING OUR BRAND REGIME WHILE ENHANCING INTERNET MARKETING

During the Reporting Period, the Group further optimised its brand regime by vigorously advancing the building of the two major platforms of "Full Service Hotels" and "Select Service Hotels," while also seeking synergistic development of multiple brands. During the Reporting Period, the Group further optimised the brand standards of Jin Jiang Metropolo to expedite its deployment of mid-market hotels while continuing to drive the adjustment and transformation of Full Service Hotels.

The Group rolled out Internet marketing with vigorous efforts and enhanced promotion of the "Jin Jiang VIP Program," as it expanded its marketing channels through social group media platforms and completed a full-scale upgrade of the room reservation functions of its official website. Cross-sales on hotel, tourism and car rental were strengthened leveraging the Jin Jiang's e-commerce platform and its membership system.

During the Reporting Period, the Group completed hotel hospitality tasks in connection with the Conference on Interaction and Confidence-Building Measures in Asia and comprehensively enhanced the brand influence of "Jin Jiang" as a result.

OPPORTUNITIES AND CHALLENGES IN OUR FUTURE DEVELOPMENT

Looking to 2015, uncertainties will remain in the economic outlook for China as well as the world. Nevertheless, with the implementation of policies represented by the document entitled "Certain Opinions on Promoting the Reform and Development of the Tourism Industry" issued by the State Council, as well as the stimulating effect of the opening of Shanghai Disneyland, broad prospects for future development still hold out for China's hotel and tourism industry, which will embrace opportunities as well as challenges. With full confidence in its future development, the Group will actively address any challenges.

The Group will fully leverage opportunities presented by international acquisitions. With the acquisition of Groupe du Louvre, we will utilise our overseas business platform and bring into play the advantages afforded by overseas channel resources to seize opportunities in the rapidly growing outbound tourism market of China, as we continue to drive the global deployment and multinational operation of our core Jin Jiang hotel business.

In terms of business development, the Group will be committed to driving industry upgrades, business model innovation, business synergy and excellence in performance management. We will also step up with our efforts to create an Internet-driven tourism service chain centering on the hotel business.

In terms of efficiency enhancement and brand building, the building of functional centres and system platforms will be optimised while our brand regime will also be further refined, in a bid to bolster the international competitiveness of the "Jin Jiang" brand.

In connection with the application of capital assets, the Group will actively leverage the capital markets to strengthen asset management and continue to drive asset liquidity and optimise its asset structure. Through the transformation and adjustment of our properties, we aim to further enhance our overall return on assets and the value of the listed company.

In terms of innovative mechanism, we will expedite the process of market-oriented development and internationalisation, capitalising on opportunities presented by reforms of state-owned assets. Improvements will also be made to the market-based remuneration and appraisal regime and the incentive and check mechanism.

Last but not least, I would like to express my sincere gratitude to all employees for the invaluable contributions they made to the Group. I would also like to take this opportunity to thank all shareholders, investors and the public for their enduring support of the Group. In a concerted effort, we will continue to work with our shareholders to enhance the value of the Company and create a bright future for all.

Yu Minliang
Chairman
Shanghai, the PRC
27 March 2015

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Yu Minliang (俞敏亮), aged 57, chairman of the Board and executive Director. Mr. Yu is an economist with a master's degree in economics from Fudan University. With rich experience in hotel management, he has been the general manager of Shanghai Yangtze Hotel Company Limited, Jin Jiang Hotels Development and Shanghai New Asia (Group) Company Limited, chairman of Jin Jiang (Group) Company Limited and chairman, chief executive officer and chairman of the executive committee of the board of Jin Jiang International since joining the Group in 1984. Apart from serving as the chairman of Jin Jiang International, Mr. Yu is currently the chairman of Jin Jiang Hotels Development and Shanghai Yangtze Hotel Company Limited.

Mr. Yang Weimin (楊衛民), aged 60, vice chairman and executive Director, authorized representative and chief executive officer ("CEO") of the Company. Mr. Yang is a senior economist with a master's degree in law from the East China University of Science & Technology. He has extensive experience in hotel management, and has worked as the deputy manager and principal of the Training Division of Jin Jiang (Group) Company Limited, general manager of Jin Jiang Tower, vice president of Jin Jiang (Group) Company Limited, general manager of Jin Jiang Hotel Management Company Limited, vice president of Jin Jiang International, vice chairman and CEO of Jin Jiang Hotels Development and chairman of Shanghai Jin Jiang International Catering Investment Co., Ltd. since joining the Group in 1989. Mr. Yang is also currently the chairman of Shanghai Jin Jiang Tomson Hotel Company Limited, Shanghai Jian Guo Hotel Company Limited and Yunnan Jin Jiang International Management Company Limited, executive director of Jin Jiang International Hotel Management Company Limited, joint chairman of IHR Group and IHR China as well as the vice chairman of Shanghai Tower Jin Jiang Hotel Asset Management Co., Ltd. Mr. Yang Weimin ceased to hold the position of vice chairman and chief executive officer of the Company with effect from 27 March 2015.

Ms. Chen Wenjun (陳文君), aged 59, executive Director. Ms. Chen is a senior accountant with a master's degree in economics from Shanghai University of Finance and Economics. She has been the deputy general manager of Jin Jiang Hotel, vice president, director and assistant to the president of Jin Jiang (Group) Company Limited, director and financial director of Jin Jiang International and director of Jin Jiang Hotels Development since joining the Group in 1981. Apart from being the senior vice president of Jin Jiang International, Ms. Chen is now the chairperson of Shanghai Jin Jiang Hotel Company Limited, Finance Company, Shanghai Hotel Company Limited and the director of Jin Jiang Investment.

Mr. Yang Yuanping (楊原平), aged 59, executive Director. Mr. Yang graduated from Shanghai Institute of Tourism. He has been the general manager of Shanghai Cypress Hotel, Beijing Kunlun Hotel and Shanghai Jin Jiang Tower and vice president of Jin Jiang (Group) Company Limited. He is currently the chairman and CEO of Jin Jiang Investment as well as the chairman of Shanghai Jin Jiang Automobile Service Co., Ltd. and JHJ International Transportation Co., Ltd..

Mr. Shao Xiaoming (邵曉明), aged 56, executive Director. Mr. Shao has been the general manager of Wanguo Automobile Driver Training Centre, deputy general manager of Shanghai Youyi Automobile Services Co., Ltd. (上海友誼汽車服務公司), standing deputy general manager of Shanghai Jin Jiang Automobile Service Co., Ltd., general manager of JHJ International Transportation Co., Ltd., vice president of Jin Jiang Investment and chairman and CEO of Jin Jiang Travel. He is currently the chairman of Jin Jiang Travel, chairman of Shanghai China International Travel Service Co., Ltd., Shanghai Travel Service Co., Ltd. and Shanghai Jin Jiang Tours Co., Ltd., vice chairman of Jin Jiang International E-Commerce Co., Ltd., and director of JHJ International Transportation Co., Ltd..

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Han Min (韓敏), aged 57, executive Director and chief investment officer. He holds a master's degree in international law from Fudan University. He has been a manager of the Investment Development Division of Jin Jiang (Group) Company Limited, manager of the Merger Division of Jin Jiang International and director of Jin Jiang Travel since joining the Group in 2005. Mr. Han is also currently the director of IHR Group and chairman of Kunming Jin Jiang Hotel Company Limited.

Mr. Kang Ming (康鳴), aged 43, executive Director, authorized representative, joint company secretary, Board secretary of the Company and chief secretary (vice president) of the executive committee of the Board. Mr. Kang is a senior accountant with a master's degree in economics from the Shanghai University of Finance and Economics. Mr. Kang has gained extensive experience in listed companies concerning information disclosure, corporate governance, capital operation and investor relationship since joining the Group in 1994. He was previously the board secretary of Jin Jiang Hotels Development. Mr. Kang is also currently the director of Jin Jiang Investment and Jin Jiang Travel as well as the supervisor of Jin Jiang Hotels Development.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ji Gang (季崗), aged 57, independent non-executive Director, is a senior economist with a master's degree in economics from Fudan University. Mr. Ji was previously an independent director of Jin Jiang Hotels Development from 2003 to 2006, and served as the general manager of Shanghai Zhongya Hotel, general manager and chairman of Shanghai Everbright City Company Limited, director of Zhabei District Commercial Committee, director of Zhabei District Economic Committee, president of SIIC Investment Company Limited in Hong Kong as well as the vice-chairman and president of Shanghai Industrial Development Company Limited. Mr. Ji is currently the chairman of the board, president and executive director of Shanghai Industrial Urban Development Group Limited.

Dr. Rui Mingjie (芮明杰), aged 60, independent non-executive Director, is a professor and an instructor for doctoral candidates with a doctoral degree in economics. Dr. Rui is currently the member of the academic standards committee, member of the degree committee, chairman of the degree committee of the School of Management, discipline leader in the national key discipline of Industrial Economics, deputy director of the Yangtze Delta Research Institute, person-in-charge of the post-doctoral mobile station in business administration and head of the Department of Industrial Economics at Fudan University. He is also the chief expert of the Innovation Base for the Social Science in Adjustment of Shanghai Industrial Structure (上海市產業結構調整社會科學創新基地), the leader of Shanghai Development Strategy Institute (上海市發展戰略研究所) and standing vice chairman of the China Industrial Economic Association (中國工業經濟學會). He was formerly the head of the Department of Business Administration of the School of Management, deputy dean of the School of Management and discipline leader in Business Administration at Fudan University, training professor for the senior management of China Enterprises Affairs Commission (中央企業工委) and State-owned Assets Supervision and Administration Commission, vice president of Shanghai Institute of Management Science and independent director of a number of listed companies.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yang Menghua (楊孟華), aged 71, independent non-executive Director, was the deputy director of Shanghai Branch of Bank of Communications, director of Shanghai New Asia (Group) Company Limited (now known as "Jin Jiang Hotels Development") as well as the chairman of the supervisory committee of Shanghai Smart Service Co., Ltd., Sand Bankcard — Link Information & Service Co., Ltd. and Shanghai Sandpay Enterprise Service Co., Ltd..

Mr. Sun Dajian (孫大建), aged 60, independent non-executive Director, is a senior accountant and PRC certified public accountant with a bachelor's degree in accounting from Shanghai University of Finance and Economics. He has worked as an auditor in a Hong Kong local accountants firm for one year. Mr. Sun has also gained extensive accounting experience as the manager of Dahua Accountants Firm and manager of Pricewaterhouse Da Hua. He is currently the financial director of Shanghai Yaohua Pilkington Glass Company Limited, a listed company in the PRC. The Directors have evaluated Mr. Sun's education, qualification and experience, and are satisfied that he has the necessary training and experience to satisfy the requirements of Rule 3.10(2) of the Listing Rules. In addition, Mr. Sun also currently acts as the independent director of Zhejang Wanfeng Auto Wheel Co., Ltd.

Dr. Tu Qiyu (屠啓宇), aged 45, independent non-executive Director, is the vice chairman of the City and Population Development Research Institute of the Shanghai Social Science Academy and professor at Shanghai Academy of Social Sciences and East China Normal University, specializing in international economics and urban studies. Dr. Tu was formerly Fulbright Professor of Bard College, New York, the United States from 2001 to 2002 and a visiting scholar at Harvard University, Cambridge University, Fondation Nationale des Sciences Politiques and Hamburg Institute for Economic Research. Dr. Tu has received 4 awards for policy-making advisory and researches from the Shanghai Municipal Government since 2003. He was named among the "Top Ten Young Economists of Shanghai" in 2003 by Shanghai Youths Federation and was conferred the title of "Outstanding Returning Talents from Overseas of Shanghai" in 2004. Since 2011, Dr. Tu has been the chief editor of "The Blue Paper of International Cities".

Mr. Shen Chengxiang (沈成相), aged 67, independent non-executive Director, is a senior economist with a master's degree and an expert entitled to special government grant. He served as the vice president of China Tourist Hotels Association, chairman of Hotels Association under Hainan Tourism Industry Association and vice chairman of the China Famous Hotel Organization. He was named among the "Top Ten Personnel in the PRC Hotel Industry 2005". Mr. Shen is now the chairman and general manager of Huandao Nanfang Industrial Development Company Limited and the chairman of several travel companies, including Hainan Huandao Taide Hotel Property Management Company Limited, Beijing Huandao Boya Hotel Company Limited, Hainan Yalongwan Undersea World Travel Company Limited, Hainan Huandao Undersea World Hotel Company Limited and Hainan Huandao International Travel Agency Company Limited.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Mr. Wang Xingze (王行澤), aged 59, chairman of the Supervisory Committee. Mr. Wang is a senior political scientist with a diploma from Shanghai Education Institute (上海教育學院). Mr. Wang joined the Group in 2003, and has been a deputy director of the administration office of Shanghai New Asia (Group) Company and the chairman of the supervisory committee of Jin Jiang Hotels Development.

Mr. Wang Guoxing (王國興), aged 51, Supervisor, is a senior accountant with a master's degree in economics from Shanghai University of Finance and Economics. Mr. Wang joined the Group in 1992 and was previously a lecturer of the School of Finance of Shanghai University of Finance and Economics, board secretary of Jin Jiang Hotels Development, board secretary and deputy financial director of Shanghai New Asia (Group) Company Limited and deputy financial director of Jin Jiang International. He is currently the chief secretary (vice president) of the executive committee of the board of Jin Jiang International and the supervisor of Jin Jiang Investment.

Mr. Ma Mingju (馬名駒), aged 54, Supervisor, holds a master's degree in business administration from the Asia International Open University (Macau) and is a senior accountant. Mr. Ma joined the Group in 2005 and was a director of Jin Jiang Inn. Mr. Ma is currently the vice president, manager of Planning and Finance Division and general manager of the Finance Business Division of Jin Jiang International, chairman of Shanghai Jin Jiang International Investment and Management Company Limited as well as the director of Jin Jiang Investment, Beijing Kunlun Hotel Company Limited and Finance Company.

Ms. Chen Junjin (陳君瑾), aged 54, Supervisor, is an accountant with a post-secondary diploma in accounting and finance from Shanghai Tourism College. Ms. Chen joined the Group in 1981 and was previously an accountant of Finance Department of Cypress Hotel, head of Finance Department at the headquarters of Jin Jiang (Group) Company Limited, deputy financial director of Jin Jiang International Hotel Management Company Limited, head of Finance Department and general manager of Shanghai Jin Jiang International Hotels Group (HK) Company Limited. Ms. Chen is currently the head of Auditing Department and the supervisor of Jin Jiang Hotels Development.

Mr. Zhou Qiquan (周啓全), aged 64, Supervisor, graduated from Shanghai College of Finance & Economics (now known as Shanghai University of Finance and Economics) with a post-secondary diploma in banking and credit and is an accountant. Mr. Zhou joined the Group in 2003. He was previously the person-in-charge of the Finance Department of Shanghai Luwan Residential Corporation, section head of Planning and Finance Department, deputy manager and manager of the Finance Department of Shanghai Minhang United Development Company Limited.

Ms. Zhou Yi (周怡), aged 55, Supervisor. She graduated from East China University of Political Science and Law with a diploma and has been the person-in-charge of the Credit Card Division, associate director of the Saving Division and Finance and Accounting Division, general manager of the Marketing Department and Corporate Department, and senior manager of the Retail Credit Department of Shanghai Branch of Bank of Communications.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

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

Ms. Mok Ming Wai (莫明慧), aged 43, joint company secretary. Ms. Mok joined the Company on 28 March 2014. Ms. Mok is a director of KCS Hong Kong Limited and has over 15 years of experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

SENIOR MANAGEMENT

Mr. Yang Weimin (楊衛民), executive Director, vice chairman, CEO and authorized representative of the Company. Please refer to his biography under the paragraph headed "Executive Directors" in this section.

Mr. Xu Ming (許銘), aged 43, executive president of the Company. Mr. Xu joined the Group in 1992. He has a wealth of experience in hotel management. He was the vice general manager of Nanjing Hotel of Jin Jiang Hotels Development as well as the general manager of Metropole Hotel of Jin Jiang Hotels Development, Shanghai Jian Guo Hotel, Shanghai Rainbow Hotel and Jin Jiang Hotel. He is also currently the director of IHR China.

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

Mr. Zhang Qian (張謙), aged 47, vice president of the Company. Mr. Zhang holds a master's degree and has extensive experience in hotel management. He was previously the supervisor, deputy manager, manager and director of the Marketing Department of Shanghai Jian Guo Hotel, vice general manager of Shanghai Renaissance Yangtze Hotel and general manager of Shanghai Jin Jiang Tomson Hotel Company Limited. He is also currently the general manager of Jin Jiang Hotel and general manager of Shanghai Jin Jiang Tower.

Mr. Zhang Xiaoqiang (張曉強), aged 46, vice president of the Company. Mr. Zhang holds a bachelor's degree, and has served as the head of catering of Jin Jiang Tian Cheng Hotel and Wenzhou Dynasty Hotel, general manager of Xinya Lijing Tower Company Limited (新亞麗景大廈有限公司), deputy general manager of Sofitel Shanghai Hyland Hotel, general manager of Rainbow Hotel Shanghai, CEO and director of Jin Jiang Hotels Development. He is also currently the CEO of Jin Jiang International Hotel Management Company Limited and director of Jin Jiang Hotels Development.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Shangde (張尚德), aged 60, vice president of the Company. Mr. Zhang has completed the postgraduate program, and has extensive experience in hotel management. He was previously the deputy manager of the Food and Beverage Division, deputy manager and assistant to general manager of the restaurant of Jin Jiang Hotel, the Chinese representative of Garden Hotel, vice general manager of Beijing Kunlun Hotel as well as the vice general manager and general manager of Jin Jiang Tower. He is also currently the general manager of Shanghai Yangtze Hotel Company Limited. Mr. Zhang Shangde resigned as the vice president of the Company on 27 March 2015.

Dr. Ai Gengyun (艾耕雲), aged 44, qualified accountant. Dr. Ai joined Jin Jiang Hotels Development, a subsidiary of the Company, in 1995 and has been the director of the Planning and Finance Department of the Company since April 2006. Dr. Ai is a member of the Chinese Institute of Certified Public Accountants and a qualified senior accountant in the PRC with extensive professional experience in financial reporting, management and internal control.

Mr. Qian Jin (錢進), aged 53, chief engineer of the Company. Mr. Qian joined the Group in 2011. He holds the bachelor's degree in engineering, and has extensive experience in design and construction sectors. He was previously the deputy head of the Quality and Safety Department of Shanghai Jiangong Group, director of Shanghai Jiangong Design Institute and vice president of the Company.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During 2014, the Group's principal operations were subject to pressure given the slowdown in China's macro-economic growth, cyclical oversupply in the hotel industry and other changes in the social environment. Nevertheless, the domestic hotel industry was slowly recovering from the doldrums of 2013, with Full Service Hotels in Shanghai showing notable recovery. The Group overcame unfavourable factors and capitalised on favourable ones and market opportunities, such as the increasing number of conventions and exhibitions held in Shanghai and the gradual realisation of the positive effect of the Free Trade Zone, and achieved notable results in its efforts to introduce innovations, adjust asset mix, optimise staff allocation, enhance asset profitability and shareholders' equity.

During the Reporting Period, the Group further streamlined its brand positioning by improving the brand regimes of "Full Service Hotels" and "Select Service Hotels". Significant projects were vigorously implemented and assets operation was conducted in a disciplined manner. Dedicated efforts were made in management upgrades while the benefits of functional centres were brought into full play. Efforts in systems integration and resource integration also yielded significant results.

During the Reporting Period, the Group completed tasks in hotel hospitality, restaurant catering and passenger transport in connection with the Conference on Interaction and Confidence-Building Measures in Asia, resulting in overall enhancement of the brand influence of "Jin Jiang".

During the Reporting Period, the Group further leveraged Jin Jiang's e-commerce platform and its membership system to strengthen cross-sales on hotel, tourism and car rental. As at the end of the Reporting Period, "J Club" had more than 15.70 million registered members.

The Group accelerated its international development during the Reporting Period, commencing and driving key international acquisitions. As of now, the Group completed the acquisition of 100% of the shares in Groupe du Louvre, which represents a significant move to expedite the building of the Group's global presence and multinational operations. Groupe du Louvre owns, manages and operates through franchises over 1,100 hotels with more than 90,000 rooms in 46 countries over the world.

During the Reporting Period, Jin Jiang Hotels Development, a subsidiary of the Company, completed a private share placing to Hony (Shanghai) Equity Interest Investment Fund Centre (Limited Partnership) ("Hony Investment Fund"), which became a strategic investor of Jin Jiang Hotels Development.

As at the end of the Reporting Period, the Group held or managed a total of 1,767 hotels (in operation or under construction) with approximately 258,000 rooms in aggregate. Among the said hotels, a total of 1,339 self-owned or managed hotels were either in operation or under construction within the People's Republic of China (the "PRC") with over 180,000 rooms, spreading across about 310 cities in 31 provinces, autonomous regions and municipalities in the PRC.

IHR Group in which the Group held 50% interests, managed 432 hotels (including 5 hotels in the PRC) in aggregate in 13 countries around the world.

During the Reporting Period, the Company established a RMB cross-border funding pool to open up a two-way financing channel between its domestic and overseas operations. The pool enables the Company to optimise its treasury structure and increase the flexibility of fund allocation by centralising funds which are otherwise separately held, thereby facilitating complementary and flexibility fund sharing between domestic and overseas subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group realised revenue of approximately RMB9,364,088,000, representing an increase of approximately 0.8% as compared to the same period of last year. The operating profit of the Group amounted to approximately RMB1,568,218,000, representing an increase of approximately 21.9% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB621,225,000, representing an increase of approximately 40.0% as compared to the same period of last year. The Board has proposed a final dividend of RMB5.0 cents (inclusive of tax) for the year ended 31 December 2014.

Full Service Hotels

The operation and management of Full Service Hotels represents one of the major sources of revenue for the Group. During the Reporting Period, operation of Full Service Hotels contributed approximately RMB1,918,770,000 to the Group's revenue, representing a decrease of approximately 13.8% as compared to the same period of last year. The decrease mainly reflected the decrease in revenue as a result of the disposal of equity interest in Hua Ting Hotel and Towers by the Group at the end of 2013 and the disposal of equity interest in Jin Yun by Galaxy Hotel, a subsidiary of the Company, during the Reporting Period, as well as the decrease in revenue of Full Service Hotels as a result of the re-designation of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnotel as Select Service Hotels during the first half of 2013 and the re-designation of Marvel Y.M.C.A. as a Select Service Hotel during the Reporting Period.

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

	2014 Group's Full Service Hotels in Shanghai			2013 Group's Full Service Hotels in Shanghai		
	Average occupancy rate (%)	**Average room rate (RMB)**	**RevPAR (RMB)**	Average occupancy rate (%)	Average room rate (RMB)	RevPAR (RMB)
5-star	**74%**	**815**	**599**	69%	809	561
4-star	**72%**	**548**	**394**	63%	545	342

Note: The statistics in the above table cover the star-rated hotels of the Group in Shanghai:

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

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

As at the end of the Reporting Period, the Group owned and managed 125 Full Service Hotels in the PRC, offering approximately 38,000 guest rooms, among which 104 hotels were managed under the appointment of third parties other than Jin Jiang International.

During the Reporting Period, room reservation through the Group's corporate website increased substantially as compared to the same period of last year, as the Group optimised its search engine and improved the reservation process while increasing its click-through rate and conversion rate by developing vertical search in an ongoing effort to enhance the functions of the corporate website. Meanwhile, the Group further broadened its online marketing channels with the full operation of its English-version application (APP) and the commencement of e-mail direct marketing (EDM) during the Reporting Period to conduct specific marketing for targeted customers, in order to promote the "Jin Jiang" brand and increase online reservation through the corporate website. The Group further strengthened income and management and optimised its room rate strategy by fully utilising data analysis in reliance upon the IDeaS system platform.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group continued to optimise its brand regime by vigorously advancing the building of the two major platforms of "Full Service Hotels" and "Select Service Hotels" in an effort to further elucidate its brand streamlining and positioning. Jin Jiang International Hotel Management Company Limited published the "Jin Jiang Hotel Brand Identity Management Manual" in September 2013 and commenced Jin Jiang CI audit in September 2014 to enhance brand standards and strengthen the levels of operating quality control. The compilation of the "Compulsory Guide for Jin Jiang Hotel's Professional Managers" has also further improved the "Jin Jiang" brand standards.

During the Reporting Period, the Group completed hotel hospitality tasks in connection with the Conference on Interaction and Confidence-Building Measures in Asia and took this opportunity to apply the quality of its services and products for significant hospitality missions in daily business operations in a consistent manner, enhancing the overall operational standards of Full Service Hotels and the brand influence of "Jin Jiang" as a result.

During the Reporting Period, the asset management centre of the Group commenced the scientific application of hotel assets on all fronts, investigating new models in asset application to improve asset efficiency and new business models for Full Service Hotels to forge breakthroughs in the model of lease operations. During the Reporting Period, steady progress was made in the asset liquidity and business conversion of Full Service Hotels. During the Reporting Period, the Group transferred the 100% equity interest in Jin Yun Company through an open listing process and 57% equity interest in New Garden Hotel by way of agreement, while the transfer of 90% equity interest in Galaxy Hotel is in progress. Such disposals of equity interests have further enhanced the Group's asset liquidity and financial conditions, as well as optimising the Group's asset allocation.

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

During the Reporting Period, the Group further enhanced its centralised management of hotel assets, resulting in intensified resource integration. The construction and implementation of the centralised procurement platform and a unified payment platform has resulted in effective reduction in working capital appropriations, improvements in the capital utilisation ratio and reasonable control over cost and expenses in further enhancement of the hotels' core competitive strengths.

As at the end of the Reporting Period, the Group's overseas business mainly comprised its 50% equity interest in IHR Group. During the Reporting Period, IHR Group and its joint ventures and associates managed a total of 432 hotels with close to 79,000 guest rooms in aggregate in 13 countries including the United States, the United Kingdom, Holland, India, Russia, the PRC and Belgium.

During the Reporting Period, the IHR Group reported ongoing development in its business with sound operation of its three main platforms of China, the United States and Europe. During the Reporting Period, IHR further extended its European business platform while pursuing ongoing business expansion in America.

The average room rate of IHR Group's managed hotels was US$141.2 with an average occupancy rate of 75.0%, while RevPAR was US$105.8, representing an increase of 7.4% as compared to the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB2,635,190,000 to the Group's revenue, representing an increase of approximately 9.5% as compared to the same period of last year and accounting for approximately 28.1% of the Group's turnover. The revenue from franchise fees and reservation distribution fees amounted to approximately RMB287,052,000, representing an increase of approximately 14.6% as compared to the same period of last year.

During the Reporting Period, there were 155 newly contracted Select Service Hotels, of which 21 were self-managed hotels and 134 were franchised hotels. As at the end of the Reporting Period, there were a total of 1,215 contracted chain Select Service Hotels (comprising 17 Jin Jiang Metropolo, 1,011 Jin Jiang Inn Budget Hotels, 74 Bestay Hotels Express hotels, 85 Jinguang Inn hotels, 6 Magnotel hotels and 22 brand consolidated Hotels), offering 142,566 guest rooms in aggregate. There were 918 contracted franchised hotels, accounting for 76% of all contracted Select Service Hotels. During the Reporting Period, 140 Select Service Hotels were opened, comprising 28 self-managed hotels and 112 franchised hotels. As at the end of the Reporting Period, a total of 968 Select Service Hotels were in operation (comprising 5 Jin Jiang Metropolo, 815 Jin Jiang Inn Budget Hotels, 66 Bestay Hotels Express hotels, 56 Jinguang Inn hotels, 5 Magnotel hotels and 21 brand consolidated Hotels), offering 116,010 guest rooms in aggregate.

As at the end of the Reporting Period, out of 968 Select Service Hotel chains such as Jin Jiang Inn Select Service Hotel that had commenced operation, 267 were self-managed hotels, accounting for approximately 27.6%, while 701 were franchised hotels, accounting for approximately 72.4%.

During the Reporting Period, Jin Jiang Metropolo had more than 105,000 corporate customers which featured prominent international and domestic brand names. Meanwhile, through the commissioning of the new paging centre and strengthening of its promotional efforts for online reservation, the room reservation functions of Jin Jiang Inn have been continuously enhanced, thereby providing additional marketing support for chain outlets throughout the PRC with increasing capacity for guest reception.

During the Reporting Period, Jin Jiang Hotels Development entered into a conditional share subscription agreement with Hony Investment Fund and the Company, pursuant to which Jin Jiang Hotels Development issued a total of 201,277,000 A shares to Hony Investment Fund and the Company, such that the percentage of the Company's shareholdings in Jin Jiang Hotels Development remained unchanged. As at the end of the Reporting Period, custodian registration in respect of newly issued shares had been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

Food and Restaurants

The Group's various brands of food and restaurant chains held through Jin Jiang Hotels Development developed food and restaurant operations in a stable manner during the Reporting Period.

As at the end of the Reporting Period, Shanghai KFC had a total of 304 outlets. "New Asia Snacks" and "Shanghai Yoshinoya" had 47 and 14 outlets, respectively.

As at the end of the Reporting Period, Shanghai Jin Jiang International Catering Investment Co., Ltd. managed 43 corporate catering restaurants, representing a net increase of 9 restaurants as compared to that at the end of 2013. Shanghai Jinzhu Catering Management Co., Ltd. opened the second "Ting Mei Yuen" ("鼎味源") restaurant at West Capital International Hotel in June 2014.

Passenger Transportation Vehicles and Logistics

During the Reporting Period, the revenue of the passenger transportation vehicles and logistics business was approximately RMB2,177,587,000, representing an increase of approximately 4.6% as compared to the same period of last year and accounting for approximately 23.3% of the Group's turnover.

During the Reporting Period, "Jin Jiang Auto Service Centre" Phase II commenced operation as scheduled after completing inspection and delivery for more than 10 items, such as fire prevention equipment and environmental facilities, resulting in enhanced reception capacity and further effects of combination that advanced the transformation development of our auto service business.

During the Reporting Period, the Jin Jiang car rental branch company of Shanghai Jinjiang Automobile Service Co., Ltd. reported new progress in market expansion, cost reduction and profit enhancement, as it strengthened management of vehicles in operation taking into account the characteristics of the industry and facilitated profit enhancement to sustain growth. The foreign business car service segment of Shanghai Jinjiang Automobile Service Co., Ltd. emphasised adjustments to its business mindset to strengthen quality control, exercise stringent control over maintenance cost and identify potentials for profit enhancement. Shanghai Jinjiang Business and Travel Auto Service Co., Ltd. procured the realignment and upgrade of its business structure by withdrawing from low-end and low-margin businesses and developing the market of high-end customers. As a result, more than 30 high-end customers were added while more than 50 large-scale international cruise ships were received, accounting for 95% of the total volume of cruise ship reception by Shanghai, on the back of the strengths in reception of its business cluster.

During the Reporting Period, Shanghai Jinjiang Automobile Service Co., Ltd. increased its effort in e-commerce development, as e-commerce marketing was enhanced by optimised platform software and hardware systems and strengthened information management functions of the platform. The E-platform for taxi calls was linked up with taxi calling software such as "Di Di (滴滴)" and "Kuai Di (快的)" and the revenue from our online orders for vehicle services increased by 23% compared to the same period of last year.

During the Reporting Period, Jin Jiang Investment completed the transfer of equity interest in Shanghai Pacific Passenger Transport Service Co., Ltd. (上海錦江太平洋客運服務有限公司) through Shanghai United Assets and Equity Exchange, as it continued to concentrate its assets in principal operations on advantageous operations and achieved breakthroughs in resource integration.

During the Reporting Period, Shanghai Jin Jiang International Cold Logistics Development Co., Ltd. ("Jin Jiang Cold Logistics") further strengthened its customer analysis and process management and adjusted its marketing strategy in a timely fashion to identify and develop medium- to large-scale target customers in an active effort to seek cooperation in cold chain logistics, resulting in the addition of 49 new customers. Leveraging the economies of scale of Jin Jiang Cold Logistics, the ability of

MANAGEMENT DISCUSSION AND ANALYSIS

synergised operations in resources, customers and technologies was enhanced to achieve maximum efficiency. The annual utilisation ratio for refrigerated storage was 75%, which was above the industry average. The company's management and efficiency standards were ahead of its industry peers, as it sustained healthy and stable economic operation.

During the Reporting Period, construction of a 10,000-ton refrigerated storage (being a special local project under the 2014 plan of Shanghai Municipal Development and Reform Committee to realign and revive the logistics sector) commenced in May 2014 and the main structure was topped out in September in the same year. By the end of the year, equipment installation and testing had started.

During the Reporting Period, the Shuijinyang (水錦洋) project, a joint venture between Jin Jiang Investment and Shanghai Fisheries General Corporation (Group), continued to advance its business at a steady pace. Current online and offline sales channels included the Shuijinyang flagship store at city' super iapm (city' super 超•生活), the directly-operated store at Shanghai Times Square and "Shop One Shanghai Fishery Store" (一號店上海水產館), as it continued to develop and enhance its business brand.

Travel Agency

In 2014, revenue from the travel agency was approximately RMB2,164,218,000, representing an increase of approximately 2.3% as compared to the same period of last year and accounting for approximately 23.1% of the Group's turnover.

During the Reporting Period, Jin Jiang Travel handled outbound travel for 160,400 persons, inbound travel tour for 88,300 persons, inbound reception for 139,000 persons and domestic travel for 133,000 persons, representing decrease of 19.0%, increase of 1.6%, increase of 7.6% and decrease of 17.5%, respectively, as compared to the same period of last year.

During the Reporting Period, Jin Jiang Travel employed innovative marketing means and intensified the integration of online and offline operations. Jin Jiang International Tourism Centre, a middle- to high-market customised tourism service centre, officially commenced operation under the Jin Jiang brand in an active attempt to transform from a traditional travel agency to a modernised service provider. The new generation smart store which commenced operation during the period provided more effective data support for product development by the travel agency on the basis of analyses of customer flow and consumer behavior, in addition to enhancing the interactive experience for customers. Cooperation with a number of e-commerce platforms was conducted and initiatives such as cruise charters and Taobao sales on "November 11th" and "December 12th" were completed with marketing channels combining mobile phones, websites and physical stores.

During the Reporting Period, Jin Jiang Travel increased its effort in new product development in close tandem with market trends and effectively improved its service quality by bolstering its ability to organise chartered tours. Emphasis was put in promoting the upgrade and innovation of tourism products, such as "In-depth Single Country Tourism," to sustain growth in the outbound tourism business. Leveraging the "Lining Up Friends for Travel (呼朋喚友)" brand, we endeavoured to drive transition from traditional sight-seeing tourism to modern leisure tourism based on market demands. Through the employment of both online and offline marketing means, our brand recognition was substantially enhanced.

Information Technology

In 2014, the Group further expedited its informationisation to realise the benefits of resource concentration and systems integration.

During the Reporting Period, significant progress was achieved in the centralisation of the PMS system, as we completed the development of the connection for PMS reservation and the upload of consumer data to CRM to prepare for the application of Big Data in the Jin Jiang CRM System. Moreover, the Group has devised a model for the commercial operation of the Cloud platform in the next 5 years in an active move to advance Cloud platform integration.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group further improved its central procurement system, as the central procurement ratio increased to 80% from 65% for last year. An interim review of the platform and the inspection and delivery of the APP project were also completed.

FINANCIAL REVIEW

Revenue

The Group's financial information during the Reporting Period as compared to the same period in 2013 is set out as follows:

	12 months ended 31 December 2014		12 months ended 31 December 2013	
	RMB in million	% of turnover	RMB in million	% of turnover
Full Service Hotels	1,918.8	20.5%	2,225.1	24.0%
Select Service Hotels	2,635.2	28.1%	2,407.4	25.9%
Food and Restaurants	375.5	4.0%	357.9	3.8%
Passenger Transportation Vehicles and Logistics	2,177.6	23.3%	2,081.8	22.4%
Travel Agency	2,164.2	23.1%	2,116.3	22.8%
Other Operations	92.8	1.0%	99.8	1.1%
Total	9,364.1	100.0%	9,288.3	100.0%

Full Service Hotels

The following table sets out the percentage of contribution from the Group's Full Service Hotels segment and different types of business to the Group's turnover for the Reporting Period and the same period in 2013:

	12 months ended 31 December 2014		12 months ended 31 December 2013	
	RMB in million	% of turnover	RMB in million	% of turnover
Accommodation revenue	893.7	46.6%	1,013.5	45.5%
Food and beverage sales	622.2	32.4%	812.6	36.5%
Rendering of ancillary services	96.9	5.1%	105.2	4.7%
Rental revenue	195.7	10.2%	199.2	9.0%
Sales of hotel supplies	31.5	1.6%	15.0	0.7%
Hotel management	78.8	4.1%	79.6	3.6%
Total	1,918.8	100.0%	2,225.1	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Accommodation revenue

Accommodation revenue was mainly determined by the number of available rooms, occupancy rate and ADR (room revenue divided by rooms in use) of the rooms of the Group's hotels. Accommodation revenue of the Full Service Hotels for the Reporting Period was approximately RMB893,657,000, representing a decrease of approximately 11.8% or approximately RMB119,799,000. The aforesaid change mainly reflected the decrease in accommodation revenue by approximately RMB156,523,000 in aggregate as compared to the same period of last year as a result of the disposal of equity interest in Hua Ting Hotel and Towers by the Group at the end of 2013 and the disposal of equity interest in Jin Yun Company by Galaxy Hotel, a subsidiary of the Company, during the Reporting Period, as well as the decrease in accommodation revenue of Full Service Hotels by approximately RMB34,834,000 in aggregate as a result of the re-designation of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnotel as Select Service Hotels during the first half of 2013 and the re-designation of Marvel Y.M.C.A. as a Select Service Hotel during the Reporting Period. Excluding the aforesaid factors, a comparison on the same basis indicates that accommodation revenue of Full Service Hotels would have grown by approximately 8.7% over the same period of last year, reflecting mainly the year-on-year growth in RevPAR of Full Service Hotels attributable to the Group's active implementation of a range of measures to enhance income by capitalising on favourable factors and market opportunities, such as the increasing number of conventions and exhibitions held in Shanghai, the gradual realisation of positive effects of the Free Trade Zone and the imminent opening of Disneyland, etc.

Food and beverage sales

Food and beverage sales in the Group's hotels comprised catering for wedding banquets and conferences, room catering services for guests and other sales in restaurants and bars in the hotels. During the Reporting Period, the food and beverage sales in Full Service Hotels amounted to approximately RMB622,204,000, representing a decrease of approximately 23.4% or approximately RMB190,413,000 from the same period in 2013. The aforesaid change mainly reflected the decrease in food and beverage sales by approximately RMB114,623,000 in aggregate as compared to the same period of last year as a result of the disposal of equity interest in Hua Ting Hotel and Towers by the Group at the end of 2013 and the disposal of equity interest in Jin Yun Company by Galaxy Hotel, a subsidiary of the Company, during the Reporting Period, as well as the decrease in food and beverage sales of Full Service Hotels by approximately RMB14,299,000 in aggregate as compared to the same period of last year as a result of the re-designation of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnotel as Select Service Hotels during the first half of 2013 and the re-designation of Marvel Y.M.C.A. as a Select Service Hotel during the Reporting Period.

Our food and beverage sales were also negatively affected by the change in social sentiments and reduced expenses on banquets and conferences during the Reporting Period. To address the challenging conditions, the Company exercised stringent control over food and beverage costs on all fronts and made strong efforts to lower food and beverage procurement costs by leveraging our centralised procurement platform. The food and beverage cost ratio of Full Service Hotels for 2014 was approximately 32%, which was about 0.3 percentage points lower as compared to the same period of 2013.

Rendering of ancillary services

Revenue from rendering ancillary services was mainly generated from gift shops, entertainment, laundry services and other guest services. During the Reporting Period, revenue from the rendering of ancillary services amounted to approximately RMB96,940,000, representing a decrease of approximately 7.9% or RMB8,290,000 from the same period of last year. The decrease was primarily due to the transfers of equity interests in Hua Ting Hotel and Towers and Jin Yun Company and the re-designation of certain hotels as Select Service Hotels.

MANAGEMENT DISCUSSION AND ANALYSIS

Rental revenue

Rental revenue was mainly generated from the leasing of shops at the Group's Full Service Hotels for catering, retail, exhibition and other purposes. During the Reporting Period, rental revenue amounted to approximately RMB195,714,000, representing a decrease of approximately 1.8% or approximately RMB3,503,000. The transfers of equity interests in Hua Ting Hotel and Towers and Jin Yun Company and the re-designation of certain hotels as Select Service Hotels reduced rental revenue by approximately RMB25,256,000 in aggregate as compared to the same period of last year. Excluding the aforesaid factors, a comparison on the same basis indicates that the year-on-year growth in rental revenue of Full Service Hotels was mainly attributable to the substantial progress and positive economic gains of the move of certain subsidiary hotels of the Group to lease out venues of underperforming restaurants. Meanwhile, the commencement of the "Flex Property Lease Management System" of the Company strengthened the centralised management of leased properties, allowing centralised streamlining of tenants and rental fees for optimal lease operations through more detailed analysis of lease information, resulting in a steady increase in rental revenue. In addition, leasing was conducted either through the hotels or in a centralised manner to maximise profitability.

Sales of hotel supplies

Sales of hotel supplies increased by approximately RMB16,431,000 from the same period in 2013.

Hotel Management

The revenue of hotel management was mainly generated from the management fees received for the provision of management services to Full Service Hotels not owned by the Group. Revenue of Full Service Hotels management amounted to approximately RMB78,788,000 during the Reporting Period, representing a decrease of approximately 0.9% or approximately RMB748,000 as compared to the same period of last year. While there was steady growth in operating hotels managed by the Company, most local hotel management projects in the PRC reported year-on-year decline in hotel management fee income under the impact of the slowdown in domestic macro-economic growth and the social environment, resulting in a slight decrease in management fee income.

Select Service Hotels

The revenue of Select Service Hotels during the Reporting Period amounted to approximately RMB2,635,190,000, representing an increase of approximately RMB227,796,000 or approximately 9.5% as compared to the same period of last year. The increase was mainly due to the opening of 138 (comprising 47 self-managed hotels and 91 franchised hotels) and 140 (28 self-managed hotels and 112 franchised hotels) Select Service Hotels in 2013 and 2014, respectively, which increased the number of available rooms. Furthermore, revenue of Smart Hotels, the acquisition of which was completed in June 2013, increased by approximately RMB115,860,000 as compared to the same period of last year. Revenue from franchise fees and room reservation channels for the Reporting Period amounted to approximately RMB287,052,000, representing an increase of approximately RMB36,579,000 or approximately 14.6% as compared to the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Food and Restaurants

Revenue for food and restaurants segment was mainly derived from Shanghai Jin Ya Catering Management Co., Ltd. (上海錦亞餐飲管理有限公司) ("Jin Ya Catering") (formerly known as Shanghai New Asia Café de Coral Company Limited), Shanghai Jin Jiang International Food Catering Management Co., Ltd. (上海錦江國際食品餐飲管理有限公司), Jing An Bakery Holding Company Limited, Shanghai Jin Jiang International Catering Investment Co., Ltd., Chinoise Story, Shanghai Jinzhu Catering Management Co., Ltd. and Shanghai New Asia Food Company Limited. During the Reporting Period, total revenue from the food and restaurants segment amounted to approximately RMB375,504,000, representing an increase of approximately RMB17,570,000 or approximately 4.9% as compared to the same period of last year. During the Reporting Period, the increase in food and restaurants revenue was primarily due to the growth in the group catering business of Shanghai Jin Jiang International Food Catering Management Co., Ltd. (上海錦江國際食品餐飲管理有限公司) (with 43 group catering restaurants under management during the Reporting Period versus 34 as at the end of last year) which increased revenue by approximately RMB29,667,000 as compared to the same period of last year, partially offsetting the decline in operating revenue resulting from the downsizing of outlets by Jin Ya Catering (47 chain restaurants during the Reporting Period versus 65 as at the end of last year).

Passenger Transportation Vehicles and Logistics

During the Reporting Period, the revenue for passenger transportation vehicles and logistics was approximately RMB2,177,587,000, representing an increase of approximately 4.6% as compared to the same period of last year. The increase was primarily driven by the increase in auto sales and vehicle operations.

Travel Agency

During the Reporting Period, the revenue for travel agency was approximately RMB2,164,218,000, representing an increase of approximately 2.3% as compared to the same period of last year. The increase was attributable mainly to the ongoing rapid development of the inbound and outbound travel business.

Other Operations

In addition, the Group also engaged in other operations including financial services provided through Finance Company and training services. Revenue for the Reporting Period amounted to approximately RMB92,819,000, representing a decrease of approximately 7% over the same period of last year, which was mainly attributable to the decrease in interest income derived from loans extended by Finance Company to related parties.

Cost of Sales

Cost of sales for the Reporting Period amounted to approximately RMB7,682,247,000, representing an increase of approximately 0.4% as compared to the same period of last year. The increase was mainly attributable to organic growth driven by the business expansion of Select Service Hotels and increased revenue from the Passenger Transportation Vehicles and Logistics and the travel agency businesses, coupled with the decrease in cost of sales in line with the transfers of equity interests in Hua Ting Hotel and Towers and Jin Yun Company.

Gross Profit

For the above reasons, the Group recorded a gross profit of approximately RMB1,681,841,000 for the Reporting Period, representing an increase of approximately RMB48,399,000 or approximately 3.0% as compared to the same period last year. Gross profit margin for the Reporting Period was 18.0%, an increase of approximately 0.4% as compared to the same period of 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income

Other income for the Reporting Period amounted to approximately RMB1,920,189,000 (same period in 2013: approximately RMB959,377,000), representing an increase of approximately 100.1% as compared to the same period of last year. The increase reflected mainly gains from the disposal of subsidiaries of approximately RMB1,163,518,000 (same period in 2013: approximately RMB398,172,000), including gains from the transfer of equity interest in Jin Yun Company amounting to approximately RMB1,123,012,000 and gains from the transfer of equity interest in Shanghai Pacific Passenger Transport Service Co., Ltd. (上海錦江太平洋客運服務有限公司) amounting to approximately RMB40,506,000 for the Reporting Period. Meanwhile, the disposal of available-for-sale financial assets including securities in Changjiang Securities Company Limited and Shanghai Yuyuan Tourist Mart Co., Ltd. during the Reporting Period generated gains of approximately RMB435,652,000 (same period in 2013: gains of approximately RMB241,918,000). During the Reporting Period, the Group also received dividend income from available-for-sale financial assets held amounting to approximately RMB55,822,000 (same period in 2013: approximately RMB51,519,000) and dividend from Suzhou KFC, Wuxi KFC and Hangzhou KFC of approximately RMB38,899,000 (same period in 2013: approximately RMB59,674,000). The decrease in dividend income reflected mainly the decrease in 2014 dividend distribution from Suzhou KFC, Wuxi KFC and Hangzhou KFC as their results had been affected by the chicken flu and chicken meat safety issues in China in 2013 and 2014.

Sales and Marketing Expenses

Sales and marketing expenses comprised primarily labour costs, travel agents commission and advertising fees, which amounted to approximately RMB427,100,000 during the Reporting Period (same period in 2013: approximately RMB422,571,000), representing an increase of approximately 1.1% as compared to the same period of last year. Apart from organic growth resulting from the business expansion of the Select Service Hotels, the increase was also due to the employment of additional marketing staff and enhanced marketing and promotion by the hotel management companies and the Full Service Hotels under the Group in response to market changes. Sales and marketing expenses as a percentage of operative revenue for the Reporting Period were largely unchanged from the same period of 2013.

Administrative Expenses

Administrative expenses for the Reporting Period was approximately RMB1,482,001,000 (same period in 2013: approximately RMB839,311,000), representing an increase of approximately 76.6% as compared to the same period of last year. The increase was mainly attributable to long-term employee benefit expenses amounting to approximately RMB635,779,000 incurred during the Reporting Period in connection with termination plans, early retirement plan and redundant employee plan for hotel renovation.

Other Expenses

Other expenses for the Reporting Period, consisting primarily of bank charges and losses from the disposal of property, plant and equipment, amounted to approximately RMB124,711,000 (same period in 2013: approximately RMB44,916,000), representing an increase of approximately RMB79,795,000 as compared to the same period of 2013. Compensation payments arising from the early termination of lease contracts as a result of the transfer of equity interest in Galaxy Hotel amounted to approximately RMB69,048,000.

Finance Cost

Finance cost comprises of interest expenses in respect of the Group's bank borrowings. During the Reporting Period, finance cost was approximately RMB158,574,000 (same period in 2013: approximately RMB140,656,000), representing an increase of approximately 12.7% as compared to the same period of 2013. The increase was primarily due to additional bank borrowings by the Group during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Share of Results of Joint Ventures and Associates

Operating results of joint ventures and associates mainly comprised share of results of joint ventures including IHR Group, Beijing Kunlun Hotel, Jin Jiang Tomson Hotel and JHJ International Transportation Co., Ltd., and of associates including Shanghai Kentucky Fried Chicken Company Limited, Shanghai Yangtze Hotel Limited, Shanghai Pudong International Airport Transport Terminal Co. Ltd., Jiangsu Nanjing Long Distance Passenger Transport Group Company Limited and China Oriental International Travel & Transport Co., Ltd.. Share of results of joint ventures and associates for the Reporting Period was approximately RMB140,939,000 (same period in 2013: approximately RMB130,939,000). Operating results of Shanghai Pudong International Airport Transport Terminal Co. Ltd. for the Reporting Period increased by approximately RMB14,263,000 over the same period of last year, while year-on-year growth in the full-year operating results of Shanghai Kentucky Fried Chicken Company Limited was insignificant as such company was affected by the OSI Group incident in the second half of the year following improvements in operating results for the first half of the year. Operating results of Beijing Kunlun Hotel decreased by approximately RMB15,494,000 as compared to the same period of last year under the impact of multiple factors such as the increase in depreciation, amortisation and interest expenses as a result of renovation.

Taxation

The effective tax rate for the Reporting Period was approximately 30.6% (same period in 2013: approximately 34.0%). The lower effective tax rate as compared to the same period of last year was mainly attributable to the recognition by the Group of deferred income tax liability in respect of investments in Hua Ting Hotel and Towers for the same period of 2013.

Net Profit

As a result of the factors described above, net profit for the Reporting Period attributable to shareholders of the Company was approximately RMB621,225,000 (same period in 2013: approximately RMB443,772,000), representing an increase of approximately RMB177,453,000 or approximately 40.0%.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP DEBTS AND FINANCIAL CONDITIONS

Borrowings and pledge of assets

As at 31 December 2014, the borrowings included:

	At 31 December	
	2014	2013
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**1,596,814**	79,016
Bank borrowings — unsecured	**1,320,952**	1,592,332
Borrowings from related parties	**—**	304,845
Finance lease liabilities	**24,713**	23,588
	2,942,479	1,999,781
Less: current portion of long term secured bank borrowings	**(67,064)**	(12,194)
current portion of long term unsecured bank borrowings	**(1,010,502)**	(273,437)
current portion of long term finance lease	**(3,044)**	(2,491)
	1,861,869	1,711,659
Borrowings included in current liabilities:		
Bank borrowings — secured	**32,806**	14,634
Bank borrowings — unsecured	**507,343**	1,493,907
Borrowings from related parties	**100,000**	348,000
Other borrowings — unsecured	**—**	5,000
Current portion of long-term secured bank borrowings	**67,064**	12,194
Current portion of long-term unsecured bank borrowings	**1,010,502**	273,437
Current portion of long-term financial lease	**3,044**	2,491
	1,720,759	2,149,663

As at 31 December 2014, the secured bank borrowings included:

(1) Bank borrowings of US$10,960,000, equivalent to RMB67,064,000 (31 December 2013: US$12,960,000, equivalent to RMB79,016,000), which were guaranteed by Jin Jiang International.

(2) Bank borrowings of RMB32,806,000 (31 December 2013: RMB14,634,000), which were guaranteed by a non-controlling shareholder of a subsidiary of the Company.

(3) Bank borrowings of US$250,000,000, equivalent to RMB1,529,750,000 (31 December 2013: Nil) which were pledged by bank deposits amounted to US$5,000,000, equivalent to RMB30,595,000.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Between 1 and 2 years	**308,345**	1,082,987
Between 2 and 5 years	**1,542,316**	616,222
Over 5 years	**11,208**	12,450
	1,861,869	1,711,659

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
RMB	**1,376,361**	2,714,129
US$	**2,206,267**	1,147,193
	3,582,628	3,861,322

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

	At 31 December	
	2014	2013
Borrowings denominated in RMB	**5.4088%**	5.3425%
Borrowings denominated in US$	**2.5427%**	2.4145%

Treasury Management, Interest Rate and Exchange Rate Risk Management

Cash and cash equivalents as at 31 December 2014 and 31 December 2013 amounted to approximately RMB5,876,801,000 and RMB4,475,191,000, respectively, providing generally sufficient cash flow.

The Group established a RMB cross-border funding pool during the Reporting Period to open up a two-way financing channel between its domestic and overseas operations. The pool enables the Company to optimise its treasury structure and increase the flexibility of fund allocation by centralising funds which are otherwise separately held, thereby facilitating complementary and flexibility fund sharing between domestic and overseas subsidiaries.

Finance Company, a subsidiary of the Company, acts as a non-bank financial institution within the Group that centralises available cash resources of the Group's subsidiaries, joint ventures and associates. Funding and financing requirements of Group members were fulfilled through entrusted loans and self-operated loans, resulting in lower financing costs and greater efficiency in fund application.

MANAGEMENT DISCUSSION AND ANALYSIS

Available-for-sale Financial Assets

Available-for-sale financial assets held by the Group included 130,000,000 shares in Changjiang Securities Company Limited (000783.SZ), 42,973,976 shares in Bank of Communications Co., Ltd. (601328.SH), 13,901,542 shares in Yu Yuan Trade Mart (600655.SH) and 31,714,523 shares in Pudong Development Bank Co., Ltd (600000.SH), etc..

HUMAN RESOURCES AND TRAINING

As at the end of the Reporting Period, the Group had approximately 29,261 employees. As of now, no share options scheme has been established by the Group.

The Group's training base provides professional training on various management skills and technical skills. The base provides the Group with management talents of all fields and nurtures industry elites, where education and training are closely conducted based on the actual context of hotel development. More than 30 training courses on various types of job management, job skills and special topics were organised during the year with enrolment of more than 3,000 participants.

During the Reporting Period, the Group adjusted its human resource structure and optimised its job positions and staff establishment to further enhance its market orientation. As at the end of the Reporting Period, administrative expenses of Full Service Hotels included mainly long-term employee benefit expenses amounting to approximately RMB635,779,000 in connection with termination plans, early retirement plan and redundant employee plan for hotel renovation.

SOCIAL RESPONSIBILITY

Social responsibility is an important element in the Group's strategic development, while environmental protection is also managed as an important business of the enterprise, to further highlight the feature that all hotels under the Group are "safe, healthy, comfortable and professional," so as to achieve the organic unity of economic profitability, social benefits and eco-friendliness.

During the Reporting Period, the Group strictly implemented various safety operations to ensure safe commencement of various tasks at crucial timing. During the second half of the year, the hospitality tasks for a number of major public events were successfully completed.

The interests of people's livelihood represent a top priority for the Group. Stabilisation measures in the course of asset application were properly conducted, while staff settlement in connection with equity transfer of subsidiaries and business suspension during renovation was also smoothly completed, fostering an atmosphere of harmony and stability conducive to the sustainable development of the Group

The Group has always focused on the improvement of staff remuneration and welfare. During the Reporting Period, the Group continued to work on improving staff remuneration and raising the salary for all frontline staff of our wholly-owned subsidiaries by over 6% in average for the year. The Group continued to improve the democratic management model at the basic level through the staff representative meeting, with a view to further protection of the lawful staff rights.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT

The uncertainties in global economic recovery, slowdown in domestic macro-economic growth, structural oversupply in the hotel industry and the rapid development of information technology relating to the Mobile Internet will continue to affect the development of the Group's principal business. Nevertheless, with the implementation of policies represented by the document entitled "Certain Opinions on Promoting the Reform and Development of the Tourism Industry" issued by the State Council, as well as the stimulating effect of the opening of Shanghai Disneyland, broad prospects for future development still hold out for China's hotel and tourism industry, which will embrace opportunities as well as challenges. With full confidence in its future development, the Group will actively address any challenges and seize any opportunities that might arise.

The Group will step up with the development of its core business and drive internationalisation. The synergies of our international acquisitions will be brought into full play by ensuring the proper the handover of the operations of Groupe du Louvre. We will seek to improve our management standards and core competitiveness, further advance our domestic as well as international deployment and strengthen our ability in multinational operations by learning from the expertise and experience of our foreign partners and leveraging the strategy of setting up international businesses while introducing foreign experiences to the domestic operations.

The Group will seize the opportunity presented by the reform of state-owned assets to enhance its development towards a market-oriented corporation. We will advance reforms of our mechanisms and regimes and investigate the innovation and transformation of business models compatible with the age of Internet economy, while optimising our market-based remuneration regime and incentive mechanism. We will leverage our strengths in specialisation to create a tourism service chain centering on the hotel business. We will continue to drive asset liquidity and property realignment to further increase our overall asset return and enterprise value. The building of functional centres and system platforms will be optimised with the aim of improving quality and enhancing efficiency. Measures in cost reduction and income enhancement will be strengthened and improved, as our marketing network will be expanded through multiple channels, while personnel deployment and staff costs will also be optimised.

The Group will forge the name of Jin Jiang into a well-known world brand on the basis of global business deployment and multi-national operations. By strengthening our core competitive strengths in branding, network, human resources and management systems, we will strive to develop into a leader in the hotel and tourism industry in the PRC with international competitiveness.

REPORT OF THE DIRECTORS

The Board has pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

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

OPERATIONAL REVIEW

Management discussion and analysis on the Group's operations are set out on pages 23 to 38 in this report.

FINANCIAL REVIEW

The annual results of the Group for the year ended 31 December 2014 are set out in the consolidated income statement on page 75 in this report. Management discussion and analysis on financial review are set out on pages 23 to 38 in this report. A financial highlights of the Group for the years ended 31 December 2010, 2011, 2012, 2013 and 2014 is set out on page 13 in this report.

SHARE CAPITAL

The number of shares in each class of shares of the Company as at 31 December 2014 is set out as follows:

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

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

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

REPORT OF THE DIRECTORS

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

In 2007, approximately HK$1,091,600,000 (RMB1,098,200,000) was injected into Jin Jiang Hotel Investment by way of addition of capital on a pro-rata basis for the development and expansion of the Jin Jiang Inn hotels network, pursuant to an arrangement between the Company and Jin Jiang Hotels Development. As at 31 December 2014, the issue proceeds applied to the development and expansion of Jin Jiang Inn network had been fully utilized.

Issue proceeds of approximately RMB725,000,000 were applied as additional capital and investments in relevant affiliated hotels for the refurbishment of certain Landmark Hotels and Luxury Hotels, including Peace Hotel, Jin Jiang Tower, Jin Jiang Hotel, Cypress Hotel, Galaxy Hotel, Rainbow Hotel and Marvel Y.M.C.A. As of 31 December 2014, issue proceeds applied for the refurbishment of Landmark Hotels and Luxury Hotels have already been paid.

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

DIVIDENDS

On 27 March 2015, the Board proposed to declare a final dividend of RMB5.0 cents (inclusive of tax) per share for the year ended 31 December 2014, totalling RMB278,300,000.

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

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

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

For details of the resolutions to be considered and approved at the forthcoming annual general meeting, the book closure period of H share register, and the date of annual general meeting, please refer to the notice of 2014 annual general meeting to be issued by the Company in due course.

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

CORPORATE GOVERNANCE

The Board has reviewed its "Company Operation and Corporate Governance Guidelines" and is of the view that such guidelines have incorporated most of the principles and all of the code provisions of the "Corporate Governance Code" as set out in Appendix 14 to the Listing Rules. The Company has complied with the applicable code provisions of the Corporate Governance Code for the financial year ended 31 December 2014.

REPORT OF THE DIRECTORS

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2014, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company are set out on pages 208 to 211.

RESERVES

The Group had a reserve of approximately RMB3,053,292,000 as at 31 December 2014, of which RMB2,020,036,000 was retained earnings. Details of which are set out in the retained earnings in Note 22 to the consolidated financial statements on pages 168.

DISTRIBUTABLE RESERVES

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

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

As of 31 December 2014, based on the calculation made in accordance with the PRC Accounting Standards for Business Enterprises, relevant PRC laws and the Articles of Association, the distributable reserves of the Company amounted to RMB2,091,189,603, of which about RMB278,300,000 is proposed to be the final dividend for the year.

FIXED ASSETS

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

BORROWINGS

The details of short- and long-term borrowings are set out in Note 24 to the consolidated financial statements on pages 176 to 181.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's customers mainly comprised Franchisees, travel agencies, corporate customers and guests at its hotels. For the year ended 31 December 2014, the Group's five largest customers in aggregate accounted for less than 30% of the Group's total sales. Pursuant to the Group's franchise agreements with its Franchisees, no credit term is granted to the Franchisees and the Group's Franchisees are required to pay the continuing franchise fee on or before the tenth day of every month. A Franchisee would be obliged to pay a certain percentage of the amount payable as penalties in case of a default in payment.

REPORT OF THE DIRECTORS

The Group's suppliers mainly comprise vendors who supply the Group's hotel operations with hotel supplies such as food and beverages, as well as bath products. For the year ended 31 December 2014, the Group's five largest suppliers in aggregate accounted for less than 30% of the Group's total purchases. Generally, the credit term provided by the Group's suppliers is about two to six months.

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

CONNECTED TRANSACTIONS

According to the announcements issued by the Company on 23 December 2011, 28 March 2013 and 26 November 2013 (the "Connected Transaction Announcements"), the Company and Jin Jiang International, the controlling shareholder of the Company, and/or its associates had carried out the following continuing connected transactions. Since the applicable percentage ratios for the proposed maximum annual caps of the continuing connected transactions conducted under (1) the Master Agreements; (2) Master Property Leasing Agreement; and (3) Master Electronic Commerce Service Agreement for the respective years are more than 0.1% but less than 5%, the continuing connected transactions under these agreements are only subject to the reporting and announcement requirements of the Listing Rules and are exempted from the independent shareholders' approval requirement, which are included in the disclosure of related party transactions in accordance with HKFRS 24 (revised) presented in the audited consolidated financial statements for the year ended 31 December 2014 on pages 201 to 207. All terms used below shall have the same meanings as defined in the Connected Transaction Announcements, unless the context requires otherwise.

(i) Master Agreements

Date: 20 November 2006

Parties:

(i) Jin Jiang International as provider and/or recipient (as the case may be); and

(ii) the Company as provider and/or recipient (as the case may be)

Terms: Each of the Master Agreements has a current term expired on 31 December 2014. Upon the expiry of such term, each of the Master Agreements was automatically extended for further terms of 3 years, subject to the fulfillment of the relevant requirements of the Listing Rules, unless at least 3 months prior to the expiry of each such term any relevant party gives written notice of termination to the other party. As at or prior to 30 September 2014 (being 3 months prior to the expiry of each of the Master Agreements), no party has given written notice to terminate any of the Master Agreements, and each of the Master Agreements was automatically extended for 3 years and expire on 31 December 2017.

Nature of transactions:

(a) Master Food and Beverage Services and Provision of Food Agreement:

- provision of (i) food; (ii) food and beverage services; and (iii) other related or ancillary goods and services by Jin Jiang International Group to the Group as well as by the Group to Jin Jiang International Group

REPORT OF THE DIRECTORS

(b) Master Hotel Supporting Services Agreement:

- provision of (i) I.T. services, laundry services, lift maintenance services, film development services, printing services, telecommunication and electronic products, telephone services, hotel-related goods and other hotel supporting services; and (ii) other related or ancillary goods and services by Jin Jiang International Group to the Group

(c) Master Provision of Hotel Rooms Agreement:

- provision of (i) hotel rooms; and (ii) other related or ancillary goods and services by the Group to Jin Jiang International Group; and

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

As the implementation agreements are simply further elaborations on the provisions of products and services as contemplated by each of the Master Agreements, therefore they do not constitute new categories of connected transactions.

Prices: Each relevant product or service must be provided in accordance with the following general pricing principles:

- stated-prescribed prices; or
- where there is no state-prescribed price, then according to relevant market prices.

Payment for goods and services under the Master Agreements is usually settled monthly or quarterly in arrears, as the case may be.

The historical figures of the continuing connected transactions under the Master Agreements for each of the three years ended 31 December 2014 and the relevant annual caps for each of the three years ended 31 December 2014 are as follows:

	Historical Figures (RMB million)			Annual Caps (RMB million)		
Items	For the year ended 2012	For the year ended 2013	**For the year ended 2014**	For the year ended 2012	For the year ended 2013	**For the year ended 2014**
Expenditure Items:						
1) Master Food and Beverage Services and Provision of Food Agreement	4.1	6.4	**1.9**	23	23	**23**
2) Master Hotel Supporting Services Agreement	2.4	2.4	**0.8**	7	7	**7**
Revenue Items:						
1) Master Food and Beverage Services and Provision of Food Agreement	3.0	3.1	**3.9**	4	4.5	**5**
2) Master Provision of Hotel Rooms Agreement	17.2	22.6	**21.6**	27	27	**27**

REPORT OF THE DIRECTORS

(ii) Master Property Leasing Agreement

Master Property Leasing Agreement

Date:	23 December 2011
Parties:	(i) Jin Jiang International; and (ii) the Company
Terms:	The Master Property Leasing Agreement will be effective for an initial term of 3 years until 31 December 2014, unless either party terminates the Master Property Leasing Agreement by giving 3 months' prior written notice to the other party. The terms of the Master Property Leasing Agreement can be extended, provided that Jin Jiang International and the Company agree to such extension and the Listing Rules are complied with.
Nature of transactions:	Jin Jiang International Group will lease some properties legally owned by it to the Group and provide other property leasing related services to the Group. It is envisaged that from time to time and as required, individual implementation agreements may be entered into between the Group, Jin Jiang International, its subsidiaries and/or associates, as appropriate. As the implementation agreements are simply further elaborations on the provisions of services as contemplated by the Master Property Leasing Agreement, therefore they do not constitute new categories of connected transactions.
Prices:	Property leasing services must be provided in accordance with the following general pricing principles: • state-prescribed price; or • where there is no state-prescribed price, then according to relevant market prices.
Other major terms:	All existing agreements between Jin Jiang International Group and the Group in relation to the transactions (to the extent which cover the transactions after the effective date of the Master Property Leasing Agreement) will be deemed as the implementation agreements made pursuant to the Master Property Leasing Agreement since the effective date of the Master Property Leasing Agreement.

The original annual caps for the two years ending 31 December 2014 for the transactions under the Master Property Leasing Agreement are RMB32,000,000 and RMB34,000,000, respectively. Based on internal estimation, the Directors are of the view that the original 2013 and 2014 annual caps for the transactions under the Master Property Leasing Agreement will not be sufficient for the Group's current requirements. Therefore, considering the historical figure, the new property leasing transactions expected to be entered into between the Group and Jin Jiang International, and the expected increase in the rental payments and utility charges, the Board proposed to revise the 2013 and 2014 annual caps to RMB 40,000,000 and RMB50,000,000, respectively. Other than the above change, all existing terms and conditions of the Master Property Leasing Agreement have remained unchanged.

REPORT OF THE DIRECTORS

The historical figures of the continuing connected transactions under the Master Property Leasing Agreement for each of the three years ended 31 December 2014 and the relevant annual caps for each of the three years ended 31 December 2014 are as follows:

	Historical Figures (RMB million)			Annual Caps (RMB million)		
Item	For the year ended 2012	For the year ended 2013	**For the year ended 2014**	For the year ended 2012	For the year ended 2013	**For the year ended 2014**
Master Property Leasing Agreement	29.4	34.8	**32.3**	30	40	**50**

(iii) Master Electronic Commerce Service Agreement

Date: 23 December 2011

Parties:
(i) Jin Jiang International; and
(ii) the Company

Terms: The Master Electronic Commerce Service Agreement will be effective for an initial term of 3 years until 31 December 2014, unless either party terminates the Master Electronic Commerce Service Agreement by giving 3 months' prior written notice to the other party. The terms of the Master Electronic Commerce Service Agreement can be extended, provided that Jin Jiang International and the Company agree to such extension and the Listing Rules are complied with.

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

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

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

Prices: The Electronic Commerce Services must be provided in accordance with the following general pricing principles:

- state-prescribed price; or
- where there is no state-prescribed price, then according to relevant market prices.

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The historical figure of the continuing connected transactions under the Master Electronic Commerce Service Agreement for each of the three years ended 31 December 2014 and the relevant annual caps for each of the three years ending 31 December 2014 are as follows:

Item	Historical Figure (RMB million)			Annual Caps for the Item (RMB million)		
	For the year ended 2012	For the year ended 2013	**For the year ended 2014**	For the year ended 2012	For the year ended 2013	**For the year ending 2014**
Maximum service fees payable by the Group under the Master Electronic Commerce Service Agreement for the relevant period	2.6	9.9	**7.3**	19	38	**50**

(iv) Loan Service Framework Agreement

Date: 16 April 2010

Parties: (i) Jin Jiang International; and

(ii) Finance Company

Terms: The Loan Service Framework Agreement will be effective for an initial term of 3 years until 15 April 2013, unless prior to the expiry either party terminates the Loan Service Framework Agreement by giving 3 months' prior written notice to the other party. The terms of the Loan Service Framework Agreement can be extended, provided that the Parent Company and the Finance Company agree to such extension and the requirements under the relevant laws, regulations and/or the Listing Rules are complied with.

As at or prior to 15 January 2013 (being 3 months prior to the expiry of the Loan Service Framework Agreement), no party has given written notice of termination of the Loan Service Framework Agreement. The Loan Service Framework Agreement has automatically extended for 3 years and expire on 15 April 2016.

Nature of transactions: Provision of loan services by Finance Company to Jin Jiang International.

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

The historical figures of the continuing connected transactions under the Loan Service Framework Agreement for each of the three years ended 31 December 2014 and the relevant annual caps for each of the three years ended 31 December 2014 are as follows:

Item	Historical Figures (RMB million)			Annual Caps (RMB million)		
	For the year ended 2012	For the year ended 2013	**For the year ended 2014**	For the year ended 2012	For the year ended 2013	**For the year ended 2014**
Loan Service Framework Agreement	0.3	20.7	**1.5**	71.7	80.5	**60**

REPORT OF THE DIRECTORS

The annual caps for the continuing connected transactions under the Loan Service Framework Agreement for each of the one year ending 31 December 2015 and the three and a half months ending 15 April 2016 are as follows:

Item	Annual Caps (RMB million) For the year ending 2015	For the three and a half months ending 15 April 2016
Total interest caps receivable by the Finance Company under the Loan Service Framework Agreement for the relevant period	70	23.33

The independent non-executive Directors, Mr. Ji Gang, Mr. Sun Dajian, Dr. Rui Mingjie, Mr. Yang Menghua, Dr. Tu Qiyu and Mr. Shen Chengxiang, have reviewed the above continuing connected transactions and confirm that these transactions have been entered into:

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

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

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

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

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

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

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

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

Other Material Connected Transactions

Disposal of Interest in Shanghai New Garden Hotel

On 27 May 2014, the Company and Jin Jiang International Northern Company Limited ("Jin Jiang International Northern Company") entered into an asset transaction contract ("Asset Transaction Contract"), pursuant to which the Company agreed to transfer its 57% interest in Shanghai New Garden Hotel ("Shanghai New Garden Hotel") to Jin Jiang International Northern Company for a cash consideration of RMB14,674,000 by way of negotiated assignment through Shanghai United

REPORT OF THE DIRECTORS

Assets and Equity Exchange. In addition, on the same date, Shanghai Xinda Industrial Co., Ltd. ("Xinda") and Jin Jiang International Northern Company entered into a separate asset transaction contract, pursuant to which Xinda agreed to transfer its 42% interest in Shanghai New Garden Hotel to Jin Jiang International Northern Company for a cash consideration of RMB10,813,000 by way of negotiated assignment through Shanghai United Assets and Equity Exchange. Upon completion of the Asset Transaction Contract, the Company will cease to hold any interest in Shanghai New Garden Hotel.

The conduct of the relevant transaction according to the Asset Transaction Contract is in line with the strategic planning of the Company and the interests of the Company's shareholders as a whole, and will improve the Group's assets liquidity and financial position and optimize the Group's assets allocation. The Company intends to utilize net proceeds received from the transaction under the Asset Transaction Contract as the Group's general working capital.

Jin Jiang International Northern Company is a wholly-owned subsidiary of Jin Jiang International, the controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Asset Transaction Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios for the transaction under the Asset Transaction Contract exceed 0.1% but are less than 5%, such transaction is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and senior management as at 31 December 2014 are set out on pages 17 to 22 in this report.

INTERESTS IN SHARES OF DIRECTORS, CHIEF EXECUTIVES AND SUPERVISORS

As at 31 December 2014, none of the Directors, chief executives or Supervisors of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which are otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

INTERESTS IN SHARES OR UNDERLYING SHARES OR DEBENTURES OF ASSOCIATED CORPORATIONS

As at 31 December 2014, 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 in Jin Jiang Hotels Development held	Nature of interests	Capacity	Percentage in total share capital of Jin Jiang Hotels Development
Yu Minliang	14,305	Long position	Beneficial owner	0.0024%
Yang Weimin	497,339	Long position	Beneficial owner	0.0824%

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Save as disclosed above, as at 31 December 2014, none of the Directors, chief executives or Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors, chief executives or Supervisors of the Company is taken or deemed to have under such provisions of the SFO) or which are required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which are otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

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

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

As at 31 December 2014, so far as the Directors are aware, the following persons (other than a Director, chief executive or Supervisor of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the Company's register pursuant to section 336 of the SFO:

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	Percentage in the relevant class of share capital	Percentage in total share capital
Jin Jiang International	Domestic shares	4,174,500,000 (Long position)	Beneficial owner	100%	75%
Kwok Hoi Hing	H shares	153,092,000 (Long position)	Beneficial owner	11.00%	2.750%
Norges Bank	H shares	84,856,000 (Long position)	Beneficial owner	6.10%	1.525%
Citigroup Inc.	H shares	339,612 (Long position)	Interest in controlled corporation	8.07%	2.018%
		109,913,552 (Long position)	Custodian — corporation/ lending pool		
		2,060,004 (Long position)	Individual having a security interest		

Save as disclosed above and so far as the Directors are aware, as at 31 December 2014, 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.

REPORT OF THE DIRECTORS

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

As at 31 December 2014, so far as the Directors are aware, each of the following parties, not being (1) a Director, chief executive or Supervisor of the Company or (2) a member of the Group, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

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

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

Save as disclosed above and so far as the Directors of the Company are aware, as at 31 December 2014, no other party, not being (1) a Director, chief executive or Supervisor of the Company or (2) a member of the Group, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

As of 31 December 2014 and at any time during the Reporting Period, there is or was no contract of significance (as defined in Appendix 16 of the Listing Rules) subsisting in which any of the Directors or the Supervisors of the Company is or was, whether directly or indirectly, materially interested in.

REPORT OF THE DIRECTORS

As of 31 December 2014 and at any time during the Reporting Period, there is or was no contract of significance in relation to the Company's business subsisting to which the Company, its subsidiaries, its holding company or a subsidiary of its holding company is or was a party and in which any of the Directors or the Supervisors of the Company has or had, or at any time during that period, in any way, whether directly or indirectly, a material interest.

As of 31 December 2014 and at any time during the Reporting Period, none of the Directors or the Supervisors of the Company is or was in any way, directly or indirectly, materially interested in any contract of significance in relation to the Company's business entered into or proposed to be entered into with the Company.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term expiring upon the conclusion of the annual general meeting of the Company to be held in 2015.

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

Name	Title	Commencement Date
Mr. Ji Gang	Independent Non-executive Director	20 November 2006 (last re-appointed on 16 October 2012)
Mr. Sun Dajian	Independent Non-executive Director	20 November 2006 (last re-appointed on 16 October 2012)
Dr. Rui Mingjie	Independent Non-executive Director	20 November 2006 (last re-appointed on 16 October 2012)
Mr. Yang Menghua	Independent Non-executive Director	20 November 2006 (last re-appointed on 16 October 2012)
Dr. Tu Qiyu	Independent Non-executive Director	20 November 2006 (last re-appointed on 16 October 2012)
Mr. Shen Chengxiang	Independent Non-executive Director	20 November 2006 (last re-appointed on 16 October 2012)

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

EMOLUMENT POLICY OF THE GROUP

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

The compensation of the Directors, Supervisors, the five highest paid individuals and senior management and information regarding pension scheme have been stated in Notes 28 and 39(d) to the consolidated financial statements on pages 184 to 187 and page 207, respectively. The Group has adopted the PRC government's social security system that comprises retirement fund, housing fund and medical insurance. For the retirement funds, the employer contribution ratio and employee contribution ratio in Shanghai are currently 21% and 8% respectively.

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

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

As of 31 December 2014, the executive Directors are Mr. Yu Minliang (chairman), Mr. Yang Weimin (vice chairman and chief executive officer), Ms. Chen Wenjun, Mr. Yang Yuanping, Mr. Shao Xiaoming, Mr. Han Min and Mr. Kang Ming, and the independent non-executive Directors are Mr. Ji Gang, Mr. Sun Dajian, Dr. Rui Mingjie, Mr. Yang Menghua, Dr. Tu Qiyu and Mr. Shen Chengxiang. Mr. Yang Weimin ceased to be the vice chairman and chief executive officer of the Company with effect from 27 March 2015.

REPORT OF THE DIRECTORS

As of 31 December 2014, the Supervisors are Mr. Wang Xingze (chairman of the Supervisory Committee), Mr. Wang Guoxing, Mr. Ma Mingju, Ms. Chen Junjin, Mr. Zhou Qiquan and Ms. Zhou Yi.

Biographical details of the Directors and the Supervisors are set out on pages 17 to 20 in this report.

PENSION SCHEMES

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

NOMINATION COMMITTEE

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

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

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

The terms of reference of the nomination committee, which were revised on 28 March 2014 to adopt the Board Diversity Policy, have been posted on the websites of the Company and the Stock Exchange.

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

AUDIT COMMITTEE

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

The annual results have been reviewed by the audit committee. The committee has reviewed the accounting principles and practices adopted by the Company and conducted a discussion on matters in relation to the audit, internal controls and financial reporting, including the review of the audited consolidated financial statements for the year ended 31 December 2014, together with the management.

REPORT OF THE DIRECTORS

REMUNERATION COMMITTEE

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

PUBLIC FLOAT

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

NON-EXECUTIVE DIRECTOR

As of 31 December 2014, the Company did not have any non-executive Director.

CONFIRMATION OF INDEPENDENCE BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from all independent non-executive Directors, namely Mr. Ji Gang, Mr. Sun Dajian, Dr. Rui Mingjie, Mr. Yang Menghua, Dr. Tu Qiyu and Mr. Shen Chengxiang, the confirmation letters of their independence pursuant to Rule 3.13 of the Listing Rules. Based on their confirmations, the Company considers that all independent non-executive Directors are independent.

MANAGEMENT CONTRACTS

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

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

INTERNATIONAL AUDITOR

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

By order of the Board
Yu Minliang
Chairman

27 March 2015

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

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

The Supervisory Committee convened two meetings in 2014. On 28 March 2014, the Supervisory Committee received relevant reports on the financial conditions of the Group in 2013, and considered and passed the 2013 Supervisory Committee report. On 26 August 2014, the Supervisory Committee received relevant reports on the financial conditions of the Group during the first half of 2014.

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

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

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

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

27 March 2015

CORPORATE GOVERNANCE REPORT

The Board has reviewed the "Company Operation and Corporate Governance Guidelines" of the Company and is of the view that such guidelines have incorporated most of the principles and all of the code provisions of the "Corporate Governance Code" as set out in Appendix 14 to the Listing Rules. The Company was in compliance with the relevant code provisions set out in Appendix 14 to the Listing Rules for the financial year ended 31 December 2014.

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

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

THE BOARD

The Board of the Company currently consists of seven executive Directors and six independent non-executive Directors. (at least one independent non-executive Director possesses appropriate professional qualifications or possesses accounting or related financial management expertise). Biographical details of the Directors are set out on pages 17 to 19 in this report.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the third session of the Board of the Company held 8 meetings. The attendance record of each respective Director of the third session of the Board at the Board meetings held in 2014 is set out in the following table:

Directors	Attendance/Number of meetings held
Mr. Yu Minliang *(chairman)*	8/8
Mr. Yang Weimin** *(vice chairman and CEO)*	8/8
Ms. Chen Wenjun	8/8
Mr. Yang Yuanping	8/8
Mr. Shao Xiaoming	8/8
Mr. Han Min	8/8
Mr. Kang Ming	8/8
Mr. Ji Gang*	8/8
Mr. Sun Dajian*	8/8
Dr. Rui Mingjie*	8/8
Mr. Yang Menghua*	8/8
Dr. Tu Qiyu*	8/8
Mr. Shen Chengxiang*	8/8

* Independent non-executive director

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

CONTINUOUS TRAINING AND DEVELOPMENT FOR DIRECTORS

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

The company secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials, and the legal advisers of the Company prepare and provide the Directors with detailed interpretations and analysis on the revised contents for them to understand the latest developments in a timely and accurate manner and to perform their duties in accordance with relevant laws and regulatory requirements. All Directors of the Company (namely Mr. Yu Minliang, Mr. Yang Weimin, Ms. Chen Wenjun, Mr. Yang Yuanping, Mr. Shao Xiaoming, Mr. Han Min, Mr. Kang Ming, Mr. Ji Gang, Dr. Rui Mingie, Mr. Yang Menghua, Mr. Sun Dajian, Dr. Tu Qiyu and Mr. Shen Chengxiang) have participated in relevant trainings, and were provided with the above information for further development and update on their knowledge and skills, which in turn ensures that they could make adequate and suitable contributions to the Board.

CORPORATE GOVERNANCE REPORT

NOMINATION OF DIRECTORS AND TERM OF OFFICE

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

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

RESPONSIBILITIES OF THE BOARD

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

SUPERVISORY COMMITTEE

As at the end of 2014, the Supervisory Committee comprised six members. The background and biographical details of the Supervisors are set out in the section headed "Directors, Supervisors and Senior Management".

Supervisors of the Company acted diligently to effectively supervise on the lawfulness and compliance of the Company's financial matters and the performance of duties by the Directors and senior management.

BOARD COMMITTEES

(1) Audit Committee

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

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

In 2014, the audit committee held 3 meetings in total. The attendance record of each respective member at the meetings of the audit committee held in 2014 is set out in the following table:

	Attendance/Number of meetings held
Mr. Yang Menghua	3/3
Mr. Sun Dajian	3/3
Mr. Ji Gang	3/3

The first meeting of the audit committee for 2014 was held on 14 January 2014, at which the audit plans and internal control tests conducted during 2013 were reviewed and discussed. The second meeting of the audit committee for 2014 was held on 25 March 2014, at which the consolidated financial statements for 2013, internal control report and corporate governance report of the Group for 2013 were tabled for review and discussion. The third meeting of the audit committee for 2014 was held on 22 August 2014, at which the interim consolidated financial statements for 2014 were reviewed and discussed.

CORPORATE GOVERNANCE REPORT

(2) Remuneration Committee

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

In 2014, the remuneration committee held 1 meeting in total. The attendance record of each respective member at the meeting of the remuneration committee held in 2014 is set out in the following table:

	Attendance/Number of meetings held
Mr. Ji Gang	1/1
Mr. Yang Weimin	1/1
Mr. Shen Chengxiang	1/1

The meeting of the remuneration committee for 2014 was held on 28 March 2014 to review, among other things, the remuneration of the senior management of the Company for 2013, the remuneration of the Directors, Supervisors and senior management disclosed in the 2013 annual report and the performance of duties by the remuneration committee.

(3) Nomination Committee

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

In 2014, the nomination committee held 1 meeting in total. The attendance record of each respective member at the meeting of the nomination committee held in 2014 is set out in the following table:

	Attendance/Number of meetings held
Mr. Yu Minliang	1/1
Dr. Rui Mingjue	1/1
Dr. Tu Qiyu	1/1

The meeting of the nomination committee for 2014 was held on 28 March 2014 to review, among other things, the structure, size and composition of the Board of the Company, as well as the skills, know-how and experience of the Directors, members of the Board committees, and senior management of the Company.

CORPORATE GOVERNANCE REPORT

(4) Strategic Investment Committee

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

In 2014, the strategic investment committee held 1 meeting in total. The attendance record of each respective member at the meetings of the strategic investment committee held in 2014 is set out in the following table:

	Attendance/Number of meetings held
Mr. Yang Weimin	1/1
Mr. Han Min	1/1
Dr. Rui Mingjie	1/1

The meetings of the strategic investment committee for 2014 were held on 28 March 2014, and the matter discussed was a report on the strategic plans and proposed investment projects of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under paragraph A.2.1 of Appendix 14 to the Listing Rules, the roles of the chairman and the chief executive officer of an issuer should be separate and should not be performed by the same person. Currently, the chairman is Mr. Yu Minliang, who is an executive Director and is responsible for formulating overall corporate strategies and major decision-making, and the chief executive officer was Mr. Yang Weimin, who is an executive Director and authorized representative of the Company, and was fully responsible for daily operation and operation management of the Company as well as coordinating the implementation of Board resolutions. Mr. Yang Weimin ceased to hold the position of vice chairman and chief executive officer of the Company with effect from 27 March 2015. The Company is not aware of any financial, business or family relationships or significant relevant relationships between the Board members and the chairman on the one hand and the chief executive officer on the other hand.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code regarding Directors' and Supervisors' securities transactions. Every Director and Supervisor at the time of appointment was given a copy of the Model Code. The Company confirms, having made specific enquiries with all Directors and Supervisors, that for the year ended 31 December 2014, each of its Directors and Supervisors has complied with the requirements relating to Directors' and Supervisors' securities transactions as set out in the Model Code.

CORPORATE GOVERNANCE REPORT

EXTERNAL AUDITORS

The independence of the Company's external auditors is confirmed. The external auditors will retire on the date of convening the following annual general meeting and offer themselves for re-election at such meeting. During the Reporting Period, two external auditors were appointed, namely PricewaterhouseCoopers in Hong Kong for consolidated financial statements of the Group prepared in accordance with HKFRS and PricewaterhouseCoopers Zhong Tian LLP in the PRC for financial statements of the Company prepared in accordance with PRC Accounting Standards for Business Enterprises. An aggregate remuneration of RMB5,424,700 was paid to PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP for their provision of audit services on the consolidated financial statements and financial statements for the Company during the Reporting Period. An aggregate remuneration of RMB2,820,000 (including consultation fees in connection with the acquisition of Groupe du Louvre) was paid to PricewaterhouseCoopers Consultants (Shenzhen) Limited for its provision of non-audit services for the Company during the Reporting Period. No remuneration was paid to PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP for the provision of non-audit related services.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES

The Directors have acknowledged their responsibilities for the preparation of the consolidated financial statements for the year ended 31 December 2014, and confirm that such statements give a true and fair view of the state of affairs of the Group as at 31 December 2014 and of the profit and cash flows for the Reporting Period. In preparing these consolidated financial statements, the Directors have selected and adopted suitable accounting policies and made accounting estimates that are reasonable under the circumstances; and have prepared the consolidated financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Group at any time.

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

INVESTOR RELATIONS

The Company places strong emphasis on communications with shareholders and investors as well as the improvement in the transparency of the Company: designated departments and staff were put in place to provide reception for investors and analysts. During the Reporting Period, the Company received over 100 groups of funds managers and analysts in total and patiently answered their questions on the Company. Arrangements were made for visits to various types of hotels under the Company, allowing them to have a prompt understanding of the operations and latest business developments of the Company. The Company conducted true, accurate, complete and timely information disclosure in strict compliance with relevant laws and regulations, the Articles of Association and the Listing Rules. Investors can access information such as the basic conditions and statutory announcements of the Company at any time by visiting our website www.jinjianghotels.com.cn. Annual reports, interim reports, circulars and announcements published since the Company's listing are available under the section "Investor Relations" on the Company's website. Promotional presentations and one-to-one meetings with institutional investors are held after the announcement of interim and annual results.

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

CORPORATE GOVERNANCE REPORT

GENERAL MEETINGS

The Company convened the annual general meeting on 17 June 2014, at which six ordinary resolutions and one special resolution on granting a general mandate to the Board of the Company were considered and approved.

Details of the attendance of the Directors of the Company in the general meetings in 2014 are as follows:

Directors	Attendance/Number of meetings held
Mr. Yu Minliang *(chairman)*	1/1
Mr. Yang Weimin** *(vice Chairman and CEO)*	1/1
Ms. Chen Wenjun	1/1
Mr. Yang Yuanping	1/1
Mr. Shao Xiaoming	1/1
Mr. Han Min	1/1
Mr. Kang Ming	1/1
Mr. Ji Gang	1/1
Mr. Sun Dajian	1/1
Dr. Rui Mingjie	1/1
Mr. Yang Menghua	1/1
Dr. Tu Qiyu	1/1
Mr. Shen Chengxiang	1/1

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

COMMUNICATION WITH SHAREHOLDERS

Shareholders' Rights

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

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

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

Where the Board fails to issue notice of convening a meeting within thirty days upon receipt of the above written requisition(s), shareholder(s) individually or collectively holding more than ten percent (including ten percent) of the outstanding shares of the Company carrying voting rights is/are entitled to request by written requisition(s) the Supervisory Committee to convene the extraordinary general meeting or class shareholders' meeting. The Supervisory Committee may convene the meeting on its own accord within four months upon the Board having received such request. In case the Supervisory Committee does not convene

CORPORATE GOVERNANCE REPORT

and hold the meeting(s), shareholder(s) individually or collectively holding more than ten percent of the shares of the Company for 90 consecutive days may convene the meeting(s) on his/her/their own accord. The convening procedures shall as much as possible be equivalent to those of general meetings convened by the Board.

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

Enquires of and Communication with Shareholders

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

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

INTERNAL CONTROLS, AUDIT AND RISK MANAGEMENT

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

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

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

CORPORATE GOVERNANCE REPORT

JOINT COMPANY SECRETARIES

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

In compliance with Rule 3.29 of the Listing Rules, the joint company secretaries have undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2014.

MAJOR DUTIES OF INTERNAL AUDIT

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

— to conduct audit on the integrity of department heads of members of the Group during their appointment period and separate audit for those who have been transferred, resigned, dismissed or retired;

— to conduct audit on income, expenses and related business activities;

— to conduct audit on construction projects as well as upgrade and renovation projects for fixed assets of over RMB300,000;

— to conduct audit on the implementation of investment management, fund management, properties management and internal control;

— to implement internal control and formulate and optimize internal control policies and standards according to management requirements;

— to be responsible for the development of full-time and part-time internal audit workforce, and organize relevant assignments in the Company's system; and

— to accomplish other audit assignments from senior management team, the Board and the Supervisory Committee.

CORPORATE GOVERNANCE REPORT

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

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

In accordance with the arrangements disclosed in the Prospectus, the independent non-executive Directors held four meetings in 2014 to consider whether or not to exercise the relevant Rights granted to the Company by Jin Jiang International over the relevant Excluded Hotel Businesses and New Union business under the Deed of Non-Competition and whether to take up any business opportunity which was referred to the Company by Jin Jiang International or any of its subsidiaries (other than the Group).

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

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

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

Eastern Jin Jiang has in total 852 rooms. The revenue and net assets of Eastern Jin Jiang as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2014 amounted to approximately RMB155.84 million and RMB713.04 million, respectively.

Shanghai Jin Cang Mandarin Hotel Company Limited ("JC Mandarin"): As notified by Jin Jiang International in writing, Jin Jiang International has transferred its 100% equity interests in JC Mandarin through an open listing process at Shanghai United Assets and Equity Exchange. As at the date of this report, Jin Jiang International has completed the legal procedures pertaining to the equity transfer. As such, Jin Jiang International no longer holds any equity interests in JC Mandarin, and the businesses of JC Mandarin no longer constitute part of the Excluded Hotel Businesses.

Prior to the said equity transfer, Jin Jiang International had notified the Company of the proposed transfer of its 100% equity interests in JC Mandarin. The independent non-executive Directors convened a meeting to make a final decision on the proposed transfer and decided not to exercise its Right to purchase Jin Jiang International Investment's 100% equity interests in JC Mandarin after considering all factors.

CORPORATE GOVERNANCE REPORT

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

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

Pacific Shanghai has in total 587 rooms. The revenue and net assets of Pacific Shanghai as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2014 amounted to approximately RMB241.00 million and RMB296.18 million respectively.

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

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

Garden Hotel Shanghai has in total 471 rooms. The revenue and net assets of Garden Hotel Shanghai as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2014 amounted to approximately RMB261.09 million and RMB60.21 million respectively.

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

Jinyuan Inn and Jiaozhou Road Inn each has in total 103 rooms and 82 rooms respectively. The revenue and net assets of Jinyuan Inn as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2014 amounted to approximately RMB3.10 million and RMB0 respectively. The revenue and net assets of Jiaozhou Road Inn as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2014 amounted to approximately RMB8.10 million and RMB0 respectively.

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

New Union has in total 260 rooms. The revenue and net assets of New Union as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2014 amounted to approximately RMB241.67 million and RMB268.93 million respectively.

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

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

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

We have audited the consolidated financial statements of Shanghai Jin Jiang International Hotels (Group) Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 71 to 212, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2015

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	Note	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**6,932,094**	7,074,106
Investment properties	7	**221,845**	227,888
Land use rights	8	**1,961,915**	2,030,284
Intangible assets	9	**429,417**	431,655
Investments in joint ventures	11	**1,394,187**	1,412,158
Investments in associates	12	**552,936**	538,175
Available-for-sale financial assets	14	**3,643,840**	1,888,002
Deferred income tax assets	15	**262,521**	490,905
Trade receivables, prepayments and other receivables	18	**103,863**	106,127
		15,502,618	14,199,300
Current assets			
Financial assets at fair value through profit or loss	19	**94,629**	80,662
Available-for-sale financial assets	14	**121,467**	121,780
Inventories	17	**168,129**	176,596
Trade receivables, prepayments and other receivables	18	**1,197,631**	1,305,785
Restricted cash and bank deposits with maturities ranging from 3 months to 12 months	20	**1,140,997**	1,369,680
Cash and cash equivalents	21	**5,876,801**	4,475,191
		8,599,654	7,529,694
Non-current assets held for sale	16	**61,214**	107,113
		8,660,868	7,636,807
Total assets		**24,163,486**	21,836,107
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	22	**5,566,000**	5,566,000
Reserves	22	**3,053,292**	1,999,514
— Proposed final dividend	34	**278,300**	250,470
— Others		**2,774,992**	1,749,044
		8,619,292	7,565,514
Non-controlling interests		**6,757,006**	4,384,366
Total equity		**15,376,298**	11,949,880

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2014

	Note	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	24	**1,861,869**	1,711,659
Deferred income tax liabilities	15	**937,910**	500,402
Trade and other payables	23	**608,167**	210,725
		3,407,946	2,422,786
Current liabilities			
Borrowings	24	**1,720,759**	2,149,663
Income tax payable		**237,619**	546,951
Trade and other payables	23	**3,358,221**	4,766,827
		5,316,599	7,463,441
Liabilities directly associated with non-current assets held for sale	16	**62,643**	—
		5,379,242	7,463,441
Total liabilities		**8,787,188**	9,886,227
Total equity and liabilities		**24,163,486**	21,836,107
Net current assets		**3,281,626**	173,366
Total assets less current liabilities		**18,784,244**	14,372,666

The notes on pages 81 to 212 are an integral part of these consolidated financial statements.

Yu Minliang
Chairman and Executive Director

Xu Ming
Executive President

BALANCE SHEET

As at 31 December 2014

	Note	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**562,408**	597,145
Investment properties	7	**29,350**	35,146
Land use rights	8	**303,259**	315,903
Intangible assets	9	**2,237**	2,719
Investments in subsidiaries	10	**9,488,327**	7,819,935
Investments in joint ventures	11	**818,715**	838,245
Investments in associates	12	**209,987**	209,987
Available-for-sale financial assets	14	**131,745**	131,745
Trade receivables, prepayments and other receivables	18	**22,905**	19,244
		11,568,933	9,970,069
Current assets			
Inventories	17	**2,311**	2,251
Trade receivables, prepayments and other receivables	18	**2,196,101**	1,691,157
Cash and cash equivalents	21	**401,695**	280,649
		2,600,107	1,974,057
Non-current assets held for sale	16	**23,372**	—
		2,623,479	1,974,057
Total assets		**14,192,412**	11,944,126
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	22(a)	**5,566,000**	5,566,000
Reserves	22(b)	**4,618,770**	4,035,864
— Proposed final dividend	34	**278,300**	250,470
—Others		**4,340,470**	3,785,394
Total equity		**10,184,770**	9,601,864

BALANCE SHEET (CONTINUED)

As at 31 December 2014

	Note	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	24	**1,622,250**	863,822
Deferred income tax liabilities	15	**604,907**	625,564
		2,227,157	1,489,386
Current liabilities			
Borrowings	24	**1,354,064**	624,194
Trade and other payables	23	**425,326**	117,183
Income taxes payable		**1,095**	111,499
		1,780,485	852,876
Total liabilities		**4,007,642**	2,342,262
Total equity and liabilities		**14,192,412**	11,944,126
Net current assets		**842,994**	1,121,181
Total assets less current liabilities		**12,411,927**	11,091,250

The notes on pages 81 to 212 are an integral part of this financial statement.

Yu Minliang
Chairman and Executive Director

Xu Ming
Executive President

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Revenue	5(a)	**9,364,088**	9,288,331
Cost of sales	27	**(7,682,247)**	(7,654,889)
Gross profit		**1,681,841**	1,633,442
Other income	25	**1,920,189**	959,377
Selling and marketing expenses	27	**(427,100)**	(422,571)
Administrative expenses	27	**(1,482,001)**	(839,311)
Other expenses	26	**(124,711)**	(44,916)
Operating profit		**1,568,218**	1,286,021
Finance costs	29	**(158,574)**	(140,656)
Share of results of joint ventures and associates	30	**140,939**	130,939
Profit before income tax		**1,550,583**	1,276,304
Income tax expense	31	**(474,232)**	(433,600)
Profit for the year		**1,076,351**	842,704
Attributable to:			
Shareholders of the Company		**621,225**	443,772
Non-controlling interests		**455,126**	398,932
		1,076,351	842,704
Earnings per share for profit attributable to shareholders of the Company during the year (expressed in RMB cents per share) — basic and diluted	33	**11.16**	7.97

The notes on pages 81 to 212 are an integral part of these consolidated financial statements.

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Dividends	34	**278,300**	250,470

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

		Year ended 31 December	
	Note	**2014 RMB'000**	2013 RMB'000
Profit for the year		**1,076,351**	842,704
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Fair value changes on available-for-sale financial assets — gross	14(a)	**2,269,816**	53,302
Transfer of fair value changes on disposal of available-for-sale financial assets — gross		**(435,652)**	(241,918)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	31	**(458,618)**	47,139
Currency translation differences		**(4,545)**	146
Total other comprehensive income for the year		**1,371,001**	(141,331)
Total comprehensive income for the year		**2,447,352**	701,373
Attributable to:			
Shareholders of the Company		**1,306,431**	357,369
Non-controlling interests		**1,140,921**	344,004
		2,447,352	701,373

The notes on pages 81 to 212 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to shareholders of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013	5,566,000	222,355	1,524,034	7,312,389	4,823,056	12,135,445
Comprehensive income:						
Profit for the year	—	—	443,772	443,772	398,932	842,704
Other Comprehensive income:						
Fair value changes on available-for-sale financial assets — gross	—	23,910	—	23,910	29,392	53,302
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	(139,289)	—	(139,289)	(102,629)	(241,918)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax (note 31)	—	28,830	—	28,830	18,309	47,139
Currency translation differences	—	146	—	146	—	146
Total other comprehensive income	**—**	**(86,403)**	**—**	**(86,403)**	**(54,928)**	**(141,331)**
Total comprehensive income	**—**	**(86,403)**	**443,772**	**357,369**	**344,004**	**701,373**
Transactions with owners:						
Contributions by and distributions to owners of the Company recognised directly in equity						
Profit appropriation	—	70,404	(70,404)	—	—	—
Dividends (note 34)	—	—	(166,980)	(166,980)	—	(166,980)
Total contributions by and distributions to owners of the Company recognised directly in equity	**—**	**70,404**	**(237,384)**	**(166,980)**	**—**	**(166,980)**
Dividends to non-controlling interests	—	—	—	—	(242,144)	(242,144)
Capital contribution from a non-controlling interest	—	—	—	—	25,481	25,481
Disposal of equity interests in a subsidiary to a non-controlling shareholder with loss of control	—	—	—	—	(602,609)	(602,609)
Disposal of equity interests in a subsidiary to non-controlling shareholders without change of control	—	62,736	—	62,736	36,578	99,314
Total transactions with owners	**—**	**133,140**	**(237,384)**	**(104,244)**	**(782,694)**	**(886,938)**
Balance at 31 December 2013	**5,566,000**	**269,092**	**1,730,422**	**7,565,514**	**4,384,366**	**11,949,880**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2014

	Attributable to shareholders of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014	5,566,000	269,092	1,730,422	7,565,514	4,384,366	11,949,880
Comprehensive income:						
Profit for the year	—	—	621,225	621,225	455,126	1,076,351
Other Comprehensive income:						
Fair value changes on available-for-sale financial assets — gross	—	1,138,890	—	1,138,890	1,130,926	2,269,816
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	(219,131)	—	(219,131)	(216,521)	(435,652)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax (note 31)	—	(230,008)	—	(230,008)	(228,610)	(458,618)
Currency translation differences	—	(4,545)	—	(4,545)	—	(4,545)
Total other comprehensive income	**—**	**685,206**	**—**	**685,206**	**685,795**	**1,371,001**
Total comprehensive income	**—**	**685,206**	**621,225**	**1,306,431**	**1,140,921**	**2,447,352**
Transactions with owners:						
Contributions by and distributions to owners of the Company recognised directly in equity						
Profit appropriation	—	81,141	(81,141)	—	—	—
Dividends (note 34)	—	—	(250,470)	(250,470)	—	(250,470)
Total contributions by and distributions to owners of the Company recognised directly in equity	**—**	**81,141**	**(331,611)**	**(250,470)**	**—**	**(250,470)**
Dividends to non-controlling interests	—	—	—	—	(261,064)	(261,064)
Capital contribution from a non-controlling interest (note 10)	—	—	—	—	1,504,438	1,504,438
Acquisition of equity interests in subsidiaries from Non-controlling interests	—	(2,183)	—	(2,183)	(11,655)	(13,838)
Total transactions with owners	**—**	**78,958**	**(331,611)**	**(252,653)**	**1,231,719**	**979,066**
Balance at 31 December 2014	**5,566,000**	**1,033,256**	**2,020,036**	**8,619,292**	**6,757,006**	**15,376,298**

The notes on pages 81 to 212 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2014

		Year ended 31 December	
	Note	2014 RMB'000	2013 RMB'000
Cash flows from operating activities:			
Cash generated from operations	35(a)	1,349,018	1,080,112
Net (decrease)/increase in deposits from related parties in Jin Jiang International Finance Company Limited ("Finance Company")		(1,754,091)	1,541,818
Net decrease/(increase) in loans to related parties by Finance Company		336,500	(246,500)
Interest paid		(156,817)	(125,399)
Income tax paid		(569,679)	(203,388)
Transactions cost in relation to business combination and disposal of subsidiaries	35(b)&(c)	(968)	(2,900)
Net cash (used in)/generated from operating activities		(796,037)	2,043,743
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment	35(a)	79,701	106,998
Proceeds from disposal of interests in associates		—	91,146
Proceeds from disposal of joint ventures	35(d)	31,176	—
Proceeds from disposal of available-for-sale financial assets	14	753,176	529,125
Proceeds from disposal of financial assets at fair value through profit or loss	19	149,889	20,700
Proceeds from disposal of subsidiaries	35(b)&(c)	1,267,482	706,727
Purchase of property, plant and equipment		(841,190)	(775,195)
Purchase of intangible assets		(10,160)	(9,001)
Purchase of investment property		(41)	—
Purchase of available-for-sale financial assets	14	(238,885)	(359,665)
Purchase of financial assets at fair value through profit or loss	19	(163,552)	(100,563)
Cash outflow for increase in investments in associates		—	(5,385)
Decrease/(increase) in bank deposits with maturities ranging from 3 months to 12 months		209,425	(902,800)
Interest received		76,835	28,578
Dividends received		238,934	287,300
Net of cash outflow for business combination	38	(70,758)	(653,768)
Repayments of borrowings for business combination		—	(635,535)
Capital contribution to a newly-incorporated subsidiary subsequently reclassified to non-current assets held for sale		—	(24,000)
Advance received for the transaction of a subsidiary to be disposed	16	227,600	—
Loans granted to related parties by the Group other than Finance Company		(204,500)	—
Net cash generated from/(used in) investing activities		1,505,132	(1,695,338)

CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)

For the year ended 31 December 2014

		Year ended 31 December	
	Note	2014 RMB'000	2013 RMB'000
Cash flows from financing activities:			
Capital contribution from non-controlling interests	10	1,504,438	25,481
Prepayment to a non-controlling shareholder for acquisition of shares in a subsidiary		—	(11,369)
Proceeds from borrowings		2,615,178	3,759,157
Repayments of borrowings		(2,893,569)	(1,877,260)
Dividends paid to non-controlling interests		(250,736)	(243,918)
Dividends paid to shareholders of the Company	34	(250,470)	(166,980)
Disposal of equity interest in a subsidiary without loss of control		—	110,663
Restricted deposits pledged for borrowings		(30,595)	—
Payments to non-controlling shareholders for acquisition of shares in subsidiaries		(3,104)	—
Net cash generated from financing activities		691,142	1,595,774
Increase in cash and cash equivalents		1,400,237	1,944,179
Cash and cash equivalents at beginning of the year		4,475,191	2,536,253
Exchange losses on cash and cash equivalents		1,373	(5,241)
Cash and cash equivalents at end of the year	21(a)	5,876,801	4,475,191

The notes on pages 81 to 212 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

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

On 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 were issued by the Company through a public offer in Hong Kong and an international placing, and the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")(the "Listing"). Consequently, 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"). As a result, 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"), investment and operation of passenger transportation vehicles, logistics and related businesses (the "Passenger Transportation Vehicle and Logistics Business") and investment and operation of travel agency and related businesses (the "Travel Agency Business") in Mainland China.

These consolidated financial statements were approved for issue by the board (the "Board") of directors (the "Directors") of the Company on 27 March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation

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

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

2.1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following new and amended standards, and interpretations have been adopted by the Group for the first time for the financial year beginning on 1 January 2014 but not currently relevant or do not have material impact to the Group (although they may affect the accounting for future transactions and events):

		Effective for annual periods beginning on or after
Amendments to HKAS 36	Impairment of assets	1 January 2014
HK (IFRIC) Interpretation 21	Levies	1 January 2014
Amendments to HKAS 32	Financial instruments: Presentation on financial asset and liability offsetting	1 January 2014
Amendments to HKFRSs 10, 12 and HKAS 27	Consolidation for investment entities	1 January 2014
Amendment to HKAS 39	Financial instruments: Recognition and measurement	1 January 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

(b) New and amended standards have been issued but are not effective for the financial year beginning after 1 January 2014 and have not been early adopted

		Effective for annual periods beginning on or after
Amendment to HKAS 19	Defined benefits' plan	1 July 2014
Amendment to HKAS 1	Presentation of financial statements	1 January 2016
Amendments to HKFRS 10	Consolidated financial statements	1 January 2016
Amendment to HKFRS 11	Joint arrangements	1 January 2016
Amendment to HKFRS 12	Disclosure of interests in other entities	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to HKAS 16	Property, plant and equipment	1 January 2016
Amendment to HKAS 27	Consolidated and separate financial statements	1 January 2016
Amendments to HKAS 28	Investment in associates	1 January 2016
Amendments to HKAS 38	Intangible assets	1 January 2016
Amendments to HKAS 41	Agriculture	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

Apart from the above, the HKICPA has issued the annual improvements project which addresses several issues in the 2010–2012 reporting cycle, 2011–2013 reporting cycle, 2012–2014 reporting cycle, and includes changes to the following standards. The Group has not applied the following revised HKFRSs published in the annual improvements project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

(b) New and amended standards have been issued but are not effective for the financial year beginning after 1 January 2014 and have not been early adopted (continued)

		Effective for annual periods beginning on or after
HKFRS 2	Share-based payment	1 July 2014
HKFRS 3	Business combinations	1 July 2014
HKFRS 8	Operating segments	1 July 2014
HKFRS 9	Financial instruments	1 July 2014
HKFRS 13	Fair value measurement	1 July 2014
HKAS 16	Property, plant and equipment	1 July 2014
HKAS 24	Related party disclosures	1 July 2014
HKAS 37	Provisions, contingents liabilities and contingent assets	1 July 2014
HKAS 38	Intangible assets	1 July 2014
HKAS 39	Financial instrument — recognition and measurement	1 July 2014
HKAS 40	Investment property	1 July 2014
HKFRS 5	Non-current assets held for sale and discontinued operations	1 July 2016
HKFRS 7	Financial instruments: Disclosures	1 July 2016
HKAS 19	Employee benefits	1 July 2016
HKAS 34	Interim financial reporting	1 July 2016

The Group is assessing the full impact of the standards and amendments, and according to the preliminary assessment so far, it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected. The Group intends to adopt the standards and amendments no later than the respective effective date of the amendments.

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

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies

(a) Subsidiaries

(i) Consolidation

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

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

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

Business Combinations

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Business Combinations (continued)

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

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

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

Common control combinations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Common control combinations (continued)

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

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

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

Changes in ownership interests in subsidiaries without change of control

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

Disposal of subsidiaries

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

(ii) Separate financial statements

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(a) Subsidiaries (continued)

(ii) Separate financial statements (continued)

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

(b) Joint ventures

Joint ventures are all entities over which the Group has joint control but not solo control, generally accompanying a shareholding of 50% of the voting rights. Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition of profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. The Group's investment in joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss (notes 2.2(j)). See note 2.2(j) for the impairment of non-financial assets including goodwill.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(c) Associates

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(d) Segment reporting

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

(e) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(e) Foreign currency translation (continued)

(iii) Group companies

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

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

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

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

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

(f) Property, plant and equipment

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

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

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 to 50 years
Renovations and leasehold improvements	5 to 8 years but not exceeding the lease period
Plant and machinery	3 to 20 years
Operating vehicles	4 to 10 years
Motor vehicles	3 to 10 years
Furniture, fittings and equipment	3 to 15 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(f) Property, plant and equipment (continued)

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

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

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

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

(g) Investment properties

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

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

(h) Land use rights

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(i) Intangible assets

(i) Goodwill

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

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

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

(ii) Computer software

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

(iii) Favourable lease contracts

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

(iv) Licenses of operating vehicles

Authorised licenses of operating vehicles are capitalised on the basis of cost incurred, which will not be expired and need to renewal, and are carried at cost less any subsequent accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

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

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

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

(k) Non-current assets held for sale

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

(l) Financial assets

Classification

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(I) Financial assets (continued)

Classification (continued)

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year ended 31 December 2014 and 2013, the Group did not hold any investments in this category.

(iv) Available-for-sale financial assets

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

Recognition and measurement

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(l) Financial assets (continued)

Recognition and measurement (continued)

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

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

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

Impairment of financial assets

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(m) Inventories

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

(n) Trade receivables, prepayments and other receivables

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

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

(o) Cash and cash equivalents

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

(p) Share capital

Ordinary shares are classified as equity.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(q) Trade and other payables

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

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

(r) Borrowings

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

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

(s) Borrowing costs

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

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

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

(t) Current and deferred income tax

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(t) Current and deferred income tax (continued)

(i) Current income tax

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

(ii) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

(iii) Offsetting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(u) Employee benefits

(i) Pension obligations

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

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

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

(ii) Housing benefits

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

(iii) Termination and early retirement benefits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(u) Employee benefits (continued)

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

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

(v) Provisions and contingent liabilities

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

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

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

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

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

(w) Government grants

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(w) Government grants (continued)

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

(x) Revenue recognition

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(y) Lease

(i) Operating leases

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

(ii) Finance leases

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

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

(z) Financial guarantee contracts

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(z) Financial guarantee contracts (continued)

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

(aa) Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

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

(i) Market risk

(1) Foreign exchange risk

The Group mainly operates in Mainland China and most of the Group's transactions, assets and liabilities are denominated in RMB and United States Dollars ("US$"). Other foreign currencies are however required to settle payments for the Group's purchases of equipment from overseas suppliers and certain expenses, and for foreign investments. Other foreign currencies are also received from overseas customers. The Group's trade receivables, prepayments and other receivables, cash and cash equivalents, trade and other payables, and borrowings as at 31 December 2014 and 2013 included foreign currencies, denominated in either US$ or other foreign currencies other than US$ ("Other foreign currencies") are disclosed in notes 18, 20, 23 and 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk (continued)

(1) Foreign exchange risk (continued)

As at 31 December 2014, if RMB strengthens/weakens by 10% (2013: 10%) (i.e. RMB/US$ 6.1190 from 6.7309 to 5.5071) against US$ with all other variables held constant, post-tax profit for the year would have changed mainly as a result of foreign exchange gains/losses on translation of US$ denominated trade receivables, prepayments and other receivables, cash and cash equivalent, trade and other payables and borrowings. Details of the changes are as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
The Group		
Increase/(decrease) in profit for the year		
— Strengthened	**112,576**	11,116
— Weakened	**(112,576)**	(11,116)
The Company		
Increase/(decrease) in profit for the year		
— Strengthened	**4,785**	5,831
— Weakened	**(4,785)**	(5,831)

(2) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets and liabilities other than its bank deposits and borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Bank deposits and borrowings at fixed rates expose the Group to fair value interest rate risk. The Group has not hedged its cash flow and fair value interest rate risk. Details of the Group's bank deposits with maturities ranging from 3 months to 12 months, bank deposits with maturities within 3 months and borrowings have been disclosed in notes 20, 21 and 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk (continued)

(2) Cash flow and fair value interest rate risk (continued)

As at 31 December 2014, if interest rates on bank deposits and borrowings are 10% (2013: 10%) (i.e. 5% from 4.5% to 5.5%) higher/lower with all other variables held constant, the post-tax profit for the year would have changed mainly as a result of higher/lower interest expenses. Details of the changes are as follows:

	Year ended 31 December	
	2014 **RMB'000**	2013 RMB'000
The Group		
(Decrease)/increase in profit for the year		
— Increase in interest rates	**(3,371)**	(7,723)
— Decrease in interest rates	**3,371**	7,723
The Company		
(Decrease)/increase in profit for the year		
— Increase in interest rates	**(4,778)**	(5,743)
— Decrease in interest rates	**4,778**	5,743

(3) Price risk

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

As at 31 December 2014, if the quoted market price of the listed equity investments increases/decreases 30% with all other variables held constant, the equity would have changed mainly as a result of fair value gain/losses on available-for-sales financial assets. Details of the changes are as follows:

	Year ended 31 December	
	2014 **RMB'000**	2013 RMB'000
The Group		
Increase/(decrease) in other comprehensive income		
— Increase in quoted market price	**756,484**	364,256
— Decrease in quoted market price	**(756,484)**	(364,256)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(ii) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of trade receivables, prepayments and other receivables, restricted cash and bank deposits with maturities ranging from 3 months to 12 months, cash and cash equivalent included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 December 2014, these bank deposits and cash at bank were deposited in reputable financial institutions which are considered with low credit risk. The table below shows bank deposits and cash at bank balances by counterparties:

	As at 31 December	
	2014 RMB'000	2013 RMB'000
The Group		
Counterparties		
— People's Bank of China	**275,386**	319,515
— Big 4 domestic banks*	**4,760,913**	2,186,066
— Other domestic commercial banks	**1,502,875**	2,496,705
— Foreign-owned banks	**469,357**	833,084
	7,008,531	5,835,370
The Company		
Counterparties		
— Big 4 domestic banks*	**23,955**	8,122
— Other domestic commercial banks	**16,368**	86,190
— Jin Jiang International Finance Company Limited	**361,071**	186,116
	401,394	280,428

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
The Group		
Credit risk exposure relating to off-balance sheet items		
— Financial guarantees	**848,535**	845,557
The Company		
Credit risk exposure relating to off-balance sheet items		
— Financial guarantees*	**1,600,084**	1,913,777

* The amount includes the financial guarantees granted to the subsidiaries of the Company.

(iii) Liquidity risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

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

	Within 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000
The Group				
As at 31 December 2014				
Borrowings (excluding finance lease liabilities)	1,717,715	305,950	1,534,250	—
Finance lease payables	4,450	3,650	10,880	12,685
Contractual interest payable	77,480	48,380	43,978	—
Trade and other payables (excluding non-financial liabilities)	2,444,576	272,970	177,830	337,350
Financial guarantees (off-balance sheet items)	20,000	787,232	—	—
As at 31 December 2013				
Borrowings (excluding finance lease liabilities)	2,147,172	1,080,872	609,690	—
Finance lease payables	3,761	3,344	9,433	14,479
Contractual interest payable	109,982	39,954	13,791	—
Trade and other payables (excluding non-financial liabilities)	3,860,916	320,225	—	—
Financial guarantees (off-balance sheet items)	20,000	825,557	—	—
The Company				
As at 31 December 2014				
Borrowings (excluding finance lease liabilities)	1,354,064	—	1,622,250	—
Contractual interest payable	61,515	41,794	21,710	—
Trade and other payables (excluding non-financial liabilities)	396,530	—	—	—
Financial guarantees (off-balance sheet items)	716,752	892,853	—	—
As at 31 December 2013				
Borrowings (excluding finance lease liabilities)	624,194	863,822	—	—
Contractual interest payable	56,215	20,781	—	—
Trade and other payables (excluding non-financial liabilities)	60,090	—	—	—
Financial guarantees (off-balance sheet items)	569,825	1,343,952	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management

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

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

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

The gearing ratios at 31 December 2014 and 2013 were as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
The Group		
Total borrowings (note 24(a))	**3,582,628**	3,861,322
Total assets	**24,163,486**	21,836,107
Gearing ratio	**14.83%**	17.68%
The Company		
Total borrowings (note 24(b))	**2,976,314**	1,488,016
Total assets	**14,192,412**	11,944,126
Gearing ratio	**20.97%**	12.46%

The decrease in the gearing ratio of the Group during 2014 results from the decrease of total borrowings.

The increase in the gearing ratio of the Company during 2014 results from the increase of total borrowings mainly for the capital contribution to a subsidiary (note 10).

(c) Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
The Group				
As at 31 December 2014				
Available-for-sale financial assets				
— Equity securities (note 14(a))	3,357,101	—	125,989	3,483,090
— Debenture securities (note 14(a))	—	141,467	—	141,467
— Convertible bond (note 14(a))	5,052	—	—	5,052
Financial assets at fair value through profit or loss				
— Equity securities (note 19)	616	—	—	616
— Debenture securities (note 19)	94,013	—	—	94,013
	3,456,782	141,467	125,989	3,724,238
As at 31 December 2013				
Available-for-sale financial assets				
— Equity securities (note 14(a))	1,618,915	—	125,989	1,744,904
— Debenture securities (note 14(a))	—	121,780	—	121,780
Financial assets at fair value through profit or loss				
— Equity securities (note 19)	662	—	—	662
— Convertible bond (note 19)	80,000	—	—	80,000
	1,699,577	121,780	125,989	1,947,346
The Company				
As at 31 December 2014				
Available-for-sale financial assets				
— Equity securities (note 14(b))	—	—	125,989	125,989
As at 31 December 2013				
Available-for-sale financial assets				
— Equity securities (note 14(b))	—	—	125,989	125,989

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

Fair value measurements using quoted prices (Level 1)

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

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

Valuation techniques used to derive fair value (Level 2)

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

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

Specific valuation techniques used to value financial instruments include:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

Fair value measurements using significant unobservable inputs (Level 3)

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

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

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

The Group

	RMB'000
At 1 January 2014 and 31 December 2014	125,989
At 1 January 2013	25,845
Transfers into level 3 for the retained interest in the equity remeasured to its fair value when control is lost for the disposal of 45% equity interests in a subsidiary	100,144
At 31 December 2013	125,989

The Company

	RMB'000
At 1 January 2014 and 31 December 2014	125,989
At 1 January 2013	25,845
Transfers into level 3 for the retained interest in the equity remeasured to its fair value when control is lost for the disposal of 45% equity interests in a subsidiary	100,144
At 31 December 2013	125,989

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

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

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

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

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

The fair values estimation of non-current borrowings are disclosed in note 24.

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Critical accounting estimates and assumptions

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

(i) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. If the useful lives for property, plant and equipment had been 10% longer/shorter with all other variables held constant, profit for the year would have been RMB55,431,000 higher or RMB67,749,000 lower.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

(ii) Deferred income tax assets and liabilities

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

The Group's management determines the deferred income tax assets based on the enacted or substantially enacted tax rates and laws and best knowledge of profit projections of the Group for coming years during which the deferred income tax assets are expected to be utilised. Management revises the assumptions and profit projections by the balance sheet date. If the profit projections of the Group had been 10% greater/less with all other variables held constant, profit for the year would have been RMB112,000 higher/lower.

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

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

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

(iv) Impairment of trade receivables

The Group's management estimates the provision of impairment of trade receivables by assessing their recoverability. Provisions are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible and require the use of estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of trade receivables and impairment charge in the period in which such estimate has been changed. If the provision for impairment of trade receivables had been 10% higher/lower with all other variables held constant, profit for the year would have been RMB459,000 lower/higher.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

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

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

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

For the purposes of impairment testing, license of operating vehicles has been allocated to the CGU of vehicle operating business that is expected to generate future economic benefits. As at 31 December 2014, management determined that the CGU containing license of operating vehicles had not suffered any impairment. The basis of recoverable amount of the above CGU and the major underlying assumptions are summarised below:

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

(vi) Estimated impairment of goodwill

Determining whether intangible goodwill are impaired requires an estimation of the value in use of the CGUs to goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and appropriate discount rates in order to calculate the present values. Where the actual cash flows are less than expected, a material impairment loss may arise.

For the purposes of impairment testing, goodwill has been allocated to the CGU of vehicle operating business that is expected to generate future economic benefits. As at 31 December 2014, management determined that the CGU containing goodwill had not suffered any impairment. The basis of recoverable amount of the above CGU and the major underlying assumptions are summarised below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

(vi) Estimated impairment of goodwill (continued)

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

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

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

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

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

Management consider that the Group has de facto control of Jin Jiang Investment even though it has less than 50% of the voting rights. The Group is the majority shareholder of Jin Jiang Investment with a 39.26% equity interest, while all other shareholders individually own less than 2% of its equity shares. There is no history of other shareholders forming a group to exercise their votes collectively.

(iii) Joint arrangements

The Group holds a series of joint arrangements with equity interests ranging from 33% to 50%. The Group has joint control over such arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

5 TURNOVER AND SEGMENT INFORMATION

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

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

(1) Full Service Hotels: ownership, operation and management of full service hotels;

(2) Select Service Hotels: operation of self-owned select service hotels and provision of management and franchising to other parties to operate 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) Passenger Transportation Vehicles 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 Operations: intra-group financial services, training and education, and corporate function.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

5 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(a) Turnover

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Full Service Hotels	**1,918,770**	2,225,092
— Accommodation revenue	**893,657**	1,013,456
— Food and beverage sales	**622,204**	812,617
— Rendering of ancillary services	**96,940**	105,230
— Rental revenue	**195,714**	199,217
— Sales of hotel supplies	**31,467**	15,036
— Hotel management	**78,788**	79,536
Select Service Hotels	**2,635,190**	2,407,394
— Accommodation revenue	**1,927,676**	1,734,949
— Food and beverage sales	**172,076**	201,231
— Rendering of ancillary services	**31,265**	38,138
— Rental revenue	**48,247**	29,118
— Sales of hotel supplies	**34,665**	34,691
— Hotel management and franchise	**336,480**	289,642
— Revenue under customer loyalty programme	**84,781**	79,625
Food and Restaurants	**375,504**	357,934
Passenger Transportation Vehicles and Logistics	**2,177,587**	2,081,777
— Vehicle operating	**1,235,681**	1,214,971
— Trading of automobile	**795,682**	730,324
— Refrigerated logistics	**126,840**	118,972
— Others	**19,384**	17,510
Travel Agency	**2,164,218**	2,116,332
— Travel agency	**2,140,297**	2,092,506
— Others	**23,921**	23,826
Other Operations	**92,819**	99,802
	9,364,088	9,288,331

The majority of the Group's sales are retail sales and no revenues from transactions with a single external customer account for 10% or more of the Group's revenue for the year ended 31 December 2014 and 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

5 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information

The segment results for the year ended 31 December 2014 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
External sales (note 5(a))	1,918,770	2,635,190	375,504	2,177,587	2,164,218	92,819	9,364,088
Inter-segment sales	9,740	1,904	8,493	4,431	247	32,833	57,648
Total gross segment sales	1,928,510	2,637,094	383,997	2,182,018	2,164,465	125,652	9,421,736
Profit for the year	255,632	251,080	(8,623)	263,272	63,605	251,385	1,076,351
Other income (note 25)	1,239,299	28,757	29,012	100,338	61,468	461,315	1,920,189
Including: interest income (note 25)	51,047	555	81	11,882	11,431	3,551	78,547
Depreciation and impairment of property, plant and equipment (note 6)	(238,391)	(363,521)	(13,804)	(231,391)	(7,891)	(1,203)	(856,201)
Depreciation of investment properties (note 7)	(1,433)	–	–	(511)	(4,140)	–	(6,084)
Amortization of land use rights (note 8)	(18,624)	(37,467)	–	(1,341)	–	(312)	(57,744)
Amortization of intangible assets (note 9)	(3,424)	(10,441)	(1,188)	–	(2,059)	(320)	(17,432)
Write-down inventories (note 17)	(189)	10	–	–	–	–	(179)
Provision for impairment of trade receivables, prepayments and other receivables (note 18)	14	(7)	279	(217)	(152)	–	(83)
Finance costs (note 29)	(105,132)	(1,729)	(11)	(2,821)	–	(48,881)	(158,574)
Share of results of joint ventures and associates (note 30)	9,670	–	(4,834)	138,912	(102)	(2,707)	140,939
Income tax expense (note 31)	(223,928)	(95,431)	(1,582)	(51,692)	(7,438)	(94,161)	(474,232)
Capital expenditure	65,327	448,603	15,631	308,264	7,125	127	845,077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

5 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

The segment results for the year ended 31 December 2013 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
External sales (note 5(a))	2,225,092	2,407,394	357,934	2,081,777	2,116,332	99,802	9,288,331
Inter-segment sales	10,062	1,046	6,915	4,494	1,298	26,128	49,943
Total gross segment sales	2,235,154	2,408,440	364,849	2,086,271	2,117,630	125,930	9,338,274
Profit for the year	119,927	273,744	23,810	273,047	61,835	90,341	842,704
Other income (note 25)	464,908	35,546	59,712	133,401	62,935	202,875	959,377
Including: interest income (note 25)	6,508	782	119	10,274	10,526	704	28,913
Depreciation of property, plant and equipment (note 6)	(249,097)	(331,457)	(11,776)	(249,102)	(6,493)	(2,758)	(850,683)
Depreciation of investment properties (note 7)	(157)	–	–	(511)	(4,146)	–	(4,814)
Amortization of land use rights (note 8)	(46,045)	(24,359)	–	(1,239)	–	(356)	(71,999)
Amortization of intangible assets (note 9)	(5,052)	(8,882)	(1,234)	–	(513)	(322)	(16,003)
Write-down inventories (note 17)	78	(144)	–	–	–	–	(66)
Reversal of for impairment of trade receivables, prepayments and other receivables (note 18)	10,924	1,214	(279)	165	277	–	12,301
Finance costs (note 29)	(107,343)	(1,687)	–	(1,374)	–	(30,252)	(140,656)
Share of results of joint ventures and associates (note 30)	29,069	–	(8,505)	115,865	(7,420)	1,930	130,939
Income tax expense (note 31)	(232,657)	(86,964)	(1,270)	(55,525)	(12,828)	(44,356)	(433,600)
Capital expenditure	110,076	2,187,242	8,689	378,543	16,494	880	2,701,924

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

5 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

The segment assets as at 31 December 2013 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
Segment assets	5,256,099	5,857,803	148,252	2,581,219	1,297,743	4,744,658	19,885,774
Investments in joint ventures	1,029,252	–	–	365,049	–	17,857	1,412,158
Investments in associates	47,230	–	133,667	334,322	15,921	7,035	538,175
Total assets	6,332,581	5,857,803	281,919	3,280,590	1,313,664	4,769,550	21,836,107

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

Other income in the segment of "Full Service Hotels" for the year ended 31 December 2014 mainly includes gain on disposal of a subsidiary of RMB1,123,011,000 (for the year ended 31 December 2013: RMB398,172,000). Other income in segment of "Passenger Transportation Vehicles and Logistics" for the year ended 31 December 2014 mainly includes gain on disposal of investment in a subsidiary of RMB40,506,000 (for the year ended 31 December 2013: gain on disposal of investment in a joint venture of RMB80,829,000). Other income in the segment of "Other Operations" for the year ended 31 December 2014 mainly includes gain on disposal of available-for-sale financial assets of RMB426,691,000 (for the year ended 31 December 2013: RMB172,737,000).

Capital expenditure comprises additions to property, plant and equipment (note 6), investment properties (note 7), land use rights (note 8), intangible assets (note 9), including additions resulting from acquisition through business combination (note 38) and prepayment for capital expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

6 PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings RMB'000	Renovations and leasehold improvements RMB'000	Plant and machinery RMB'000	Operating vehicles RMB'000	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost								
At 1 January 2013	5,504,620	3,244,101	1,590,746	1,594,753	90,791	806,383	375,768	13,207,162
Additions	2,189	5,623	17,826	6,096	7,434	33,933	802,917	876,018
Additions resulting from acquisition through business combination	492,455	34,821	19,755	–	–	31,477	124,700	703,208
Transfers from construction-in-progress	66,587	365,931	74,432	343,066	2,691	72,878	(925,585)	–
Transfers from investment properties (note 7)	7,557	–	–	–	–	–	–	7,557
Disposals	(868)	(28,367)	(29,975)	(433,014)	(13,234)	(21,845)	–	(527,303)
Disposals of a subsidiary	(690,299)	(138,737)	(65,158)	–	(7,241)	(45,448)	(40)	(946,923)
Transferred to non-current assets held for sale	(121,545)	(14,549)	(57,672)	–	(51)	(3,795)	–	(197,612)
Transferred to investment properties (note 7)	(64,455)	–	–	–	–	–	–	(64,455)
At 31 December 2013	5,196,241	3,468,823	1,549,954	1,510,901	80,390	873,583	377,760	13,057,652
Additions	1,068	4,146	11,007	11,127	8,787	29,386	715,643	781,164
Additions resulting from acquisition through business combination (note 38(a))	–	44,314	2,804	–	–	1,527	–	48,645
Transfers from construction-in-progress	77,311	317,460	47,893	234,417	2,509	44,903	(724,493)	–
Disposals	(461)	(103,651)	(45,947)	(201,393)	(25,549)	(38,719)	–	(415,720)
Disposal of a subsidiary (note 35(c))	–	–	(358)	–	(444)	(70)	–	(872)
Transferred to non-current assets held for sale (note 16)	(80,403)	(16,194)	(50,309)	–	(872)	(20,595)	–	(168,373)
At 31 December 2014	5,193,756	3,714,898	1,515,044	1,555,052	64,821	890,015	368,910	13,302,496
Accumulated depreciation and impairment								
At 1 January 2013	(2,000,722)	(1,589,700)	(938,496)	(941,445)	(64,544)	(645,805)	–	(6,180,712)
Depreciation charge for the year (note 27)	(152,544)	(277,226)	(90,479)	(225,492)	(6,455)	(98,487)	–	(850,683)
Transfers from investment properties (note 7)	(2,369)	–	–	–	–	–	–	(2,369)
Disposals	641	13,404	23,981	375,243	10,137	18,764	–	442,170
Disposals of a subsidiary	244,679	120,654	51,987	–	6,713	40,810	–	464,843
Transferred to non-current assets held for sale	63,081	10,564	54,095	–	49	3,042	–	130,831
Transferred to investment properties (note 7)	12,374	–	–	–	–	–	–	12,374
At 31 December 2013	(1,834,860)	(1,722,304)	(898,912)	(791,694)	(54,100)	(681,676)	–	(5,983,546)
Depreciation and impairment charge for the year (note 27)	(139,793)	(321,678)	(90,054)	(208,546)	(7,728)	(88,402)	–	(856,201)
Disposals	302	85,815	38,971	167,158	20,733	34,932	–	347,911
Disposals of a subsidiary (note 35(c))	–	–	349	–	417	35	–	801
Transferred to non-current assets held for sale (note 16)	43,819	10,458	47,744	–	832	17,780	–	120,633
At 31 December 2014	(1,930,532)	(1,947,709)	(901,902)	(833,082)	(39,846)	(717,331)	–	(6,370,402)
Net book amount								
At 31 December 2014	3,263,224	1,767,189	613,142	721,970	24,975	172,684	368,910	6,932,094
At 31 December 2013	3,361,381	1,746,519	651,042	719,207	26,290	191,907	377,760	7,074,106

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The Group (continued)

Depreciation and impairment has been charged to the consolidated income statement as follows (note 27):

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Cost of sales	**801,131**	795,968
Selling and marketing expenses	**20,469**	21,388
Administrative expenses	**34,601**	33,327
	856,201	850,683

The net book amount (note 35) of property, plant and equipment disposed is:

	2014	2013
	RMB'000	RMB'000
Cost	**415,720**	527,303
Less: accumulated depreciation and impairment	**(347,911)**	(442,170)
	67,809	85,133

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

No borrowing costs (2013: nil) arising on financing entered into for the construction of certain property, plant and equipment have been capitalised and are included in "Additions" in property, plant and equipment.

Machinery includes the following amounts where the Group is a lessee under a finance lease:

	2014	2013
	RMB'000	RMB'000
Cost — capitalised finance leases	**31,613**	29,731
Accumulated depreciation	**(9,824)**	(8,621)
Net book amount	**21,789**	21,110

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) The Company

	Buildings RMB'000	Renovations and leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Construction-In-progress RMB'000	Total RMB'000
Cost							
At 1 January 2013	716,027	265,007	63,205	1,670	15,399	8,995	1,070,303
Additions	–	1,813	2,087	–	994	7,264	12,158
Disposals	–	(139,072)	(7,623)	(133)	(3,965)	(6,202)	(156,995)
Transfers from construction-in-progress	–	7,454	1,230	–	346	(9,030)	–
Transfers to investment properties (note 7(b))	(43,658)	(58,441)	–	–	–	–	(102,099)
At 31 December 2013	672,369	76,761	58,899	1,537	12,774	1,027	823,367
Additions	–	42	146	–	430	2,987	3,605
Disposals	–	–	(11,767)	(188)	(7,478)	–	(19,433)
Transfers from construction-in-progress	–	2,590	–	–	–	(2,590)	–
At 31 December 2014	**672,369**	**79,393**	**47,278**	**1,349**	**5,726**	**1,424**	**807,539**
Accumulated depreciation and impairment							
At 1 January 2013	(120,863)	(99,508)	(43,062)	(269)	(5,406)	–	(269,108)
Depreciation charge for the year	(20,412)	(28,408)	(4,703)	(275)	(4,716)	–	(58,514)
Disposals	–	26,788	4,105	126	1,934	–	32,953
Transfer to investment properties (note 7(b))	16,444	52,003	–	–	–	–	68,447
At 31 December 2013	(124,831)	(49,125)	(43,660)	(418)	(8,188)	–	(226,222)
Depreciation charge for the year	(20,104)	(9,136)	(3,833)	(132)	(3,385)	–	(36,590)
Disposals	–	–	10,646	178	6,857	–	17,681
At 31 December 2014	(144,935)	(58,261)	(36,847)	(372)	(4,716)	–	(245,131)
Net book amount							
At 31 December 2014	**527,434**	**21,132**	**10,431**	**977**	**1,010**	**1,424**	**562,408**
At 31 December 2013	547,538	27,636	15,239	1,119	4,586	1,027	597,145

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

7 INVESTMENT PROPERTIES

(a) The Group

	Buildings RMB'000
Cost	
At 1 January 2013	256,786
Transfers to property, plant and equipment (note 6)	(7,557)
Transfers from property, plant and equipment (note 6)	64,455
At 31 December 2013	313,684
Additions	41
At 31 December 2014	313,725
Accumulated depreciation	
At 1 January 2013	(70,977)
Charge for the year (note 27)	(4,814)
Transfers to property, plant and equipment (note 6)	2,369
Transfers from property, plant and equipment (note 6)	(12,374)
At 31 December 2013	(85,796)
Charge for the year (note 27)	(6,084)
At 31 December 2014	(91,880)
Net book amount	
At 31 December 2014	**221,845**
At 31 December 2013	227,888

Depreciation has been charged to the consolidated income statement as follows (note 27):

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Cost of sales	**6,084**	4,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

7 INVESTMENT PROPERTIES (CONTINUED)

(a) The Group (continued)

Amounts recognised in profit and loss for investment properties

	2014 RMB'000	2013 RMB'000
Rental revenue	69,201	61,623
Direct operating expenses from properties that generated rental revenue	(10,230)	(11,216)
	58,971	50,407

Valuation basis

The land use right and buildings located on, which are held to earn rentals, could not be separated for valuation purpose under income approach. The fair value of the properties as at 31 December 2014, which includes the building with the carrying amount of RMB221,845,000 (31 December 2013: RMB227,888,000) and the related land use right with the carrying amount of RMB20,431,000 (31 December 2013: RMB21,003,000), is approximately RMB853,487,000 (31 December 2013: RMB882,499,000).

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

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

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

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

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

The Group adopted the income approach to arrive at the fair value. The income approach determines the fair value by discounting its annual expected cash flows using an appropriate rate of return.

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

	2014	2013
Discount rate	8.8%~11.0%	8.8%~11.0%
Rental growth rate	1.7%~5.0%	1.7%~5.0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

7 INVESTMENT PROPERTIES (CONTINUED)

(a) The Group (continued)

Valuation basis (continued)

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

Leasing arrangements

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

	2014 **RMB'000**	2013 RMB'000
Not later than 1 year	**65,401**	70,157
Later than 1 year but not later than 5 years	**214,662**	259,820
Later than 5 years	**438,755**	546,793
	718,818	876,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

7 INVESTMENT PROPERTIES (CONTINUED)

(b) The Company

	Buildings RMB'000	Renovations and leasehold improvements RMB'000	Total RMB'000
Cost			
At 1 January 2013	6,616	—	6,616
Transfers from property, plant and equipment (note 6)	43,658	58,441	102,099
At 31 December 2013	50,274	58,441	108,715
Disposals	(334)	(58,441)	(58,775)
At 31 December 2014	49,940	—	49,940
Accumulated depreciation			
At 1 January 2013	(2,200)	—	(2,200)
Charge for the year	(1,080)	(1,842)	(2,922)
Transfers from property, plant and equipment (note 6)	(16,444)	(52,003)	(68,447)
At 31 December 2013	(19,724)	(53,845)	(73,569)
Charge for the year	(1,167)	(3,964)	(5,131)
Disposals	301	57,809	58,110
At 31 December 2014	(20,590)	—	(20,590)
Net book amount			
At 31 December 2014	**29,350**	**—**	**29,350**
At 31 December 2013	30,550	4,596	35,146

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

7 INVESTMENT PROPERTIES (CONTINUED)

(b) The Company (continued)

Valuation basis

The fair value of the properties as at 31 December 2014, which includes the buildings and renovations and leasehold improvements with the carrying amount of RMB29,350,000 (31 December 2013: RMB35,146,000) and the related land use right with the carrying amount of RMB118,340,000 (31 December 2013: RMB122,917,000), is approximately RMB533,547,000 (31 December 2013: RMB534,716,000). The valuation approach and basis for the fair value of the properties of the Company is the same as the approach and basis of the Group.

At the end of the reporting year the key assumptions used by the Directors in determining fair value were as follows:

	2014	2013
Discount rate	**11.0%**	11.0%
Rental growth rate	**0.0%–1.7%**	0.0%–1.7%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

8 LAND USE RIGHTS

Land use rights represent the net book amount of prepaid operating lease payments. All the land use rights of the Group are located in the Mainland China and are held on leases ranging from 20 to 50 years. Movements in land use rights are as follows:

(a) The Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Cost		
At beginning of the year	**2,331,084**	2,157,657
Additions resulting from acquisition through business combination	**—**	1,061,409
Disposal of a subsidiary	**—**	(867,406)
Transfer to non-current assets held for sale (note 16)	**(13,896)**	(20,576)
At end of the year	**2,317,188**	2,331,084
Accumulated amortisation		
At beginning of the year	**(300,800)**	(290,238)
Charge for the year (note 27)	**(57,744)**	(71,999)
Disposal of a subsidiary	**—**	57,193
Transfer to non-current assets held for sale (note 16)	**3,271**	4,244
At end of the year	**(355,273)**	(300,800)
Net book amount		
At end of the year	**1,961,915**	2,030,284

Amortisation has been charged to the consolidated income statement as follows (note 27):

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Cost of sales	**(57,744)**	(71,999)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

8 LAND USE RIGHTS (CONTINUED)

(b) The Company

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Cost		
At the beginning and end of the year	**373,685**	373,685
Accumulated amortisation		
At beginning of the year	**(57,782)**	(45,138)
Charge for the year	**(12,644)**	(12,644)
At end of the year	**(70,426)**	(57,782)
Net book amount		
At end of the year	**303,259**	315,903

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

9 INTANGIBLE ASSETS

(a) The Group

	Goodwill RMB'000	Computer Software RMB'000	Favourable lease contract RMB'000	Licences of operation vehicles RMB'000	Total RMB'000
Cost					
At 1 January 2013	74,996	76,022	58,139	242,245	451,402
Addition	—	8,560	—	441	9,001
Additions resulting from acquisition through business combination	51,786	502	—	—	52,288
Disposal	—	(76)	—	—	(76)
Disposal of a subsidiary	—	(835)	—	—	(835)
At 31 December 2013	126,782	84,173	58,139	242,686	511,780
Additions	—	9,745	—	415	10,160
Additions resulting from acquisition through business combination (note 38(a)&(b))	4,372	695	—	—	5,067
Disposal	—	(178)	—	—	(178)
Transferred to non-current assets held for sale (note 16)	—	(13)	—	—	(13)
At 31 December 2014	**131,154**	**94,422**	**58,139**	**243,101**	**526,816**
Accumulated amortisation amortisation amortisation					
At 1 January 2013	—	(51,077)	(13,905)	—	(64,982)
Charge for the year (note 27)	—	(11,333)	(4,670)	—	(16,003)
Disposal	—	31	—	—	31
Disposal of a subsidiary	—	829	—	—	829
At 31 December 2013	—	(61,550)	(18,575)	—	(80,125)
Charge for the year (note 27)	—	(12,762)	(4,670)	—	(17,432)
Disposal	—	147	—	—	147
Transferred to non-current assets held for sale (note 16)	—	11	—	—	11
At 31 December 2014	—	(74,154)	(23,245)	—	(97,399)
Net book amount					
At 31 December 2014	**131,154**	**20,268**	**34,894**	**243,101**	**429,417**
At 31 December 2013	126,782	22,623	39,564	242,686	431,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

9 INTANGIBLE ASSETS (CONTINUED)

(a) The Group (continued)

Amortisation has been charged to the consolidated income statement as follows (note 27):

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Cost of sales	**17,432**	16,003

Impairment tests for goodwill

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Full service hotels	**28,377**	28,377
Select service hotels	**102,777**	98,405
	131,154	126,782

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

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

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

	Full Service Hotels	**Select Service Hotels**
Gross margin	**33.4%**	**21.0%**
Growth rate	**3.8%**	**3.8%**
Discount rate (pre-tax)	**10.0%**	**10.0%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

9 INTANGIBLE ASSETS (CONTINUED)

(a) The Group (continued)

Impairment tests for goodwill (continued)

The key assumption used for value-in-use calculations in 2013 are as follows:

	Full Service Hotels	Select Service Hotels
Gross margin	32.0%	23.0%
Growth rate	3.8%	3.8%
Discount rate (pre-tax)	10.0%	10.0%

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

Impairment tests for licenses of operation vehicles

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

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

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

	2014	2013
Gross margin	**22.5%**	26.5%
Growth rate	**4.8%**	4.8%
Discount rate (pre-tax)	**10.0%**	10.0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

9 INTANGIBLE ASSETS (CONTINUED)

(b) The Company

	Computer Software RMB'000
Cost	
At 1 January 2013	13,310
Additions	1,020
Disposal	(75)
At 31 December 2013	14,255
Additions	845
Disposal	—
At 31 December 2014	15,100
Accumulated amortisation	
At 1 January 2013	(8,800)
Charge for the year	(2,767)
Disposal	31
At 31 December 2013	(11,536)
Charge for the year	(1,327)
Disposal	—
At 31 December 2014	(12,863)
Net book amount	
At 31 December 2014	2,237
At 31 December 2013	2,719

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

10 INVESTMENTS IN SUBSIDIARIES — THE COMPANY

(a) Investments in subsidiaries

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Investments at cost		
— Shares of listed companies (i)	**4,437,050**	2,909,793
— Unlisted equity investments	**5,051,277**	4,910,142
	9,488,327	7,819,935
Market value of listed shares	**14,890,429**	7,845,540

	At 31 December	
	2014	2013
	RMB'000	RMB'000
At beginning of the year	**7,819,935**	7,897,901
Additions (ii)	**1,691,764**	141,000
Disposals	**(23,372)**	(218,966)
Investment at cost	**9,488,327**	7,819,935

(i) The balance represents the Group's investment in Shanghai Jin Jiang International Hotels Development Company Limited ("Jin Jiang Hotels Development"), Jin Jiang Investment and Jin Jiang Travel.

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

Investment in subsidiaries are measured at the fair value of the consideration paid.

(ii) The additions for the year ended 31 December 2014 mainly include the increase in investments in Jin Jiang Hotels Group by RMB1,523,818,000.

On 13 June 2014, the Company, Jin Jiang Hotels Development and Hony (Shanghai) Equity Interest Investment Fund Centre (Limited Partnership) ("Hony Investment Fund") entered into the Conditional Private Placing Share Subscription Agreement (the "Share Subscription Agreement"). Pursuant to the Share Subscription Agreement, Jin Jiang Hotels Development conducted a private placing of 201,277,000 A shares at an issue price of RMB15.08 with a nominal value of RMB1.00 per share to Hony Investment Fund and the Company. Hony Investment Fund and the Company were issued 100,000,000 shares and 101,277,000 shares with the cash consideration of RMB1,504,438,000 and RMB1,523,818,000 (netting off transaction cost), respectively. The Company's interest in Jin Jiang Hotels Development as a percentage of Jin Jiang Hotels Development's total issued share capital is maintained at 50.32% before and after the completion of the private placing in November 2014, and the Group received the capital contribution of RMB1,504,438,000 from the non-controlling interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

10 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (CONTINUED)

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

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

Summarised balance sheet

	Jin Jiang Hotels Development		Jin Jiang Travel		Jin Jiang Investment	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Non-current assets	**7,588,532**	6,206,185	**1,159,531**	808,887	**2,327,551**	2,208,552
Current assets	**3,773,975**	876,882	**568,116**	541,070	**1,120,104**	1,114,721
Total Assets	**11,362,507**	7,083,067	**1,727,647**	1,349,957	**3,447,655**	3,323,273
Non-current liabilities	**(705,859)**	(328,684)	**(180,374)**	(93,181)	**(102,454)**	(128,101)
Current liabilities	**(1,929,052)**	(2,373,579)	**(357,423)**	(356,790)	**(721,258)**	(695,756)
Total liabilities	**(2,634,911)**	(2,702,263)	**(537,797)**	(449,971)	**(823,712)**	(823,857)
Net assets	**8,727,596**	4,380,804	**1,189,850**	899,986	**2,623,943**	2,499,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

10 INVESTMENTS IN SUBSIDIARIES — THE COMPANY (CONTINUED)

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

Summarised statement of comprehensive income

	Jin Jiang Hotels Development		Jin Jiang Travel		Jin Jiang Investment	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Revenue	**2,913,105**	2,684,411	**2,164,218**	2,116,332	**2,182,160**	2,088,592
Profit before income tax expense	**665,598**	496,648	**65,652**	70,588	**319,282**	332,219
Income tax expense	**(175,421)**	(114,498)	**(7,438)**	(12,828)	**(51,692)**	(55,525)
Profit for the year	**490,177**	382,150	**58,214**	57,760	**267,590**	276,694
Other comprehensive income	**1,073,337**	(57,052)	**261,566**	(38,892)	**36,605**	(8,568)
Total comprehensive income	**1,563,514**	325,098	**319,780**	18,868	**304,195**	268,126
Total comprehensive income allocated to non-controlling interests	**3,008**	4,677	**(384)**	650	**53,614**	41,749
Dividends paid to non-controlling interests	**4,376**	5,982	**–**	–	**34,851**	27,188

Summarised cash flows

	Jin Jiang Hotels Development		Jin Jiang Travel		Jin Jiang Investment	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Net cash generated from/(used in) operating activities	**559,230**	639,138	**(27,681)**	16,573	**339,355**	258,446
Net cash generated from/(used in) investing activities	**112,728**	(1,088,629)	**(10,089)**	(9,308)	**(171,360)**	50,700
Net cash generated from/(used in) financing activities	**2,200,849**	376,553	**(29,295)**	(21,209)	**(153,924)**	(155,316)
Net increase/(decrease) in cash and cash equivalents	**2,872,807**	(72,938)	**(67,065)**	(13,944)	**14,071**	153,830

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

11 INVESTMENTS IN JOINT VENTURES

(a) The Group

	2014 RMB'000	2013 RMB'000
At 1 January	**1,412,158**	1,444,765
Share of results (note 30)	**39,222**	55,662
— Profit before income tax	**57,491**	74,977
— Income tax expense	**(18,269)**	(19,315)
Declaration of dividends	**(41,744)**	(67,627)
Disposals (note 35(d))	**(16,068)**	—
Exchange differences	**619**	(20,642)
At 31 December	**1,394,187**	1,412,158

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

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

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

Commitments and contingent liabilities in respect of joint ventures

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

	2014 RMB'000	2013 RMB'000
Proportionate interests in joint ventures' capital and lease commitments	**199,890**	179,509

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

11 INVESTMENTS IN JOINT VENTURES (CONTINUED)

(a) The Group (continued)

Summarised financial information for joint ventures

A summary of the financial information of the Group's joint ventures, attributable to the shares of the Group and in aggregate, is as follows:

Summarised balance sheet

	2014 RMB'000	2013 RMB'000
Non-current assets		
Non-current assets	1,896,451	1,892,725
Current assets		
Cash and cash equivalents	623,085	633,924
Other current assets (excluding cash and cash equivalents)	411,329	403,824
Total current assets	1,034,414	1,037,748
Total assets	2,930,865	2,930,473
Non-current liabilities		
Financial liabilities (excluding trade payables)	(719,492)	(720,809)
Other non-current liabilities (including trade payables)	(10,813)	(665)
Total non-current liabilities	(730,305)	(721,474)
Current Liabilities		
Financial liabilities (excluding trade payables)	(283,735)	(310,030)
Other current liabilities (including trade payables)	(522,638)	(486,811)
Total current liabilities	(806,373)	(796,841)
Total liabilities	(1,536,678)	(1,518,315)
Net assets	1,394,187	1,412,158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

11 INVESTMENTS IN JOINT VENTURES (CONTINUED)

(a) The Group (continued)

Summarised statement of comprehensive income

	2014 RMB'000	2013 RMB'000
Revenue	**5,156,749**	4,861,096
Depreciation and amortisation	**(187,048)**	(131,902)
Interest income	**7,173**	2,678
Interest expense	**(43,142)**	(43,092)
Profit before income tax expense	**57,491**	74,977
Income tax expense	**(18,269)**	(19,315)
Profit for the year	**39,222**	55,662
Dividends received from joint ventures	**41,744**	67,627

Reconciliation of summarised financial information

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

	2014 RMB'000	2013 RMB'000
Opening net assets	**1,412,158**	1,444,765
Profit for the year	**39,222**	55,662
Declaration of dividends	**(41,744)**	(67,627)
Disposals	**(16,068)**	—
Currency translation differences	**619**	(20,642)
Closing net assets	**1,394,187**	1,412,158
Carrying value	**1,394,187**	1,412,158

(b) The Company

	At 31 December	
	2014 RMB'000	2013 RMB'000
Unlisted equity investments, at cost	**818,715**	838,245

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

11 INVESTMENTS IN JOINT VENTURES (CONTINUED)

(b) The Company (continued)

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
At beginning of the year	**838,245**	838,245
Disposals	**(19,530)**	—
Unlisted equity investments, at cost	**818,715**	838,245

The Company's share of assets and liabilities, revenue and results of joint ventures are included in the Group's share of assets and liabilities, revenue and results of joint ventures described in note 11(a).

12 INVESTMENTS IN ASSOCIATES

(a) The Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
At beginning of the year	**538,175**	626,600
Additions	**—**	5,385
Share of results (note 30)	**101,717**	75,277
— Profit before income tax	**136,131**	108,955
— Income tax expense	**(34,414)**	(33,678)
Declaration of dividends	**(86,956)**	(138,907)
Disposals	**—**	(30,180)
At end of the year	**552,936**	538,175

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

12 INVESTMENTS IN ASSOCIATES (CONTINUED)

(a) The Group (continued)

Summarised financial information for associates

A summary of the financial information of the Group's associates attributable to the shares of the Group and in aggregate is as follows:

Summarised balance sheet

	2014 RMB'000	2013 RMB'000
Non-current assets	661,375	687,886
Current assets	501,410	548,267
Total assets	1,162,785	1,236,153
Non-current liabilities	(98,272)	(94,281)
Current liabilities	(511,577)	(603,697)
Total liabilities	(609,849)	(697,978)
Net assets	552,936	538,175

Summarised statement of comprehensive income

	2014 RMB'000	2013 RMB'000
Revenue	2,018,235	1,936,500
Profit before income tax expense	136,131	108,955
Income tax expense	(34,414)	(33,678)
Profit for the year	101,717	75,277
Dividends received from associates	86,956	138,907

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

12 INVESTMENTS IN ASSOCIATES (CONTINUED)

(a) The Group (continued)

Reconciliation of summaries financial information

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

	2014 RMB'000	2013 RMB'000
Opening net assets	538,175	626,600
Additions	—	5,385
Profit for the year	101,717	75,277
Declaration of dividends	(86,956)	(138,907)
Disposal	—	(30,180)
Closing net assets	552,936	538,175
Carrying value	552,936	538,175

(b) The Company

	At 31 December	
	2014 RMB'000	2013 RMB'000
Unlisted equity investments, at cost	215,387	215,387
Less: provision for impairment	(5,400)	(5,400)
	209,987	209,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

13 FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY

(a) The Group

	Loans and receivables RMB'000	Financial assets at fair value through the profit or loss RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
31 December 2014				
Available-for-sale financial assets (note 14)	—	—	3,765,307	3,765,307
Trade receivables, prepayments and other receivables excluding non-financial assets (note 18)	1,011,174	—	—	1,011,174
Financial assets at fair value through profit or loss (note 19)	—	94,629	—	94,629
Restricted cash and bank deposits with maturities ranging from 3 months to 12 months (note 20)	1,140,997	—	—	1,140,997
Cash and cash equivalents (note 21)	5,876,801	—	—	5,876,801
	8,028,972	94,629	3,765,307	11,888,908

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

13 FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY (CONTINUED)

(a) The Group (continued)

	Loans and receivables RMB'000	Financial assets at fair value through the profit or loss RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
31 December 2013				
Available-for-sale financial assets (note 14)	—	—	2,009,782	2,009,782
Trade receivables, prepayments and other receivables excluding non-financial assets (note 18)	1,126,226	—	—	1,126,226
Financial assets at fair value through profit or loss (note 19)	—	80,662	—	80,662
Restricted cash and bank deposits with maturities ranging from 3 months to 12 months (note 20)	1,369,680	—	—	1,369,680
Cash and cash equivalents (note 21)	4,475,191	—	—	4,475,191
	6,971,097	80,662	2,009,782	9,061,541

	Financial liabilities at amortised cost RMB'000
31 December 2013	
Borrowings (excluding finance lease liabilities) (note 24)	3,837,734
Finance lease liabilities (note 24)	23,588
Trade and other payables excluding non-financial liabilities	3,752,896
	7,614,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

13 FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY (CONTINUED)

(b) The Company

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
31 December 2014			
Available-for-sale financial assets (note 14)	—	131,745	131,745
Trade and other receivables excluding non-financial assets (note 18)	2,210,423	—	2,210,423
Cash and cash equivalents (note 21)	401,695	—	401,695
	2,612,118	131,745	2,743,863

	Financial liabilities at amortised cost 2014 RMB'000
31 December 2014	
Borrowings (note 24)	2,976,314
Trade and other payables excluding non-financial liabilities	396,530
	3,372,844

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
31 December 2013			
Available-for-sale financial assets (note 14)	—	131,745	131,745
Trade and other receivables excluding non-financial assets (note 18)	1,700,896	—	1,700,896
Cash and cash equivalents (note 21)	280,649	—	280,649
	1,981,545	131,745	2,113,290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

13 FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY (CONTINUED)

(b) The Company (continued)

	Financial liabilities at amortised cost 2013 RMB'000
31 December 2013	
Borrowings (note 24)	1,488,016
Trade and other payables excluding non-financial liabilities	70,090
	1,558,106

14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a) The Group

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
At beginning of the year	**2,009,782**	2,025,796
Additions	**238,885**	359,665
Additions for the retained interest in the entity remeasured to its fair value when control is lost for the disposal of 45% equity interests in a subsidiary	**—**	100,144
Fair value changes (recorded under other comprehensive income)	**2,269,816**	53,302
Disposals	**(753,176)**	(529,125)
At end of the year	**3,765,307**	2,009,782
Less: current portion of available-for-sale financial assets (i)	**(121,467)**	(121,780)
	3,643,840	1,888,002
Current portion of available-for-sale financial assets (i)	**121,467**	121,780

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

14 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(a) The Group (continued)

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Listed securities, at fair value		
— Equity securities, listed in Mainland China	**3,357,101**	1,618,915
Unlisted securities, at fair value		
— Equity securities	**125,989**	125,989
— Debenture securities	**141,467**	121,780
— Convertible bond	**5,052**	—
Unlisted securities, at cost		
— Equity securities (i)	**140,797**	153,197
Less: provision for impairment of unlisted equity investments, at cost	**(5,099)**	(10,099)
	3,765,307	2,009,782
Market value of listed equity investments	**3,362,153**	1,618,915

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

(b) The Company

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
At beginning of the year	**131,745**	84,714
Additions for the retained interest in the entity remeasured to its fair value when control is lost for the disposal of 45% equity interests in a subsidiary	**—**	100,144
Fair value changes (recorded under other comprehensive income)	**—**	(7,697)
Disposals	**—**	(45,416)
At end of the year	**131,745**	131,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

14 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(b) The Company (continued)

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Unlisted securities, at fair value		
— Equity securities	**125,989**	125,989
Unlisted securities, at cost		
— Equity securities (i)	**5,756**	5,756
	131,745	131,745

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

15 DEFERRED INCOME TAX

(a) The Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Deferred income tax assets		
— Deferred income tax assets to be recovered after more than 12 months	**190,583**	197,953
— Deferred income tax assets to be recovered within 12 months	**71,938**	292,952
	262,521	490,905
Deferred income tax liabilities		
— Deferred income tax liabilities to be settled after more than 12 months	**(933,466)**	(499,291)
— Deferred income tax liabilities to be settled within 12 months	**(4,444)**	(1,111)
	(937,910)	(500,402)
	(675,389)	(9,497)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
For the year ended 31 December 2014

15 DEFERRED INCOME TAX (CONTINUED)

(a) The Group (continued)

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
At beginning of the year	**(9,497)**	(409,633)
Additions resulting from acquisition through business combination (note 38(a))	**(1,163)**	(110,382)
Effect of disposal of a subsidiary	**—**	260,874
Transferred to liabilities directly associated with non-current assets held for sale (note 16)	**2,342**	—
(Charged)/credited to consolidated income statement (note 31)	**(208,453)**	202,505
(Charged)/credited to other comprehensive income (note 31)	**(458,618)**	47,139
At end of the year	**(675,389)**	(9,497)

The movement in deferred income tax assets and liabilities during the year ended 31 December 2014, without taking into consideration of the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets:

	Impairment of assets RMB'000	Accelerated accounting depreciation RMB'000	Tax losses RMB'000	Provisions RMB'000	Asset basis differences (i) RMB'000	Other temporary differences(ii) RMB'000	Total RMB'000
At 1 January 2013	9,101	8,137	109,597	53,917	80,688	45,981	307,421
Additions resulting from acquisition through business combination (note 39)	12	993	2,203	—	—	—	3,208
(Charged)/credited to consolidated income statement	(3,025)	1,216	(77,645)	(664)	276,758	12,436	209,076
At 31 December 2013	6,088	10,346	34,155	53,253	357,446	58,417	519,705
(Charged)/credited to consolidated income statement	(666)	(2,616)	11,458	46,140	(276,758)	8,717	(213,725)
At 31 December 2014	**5,422**	**7,730**	**45,613**	**99,393**	**80,688**	**67,134**	**305,980**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

15 DEFERRED INCOME TAX (CONTINUED)

(a) The Group (continued)

Deferred income tax assets: (continued)

(i) The amount as at 1 January 2012 and 31 December 2012 represents the land appreciation tax in connection with reorganisation with Jin Jiang Hotels Development, which can be deducted against future appreciation when the related land use right and properties are sold out of the Group. However, these appreciation of the related land use right and properties were eliminated in the consolidated balance sheet under intercompany transactions, which resulted in a deferred income tax asset.

The amount incurred in 2013 represents the income tax in connection with the capital contribution into Shanghai Jin Yun Assets Management Co., Ltd. ("Jin Yun Company", a newly-incorporated subsidiary of the Group) in forms of cash, property, plant and equipment and land use right at their fair value (note 17). The appreciation of property, plant and equipment and land use right between the fair value and carrying amount shall be taxable when capital contribution was made into Jin Jun Company, which can be deducted against future taxable profit when the investments in Jin Yun Company are sold out of the Group. However, these appreciation of the related property, plant and equipment and land use right were eliminated in the consolidated balance sheet under intercompany transactions, which resulted in a deferred income tax asset. In 2014, the Company disposed 100% equity interest in Jin Yun Company (note 35(b)), the deferred income tax asset amounted to RMB276,758,000 was reversed.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

15 DEFERRED INCOME TAX (CONTINUED)

(a) The Group (continued)

Deferred income tax liabilities:

	Impairment of assets (i) RMB'000	Accelerated tax depreciation RMB'000	Fair value changes in financial assets RMB'000	Fair value adjustments on assets recognised upon business combination RMB'000	Total RMB'000
At 1 January 2013	(5,336)	(58,731)	(342,033)	(310,954)	(717,054)
Additions resulting from acquisition through business combination	–	–	–	(113,590)	(113,590)
Effect of disposal of a subsidiary (note 35(b))	–	–	–	260,874	260,874
(Charged)/credited to consolidated income statement	(1,993)	11,632	–	(16,210)	(6,571)
Credited to other comprehensive income	–	–	47,139	–	47,139
At 31 December 2013	(7,329)	(47,099)	(294,894)	(179,880)	(529,202)
Additions resulting from acquisition through business combination (note 38(a))	–	–	–	(1,163)	(1,163)
Transferred to liabilities directly associated with non-current assets held for sale (note 16)	–	–	–	2,342	2,342
(Charged)/credited to consolidated income statement	(1,040)	67	–	6,245	5,272
Charged to other comprehensive income	–	–	(458,618)	–	(458,618)
At 31 December 2014	**(8,369)**	**(47,032)**	**(753,512)**	**(172,456)**	**(981,369)**

(i) Certain provisions for impairment of loans granted to subsidiaries were deductible for PRC current income tax purpose. However, these provisions were eliminated in the consolidated balance sheet, which resulted in a deferred income tax liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

15 DEFERRED INCOME TAX (CONTINUED)

(a) The Group (continued)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB171,900,000 (2013: RMB191,276,000) in respect of tax losses, as the Directors believe it is more likely than not that such tax losses would not be realised before their expiry between 2014 and 2018. The expiry of related unrecognised deferred income tax assets are analysed as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**22,878**	32,499
Between 1 and 2 years	**48,764**	34,758
Between 2 and 3 years	**34,987**	58,967
Between 3 and 4 years	**27,709**	37,341
Between 4 and 5 years	**37,562**	27,711
	171,900	191,276

(b) The Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Deferred income tax assets to be settled after more than 12 months	**–**	–
Deferred income tax liabilities to be settled after more than 12 months	**(604,907)**	(625,564)
	(604,907)	(625,564)

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
At beginning of the year	**(625,564)**	(560,532)
Credited/(charged) to income statement	**20,657**	(53,522)
Charged to other comprehensive income	**–**	(11,510)
At end of the year	**(604,907)**	(625,564)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

15 DEFERRED INCOME TAX (CONTINUED)

(b) The Company (continued)

The movement in deferred income tax assets and liabilities during the year ended 31 December 2014, without taking into consideration of the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets:

	Impairment of assets RMB'000	Tax loss RMB'000	Provision RMB'000	Others RMB'000	Total RMB'000
At 1 January 2013	5,482	50,568	4,646	127	60,823
Credited to income statement	(2,628)	(50,568)	(326)	—	(53,522)
At 31 December 2013	2,854	—	4,320	127	7,301
Credited to income statement	(608)	15,451	4,726	1,088	20,657
At 31 December 2014	**2,246**	**15,451**	**9,046**	**1,215**	**27,958**

Deferred income tax liabilities:

	Fair value changes in financial assets RMB'000	Asset basis differences (i) RMB'000	Total RMB'000
At 1 January 2013	(7,844)	(613,511)	(621,355)
Credited to other comprehensive income	(11,510)	—	(11,510)
At 31 December 2013 and 31 December 2014	**(19,354)**	**(613,511)**	**(632,865)**

(i) In 2010, the Company entered into a reorganisation transaction with Jin Jiang Hotels Development, through which the Company obtained certain assets and liabilities in form of branches, and certain equity interests in subsidiaries, joint ventures, an associate and an available-for-sale financial asset, which were all engaged in the full service hotels and related business, and also transferred to Jin Jiang Hotels Development certain equity interests in certain subsidiaries which were all engaged in the select service hotels and related business. The special tax treatment rules are applied in the reorganisation with Jin Jiang Hotels Development according to Caishui [2009] No.59 "Notice Regarding Several Questions about Corporate Income Tax Treatment for Corporate Restructuring", and accordingly it is not taxable for the difference between the fair value of the assets (accounting basis) in forms of branches transferred to the Company and their historical costs (tax basis) recorded by Jin Jiang Hotels Development. Such difference between accounting basis and tax basis leads to a future income tax effect which is recognized as a deferred income tax liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

16 NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE

On 9 May 2014, the equity transfer agreement (the "Equity Transfer Agreement") entered into by the Company and Shanghai Sheng Pu Investment Management Co., Ltd. ("Sheng Pu Investment"), pursuant to which the Company agreed to dispose its 90% equity interest in Shanghai Galaxy Hotel Co., Ltd ("Galaxy Hotel") to Sheng Pu Investment at a cash consideration of RMB759,020,000. As at 31 December 2014, the Company received 30% of the total consideration amounted to RMB227,706,000 and the transaction was not completed.

The assets and liabilities of the Galaxy Hotels to be disposed were remeasured at the lower of carrying amount and fair value less cost to sell as at 31 December 2014.

The major classes of assets and liabilities of the Galaxy Hotel as follow:

The Group

	At 31 December 2014 RMB'000
Assets classified as held for sale:	
— Property, plant and equipment (note 6(a))	47,740
— Land use rights (note 8(a))	10,625
— Intangible assets (note 9(a))	2
— Inventories	408
— Trade receivables, prepayments and other receivables	2,333
— Cash and cash equivalents	106
Total assets	61,214
Liabilities directly associated with assets classified as held for sale:	
— Trade and other payables	(55,176)
— Income taxes payable	(5,125)
— Deferred income tax liabilities	(2,342)
Total liabilities	(62,643)
Total net assets	(1,429)
Advance received	227,706
Cash and cash equivalents transferred to non-current assets held for sale	(106)
Cash inflow on the transaction	227,600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

16 NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

The Company

	At 31 December 2014 RMB'000
Investment in subsidiary	**23,372**

17 INVENTORIES

(a) The Group

	At 31 December	
	2014 RMB'000	2013 RMB'000
Raw materials	**46,128**	40,889
Finished goods/goods held for resale	**96,696**	106,296
Consumables and supplies	**25,305**	29,411
	168,129	176,596

The cost of inventories recognised as expense and included in cost of sales amounted to RMB3,294,955,000 (2013: RMB3,254,714,000) (note 27).

The Group provided the write-down of inventories by RMB179,000 for the year ended 31 December 2014 (2013: write-down of inventories by RMB66,000) (note 27).

(b) The Company

	At 31 December	
	2014 RMB'000	2013 RMB'000
Raw materials	**1,308**	1,710
Finished goods/Goods held for resale	**729**	272
Consumables and supplies	**274**	269
	2,311	2,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

18 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

(a) The Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Trade receivables	**331,512**	277,227
Less: provision for impairment of trade receivables	**(7,591)**	(7,876)
Trade receivables — net	**323,921**	269,351
Loans to related parties by Finance Company (note 39(b))	**335,000**	671,500
Loans to related parties by the Group other than Finance Company (note 39(b))	**209,000**	4,500
Other amounts due from related parties (note 39(b))	**40,659**	67,328
Prepayments and deposits	**290,323**	285,686
Accrual rental revenue	**30,222**	23,752
Value-added tax ("VAT") recoverable	**14,854**	22,592
Prepayments for acquisition of non-controlling interests	**—**	11,369
Others receivables	**62,276**	60,425
Less: provision for impairment of other receivables	**(4,761)**	(4,591)
Prepayments and other receivables — net	**977,573**	1,142,561
	1,301,494	1,411,912
Less: non-current portion of trade receivables, prepayments and other receivables	**(103,863)**	(106,127)
	1,197,631	1,305,785
Non-current portion of trade receivables, prepayments and other receivables	**103,863**	106,127

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
For the year ended 31 December 2014

18 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(a) The Group (continued)

The majority of the Group's sales in Hotel Related Business, Passenger Transportation Vehicle and Logistics Business and Travel Agency Business are retail sales, with immediate cash settlement and no credit terms granted. For certain corporate or travel agency customers, the sales are made generally with credit terms ranging from 30 to 90 days. Ageing analysis of trade receivables at respective balance sheet dates are as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
0 to 3 months	**311,817**	255,472
3 months to 1 year	**13,546**	15,385
Over 1 year	**6,149**	6,370
	331,512	277,227

As of 31 December 2014, trade receivables of RMB12,179,000 (31 December 2013: RMB11,070,000) were impaired and the corresponding amount of the provision was RMB7,591,000 (31 December 2013: RMB7,876,000). The impairment is firstly assessed individually for individual significant or long ageing balances, and the remaining balances are grouped for collective assessment according to their ageing and historical default rates as these customers are of similar credit risk characteristics. Ageing analysis of these impaired receivables at respective balance sheet dates are as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
3 months to 1 year	**6,116**	4,898
Over 1 year	**6,063**	6,172
	12,179	11,070

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

18 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(a) The Group (continued)

As of 31 December 2014, trade receivables of RMB7,516,000 (31 December 2013: RMB10,685,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
3 months to 1 year	**7,430**	10,487
Over 1 year	**86**	198
	7,516	10,685

The carrying amounts of the Group's trade receivables, prepayments and other receivables are denominated in the following currencies:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
RMB	**1,284,781**	1,400,310
US$	**16,713**	11,602
	1,301,494	1,411,912

Movements on the provision for impairment of trade receivables, prepayments and other receivables are as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
At beginning of the year	**(12,467)**	(26,789)
Receivables written off as uncollectible	**198**	2,021
(provision for)/reversal of impairment of trade receivables, prepayments and other receivables (note 27)	**(83)**	12,301
At end of the year	**(12,352)**	(12,467)

The creation and usage of provision for impaired receivables have been included in "Administrative expenses" in the consolidated income statement (note 27).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

18 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(a) The Group (continued)

The maximum exposure of the Group to credit risk at the balance sheet date was the carrying value of trade receivables, prepayments and other receivables as mentioned above.

(b) The Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Trade receivables	**6,912**	4,075
Less: provision for impairment of trade receivables	**(153)**	(153)
Trade receivables — net	**6,759**	3,922
Amounts due from related parties (note 39(c))	**2,175,481**	1,675,506
Accrual rental revenue	**22,905**	19,244
Prepayments and deposits	**8,583**	8,478
Others receivables	**5,551**	3,524
Less: provision for impairment of other receivables	**(273)**	(273)
Prepayments and other receivables — net	**2,212,247**	1,706,479
	2,219,006	1,710,401
Less: non-current portion of trade receivables, prepayments and other receivables	**(22,905)**	(19,244)
	2,196,101	1,691,157
Non-current portion of trade receivables, prepayments and other receivables	**22,905**	19,244

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

Provision for impairment of other receivables mainly represents the provision for impairment of amounts due from related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

18 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(b) The Company (continued)

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
0 to 3 months	**6,264**	3,719
3 months to 1 year	**495**	157
Over 1 year	**153**	199
	6,912	4,075

As of 31 December 2014, trade receivables of RMB153,000 (31 December 2013: RMB153,000) were impaired. The amount of the provision was RMB153,000 (31 December 2013: RMB153,000). The impairment is firstly assessed individually for individual significant or long ageing balances, and the remaining balances are grouped for collective assessment according to their ageing and historical default rates as these customers are of similar credit risk characteristics. Ageing analysis of these receivables at respective balance sheet dates are as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Over 1 year	**153**	153

As of 31 December 2014, trade receivables of RMB495,000 (31 December 2013: RMB203,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
3 months to 1 year	**495**	157
Over 1 year	**—**	46
	495	203

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

18 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(b) The Company (continued)

The carrying amounts of the Company's trade receivables, prepayments and other receivables are denominated in the following currencies:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
RMB	**2,218,858**	1,710,167
US$	**148**	234
	2,219,006	1,710,401

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS — THE GROUP

	2014	2013
	RMB'000	RMB'000
At beginning of the year	**80,662**	730
Additions	**163,552**	100,563
Fair value changes transferred to profit or loss	**304**	69
Disposals	**(149,889)**	(20,700)
At end of the year	**94,629**	80,662

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Listed securities, at fair value		
— Equity securities, listed in Mainland China	**616**	662
— Convertible bond	**94,013**	80,000
	94,629	80,662
Market value of listed equity investments	**616**	662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

20 RESTRICTED CASH AND BANK DEPOSITS WITH MATURITIES RANGING FROM 3 MONTHS TO 12 MONTHS — THE GROUP

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Mandatory reserve deposit (i)	**275,386**	319,515
Other restricted cash (ii)	**37,236**	12,365
Bank deposits with maturities ranging from 3 months to 12 months (iii)	**828,375**	1,037,800
	1,140,997	1,369,680
Restricted cash and bank deposits denominated in		
— RMB	**497,027**	1,369,680
— US$	**643,970**	—
	1,140,997	1,369,680

(i) Mandatory reserve deposit of Jin Jiang International Finance Company Limited, a subsidiary and non-bank finance company, was placed with the People's Bank of China, the central bank of the Mainland China. The weighted average effective interest rate on mandatory reserve deposit was 1.62% (2013: 1.62%) per annum.

(ii) Other restricted cash included (1) guarantee fund for providing travel agency services of RMB5,800,000 (31 December 2013: RMB7,270,000) as is required by National Tourism Administration of the People's Republic of China with effective interest rate of 3.25% (2013: 3.25%), (2) deposit pledged for issuance of letters of credit of RMB841,000 (31 December 2013: RMB5,095,000) with effective interest rate of 0.35% (2013: 0.35%), (3) deposit pledged for borrowing of US$5,000,000, equivalent to RMB30,595,000 (31 December 2013: nil).

(iii) Bank deposits of US$99,397,000, equivalent to RMB613,375,000 (31 December 2013:nil), and RMB215,000,000 (31 December 2013: RMB1,037,800,000) with effective interest rate of 4.24% (2013: 4.09%) per annum, which cannot be withdrawn before maturities ranging from 3 months to 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

21 CASH AND CASH EQUIVALENTS

(a) The Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Cash at bank and in hand	**4,295,714**	3,113,452
Bank deposits with maturities within 3 months	**1,581,087**	1,361,739
	5,876,801	4,475,191
Cash and cash equivalents denominated in		
— RMB	**5,761,379**	3,832,514
— US$	**113,466**	642,176
— Other foreign currencies	**1,956**	501
	5,876,801	4,475,191

The weighted average effective interest rate on bank deposits with maturities within 3 months, was 5.11% (2013: 6.46%) per annum.

(b) The Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Cash at bank and in hand	**369,695**	279,649
Bank deposits with maturities within 3 months	**32,000**	1,000
	401,695	280,649
Cash and cash equivalents denominated in		
— RMB	**398,435**	279,383
— US$	**3,207**	1,230
— Other foreign currencies	**53**	36
	401,695	280,649

The weighted average effective interest rate on bank deposits with maturities within 3 months, was 1.49% (2013: 2.86%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

22 SHARE CAPITAL AND RESERVES

(a) Share capital — the Group and the Company

	Share capital	
	Number of shares '000	Amount RMB'000
At 31 December 2013 and 2014	5,566,000	5,566,000

(b) Reserves — the Group

	Other reserves							
	Capital surplus (i) RMB'000	Statutory and discretionary surplus reserve (ii) RMB'000	Merger reserve (iii) RMB'000	Available-for-sale financial assets (iv) RMB'000	Currency translation differences RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2013	1,981,072	470,871	(2,886,243)	671,316	(14,661)	222,355	1,524,034	1,746,389
Profit for the year	—	—	—	—	—	—	443,772	443,772
Fair value changes on available-for-sale financial assets-gross	—	—	—	23,910	—	23,910	—	23,910
Transfer of fair value changes on disposal of available-for-sale financial assets-gross	—	—	—	(139,289)	—	(139,289)	—	(139,289)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	—	—	28,830	—	28,830	—	28,830
Profit appropriation	—	—	—	—	—	70,404	(70,404)	—
Currency translation differences	—	—	—	—	146	146	—	146
Dividends declared (note 34)	—	—	—	—	—	—	(166,980)	(166,980)
Disposal of equity interests in a subsidiary to non-controlling shareholders without change of control (note 40)	62,736	—	—	—	—	62,736	—	62,736
At 31 December 2013	2,043,808	541,275	(2,886,243)	584,767	(14,515)	269,092	1,730,422	1,999,514

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

22 SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Reserves — the Group (continued)

	Other reserves							
	Capital surplus (i) RMB'000	Statutory and discretionary surplus reserve (ii) RMB'000	Merger reserve (iii) RMB'000	Available-for-sale financial assets (iv) RMB'000	Currency translation differences RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2014	2,043,808	541,275	(2,886,243)	584,767	(14,515)	269,092	1,730,422	1,999,514
Profit for the year	—	—	—	—	—	—	621,225	621,225
Fair value changes on available-for-sale financial assets-gross	—	—	—	1,138,890	—	1,138,890	—	1,138,890
Transfer of fair value changes on disposal of available-for-sale financial assets-gross	—	—	—	(219,131)	—	(219,131)	—	(219,131)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	—	—	(230,008)	—	(230,008)	—	(230,008)
Currency translation differences	—	—	—	—	(4,545)	(4,545)	—	(4,545)
Dividends declared (note 34)	—	—	—	—	—	—	(250,470)	(250,470)
Profit appropriation	—	81,141	—	—	—	81,141	(81,141)	—
Acquisition of equity interests in a subsidiary from non-controlling interests	(2,183)	—	—	—	—	(2,183)	—	(2,183)
At 31 December 2014	2,041,625	622,416	(2,886,243)	1,274,518	(19,060)	1,033,256	2,020,036	3,053,292

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

22 SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Reserves — the Group (continued)

(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 accumulated changes in fair value, net of tax, on available-for-sale financial assets through equity.

(c) Reserves — the Company

	Other reserves					
	Capital surplus RMB'000	Statutory surplus reserve RMB'000	Available-for sale financial assets RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2013	1,539,497	224,662	23,530	1,787,689	1,611,227	3,398,916
Profit for the year	—	—	—	—	769,045	769,045
Fair value changes on available-for-sale financial assets — gross	—	—	69,688	69,688	—	69,688
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	—	—	(23,295)	(23,295)	—	(23,295)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	—	—	(11,510)	(11,510)	—	(11,510)
Dividends declared (note 34)	—	—	—	—	(166,980)	(166,980)
Profit appropriation	—	70,404	—	70,404	(70,404)	—
At 31 December 2013	1,539,497	295,066	58,413	1,892,976	2,142,888	4,035,864
Balance at 1 January 2014	1,539,497	295,066	58,413	1,892,976	2,142,888	4,035,864
Profit for the year	—	—	—	—	833,376	833,376
Dividends declared (note 34)	—	—	—	—	(250,470)	(250,470)
Profit appropriation	—	81,141	—	81,141	(81,141)	—
At 31 December 2014	**1,539,497**	**376,207**	**58,413**	**1,974,117**	**2,644,653**	**4,618,770**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

23 TRADE AND OTHER PAYABLES

(a) The Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Trade payables	**493,198**	461,382
Employee benefit payables (i)	**977,684**	424,145
Advances from customers	**614,468**	631,727
Deposits from related parties in Finance Company (note 39(b))	**407,397**	2,161,488
Other amounts due to related parties (note 39(b))	**118,948**	120,716
Payables for purchases of property, plant and equipment, and intangible assets	**331,404**	402,901
Deposits from lessees and constructors	**292,109**	318,566
Advance for the transaction of a subsidiary to be disposed (note 16)	**227,706**	—
Other tax payable	**175,677**	164,684
Accrued expenses	**126,493**	92,528
Deferred payment of acquisition of a subsidiary	**9,796**	21,662
Dividend payable to non-controlling interests	**28,234**	17,906
Notes payable	**—**	17,286
Interest payable	**20,512**	16,768
Deferred government grants	**67,999**	60,558
Deferred revenue for customer loyalty programme	**5,793**	983
Other payables	**68,970**	64,252
	3,966,388	4,977,552
Less: non-current portion of trade and other payables	**(608,167)**	(210,725)
	3,358,221	4,766,827
Non-current portion of trade and other payables	**608,167**	210,725

(i) The balance as at 31 December 2014 mainly included the employee benefits payables of RMB528,840,000 incurred for termination plan, early retirement plan, and redundant employee plan for hotel renovation.

The table below outlines where the Group's termination benefits, early retirement welfare and long-term employee benefits for the redundant employees during hotel renovations amounts and activity are included in the consolidated balance sheet and consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

23 TRADE AND OTHER PAYABLES (CONTINUED)

(a) The Group (continued)

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Consolidated balance sheet obligations for:		
— Termination benefits (a)	12,680	—
— Early retirement welfare (b)	475,990	—
— Employee benefits for the redundant employees during hotel renovations (c)	40,170	—
	528,840	—
Less: Current portion	(62,330)	—
Non-current portion	466,510	—

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Consolidated income statement charge included in employee benefit expenses for (note 28):		
— Termination benefits (a)	92,990	—
— Early retirement welfare (b)	485,160	—
— Employee benefits for the redundant employees during hotel renovations (c)	57,629	—
	635,779	—

(a) Termination benefits

In 2014, the Group announced a series of detailed formal plan (the "Termination Plan") to offer certain current redundant employees termination benefits to encourage voluntary redundancy. Under the Termination Plan, the Group made the cash payment of compensation to these employees who accepted the termination offer in 2014.

(b) Early retirement welfare

In 2014, the Group announced a series of detailed formal plan (the "Early Retirement Plan") to early retire certain current redundant employees without possibility of withdrawal. Under the Early Retirement Plan, the Group is obliged to make monthly payment of wages, salaries and social welfare to these early retired employees from the date of early retirement to the regulated retirement date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

23 TRADE AND OTHER PAYABLES (CONTINUED)

(a) The Group (continued)

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

In 2014, certain hotels under the Group have stopped or will stop operations to implement renovation of the whole hotel properties for certain periods. The Group announced a series of detailed formal plan (the "Redundant Employee Plan for Hotel Renovation") and the Group is obliged to make monthly payment of wages, salaries and social welfare to these redundant employees during the renovation period. The Redundant Employee Plan for Hotel Renovation is without possibility of withdrawal.

The movement in the obligations for Termination Plan, Early Retirement Plan and Redundant Employee Plan for Hotel Renovation over the year is as follows:

	Year ended 31 December 2014 RMB'000
At beginning of the year	**–**
Employee benefit expenses recognised in consolidated income statement(note 28)	**635,779**
Benefit payments during the year	**(106,939)**
At end of the year	**528,840**

The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Perrin Consulting Company Limited (member of the Society of Actuaries and the China Association of Actuaries).

The significant actuarial assumptions were as follows:

	At 31 December 2014
Discount rate	**3.5%**
Mortality rate	**Chinese residents ordinary life span**
Benefit increase rate	**7%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

23 TRADE AND OTHER PAYABLES (CONTINUED)

(a) The Group (continued)

The sensitivity of the employee benefit obligations to changes in the weighted principal assumptions is:

	Change in assumption	Increase in obligations balance RMB'000	Decrease in obligations balance RMB'000
Discount rate	0.25%	7,610	(7,370)
Benefit increase rate	0.25%	6,880	(6,700)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employee benefit obligations to significant actuarial assumptions, the calculation method is the same as that used in the calculation of liability recognised in the consolidated financial statements (i.e. present value of the employee benefit obligations calculated with the projected unit credit method at the end of the reporting period).

Expected maturity analysis of undiscounted employee benefits:

	At 31 December 2014 RMB'000
Within 1 year	**62,330**
Between 1 year and 2 years	**84,620**
Between 2 years and 5 years	**177,830**
Over 5 years	**337,350**
	662,130

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

	At 31 December	
	2014 RMB'000	2013 RMB'000
0 to 3 months	**419,520**	380,098
3 months to 1 year	**71,670**	76,508
Over 1 year	**2,008**	4,776
	493,198	461,382

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

23 TRADE AND OTHER PAYABLES (CONTINUED)

(a) The Group (continued)

(ii) The carrying amount of trade and other payables approximates their fair value. The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
RMB	**3,930,191**	4,953,228
US$	**24,896**	14,515
Other foreign currencies	**11,301**	9,809
	3,966,388	4,977,552

(b) The Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Trade payables	**7,854**	5,795
Payables for purchases of property, plant and equipment, and intangible assets	**1,870**	3,962
Amounts due to related parties (note 39(c))	**69,825**	2,253
Employee benefit payables	**59,707**	33,726
Other taxes payable	**13,330**	13,330
Accrued expenses	**13,584**	9,207
Advances from customers	**13,696**	10,037
Advance for the transaction of a subsidiary to be disposed (note 16)	**227,706**	—
Deposits	**1,614**	32,308
Other payables	**16,140**	6,565
	425,326	117,183

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

23 TRADE AND OTHER PAYABLES (CONTINUED)

(b) The Company (continued)

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

	At 31 December	
	2014 **RMB'000**	2013 RMB'000
0 to 3 months	**7,854**	5,487
3 months to 1 year	**—**	308
	7,854	5,795

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

All of the Company's trade and other payables are dominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

24 BORROWINGS

(a) The Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**1,596,814**	79,016
Bank borrowings — unsecured	**1,320,952**	1,592,332
Borrowings from related parties (note 39(b))	**—**	304,845
Finance lease liabilities	**24,713**	23,588
	2,942,479	1,999,781
Less: current portion of long-term secured bank borrowings	**(67,064)**	(12,194)
current portion of long-term unsecured bank borrowings	**(1,010,502)**	(273,437)
current portion of long-term finance lease	**(3,044)**	(2,491)
	1,861,869	1,711,659
Borrowings included in current liabilities:		
Bank borrowings — secured	**32,806**	14,634
Bank borrowings — unsecured	**507,343**	1,493,907
Borrowings from related parties (note 39(b))	**100,000**	348,000
Other borrowings — unsecured	**—**	5,000
Current portion of long-term secured bank borrowings	**67,064**	12,194
Current portion of long-term unsecured bank borrowings	**1,010,502**	273,437
Current portion of long-term financial lease	**3,044**	2,491
	1,720,759	2,149,663

As at 31 December 2014, the secured bank borrowings included:

(1) Bank borrowings of US$10,960,000, equivalent to RMB67,064,000 (31 December 2013: US$12,960,000, equivalent to RMB79,016,000), which were guaranteed by Jin Jiang International.

(2) Bank borrowings of RMB32,806,000 (31 December 2013: RMB14,634,000), which were guaranteed by a non-controlling shareholder of a subsidiary of the Group.

(3) Bank borrowings of US$250,000,000, equivalent to RMB1,529,750,000 (31 December 2013: nil), which were pledged by bank deposits amounted to US$5,000,000, equivalent to RMB30,595,000 (note 20(ii)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

24 BORROWINGS (CONTINUED)

(a) The Group (continued)

(i) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity whichever is the earlier date are as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 6 months	**2,807,277**	2,963,734
Between 6 and 12 months	**770,851**	100,588
Between 1 and 5 years	**4,500**	797,000
	3,582,628	3,861,322

(ii) The maturity of the borrowings included in non-current liabilities is as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Between 1 and 2 years	**308,345**	1,082,987
Between 2 and 5 years	**1,542,316**	616,222
Over 5 years	**11,208**	12,450
	1,861,869	1,711,659

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

	At 31 December	
	2014	2013
Borrowings denominated in RMB	**5.4088%**	5.3425%
Borrowings denominated in US$	**2.5427%**	2.4145%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

24 BORROWINGS (CONTINUED)

(a) The Group (continued)

(iv) The carrying amounts and fair values of non-current bank borrowings are as follows:

	Carrying amounts RMB'000	Fair values RMB'000
At 31 December 2014		
— Bank borrowings	1,840,200	1,802,838
— Finance lease liabilities	21,669	21,669
	1,861,869	1,824,507
At 31 December 2013		
— Bank borrowings	1,385,717	1,274,717
— Borrowings from related parties	304,845	267,309
— Finance lease liabilities	21,097	21,097
	1,711,659	1,563,123

The fair values of non-current borrowings are estimated based on discounted cash flow approach using the market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the respective balance sheet dates.

The carrying amounts of current borrowings approximate their fair values.

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

	At 31 December	
	2014 RMB'000	2013 RMB'000
RMB	**1,376,361**	2,714,129
US$	**2,206,267**	1,147,193
	3,582,628	3,861,322

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

24 BORROWINGS (CONTINUED)

(a) The Group (continued)

(vi) Finance lease liabilities

Finance lease liabilities with carrying amount of RMB24,713,000 (2013: RMB23,588,000) are effectively secured as the rights to the leased asset with carrying amount of RMB21,789,000 (2013: RMB21,110,000) (note 6(a)) revert to the lessor in the event of default.

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Gross finance lease liabilities — minimum lease payments		
Within 1 year	**4,450**	3,761
Between 1 year and 2 years	**3,650**	3,344
Between 2 years and 5 years	**10,880**	9,433
Over 5 years	**12,685**	14,479
	31,665	31,017
Future finance charges on finance leases	**(6,952)**	(7,429)
Present value of finance lease liabilities	**24,713**	23,588
The present value of finance lease liabilities is as follows:		
Within 1 year	**3,044**	2,491
Between 1 year and 2 years	**2,395**	2,115
Between 2 years and 5 years	**8,066**	6,532
Over 5 years	**11,208**	12,450
	24,713	23,588

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

24 BORROWINGS (CONTINUED)

(b) The Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Bank borrowing — secured	**1,596,814**	79,016
Bank borrowing — unsecured	**707,000**	829,000
Borrowings from a subsidiary of the Company (note 39(c))	**92,500**	—
	2,396,314	908,016
Less: current portion of long-term bank borrowing — secured	**(67,064)**	(12,194)
current portion of long-term bank borrowing — unsecured	**(707,000)**	(32,000)
	1,622,250	863,822
Borrowings included in current liabilities:		
Borrowings from a subsidiary of the Company (note 39(c))	**100,000**	100,000
Other borrowing — unsecured	**480,000**	480,000
Current portion of long-term bank borrowings — secured	**67,064**	12,194
Current portion of long-term bank borrowing — unsecured	**707,000**	32,000
	1,354,064	624,194

As at 31 December 2014, the secured bank borrowings included:

(1) The secured bank borrowings of US$10,960,000, equivalent to RMB67,064,000 (2013: US$12,960,000, equivalent to RMB79,016,000) were guaranteed by Jin Jiang International.

(2) The secured bank borrowings of US$250,000,000, equivalent to RMB1,529,750,000 (2013: nil) were pledged by bank deposit amounted to US$5,000,000, equivalent to RMB30,595,000 (note 20(ii)).

(i) The exposure of the Company's borrowings to interest-rate changes and the contractual repricing dates or maturity whichever is the earlier date are as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 6 months	**1,254,064**	559,016
Between 6 and 12 months	**100,000**	132,000
Between 1 and 5 years	**1,622,250**	797,000
	2,976,314	1,488,016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

24 BORROWINGS (CONTINUED)

(b) The Company (continued)

(ii) The maturity of the borrowings included in non-current liabilities is as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Between 1 and 2 years	**—**	863,822
Between 2 and 5 years	**1,622,250**	—
	1,622,250	863,822

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

	At 31 December	
	2014	2013
Borrowings denominated in RMB	**5.4197%**	5.5894%
Borrowings denominated in US$	**2.7244%**	2.5480%

(iv) The carrying amounts and fair values of non-current borrowings are as follows:

	Carrying amounts RMB'000	Fair values RMB'000
At 31 December 2014		
— Bank borrowings	**1,622,250**	1,607,719
At 31 December 2013		
— Bank borrowings	**863,822**	809,579

The carrying amounts of current borrowings approximate their fair values.

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
RMB	**1,379,500**	1,409,000
US$	**1,596,814**	79,016
	2,976,314	1,488,016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

25 OTHER INCOME

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Gain on disposal of investments in subsidiaries (note 35(a))	**1,163,518**	398,172
Gain on disposal of available-for-sale financial assets	**435,652**	241,918
Dividend income	**94,721**	111,193
— Unlisted equity investments	**38,899**	59,674
— Listed equity investments	**55,822**	51,519
Interest income	**78,547**	28,913
Government grants income (i)	**82,000**	57,617
Gain on disposal of property, plant and equipment	**20,534**	23,080
Gain on disposal of investment in joint ventures (note 35(d))	**15,108**	—
Gain on disposal of investment in associates	**—**	80,966
Others	**30,109**	17,518
	1,920,189	959,377

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

26 OTHER EXPENSES

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Compensation charge on lease termination due to the disposal of Galaxy Hotel	**69,048**	—
Bank charges	**44,031**	42,375
Loss on disposal of property, plant and equipment	**8,642**	1,215
Others	**2,990**	1,326
	124,711	44,916

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

27 EXPENSES BY NATURE

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Cost of inventories sold (note 17)	**3,294,955**	3,254,714
Employee benefit expenses (note 28)	**3,064,255**	2,479,696
Depreciation and impairment of property, plant and equipment (note 6)	**856,201**	850,683
Utility cost and consumables	**646,117**	650,348
Operating leases — land and buildings	**392,596**	386,964
Business tax, property tax, VAT through a simplified method and other tax surcharges	**367,447**	376,870
Repairs and maintenance	**171,733**	168,503
Laundry costs	**84,738**	79,994
Consulting fee	**61,967**	17,536
— Transactions cost in relation to acquisition of Groupe du Louvre (note 41)	**44,432**	—
— Other consulting fee	**17,535**	17,536
Amortisation of land use rights (note 8)	**57,744**	71,999
Advertising costs	**55,294**	57,916
Transportation expenses	**34,156**	35,884
Commissions paid to travel agencies	**24,774**	30,069
Amortisation of intangible assets (note 9)	**17,432**	16,003
Telecommunication expenses	**16,908**	16,104
Auditors' remuneration	**13,360**	13,975
— Audit service	**11,920**	12,535
— Non-audit service	**1,440**	1,440
Pre-operation expenses	**8,046**	12,065
Entertainment expenses	**6,692**	12,316
Depreciation of investment properties (note 7)	**6,084**	4,814
Provision for inventories to net realisable value (note 17)	**179**	66
Provision for/(reversal of) impairment of trade receivables, prepayments and other receivables (note 18)	**83**	(12,301)
Others	**410,587**	392,553
	9,591,348	8,916,771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

28 EMPLOYEE BENEFIT EXPENSE

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
		(Restated)
Employee benefit expenses for in-service employees	**2,428,476**	2,479,696
— Wages and salaries	**1,749,665**	1,786,568
— Retirement and housing benefits (a)	**437,416**	446,642
— Welfare and other expenses	**241,395**	246,486
Employee benefit expenses for Termination Plan, Early Retirement Plan and Redundant Employee Plan for Hotel Renovation	**635,779**	—
— Termination benefit (note 23)	**92,990**	—
— Early retirement welfare (note 23)	**485,160**	—
— Employee benefits for the redundant employees (note 23)	**57,629**	—
	3,064,255	2,479,696
Number of employee	**29,261**	31,792

(a) Retirement benefit and housing benefits schemes

The employees of the Group participate in various pension plans organised by the relevant municipal and provincial governments under which the Group is obliged to make monthly defined contributions to these plans based on percentages of the employees' monthly salaries and wages, subject to a certain ceiling. The employees of the Group companies in Mainland China are also entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds.

The Group had no further obligation for post-retirement benefits or housing funds beyond the payments above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

28 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Directors' and supervisors' emoluments

The emoluments of every director and supervisor for the year ended 31 December 2014, on a named basis, are set out as below:

Name	Director's/ supervisor's fee RMB'000	Salary and allowances RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors					
Mr. Yu Minliang	–	–	–	–	–
Ms. Chen Wenjun	–	–	–	–	–
Mr. Yang Weimin (i)	–	308	280	66	654
Mr. Yang Yuanping	–	500	–	–	500
Mr. Shao Xiaoming	–	537	–	–	537
Mr. Han Min	–	245	174	61	480
Mr. Kang Ming	–	273	129	61	463
Mr. Ji Gang	120	–	–	–	120
Dr. Rui Mingjie	120	–	–	–	120
Mr. Yang Menghua	120	–	–	–	120
Mr. Sun Dajian	120	–	–	–	120
Dr. Tu Qiyu	120	–	–	–	120
Mr. Shen Chengxiang	120	–	–	–	120
	720	1,863	583	188	3,354
Supervisors					
Mr. Wang Xingze	–	234	169	61	464
Mr. Wang Guoxing	–	–	–	–	–
Mr. Ma Mingju	–	–	–	–	–
Ms. Chen Junjin	–	329	–	59	388
Mr. Zhou Qiquan	36	–	–	–	36
Ms. Zhou Yi	36	–	–	–	36
	72	563	169	120	924
	792	2,426	752	308	4,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

28 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Directors' and supervisors' emoluments (continued)

The emoluments of every director and supervisor for the year ended 31 December 2013, on a named basis, are set out as below:

Name	Director's/ supervisor's fee RMB'000	Salary and allowances RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors					
Mr. Yu Minliang	—	—	—	—	—
Ms. Chen Wenjun	—	—	—	—	—
Mr. Yang Weimin (i)	—	311	256	50	617
Mr. Yang Yuanping	—	500	—	—	500
Mr. Shao Xiaoming	—	518	—	—	518
Mr. Han Min	—	256	153	48	457
Mr. Kang Ming	—	282	110	48	440
Mr. Ji Gang	120	—	—	—	120
Dr. Rui Mingjie	120	—	—	—	120
Mr. Yang Menghua	120	—	—	—	120
Mr. Sun Dajian	120	—	—	—	120
Dr. Tu Qiyu	120	—	—	—	120
Mr. Shen Chengxiang	120	—	—	—	120
	720	1,867	519	146	3,252
Supervisors					
Mr. Wang Xingze	—	245	150	48	443
Mr. Wang Guoxing	—	—	—	—	—
Mr. Ma Mingju	—	—	—	—	—
Ms. Chen Junjin	—	319	—	47	366
Mr. Zhou Qiquan	36	—	—	—	36
Ms. Zhou Yi	36	—	—	—	36
	72	564	150	95	881
	792	2,431	669	241	4,133

(i) Chief executive of the Company. He has retired on March 27, 2015.

The emoluments fell within following bands:

	Year ended 31 December	
	2014 Number	2013 Number
Nil to RMB394,300 (equivalent to HK$500,000)	**13**	13
RMB394,300 (equivalent to HK$500,000) to RMB788,600 (equivalent to HK$1,000,000)	**6**	6
	19	19

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

28 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year ended 31 December 2014 do not include any directors of the Company. The emoluments payable to these individuals during the year ended 31 December 2014 are as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Salary and allowances	**5,020**	6,737
Discretionary bonuses	**1,929**	1,834
Retirement scheme contributions	**421**	227
	7,370	8,798

The emoluments fell within the following bands:

	Year ended 31 December	
	2014	2013
	Number	Number
RMB788,600 (equivalent to HK$1,000,000) to RMB1,182,900 (equivalent to HK$1,500,000)	**—**	—
RMB1,182,900 (equivalent to HK$1,500,000) to RMB1,577,200 (equivalent to HK$2,000,000)	**3**	3
RMB1,577,200 (equivalent to HK$2,000,000) to RMB1,971,500 (equivalent to HK$2,500,000)	**2**	1
RMB1,971,500 (equivalent to HK$2,500,000) to RMB2,365,800 (equivalent to HK$3,000,000)	**—**	—
RMB2,365,800 (equivalent to HK$3,000,000) to RMB2,760,100 (equivalent to HK$3,500,000)	**—**	1
	5	5

(d) During the year ended 31 December 2014, no directors, supervisors, senior management or the five highest paid individuals of the Group waived any emoluments and no other emoluments were paid by the Group to any of the directors, supervisors, senior management or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

29 FINANCE COSTS

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Interest expenses	**159,899**	142,839
— Bank borrowings	**143,149**	123,387
— Borrowings from related parties	**15,485**	14,619
— Other unsecured borrowings	**—**	3,342
— Financial lease liabilities	**1,265**	1,491
Net foreign exchange gain on borrowings	**(1,325)**	(2,183)
	158,574	140,656

30 SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES

	2014	2013
	RMB'000	RMB'000
Share of results of joint ventures (note 11)	**39,222**	55,662
Share of results of associates (note 12)	**101,717**	75,277
	140,939	130,939

31 INCOME TAX EXPENSE

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Current tax:		
Mainland China current corporate income tax ("CIT")	**265,779**	636,105
Deferred tax:		
Mainland China deferred income tax (note 15)	**208,453**	(202,505)
	474,232	433,600

Other than the subsidiary registered in Tibet with preferential income tax rate of 15%, provision for Mainland China CIT is calculated based on the statutory income tax rate of 25% on the assessable income of the group companies operating in Mainland China for the year ended 31 December 2014 (2013: 25%) in accordance with the Corporate Income Tax Law of PRC and its Detail Implementation Regulations.

The Group's subsidiary registered in Hong Kong is subject to a rate of 16.5% on the estimated assessable profits for the year ended 31 December 2014 (2013: 16.5%). For the year ended 31 December 2014, the Group's subsidiary incorporated in Hong Kong did not have assessable profit and therefore has not provided for any Hong Kong profits tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

31 INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of 25% (2013: 25%) in the Mainland China as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Profit before income tax	**1,550,583**	1,276,304
Tax calculated at a tax rate of 25% (2013: 25%)	**387,646**	319,076
Effect of different taxation rates	**(118)**	(207)
Income not subject to tax	**(26,943)**	(32,065)
Expenses not deductible for tax purposes	**8,709**	4,420
Tax losses and tax credit for which no deferred income tax assets were recognised	**144,987**	89,075
Utilization and recognition of previous unrecognised tax losses	**(4,814)**	(14,914)
Effect of exclusion of share of profit tax of joint ventures and associates	**(35,235)**	(32,735)
Recognition of deferred income tax liability in connection with investment in Hua Ting Hotels and Towers upon change of intention	**—**	100,950
	474,232	433,600

The tax (charge)/credit relating to other comprehensive income is as follow:

	2014			2013		
	Before tax	**Tax (charge)/ credit**	**After tax**	Before tax	Tax (charge)/ credit	After tax
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Fair value changes on available-for-sale financial assets	**2,269,816**	**(567,531)**	**1,702,285**	53,302	(13,326)	39,976
Transfer of fair value changes on disposal of available-for-sale financial assets	**(435,652)**	**108,913**	**(326,739)**	(241,918)	60,465	(181,453)
Currency translation differences	**(4,545)**	**—**	**(4,545)**	146	—	146
Other comprehensive income	**1,829,619**	**(458,618)**	**1,371,001**	(188,470)	47,139	(141,331)

32 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit attributable to shareholders of the Company has been dealt with in the financial statements of the Company to the extent of RMB833,376,000 (2013: RMB769,045,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

33 EARNINGS PER SHARE

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Profit attributable to shareholders of the Company	**621,225**	443,772
Weighted average number of ordinary shares in issue (thousands)	**5,566,000**	5,566,000
Basic earnings per share (RMB cents)	**11.16**	7.97

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

34 DIVIDENDS

A final dividend in respect of the year ended 31 December 2013 of RMB4.5 cents per share, totalling RMB250,470,000 (final dividend in respect of the year ended 31 December 2012: RMB3.0 cents per share, totalling RMB166,980,000) was paid in August 2014.

On 27 March 2015, the Directors recommended the payment of a final dividend of RMB5.0 cents per share, totalling RMB278,300,000 in respect of the year ended 31 December 2014. Such dividend is to be approved by the shareholders at the Annual General Meeting. The consolidated financial statements do not reflect this dividend payable.

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Proposed final dividend of RMB5.0 cents (2013: RMB4.5 cents) per share	**278,300**	250,470

The aggregate amounts of the dividends paid and proposed during 2013 and 2014 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

35 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit for the year to cash generated from operations:

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Profit before income tax		**1,550,583**	1,276,304
Adjustments for:			
— depreciation and impairment of property, plant and equipment	27	**856,201**	850,683
— depreciation of investment properties	27	**6,084**	4,814
— amortisation of land use rights	27	**57,744**	71,999
— amortisation of intangible assets	27	**17,432**	16,003
— transactions cost in relation to business combination and disposal of subsidiaries		**968**	2,900
— gain on disposal of property, plant and equipment	25	**(20,534)**	(23,080)
— loss on disposal of property, plant and equipment	26	**8,642**	1,215
— gain on disposal of investment in joint ventures and associates	25	**(15,108)**	(80,966)
— loss on disposal of intangible assets		**33**	—
— gain on disposal of available-for-sale financial assets	25	**(435,652)**	(241,918)
— gain on disposal of investments in subsidiaries	25	**(1,163,518)**	(398,172)
— gain on revaluation of financial assets at fair value through profit or loss	19	**(304)**	(69)
— accrual/(reversal) for impairment of trade receivables, prepayments and other receivables	27	**83**	(12,301)
— provision for inventories to net realisable value	27	**179**	66
— interest income	25	**(78,547)**	(28,913)
— interest expenses	29	**159,899**	142,839
— net foreign exchange gain	29	**(1,325)**	(2,183)
— share of results of joint ventures and associates	30	**(140,939)**	(130,939)
— dividend income	25	**(94,721)**	(111,193)
Changes in working capital:			
— restricted cash and bank deposits with maturities ranging from 3 months to 12 months		**49,853**	77,291
— inventories		**8,415**	(22,208)
— trade receivables, prepayments and other receivables		**(64,641)**	45,418
— trade and other payables		**648,191**	(357,478)
Cash generated from operations		**1,349,018**	1,080,112

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

35 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Reconciliation of profit for the year to cash generated from operations: (continued)

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Net book amount (note 6(a))	**67,809**	85,133
Gain on disposal of property, plant and equipment (note 25)	**20,534**	23,080
Loss on disposal of property, plant and equipment (note 26)	**(8,642)**	(1,215)
Proceeds from disposal of property, plant and equipment	**79,701**	106,998

(b) Disposal of Jin Yun Company

On 28 January 2014, an equity transfer agreement was entered into between Galaxy Hotel, Jin Jiang Hotel Company Limited (the "Transferors") and Shanghai Sheng Yu Assets Management Co., Ltd ("Sheng Yu Company"), pursuant to which the Transferors agreed to transfer the 100% equity interest in Jin Yun Company to Sheng Yu Company for a cash consideration of RMB1,262,468,000. On 27 February 2014, the amendment to the equity transfer agreement was entered into between the Transferors and Sheng Yu Company, pursuant to which the cash consideration was revised from RMB1,262,468,000 to RMB1,225,600,000.

For the year ended 31 December 2014, the Transferors have received the total cash consideration and the transaction has been completed. According to the terms in the equity transfer agreement, the Transferors should bear the loss of Jin Yun Company from October of 2013 to February of 2014 amounted to RMB8,549,000, and Sheng Yu Company paid the interests for the late payment amounted to RMB13,359,000 to the Transferors. As a result, the adjusted total cash consideration amounted to RMB1,230,410,000.

	Year ended 31 December 2014 RMB'000
Total cash consideration received at the end of the year	**1,230,410**
Less: non-current assets held for sale	**(107,113)**
Less: transaction cost	**(285)**
Gain on disposal of a subsidiary (note 25)	**1,123,012**
Cash inflow on disposal	**1,230,410**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

35 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Disposal of Shanghai Jin Jiang Pacific Passenger Service Co., Ltd.

On 1 September 2014, Jin Jiang Investment sold its 100% equity interest in Shanghai Jin Jiang Pacific Passenger Service Co., Ltd. ("Pacific Passenger") to Shanghai Zhixin (Group) Co., Ltd. for a cash consideration of RMB49,220,000.

	Year ended 31 December 2014 RMB'000
Total cash consideration received	49,220
less: share of net assets disposed	(8,031)
transaction cost	(683)
Gain on disposal of a subsidiary	40,506

The assets and liabilities of Pacific Passenger at the date of disposal are as below:

	1 September 2014 RMB'000
Cash and cash equivalents	11,465
Property, plant and equipment (note6(a))	71
Trade and other payable	1,660
Income taxes payable	(308)
Trade and other payable	(4,857)
Total net assets	8,031
Details of disposal consideration are as follows:	
Cash proceeds received	49,220
Transaction cost	(683)
Cash and cash equivalents disposed	(11,465)
Cash inflow on disposal	37,072

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

35 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(d) Disposal of joint ventures

(i) On 27 May 2014, the Company and Jin Jiang International Northern Company Limited ("Jin Jiang International Northern", a wholly-owned subsidiary of Jin Jiang International) entered into an asset transaction contract (the "Asset Transaction Contract"), pursuant to which the Company agreed to transfer its 57% interest with carrying amount of nil in Shanghai New Garden Hotel, a joint venture of the Company, to Jin Jiang International Northern Company for a cash consideration of RMB14,674,000 by way of negotiated assignment through Shanghai United Assets and Equity Exchange ("SHUAEE"). Upon completion of the transaction, the Company ceases to hold any interest in Shanghai New Garden Hotel and Shanghai New Garden Hotel is no longer a joint venture of the Company. For the year ended 31 December 2014, the Company has received the total consideration of RMB14,674,000, and recorded the gain on this transaction of RMB14,674,000.

(ii) In 2014, Shanghai Thayer Jin Jiang Equity Investment Management Company Limited, a joint venture of the Company has been liquidated. The carrying amount of 50% equity interest held by the Company was RMB16,068,000 and the cash flow generated from the liquidation was RMB16,502,000, and the Company recorded the gain on this transaction of RMB434,000.

(iii) Effect of disposal of joint ventures

	Year ended 31 December 2014 RMB'000
Total cash consideration received	31,176
Less: carrying amount of investments in joint ventures disposed	(16,068)
Gain on disposal of joint ventures (note 25)	15,018

(e) Principal non-cash transactions

There are no principal non-cash transaction in 2014 and 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

36 FINANCIAL GUARANTEE CONTRACTS

(a) The Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Not later than 1 year	**20,000**	20,000
Later than 1 year and not later than 5 years	**787,232**	825,557
	807,232	845,557

The Group provides guarantees for bank borrowings of joint ventures and associates of the Group. Under the terms of the financial guarantee contracts, the Group will make payments to reimburse the lenders upon failure of the guaranteed entities to make payments when due.

The financial guarantee contracts have not been recognised in the consolidated financial statements as the Group considered that the possibility of failure of the guaranteed entities to make payments when the bank borrowings due is remote and the fair value of the guarantees contract was insignificant.

(b) The Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Not later than 1 year	**716,752**	569,825
Later than 1 year and not later than 5 years	**883,332**	1,343,952
	1,600,084	1,913,777

The Company provides guarantees for bank borrowings of subsidiaries of the Company and joint ventures of the Group. Under the terms of the financial guarantee contracts, the Company will make payments to reimburse the lenders upon failure of the guaranteed entities to make payments when due.

The financial guarantee contracts have not been recognised in the financial statements as the Company considered that the possibility of failure of the guaranteed entities to make payments when the bank borrowings due is remote and the fair value of the guarantees contract was insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

37 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for but not yet incurred is as follows:

(i) The Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Acquisition of property, plant and equipment	**75,019**	63,438
	75,019	63,438

(ii) The Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Acquisition of property, plant and equipment	**–**	424

(b) Operating lease commitments

The Group leases various premises, offices and machinery and also leases out space in hotels under non-cancellable operating lease agreements. The rental revenue and the operating lease expenses recognised in the consolidated income statement for the year ended 31 December 2014 are disclosed in notes 5(a) and 27, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

37 COMMITMENTS (CONTINUED)

(b) Operating lease commitments (continued)

(i) The Group

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Not later than 1 year	**187,940**	183,729
Later than 1 year and not later than 5 years	**519,757**	494,230
Later than 5 years	**647,267**	613,815
	1,354,964	1,291,774

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Not later than 1 year	**366,966**	360,584
Later than 1 year and not later than 5 years	**1,406,715**	1,426,686
Later than 5 years	**2,224,365**	2,478,760
	3,998,046	4,266,030

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

37 COMMITMENTS (CONTINUED)

(b) Operating lease commitments (continued)

(ii) The Company

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Not later than 1 year	**82,966**	81,135
Later than 1 year and not later than 5 years	**317,956**	364,336
Later than 5 years	**673,928**	704,072
	1,074,850	1,149,543

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Not later than 1 year	**2,131**	2,131

(c) Loan commitments — the Group

Loan commitments of RMB24,000,000 (31 December 2013: RMB406,500,000) represent undrawn loan facilities offered by Jin Jiang International Finance Company Limited and granted to related parties (note 39).

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

As at 31 December 2014, 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 27 March 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

38 BUSINESS COMBINATIONS

(a) Shenzhen Overseas Chinese Town City Inn Co.,Ltd. ("City Inn")

Pursuant to the equity transfer agreement signed among Jin Jiang Hotels Development and Shenzhen OCT International Hotel Management Co., Ltd. ("OCT International"), Jin Jiang Hotels Development acquired 100% equity interest in City Inn.

The equity transfer was completed on 31 October 2014 with a cash consideration of RMB67,535,000 and Jin Jiang Hotels Development held 100% equity interest in City Inn thereafter.

If the acquisition had occurred on 1 January 2014, Group revenue would have been RMB9,434,296,000, and profit for the year would have been RMB1,120,186,000. 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 2014, together with the consequential tax effects.

Details of purchase consideration are as follows:

	RMB'000
Purchase consideration:	
— Cash paid	70,029
Less: trade and other receivables (i)	(2,494)
	67,535

(i) According to the terms in the equity transfer agreement, OCT International should bear the loss of City Inn from 28 September 2014 to 31 October 2014 amounted to RMB2,494,000. As at 31 December 2014, OCT International has not paid for such loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

38 BUSINESS COMBINATIONS (CONTINUED)

(a) Shenzhen Overseas Chinese Town City Inn Co.,Ltd. ("City Inn") (continued)

The assets and liabilities as of 31 October 2014 arising from the acquisition are as follows:

	Fair values RMB'000
Property, plant and equipment (note 6(a))	48,645
Intangible assets (note 9(a))	695
Inventories	534
Trade receivables, prepayments and other receivables — current portion	8,674
Cash and cash equivalents	11,147
Deferred income tax liabilities (note 15)	(1,163)
Trade and other payables	(4,738)
Net assets	63,794
Share of net assets (100%)	63,794
Add: Goodwill (note 9)	3,741
Total purchase consideration	67,535
Total purchase consideration settled in cash for the year ended 31 December 2014	70,029
100% share of cash and cash equivalents in the subsidiary acquired	(11,147)
Cash outflow of cash consideration on acquisition	58,882

(b) Shanghai Jin Jiang JTB International Exhibition Co., Ltd. ("Jin Jiang JTB")

On 27 November 2014, an equity transfer agreement was entered into between Japan JTB Co., Ltd. and Jin Jiang Travel, pursuant to which Japan JTB agreed to transfer the 50% equity interest in Jin Jiang JTB for a cash consideration of RMB10,000. The transaction was completed on 3 December 2014.The goodwill for the business combinations was RMB631,000.

Although Jin Jiang Travel holds 50% equity interest in Jin Jiang JTB, it is concluded that Jin Jiang Travel has control over the and accounts for a subsidiary, after taking into consideration that a majority (2 out of 3) of the board of Jin Jiang JTB can be appointed by the Company and Jin Jiang Travel is exposed to or has rights to variable returns from its involvement with Jin Jiang JTB and has the ability to affect those returns through its power over Jin Jiang JTB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

39 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is controlled by Jin Jiang International (incorporated in Mainland China), which owns 75% of the Company's share. The remaining 25% of the shares are widely held. The ultimate parent and controlling party of the Group is Jin Jiang International.

(a) Related party transactions — the Group

Other than the disposal of a joint venture to Jin Jiang International Northern (note 35(d)), the Group had the following significant related party transactions during the year ended 31 December 2014:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Transactions with Jin Jiang International		
— Provision of other services	**1,203**	1,163
— Interest Income received	**257**	776
— Provision of food and beverage service	**505**	629
— Provision of training services	**63**	63
— Provision of hotel services	**16**	100
	2,044	2,731
— Borrowing repaid	**248,000**	—
— Interest expenses paid	**6,926**	15,214
— Rental expenses paid	**9,563**	9,738
— Receipt of food and beverage service	**455**	471
— Receipt of other services	**299**	248
	265,243	25,671
Transactions with subsidiaries of Jin Jiang International		
— Provision of hotel services	**25,878**	23,330
— Provision of other services	**9,744**	7,007
— Rental income received	**6,596**	8,152
— Sales of hotel supplies	**1,169**	1,880
— Hotel franchise fees	**838**	607
	44,225	40,976
— Borrowing repaid	**100,000**	50,000
— Rental expenses paid	**22,531**	24,701
— Receipt of other services	**20,734**	28,732
— Interest expenses paid	**16,263**	8,466
— Purchase of food and beverage	**1,476**	5,524
	161,004	117,423

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

39 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions — the Group (continued)

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Transactions with joint ventures of the Group		
— Interest income received	**24,986**	21,465
— Management fees received	**3,285**	4,149
— Sales of hotel supplies	**1,564**	4,831
— Provision of other services	**339**	286
	30,174	30,731
— Borrowing repaid	**—**	55,000
— Interest expenses paid	**5,704**	5,583
— Receipt of other services	**1,458**	3,249
— Rental expenses paid	**667**	1,252
— Purchase of goods	**242**	2,003
	8,071	67,087
Transactions with associates of the Group		
— Rental income received	**3,286**	3,486
— Interest income received	**3,150**	1,120
— Management fees received	**2,736**	3,992
— Sales of hotel supplies	**210**	588
— Receipt of other services	**—**	51
	9,382	9,237
— Purchase of vehicles and related parts	**48,738**	31,012
— Purchase of food and beverage	**557**	462
— Provision of other services	**26**	77
— Interest expenses paid	**5**	261
	49,326	31,812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

39 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from/due to related parties — the Group

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Loan to related parties by Finance Company (note 18)		
— Joint ventures of the Group (i)	280,000	255,500
— Jin Jiang International (ii)	—	400,000
— Associates of the Group (iii)	55,000	16,000
	335,000	671,500
Loan to related parties by the Group other than Finance Company (note 18)		
— Joint ventures of the Group (iv)	210,000	—
— Associates of the Group (v)	9,000	4,500
	219,000	4,500
Other amounts due from related parties (note 18)		
— Joint ventures of the Group	24,995	47,399
— Associates of the Group	8,499	13,015
— Subsidiaries, joint ventures and associates of Jin Jiang International	6,841	6,603
— Jin Jiang International	324	311
	40,659	67,328
Deposits from related parties in Finance Company (note 23)		
— Subsidiaries, jointly ventures and associates of Jin Jiang International (vi)	(189,394)	(303,621)
— Joint ventures of the Group (vii)	(144,006)	(159,549)
— Jin Jiang International (viii)	(66,952)	(1,683,102)
— Associates of the Group (ix)	(7,045)	(15,216)
	(407,397)	(2,161,488)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

39 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from/due to related parties — the Group (continued)

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Other amounts due to related parties (note 23)		
— Associates of the Group	(45,864)	(45,842)
— Joint ventures of the Group	(36,459)	(31,204)
— Jin Jiang International	(26,880)	(25,902)
— Subsidiaries, jointly ventures and associates of Jin Jiang International	(9,745)	(17,768)
	(118,948)	(120,716)
Borrowings from related parties (note 24)		
— A subsidiary of Jin Jiang International (x)	(100,000)	(404,845)
— Jin Jiang International (xi)	—	(248,000)
	(100,000)	(652,845)
Loan commitments (note 37)		
— Jointly ventures of the Group	24,000	254,500
— Jin Jiang International	—	100,000
— Associates of the Group	—	52,000
	24,000	406,500
Financial guarantees provided to related parties (note 36)		
— Joint ventures of the Group	844,535	841,557
— Associates of the Group	4,000	4,000
	848,535	845,557
Financial guarantees provided by related party (note 24)		
— Jin Jiang International	67,064	79,016

(i) The balance includes secured loans to a joint venture of RMB265,500,000 as at 31 December 2014 (31 December 2013: RMB245,500,000) with effective interest rate of 5.80% (2013: 5.80%) per annum which were guaranteed by its properties, and an unsecured loan to a joint venture of RMB14,500,000 as at 31 December 2014 (31 December 2014: RMB10,000,000) with effective interest rate of 5.80% (2013: 5.40%) per annum which was guaranteed by a subsidiary of the Group.

(ii) A secured loan to the Jin Jiang International of RMB200,000,000 as at 31 December 2013 with effective interest rate of 5.40% was repaid by the Group in 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

39 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from/due to related parties — the Group (continued)

(iii) The balance includes secured loans to an associate of the Group of RMB55,000,000 as at 31 December 2014 (31 December 2013: RMB16,000,000) with effective interest rate of 6.12% (2013: 6.65%) per annum which were guaranteed by their properties.

(iv) The balance includes unsecured loans to joint venture of RMB210,000,000 as at 31 December 2014 (31 December 2013: Nil) with effective interest rate of 5.60% per annum.

(v) The balance includes unsecured loans to an associate of the Group of RMB9,000,000 as at 31 December 2014 (31 December 2013: RMB4,500,000) with effective interest rate of 5.60% (2013: 5.60%) per annum.

(vi) The balance includes deposits from subsidiaries, joint ventures and associates of Jin Jiang International of RMB189,394,000 as at 31 December 2014 (31 December 2013: RMB303,621,000) with effective interest rate of 2.75% (2013: 2.80%) per annum.

(vii) The balance includes deposits from joint ventures of RMB144,066,000 as at 31 December 2014 (31 December 2013:RMB159,549,000) with effective interest rate of 3.65% (2013: 3.65%) per annum.

(viii) The balance includes deposits from Jin Jiang International of RMB66,952,000 as at 31 December 2014 (31 December 2013: RMB RMB1,683,102,000) with effective interest rate of 0.39% (2013: 0.39%) per annum.

(ix) The balance includes deposits from associates of the Group of RMB7,045,000 as at 31 December 2014 (31 December 2013: RMB15,216,000) with effective interest rate of 1.93% (2013: 1.93%) per annum.

(x) The balance includes an unsecured borrowing from a subsidiary of Jin Jiang International of RMB100,000,000 as at 31 December 2014 (31 December 2013:RMB 404,845,000) with effective interest rate of 5.40% (2013: 3.25%) per annum.

(xi) An unsecured borrowings from Jin Jiang International of RMB248,000,000 with effective interest rate of 5.44% was repaid in 2014.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

39 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Amounts due from/to related parties — the Company

	At 31 December	
	2014 RMB'000	2013 RMB'000
Amounts due from related parties (note 18)		
— Subsidiaries of the Company (i)	2,035,819	1,643,498
— Joint ventures of the Company (ii)	137,748	28,924
— Subsidiaries of Jin Jiang International	1,914	3,084
	2,175,481	1,675,506
Amounts due to related parties (note 23)		
— Subsidiaries of the Company	(69,465)	(1,274)
— Subsidiaries of Jin Jiang International	(360)	(817)
— Joint ventures of the Company	—	(162)
	(69,825)	(2,253)
Borrowing (note 24)		
— Subsidiaries of the Company (iii)	(192,500)	(100,000)
Financial guarantees provided to related parties		
— Subsidiaries of the Company	816,852	1,092,219
— Joint ventures of the Group	824,535	821,557
	1,641,387	1,913,776
Financial guarantees provided by a related party (note 24)		
— Jin Jiang International	67,064	79,016

(i) The balance includes unsecured loans of RMB872,500,000 as at 31 December 2014 (31 December 2013: RMB611,000,000) to subsidiaries of the Group with effective interest rates of 3.69% (31 December 2013: 5.59%) per annum.

(ii) The balance includes unsecured loans of RMB120,000,000 as at 31 December 2014 (31 December 2013: nil) to subsidiaries of the Group with effective interest rates of 5.60% per annum.

(iii) The balance includes unsecured borrowings from subsidiaries of the Group of RMB192,500,000 as at 31 December 2014 (31 December 2013: RMB100,000,000) with effective interest rates of 4.60% (31 December 2013: 4.20%) per annum.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

39 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management compensation

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Salary and other allowances	**2,670**	2,726
Discretionary bonus	**1,974**	1,534
Retirement scheme contributions	**541**	426
	5,185	4,686

The emoluments fell within following bands:

	Year ended 31 December	
	2014	2013
	Number	Number
Nil to RMB394,300 (equivalent to HK$500,000)	**–**	1
RMB394,300 (equivalent to HK$500,000) to RMB788,600 (equivalent to HK$1,000,000)	**9**	9
	9	10

(e) Balances and transactions with stated-owned enterprises in China other than Jin Jiang International and its subsidiaries, joint ventures and associates ("Other State-owned Enterprises")

As at 31 December 2014, majority of the Group's bank balances and borrowings are with state-owned banks. The Group also has transactions with Other State-owned Enterprises in China including but not limited to sales of products, purchases of raw material, utilities and services. The Directors of the Company are of the opinion that these transactions are conducted in the ordinary business of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 December 2014

40 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As at 31 December 2014, the Company had direct and indirect interests in the following subsidiaries, joint ventures and associates:

Company name	Country and date of incorporation	Issued/ registered and paid in capital '000	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities and place of operation	Type of legal entity
(a) Subsidiaries						
Jin Jiang Hotel Company Limited 上海錦江飯店有限公司	Mainland China, 30 May 1982	RMB206,920	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Park Hotel Company Limited 上海錦江國際飯店有限公司	Mainland China, 21 December 1979	RMB91,583	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Cypress Hotel Company Limited 上海龍柏飯店有限公司	Mainland China, 28 January 1984	RMB84,182	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Pacific Hotel Company Limited 上海錦江金門大酒店有限公司	Mainland China, 21 December 1979	RMB40,649	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Marvel Hotel 上海商悦青年會大酒店有限公司	Mainland China, 23 October 1984	RMB40,000	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Rainbow Hotel Company Limited 上海虹橋賓館有限公司	Mainland China, 9 February 1988	RMB21,951	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Galaxy Hotel Company Limited 上海銀河賓館有限公司	Mainland China, 22 August 1990	RMB19,885	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Hua Ting Guest House Company Limited 上海南華亭酒店有限公司	Mainland China, 15 July 2002	RMB26,099	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Hotel Company Limited 上海市上海賓館有限公司	Mainland China, 23 August 1991	RMB88,000	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jing An Hotel Company Limited 上海靜安賓館有限公司	Mainland China, 31 December 2010	RMB46,886	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Jinsha Hotel Company Limited 上海金沙江大酒店有限公司	Mainland China, 22 January 2003	RMB68,000	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Magnolia Hotel Company Limited 上海白玉蘭賓館有限公司	Mainland China, 25 March 1998	RMB59,166	99.0%	1.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Da Hua Hotel Company Limited 上海錦江達華賓館有限公司	Mainland China, 18 February 1982	RMB31,704	–	100.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai New Asia Plaza Great Wall Hotel Company Limited 上海新亞廣場長城酒店有限公司	Mainland China, 26 April 1994	RMB120,000	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Peace Hotel Company Limited 上海和平飯店有限公司	Mainland China, 11 November 1998	RMB345,460	99.0%	1.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Linqing Hotel Company Limited 上海臨青賓館有限公司	Mainland China, 18 November 1999	RMB16,600	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Kunming Jin Jiang Hotel Company Limited 昆明錦江大酒店有限公司	Mainland China, 7 December 1985	US$8,000	75.0%	25.0%	Hotel ownership and operations, Kunming, Mainland China	Limited liability company
Jin Jiang International Finance Company Limited 錦江國際集團財務有限責任公司	Mainland China, 16 October 1997	RMB500,000	90.0%	10.0%	Provision of intra-group treasury and financing services, Shanghai, Mainland China	Limited liability company
Jin Jiang Inn Company Limited 錦江之星旅館有限公司	Mainland China, 17 May 1996	RMB179,712	–	100.0%	Budget hotel ownership, operations and franchising, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang International Hotel Investment Company Limited 上海錦江國際旅館投資有限公司	Mainland China, 20 December 2004	RMB1,225,000	–	100.0%	Budget hotel ownership, operations and franchising, Shanghai, Mainland China	Limited liability company
Wuhan Jin Jiang International Hotel Company Limited 武漢錦江國際大酒店有限公司	Mainland China, 22 November 2004	RMB220,000	100.0%	–	Hotel ownership and operations, Wuhan, Mainland China	Limited liability company
Shanghai Jin Jiang International Hotels Development Company Limited 上海錦江國際酒店發展股份有限公司	Mainland China, 9 June 1993	RMB603,241	50.3%	–	Hotel and restaurant ownership and operations, Shanghai, Mainland China	Joint stock limited company
Shanghai New Asia Food Company Limited 上海新亞食品有限公司	Mainland China, 1 November 1996	RMB11,415	–	100.0%	Food manufacturing, Shanghai, Mainland China	Limited liability company

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40 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/ registered and paid in capital	Attributable equity interest		Principal activities and place of operation	Type of legal entity
		'000	Direct	Indirect		
(a) Subsidiaries (continued)						
Jin Jiang International Hotel Management Company Limited 錦江國際酒店管理有限公司	Mainland China, 1 December 1992	RMB200,000	100.0%	–	Star-rated hotel management, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang International Catering Investment Company Limited 上海錦江國際餐飲投資管理有限公司	Mainland China, 1 December 1992	RMB149,930	–	100.0%	Investment in and operation of restaurants, Shanghai, Mainland China	Limited liability company
Shanghai Jin Ya Hotel Company Limited 上海錦亞旅館有限公司	Mainland China, 1 December 1992	RMB18,000	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Tianjin Jin Jiang Inn Company Limited 天津錦江之星旅館有限公司	Mainland China, 1 July 2003	RMB40,000	–	100.0%	Budget hotel ownership and operations, Tianjin, Mainland China	Limited liability company
Qingdao Jin Jiang Inn Company Limited 青島錦江之星旅館有限公司	Mainland China, 21 March 2005	RMB20,000	–	100.0%	Budget hotel ownership and operations, Qingdao, Mainland China	Limited liability company
Beijing Jin Jiang Inn Investment and Management Company Limited 北京錦江之星旅館投資管理有限公司	Mainland China, 22 July 2003	RMB28,000	–	100.0%	Budget hotel ownership and operations, Beijing, Mainland China	Limited liability company
Xi』an Jin Jiang Inn Company Limited 西安錦江之星旅館有限公司	Mainland China, 24 June 2005	RMB20,000	–	100.0%	Budget hotel ownership and operations, Xi'an, Mainland China	Limited liability company
Zhengzhou Jin Jiang Inn Company Limited 鄭州錦江之星旅館有限公司	Mainland China, 5 July 2005	RMB20,000	–	100.0%	Budget hotel ownership and operations, Zhengzhou, Mainland China	Limited liability company
Shanghai Di Shui Hu Jin Jiang Inn Company Limited 上海滴水湖錦江之星旅館有限公司	Mainland China, 22 September 2005	RMB20,000	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Min Hotel Company Limited 上海錦閔旅館有限公司	Mainland China, 5 July 2005	RMB40,000	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai YuJin Hotel Management Company Limited 上海豫錦酒店管理有限公司	Mainland China, 30 October 2008	RMB20,000	–	60.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Tianjin Hedong District Jin Jiang Inn Company Limited 天津河東區錦江之星旅館有限公司	Mainland China, 15 January 2008	RMB21,000	–	100.0%	Budget hotel ownership and operations, Tianjin, Mainland China	Limited liability company
Shenyang Songhua River Street Jin Jiang Inn Company Limited 瀋陽松花江街錦江之星旅館有限公司	Mainland China, 21 February 2008	RMB20,000	–	100.0%	Budget hotel ownership and operations, Shenyang, Mainland China	Limited liability company
Shanghai Jin Jiang International Hotels Group (HK) Company Limited 上海錦江國際酒店集團(香港)有限公司	Hong Kong, 1 4, February 2000	RMB70,736	98.6%	1.4%	Hotel reservation, Hong Kong	Limited liability company
Jian Guo Hotel 上海建國賓館有限公司	Mainland China, 30 October 1986	RMB80,000	65.0%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Sofitel Hyland Shanghai 上海海侖賓館有限公司	Mainland China, 22 November 1985	RMB62,626	66.7%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
West Capital International Hotel Company Limited 西安西京國際飯店有限公司	Mainland China, 17 May 2005	RMB80,000	100.0%	–	Hotel ownership and operations, Xi'an, Mainland China	Limited liability company
Shanghai Jin Ya Catering Company Limited (previously named Shanghai New Asia Cafe de Coral Company Limited) 上海錦亞餐飲有限公司 (原名為上海新亞大家樂餐飲有限公司)	Mainland China, 12 December 1997	RMB68,670	–	100%	Fast food operations, Shanghai, Mainland China	Limited liability company
Capital Gathering LLC 上海錦江酒店集團(美國)有限公司	USA 15 May 2009	US$39,600	100.0%	–	Investment operations Wilmington, USA	Limited liability company
ShanXi Jinguang Inn Company Limited 山西金廣快捷酒店管理有限公司	China Mainland, 15 August,2006	RMB68,333	–	100%	Budget hotel ownership and operations, Shanxi, Mainland China	Limited liability company
Jing An Bakery Holding Co.,Ltd 靜安麵包房控股有限公司	British Virginislands Britain, 21 April 2009	RMB41,692	–	60.0%	Investment operation Hong Kong, China	Limited liability company
Shanghai Jin Jiang International Travel Co.,Ltd 上海錦江國際旅遊股份有限公司	Mainland China, 24 September 1994	RMB132,556	50.2%	–	Travel agency, Shanghai, Mainland China	Limited liability company

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40 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/ registered and paid in capital '000	Attributable equity interest Direct	Indirect	Principal activities and place of operation	Type of legal entity
(a) Subsidiaries (continued)						
Shanghai Jin Jiang International Industrial Investment Co.,Ltd 上海錦江國際實業投資股份有限公司	Mainland China, 24 February 1993	RMB551,610	38.54%	0.72%	Passenger transportation vehicle and logistics, Shanghai, Mainland China	Limited liability company
Shanghai Jing An Bakery Company Limited 上海靜安麵包房有限公司	Mainland China, 1 January 1993	US$1,000	–	65.9%	Fast food operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang International Cold Logistics Development Co.,Ltd. 上海錦江國際低溫物流發展有限公司	Mainland China, 28 August 2006	RMB83,338	–	51.0%	Provision of logistics management and relevant business services, Shanghai, Mainland China	Limited liability company
Shanghai Shanghai Food Co., Ltd. 上海尚海食品有限公司	Mainland China, 20 February 2010	RMB25,000	–	100.0%	Trading of food, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Auto Service Co., Ltd. 上海錦江汽車服務有限公司	Mainland China, 3 May 1993	RMB338,480	–	95.0%	Provision of vehicle rental services, Shanghai, Mainland China	Limited liability company
Shanghai CITS International Travel Services Co., Ltd. 上海國旅國際旅行社有限公司	Mainland China, 29 December 1993	RMB20,000	–	100.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Tourism Co., Ltd. 上海錦江旅遊有限公司	Mainland China, 25 August 1993	RMB24,990	–	100.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Travel Agency Co., Ltd. 上海旅行社有限公司	Mainland China, 2 September 1992	RMB2,000	–	100.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Jin Cai Association Co., Ltd. 上海錦瑧會務有限公司	Mainland China, 1 November 2013	RMB10,000	100.0%	–	Investment operation, Shanghai, Mainland China	Limited liability company
Shanghai Ji Gan Industrial Investment Co., Ltd. 上海佶甘實業投資有限公司	Mainland China, 26 November 2013	RMB1,000	100.0%	–	Investment operation, Shanghai, Mainland China	Limited liability company
Shenzhen Overseas Chinese Town City Inn Co.,Ltd. 深圳市華僑城城市客棧有限公司	Mainland China, 23 April 1993	RMB131,400	–	100.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang JTB International Exhibition Co., Ltd. 上海錦江國際JTB會展有限公司	Mainland China, 11 April 2005	US1,000	–	50.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai jin Yan enterprise investment management Co., Ltd. 上海錦琰企業投資管理有限公司	Mainland China, 30 November 2012	RMB78,150	100.0%	–	Investment operation, Shanghai, Mainland China	Limited liability company
(b) Joint ventures (i)						
Beijing Kunlun Hotel Company Limited 北京崑崙飯店有限公司	Mainland China, 24 May 1988	US$34,167	35.0%	12.5%	Hotel ownership and operations, Beijing, Mainland China	Limited liability company
Shanghai Jin Jiang Tomson Hotel Company Limited 上海錦江湯臣大酒店有限公司	Mainland China, 10 July 1993	US$24,340	50.0%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Thayer Jin Jiang Interactive Co., Ltd. 上海錦江德爾互動有限公司	Mainland China, 31 October 2005	US$3,000	50.0%	–	Software development and related services, Shanghai, Mainland China	Limited liability company
Hotel Acquisition Company, LLC	USA 6 July 2009	US$223,000	–	50.0%	Investment operations company, Wilmington, USA	Limited liability company
Interstate Hotels & Resorts, INC 美國州際酒店與度假村集團	USA 31 July 2002	US$195,240	–	50.0%	Hotel real estate investment and hotel management, Arlington, USA	Limited liability company
Interstate (China) Hotels & Resorts Co., Limited 州際(中國)酒店和度假村有限公司	Hong Kong, 24 March 2010	US$1,282	–	50.0%	Investment Holding, Hong Kong, China	Limited liability company
Interstate (Shanghai) Hotels & Retors Co., Limited 上海州際卓逸酒店和度假村管理有限公司	Mainland China, 16 September 2010	US$9,300	–	50.0%	Hotel management, Shanghai, Mainland China	Limited liability company
Shanghai Tower Jin Jiang Hotel Asset Management Co.,Ltd 上海中心大廈錦江酒店資產管理有限公司	Mainland China, 16 May 2011	RMB 60,000	50.0%	–	Hotel management, Shanghai, Mainland China	Limited liability company
JHJ International Transportation Co., Ltd. 錦海捷亞國際貨運有限公司	Mainland China, 06 December 1992	US$10,000	–	50.0%	Transportation and logistics, Shanghai, Mainland China	Limited liability company

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Company name	Country and date of incorporation	Issued/ registered and paid in capital '000	Attributable equity interest Direct	Indirect	Principal activities and place of operation	Type of legal entity
(b) joint ventures (i) (continued)						
Shanghai Dazhong New Asia Co., Ltd. 上海大眾新亞出租汽車有限公司	Mainland China, 27 April 2000	RMB30,000	–	49.5%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Jiayou Automobile Services Co., Ltd. 上海錦江佳友汽車服務有限公司	Mainland China, 08 September 1993	RMB24,700	–	50.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Vehicle Driver Training Centre 上海市機動車駕駛員培訓中心	Mainland China, 25 August 1989	RMB4,340	–	33.33%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Zhendong Automobile Services Co., Ltd. 上海振東汽車服務有限公司	Mainland China, 25 June 1991	US$7,900	–	50.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Jinmao Jin Jiang Automobile Services Co., Ltd. 上海金茂錦江汽車服務有限公司	Mainland China, 11 January 1996	RMB22,000	–	50.0%	Transportation services, Shanghai, Mainland China	Limited liability company
(c) Associates (i)						
Chengdu Jinhe Real Estate Company Limited 成都錦和物業發展有限公司	Mainland China, 12 August 1993	RMB18,000	30.0%	–	Hotel ownership and operations, Chengdu, Mainland China	Limited liability company
Wuxi Jin Jiang Grand Hotel Company Limited 無錫錦江大酒店有限公司	Mainland China, 16 December1994	RMB67,570	25.0%	–	Hotel ownership and operations, Wuxi, Mainland China	Limited liability company
The Yangtze Hotel Limited 上海揚子江大酒店有限公司	Mainland China, 4 February 1985	US$53,000	40.0%	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Kentucky Fried Chicken Company Limited 上海肯德基有限公司	Mainland China, 5 May 1989	US$27,010	–	42.0%	Fast food operations, Shanghai, Mainland China	Limited liability company
Shanghai New Asia Fulihua Catering Company Limited 上海新亞富麗華餐飲股份有限公司	Mainland China, 25 June 1992	RMB35,000	–	41.0%	Restaurant operations, Shanghai, Mainland China	Limited liability company
Shanghai Yoshinoya Company Limited 上海吉野家快餐有限公司	Mainland China, 3 June 2002	US$12,300	–	42.8%	Fast food operations, Shanghai, Mainland China	Limited liability company
Jiangsu Jin Jiang Nanjing Hotel Company Limited 江蘇錦江南京飯店有限公司	Mainland China, 12 October 1982	RMB34,640	40.0%	–	Hotel ownership and operations, Nanjing, Mainland China	Limited liability company
Nanjing Long Distance Passenger Transport Group Co., Ltd. 江蘇南京長途汽車客運集團有限公司	Mainland China, 4 June 1991	RMB110,000	–	23.0%	Transportation services, Nanjing, Mainland China	Limited liability company
Shanghai Pudong Int'l Airport Cargo Terminal Co.,Ltd 上海浦東國際機場貨運站有限公司	Mainland China, 08 October 1999	RMB311,610	–	20.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Yongda Fengdu Automobile Distribution and Services Co., Ltd. 上海永達風度汽車銷售服務有限公司	Mainland China, 21 January 2002	RMB15,000	–	40.0%	Trading of automobile and related parts, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Passenger Transport Co., Ltd. 上海錦江客運有限公司	Mainland China, 24 February 2003	RMB10,000	–	30.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Automobile Sales Co., Ltd. 上海錦江汽車銷售服務有限公司	Mainland China, 14 January 2004	RMB5,000	–	30.0%	Trading of automobile and related parts, Shanghai, Mainland China	Limited liability company
Shanghai Shuijin Yang Food Co., Ltd. 上海水錦洋食品有限公司	Mainland China, 20 August 2012	RMB25,000	–	40.0%	Frozen food and agricultural products operation, Shanghai, Mainland China	Limited liability company
Shanghai Huangpu River Cruise Co.,Ltd. 上海浦江遊覽有限公司	Mainland China, 4 May 1982	RMB50,000	–	20.0%	Travel agency, Shanghai, Mainland China	Limited liability company
China Oriental International Travel & Transport Co., Ltd. 上海東方航空國際旅遊運輸有限公司	Mainland China, 16 August 1990	RMB8,000	–	49.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Waihang International Travel Service Co., Ltd. 上海外航國際旅行社有限公司	Mainland China, 25 May 1993	RMB3,500	–	30.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Oneday Travel Service Co.,Ltd. 上海一日旅行社有限公司	Mainland China, 4 May 1999	RMB3,500	–	22.9%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Juxing Property Management Co.,Ltd. 上海聚星物業管理有限公司	Mainland China, 10 January 2000	RMB1,000	–	24.7%	Travel agency, Shanghai, Mainland China	Limited liability company

(i) All investments in joint ventures and associates are accounted for by equity method in the consolidated financial statements of the Group. All the principal joint ventures and associates provide products and services in connection with Hotel Related Businesses, Passenger Transportation Vehicle and Logistics Businesses or Travel Agency Businesses, and are the strategic partnership for the Group.

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41 SUBSEQUENT EVENTS

On 16 February 2015, Sailing Investment Co, S.à.r.l, ("Luxembourg Sailing Investment"), a newly-established wholly-owned subsidiary of Jin Jiang Hotels Development, entered into a share purchase agreement with Star SDL Investment Co, S.à.r.l, (the "Vendor") to acquire its 100% shares in Groupe du Louvre ("GDL"). GDL, together with its subsidiaries (the "Target Group") are principally engaged in the operation of various chain budget hotel business. On 27 February 2015, Luxembourg Sailing Investment entered into the Receivable Assignment Agreement and the Closing Escrow Agreement with the Vendor and its affiliate.

On 27 February 2015, Luxembourg Sailing Investment paid EUR1,277.0 million, comprising of: EUR475.1 million for payment of the estimated price of the share purchase for 100% of the shares in GDL; EUR521.4 for payment of the net value of the receivable due from the Target Group to the Vendor and Star SDL Holdings S.à.r.l, (the sole shareholder of the Vendor); and EUR280.5 million for repayment of the syndicated loan owed by the Target Group. And the unencumbered title to the 100% of the shares in GDL has been transferred to Luxembourg Sailing Investment.

Upon the completion of the transaction on 27 February 2015, GDL became a subsidiary of the Group and the Group holds 50.32% indirect interest in the Target Group.