The following is the text of a report set out on pages I-1 to I-85, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI JIN JIANG INTERNATIONAL HOTELS CO., LTD. AND ORIENT CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Shanghai Jin Jiang International Hotels Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-85, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2023, 2024 and 2025 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-85 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated [*date*] (the "Prospectus") in connection with the [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design 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. Our work also included 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 Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2023, 2024 and 2025, and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 31(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[*Date*]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	4	14,649,379	14,062,981	13,810,832
Cost of sales		(8,674,289)	(8,660,888)	(8,646,295)
Gross profit		5,975,090	5,402,093	5,164,537
Other net income	5	451,340	372,470	205,845
Selling and marketing expenses		(1,160,020)	(1,067,590)	(1,006,244)
Administrative expenses		(2,744,958)	(2,546,487)	(2,269,526)
Research and development costs		(24,393)	(24,231)	(26,894)
Impairment (losses)/reversal on trade and other receivables		(54,674)	(129,848)	(7,902)
Profit from operations		2,442,385	2,006,407	2,059,816
Finance costs	6(a)	(900,461)	(913,319)	(728,629)
Net gain on disposal of subsidiaries	6(c)	–	415,458	103,463
Changes in the fair value of financial instruments	6(c)	160,962	42,221	(46,981)
Share of profit less losses of joint ventures and associates		90,443	94,283	79,627
Profit before taxation	6	1,793,329	1,645,050	1,467,296
Income tax	7(a)	(516,145)	(500,744)	(477,914)
Profit for the year		1,277,184	1,144,306	989,382
Attributable to:				
Equity shareholders of the Company		1,001,746	911,031	925,461
Non-controlling interests		275,438	233,275	63,921
Profit for the year		1,277,184	1,144,306	989,382
Earnings per share				
Basic and diluted (RMB)	10	0.94	0.85	0.87

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	1,277,184	1,144,306	989,382
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plan obligations	2,832	(2,130)	635
FVOCI – net movement in fair value reserves (non-recycling)	3,004	5,672	3,787
	5,836	3,542	4,422
Items that is or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of:			
– financial statements in overseas subsidiaries	4,855	(22,053)	67,248
– others	(104)	(123)	(74)
	4,751	(22,176)	67,174
Other comprehensive income for the year	10,587	(18,634)	71,596
Total comprehensive income for the year	1,287,771	1,125,672	1,060,978
Attributable to:			
Equity shareholders of the Company	1,005,410	893,672	1,005,103
Non-controlling interests	282,361	232,000	55,875
Total comprehensive income for the year	1,287,771	1,125,672	1,060,978

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*11*	6,910,718	5,165,407	5,576,635
Right-of-use assets	*12*	8,216,967	7,227,385	6,423,633
Intangible assets	*13*	6,842,265	6,694,652	6,972,270
Goodwill	*14*	11,831,449	11,440,004	11,643,527
Interests in joint ventures and associates	*15*	512,326	508,893	496,117
Financial assets at fair value through other comprehensive income ("FVOCI")	*19(b)*	52,070	60,371	76,131
Financial assets at fair value through profit or loss ("FVPL")	*19(a)*	857,400	860,600	843,300
Long-term receivables	*23*	354,356	317,733	284,577
Time deposits	*21*	260,866	69,345	86,910
Deferred tax assets	*28*	1,093,455	1,216,076	1,383,589
Other non-current assets	*17*	104,294	93,987	231,942
		37,036,166	33,654,453	34,018,631
Current assets				
Inventories		66,507	48,900	44,362
Trade and other receivables	*18*	2,505,477	2,287,999	2,294,693
Financial assets at FVPL	*19(a)*	263,014	334,096	273,265
Restricted cash	*20*	5,851	19,837	45,499
Time deposits	*21*	1,782,554	639,524	1,848,477
Cash and cash equivalent	*22(a)*	8,506,385	8,637,637	6,703,971
Other current assets	*23*	421,082	487,522	676,006
		13,550,870	12,455,515	11,886,273
Current liabilities				
Loans and borrowings	*24*	4,318,264	5,370,398	3,344,016
Trade and other payables	*25*	5,844,509	6,403,777	6,502,645
Contract liabilities	*26*	868,553	683,251	707,467
Lease liabilities	*27*	1,457,726	1,330,586	1,210,944
Income tax payable	*28*	182,856	193,540	146,749
		12,671,908	13,981,552	11,911,821
Net current (liabilities)/assets		878,962	(1,526,037)	(25,548)
Total assets less current liabilities		37,915,128	32,128,416	33,993,083
Non-current liabilities				
Loans and borrowings	*24*	9,892,778	7,044,525	9,283,267
Lease liabilities	*27*	8,315,727	7,178,916	6,479,150
Deferred tax liabilities	*28*	1,856,793	1,736,668	1,733,651
Other non-current liabilities	*29*	489,257	485,801	221,877
		20,554,555	16,445,910	17,717,945
NET ASSETS		17,360,573	15,682,506	16,275,138
Share capital	*31(c)*	1,070,044	1,070,044	1,066,298
Reserves	*31(d)*	15,606,991	14,338,514	14,938,231
Total equity attributable to equity shareholders of the Company		16,677,035	15,408,558	16,004,529
Non-controlling Interests		683,538	273,948	270,609
TOTAL EQUITY		17,360,573	15,682,506	16,275,138

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	At 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	170,929	153,111	132,045
Right-of-use assets	12	316,830	189,571	85,750
Intangible assets		22,394	28,151	28,594
Interests in joint ventures and associates	15	233,473	231,902	248,491
Investments in subsidiaries	16	17,431,416	18,495,071	18,380,071
Financial assets at FVOCI		23,674	31,069	41,248
Financial assets at FVPL	19(a)	857,400	860,600	843,300
Long-term receivables		16,085	14,706	13,744
Other non-current assets	17	294,424	491,227	374,878
		19,366,625	20,495,408	20,148,121
Current assets				
Inventories		966	1,071	1,007
Trade and other receivables	18	567,167	752,676	838,003
Financial assets at FVPL	19(a)	200,679	272,445	242,764
Time deposits	21	1,323,457	–	1,700,053
Cash and cash equivalent	22(a)	2,048,650	2,664,617	1,160,028
Other current assets		16,170	115,756	320,541
		4,157,089	3,806,565	4,262,396
Current liabilities				
Loans and borrowings	24	54,045	1,318,080	1,150,503
Trade and other payables	25	417,089	465,201	713,945
Contract liabilities		3,498	2,420	1,996
Lease liabilities	27	67,816	61,402	33,813
Income tax payable		1,336	1,336	1,245
		543,784	1,848,439	1,901,502
Net current assets		3,613,305	1,958,126	2,360,894
Non-current liabilities				
Loans and borrowings	24	3,377,845	1,460,945	–
Lease liabilities	27	260,487	131,368	45,241
Deferred tax liabilities	28	187,373	208,367	199,106
Other non-current liabilities	29	270,865	1,178,501	2,412,784
		4,096,570	2,979,181	2,657,131
NET ASSETS		18,883,360	19,474,353	19,851,884
CAPITAL AND RESERVES				
Share capital	31(a)	1,070,044	1,070,044	1,066,298
Reserves		17,813,316	18,404,309	18,785,586
TOTAL EQUITY		18,883,360	19,474,353	19,851,884

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Share capital	Treasury shares	Share premium	Capital reserve	PRC Statutory reserve	Share-based payment reserve	Other reserve	Retained earnings	Sub-total	Non-controlling Interests	Total
		RMB'000 (Note 31)	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023		1,070,044	–	12,652,200	506,215	715,703	–	100,611	2,132,490	17,177,263	770,179	17,947,442
Profit for the year		–	–	–	–	–	–	–	1,001,746	1,001,746	275,438	1,277,184
Other comprehensive income		–	–	–	–	–	–	3,664	–	3,664	6,923	10,587
Total comprehensive income		–	–	–	–	–	–	3,664	1,001,746	1,005,410	282,361	1,287,771
Deemed distributions	*31(d)(iii)*	–	–	–	(1,157,521)	–	–	–	–	(1,157,521)	–	(1,157,521)
Acquisition of non-controlling interests		–	–	–	(284,995)	–	–	–	–	(284,995)	(189,626)	(474,621)
Dividends declared and approved	*31(b)*	–	–	–	–	–	–	–	(64,203)	(64,203)	(179,376)	(243,579)
Others	*31(d)*	–	–	–	–	–	–	1,081	–	1,081	–	1,081
Balance at 31 December 2023 and 1 January 2024		1,070,044	–	12,652,200	(936,301)	715,703	–	105,356	3,070,033	16,677,035	683,538	17,360,573
Profit for the year		–	–	–	–	–	–	–	911,031	911,031	233,275	1,144,306
Other comprehensive income		–	–	–	–	–	–	(17,359)	–	(17,359)	(1,275)	(18,634)
Total comprehensive income		–	–	–	–	–	–	(17,359)	911,031	893,672	232,000	1,125,672
Shares repurchased under Restricted Share Incentive Plan	*30*	–	(189,077)	–	–	–	–	–	–	(189,077)	–	(189,077)
Shares granted under Restricted Share Incentive Plan	*30*	–	71,111	–	(71,111)	–	–	–	–	–	–	–
Equity-settled share-based transactions	*30*	–	–	–	–	–	4,148	–	–	4,148	–	4,148
Acquisition of non-controlling interests		–	–	–	(1,315,710)	–	–	–	–	(1,315,710)	(399,447)	(1,715,157)
Dividends declared and approved	*31(b)*	–	–	–	–	–	–	–	(662,467)	(662,467)	(242,143)	(904,610)
Others	*31(d)*	–	–	–	–	–	–	957	–	957	–	957
Balance at 31 December 2024		1,070,044	(117,966)	12,652,200	(2,323,122)	715,703	4,148	88,954	3,318,597	15,408,558	273,948	15,682,506

	Notes	**Share capital**	**Treasury shares**	**Share premium**	**Capital reserve**	**PRC Statutory reserve**	**Share-based payment reserve**	**Other reserve**	**Retained earnings**	**Sub-total**	**Non-controlling Interests**	**Total**
		RMB'000 (Note 31)	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2025		1,070,044	(117,966)	12,652,200	(2,323,122)	715,703	4,148	88,954	3,318,597	15,408,558	273,948	15,682,506
Profit for the year		–	–	–	–	–	–	–	925,461	925,461	63,921	989,382
Other comprehensive income		–	–	–	–	–	–	79,642	–	79,642	(8,046)	71,596
Total comprehensive income		–	–	–	–	–	–	79,642	925,461	1,005,103	55,875	1,060,978
Shares granted under Restricted Share Incentive Plan	*30*	–	(20,383)	–	20,383	–	–	–	–	–	–	–
Equity-settled share-based transactions	*30*	–	–	–	–	–	(4,148)	–	–	(4,148)	–	(4,148)
Dividends declared and approved	*31(b)*	–	–	–	–	–	–	–	(405,870)	(405,870)	(59,214)	(465,084)
Treasury shares cancelled	*31(c)*	(3,746)	88,526	–	(84,780)	–	–	–	–	–	–	–
Others	*31(d)*	–	–	–	–	–	–	886	–	886	–	886
Balance at 31 December 2025		1,066,298	(49,823)	12,652,200	(2,387,519)	715,703	–	169,482	3,838,188	16,004,529	270,609	16,275,138

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Operating activities:				
Cash generated from operations	*22(b)*	5,734,075	4,197,007	4,008,454
Income tax paid		(572,356)	(635,323)	(707,102)
Net cash generated from operating activities		5,161,719	3,561,684	3,301,352
Investing activities:				
Payment for the purchase of property, plant and equipment, intangible assets and other non-current assets		(800,019)	(981,561)	(1,845,048)
Proceeds from the sale of property, plant and equipment, intangible assets and other non-current assets		76,425	495,973	532,551
Payment for purchase of time deposits		(542,587)	(508,724)	(3,659,500)
Proceeds from maturity of time deposits		2,019,410	1,719,985	2,424,630
Repayment of deposit for an equity transaction		98,100	–	–
Payment for purchase of financial assets measured at fair value		(42,764)	(2,837)	–
Payment for acquisition of interests in joint ventures and associates		(61,212)	(1,003)	(15,000)
Interest and dividends received		332,179	377,334	231,242
Proceeds from the sales of subsidiaries	*6(c)*	–	1,709,795	233,279
Proceeds from the sales of interest in joint ventures and associates		750	–	–
Proceeds from other investment activities		30,659	40,363	41,298
Net cash generated from/(used in) investing activities		1,110,941	2,849,325	(2,056,548)
Financing activities:				
Capital element of lease rentals paid	*22(c)*	(1,360,681)	(1,522,847)	(1,171,984)
Proceeds from loans and borrowings	*22(c)*	8,712,077	8,638,124	8,829,508
Repayment of loans and borrowings	*22(c)*	(8,432,624)	(9,980,236)	(9,530,337)
Interest paid	*22(c)*	(452,522)	(538,814)	(362,683)
Deemed distributions	*31(d)*	(1,180,400)	–	–
Interest element of lease rentals paid	*22(c)*	(372,069)	(331,542)	(297,257)
Profit distribution paid	*22(c)*	(286,874)	(988,451)	(464,060)
Payments for acquisition of non-controlling interests		(472,967)	(1,540,280)	–
Payment for repurchase of shares under restricted share incentive plan	*30*	–	(189,116)	(31,112)
Proceeds from shares issued under restricted share incentive plan	*30*	–	71,506	9,426
Proceeds from other financing activities		287,760	138,627	–
Payment for other financing activities		(11,188)	(3,982)	(223,179)
Net cash used in financing activities		(3,569,488)	(6,247,011)	(3,241,678)

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Net (decrease)/increase in cash and cash equivalents		2,703,172	163,998	(1,996,874)
Effect of foreign exchange rate changes		31,967	(32,746)	63,208
Cash and cash equivalents at 1 January	*22(a)*	5,771,246	8,506,385	8,637,637
Cash and cash equivalents at 31 December	*22(a)*	8,506,385	8,637,637	6,703,971

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Shanghai New Asia (Group) Co., Ltd. (上海新亞(集團)股份有限公司), predecessor of the Company, was established in Shanghai, People's Republic of China (the "PRC") on 9 June 1993. which later converted into a joint stock limited company in November 1994 and completed the Listing of B Shares on the Shanghai Stock Exchange (stock code: 900934) on 15 December 1994 and the Listing of A Shares on the Shanghai Stock Exchange (stock code: 600754) on 11 October 1996. Through a series of asset restructuring, Shanghai New Asia (Group) Co., Ltd. changed its name to Shanghai Jin Jiang International Hotels Development Co., Ltd. (上海錦江國際酒店發展股份有限公司) in 2003 with hotel business as principal business of the Company and further changed its name to the Company's current name, i.e. Shanghai Jin Jiang International Hotels Co., Ltd. (上海錦江國際酒店股份有限公司) in 2019.

The Company has a registered share capital of 1,070,044,063 shares throughout the Relevant Periods until the Company cancelled treasury shares of 3,745,619 shares on 28 October 2025. As at 31 December 2025 the Company had a registered share capital of 1,066,298,444 shares in total, of which 482,007,225 shares were held by Shanghai Jin Jiang Capital Co., Ltd. ("Jin Jiang Capital"), representing 45.20% of the total share capital of the Company. During the period from 28 February 2025 to 31 December 2025, a wholly owned subsidiary of Jin Jiang Capital purchased 17,730,091 shares from secondary market and held 1.66% of the total share capital of the Company. Jin Jiang Capital is the direct controlling shareholder of the Company, holding in aggregate approximately 46.86% of the total share capital of the Company as at 31 December 2025. And Jin Jiang International (Holdings) Co., Ltd. ("Jin Jiang International"), being the controlling shareholder of Jin Jiang Capital, is the ultimate controlling shareholder of the Company. both Jin Jiang Capital and Jin Jiang International are limited liability companies incorporated in the PRC.

During the Relevant Periods, the Company and its subsidiaries (together, "the Group") are principally engaged in operation and management of hotel chains with a diversified brand portfolio in China, Europe and across the world.

In June 2023, the Group entered into equity transfer agreements to acquire 90% equity interests of Shanghai WeHotel Technology Co. Ltd., ("WeHotel") with its then owners of WeHotel, i.e. Shanghai Jinjiang Asset Management Co., Ltd. ("Jin Jiang Asset Management") ultimately controlled by Jin Jiang International, Jin Jiang Capital, Shanghai Lianyin Venture Capital Co., Ltd., Tibet Hongyi Mezzanine Investment Management Center (limited partnership), and Shanghai Guosheng Group Investment Co., Ltd. with their respective 45%, 10%, 19%, 10%, and 6% equity interests in WeHotel. Accordingly, WeHotel has since become a wholly-owned subsidiary of the Group. The consideration of RMB719,400,000 paid to Jin Jiang Asset Management and Jin Jiang Capital for 55% equity interests of WeHotel was accounted for as deemed distribution while the consideration of RMB457,800,000 paid to the other equity owners for 35% equity interests was accounted for as transaction with non-controlling interests.

In November 2023, the Group entered into equity transfer agreements to acquire 100% equity interests of Jin Jiang International Hotel Management Co., Ltd. ("Jin Jiang Hotel Management"), with its then owner, Jin Jiang Capital. Accordingly, Jin Jiang Hotel Management has since become a subsidiary of the Group. The consideration of RMB461,000,000 paid to Jin Jiang Capital for 100% equity interests of Jin Jiang Hotel Management was accounted for as deemed distribution.

As the Group, WeHotel and Jin Jiang Hotel Management ("combining entities") are ultimately controlled by Jin Jiang International before and after the acquisition and the control is not transitory, the acquisition of the combing entities has been regarded as business combination of entities under common control. The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling shareholders.

The assets and liabilities of the combining entities or businesses are combined at the carrying amounts previously recognised in the respectively controlling shareholder's financial statements. The consolidated statements of profit or loss and comprehensive income and cash flow include the results and cash flow of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of common control combination. The amounts in the consolidated statements of financial position are presented as if the entities or businesses had been combined at the earliest balance sheet date presented or when they first came under common control, whichever is later.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The statutory financial statements of the Company for the years ended 31 December 2023 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the "PRC GAAP") and audited by Deloitte Touche Tohmatsu LLP* (德勤華永會計師事務所(特殊普通合夥)). The statutory financial statements of the Company for the year ended 31 December 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the "PRC GAAP") and audited by KPMG Huazhen LLP* (畢馬威華振會計師事務所(特殊普通合夥)).

During the Relevant Periods and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries: The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			Name of statutory auditor and periods covered		
Company name	Place and date of incorporation/ establishment	Particulars of registered capital	Directly held by the Company	Indirectly held by the Company	Principal activities	31 December 2023	31 December 2024	31 December 2025
Jin Jiang Inn Company Limited 錦江之星旅館有限公司	China 17 May 1996	RMB159,712,200	100%	–	Leasing, operation and management of limited service hotels	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	KPMG Huazhen LLP 畢馬威華振會計師事務所(特殊普通合夥)	(i)
Shanghai Jin Jiang International Hotel Investment Company Limited 上海錦江國際旅館投資有限公司	China 20 December 2004	RMB1,373,000,000	100%	–	Investment in the hotel industry	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	KPMG Huazhen LLP 畢馬威華振會計師事務所(特殊普通合夥)	(i)
Vienna Hotels Group 維也納酒店有限公司	China 12 April 2004	RMB116,392,233	90%	–	Hotel operation	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	KPMG Huazhen LLP 畢馬威華振會計師事務所(特殊普通合夥)	(i)
Shenzhen Vienna International Hotel Management Co., Ltd. 深圳市維也納國際酒店管理有限公司	China 29 April 2009	RMB30,000,000	–	90%	Hotel operation	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	KPMG Huazhen LLP 畢馬威華振會計師事務所(特殊普通合夥)	(i)
Keystone Lodging Holdings Limited	Cayman Islands 12 December 2012	USD10,000	100%	–	Hotel operation	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	(i)
7 Days Hotels (Shenzhen) Co., Ltd. 七天酒店(深圳)有限公司	China 5 July 2005	USD115,000,000	–	100%	Hotel and catering operation	Guangzhou Yubang Certified Public Accountants (General Partnership) 廣州裕邦會計師事務所(普通合夥)	BDO China Shu Lun Pan Certified Public Accountants LLP 立信會計師事務所(特殊普通合夥)	(i)
7 Days Four Seasons Hotels (Guangzhou) Co., Ltd. 七天四季酒店(廣州)有限公司	China 13 August 2010	RMB978,040,000	–	100%	Hotel operation	Guangzhou Yubang Certified Public Accountants (General Partnership) 廣州裕邦會計師事務所(普通合夥)	BDO China Shu Lun Pan Certified Public Accountants LLP 立信會計師事務所(特殊普通合夥)	(i)
Huan Peng Hotel Management (Guangzhou) Co., Ltd. 歡朋酒店管理(廣州)有限公司	China 7 April 2015	USD1,000,000	–	100%	Hotel operation	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	(i)
Lavande Hotel Management (Shenzhen) Co., Ltd. 麗楓舒適酒店管理(深圳)有限公司	China 18 December 2013	USD1,950,000	–	100%	Hotel operation	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	(i)
Groupe du Louvre	France 27 July 2005	EUR652,040,000	–	100%	Hotel and catering operation	KPMG SA & Deloitte & Associés	KPMG SA & Deloitte & Associés	(i)

			Proportion of ownership interest			Name of statutory auditor and periods covered		
Company name	Place and date of incorporation/ establishment	Particulars of registered capital	Directly held by the Company	Indirectly held by the Company	Principal activities	31 December 2023	31 December 2024	31 December 2025
Sailing Investment Co, S.à.r.l.	Luxembourg	EUR350,012,500	100%	–	Investment holding	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	KPMG Huazhen LLP 畢馬威華振會計師事務所(特殊普通合夥)	(i)
Shanghai Jinjiang (HK) Co., Limited 上海錦江股份(香港)有限公司	Hong Kong, China 8 January 2015	EUR350,108,781.5	100%	–	Investment holding	Deloitte Touche Tohmatsu	KPMG	(i)
Shanghai Jin Jiang GPP Supply Chain Co., Ltd. 上海錦江聯採供應鏈有限公司	China 14 November 2019	RMB300,000,000	100%	–	Supply chain management services	Price Waterhouse Coopers Zhongtian LLP 普華永道中天會計師事務所(特殊普通合夥)	Price Waterhouse Coopers Zhongtian LLP 普華永道中天會計師事務所(特殊普通合夥)	(i)
Shanghai Wehotel Technology Co., Ltd. 上海齊程網絡科技有限公司	China 16 February 2017	RMB1,000,000,000	100%	–	Information technology development, technical consultation, etc.	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	KPMG Huazhen LLP 畢馬威華振會計師事務所(特殊普通合夥)	KPMG Huazhen LLP 畢馬威華振會計師事務所(特殊普通合夥)
Metropolo Jin Jiang Hotel Management Co., Ltd. 上海錦江都城酒店管理有限公司	China 12 March 2020	RMB43,000,000	100%	–	Hotel management and catering services	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	KPMG Huazhen LLP 畢馬威華振會計師事務所(特殊普通合夥)	(i)
Jin Jiang International Hotel Management Co., Ltd. 錦江國際酒店管理有限公司	China 1 December 1992	RMB200,000,000	100%	–	Hotel management	Price Waterhouse Coopers Zhongtian LLP 普華永道中天會計師事務所(特殊普通合夥)	Deloitte Touche Tohmatsu LLP 德勤華永會計師事務所(特殊普通合夥)	(i)
Louvre Hotels Group	France 4 January 1977	EUR117,624,016	–	100%	Hotel management	KPMG SA & Deloitte & Associés	KPMG SA & Deloitte & Associés	(i)
Shanghai Jin Jiang Brand Management Company Limited (上海錦江品牌管理有限公司)	China 27 July 2018	RMB100,000,000	–	100%	Hotel and brand management	BDO China Shu Lun Pan Certified Public Accountants LLP* (立信會計師事務所(特殊普通合夥))	Shanghai Certified Public Accountants (Special General Partnership)* (上海會計師事務所(特殊普通合夥))	(i)

(i) As of the date of the accountants' report, the statutory audit reports of these companies for the year ended 31 December 2025 are not available.

Note:

* The English translation of all above companies is for reference only. The official names of the companies established in the PRC are in Chinese.

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards (the "HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the material accounting policies adopted are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised HKFRS Accounting Standards to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 36.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial assets and liabilities stated at their fair value as explained in the accounting policies set out in Note 2(g).

(b) Use of estimates and judgments

The preparation of the Historical Financial Information in conformity with HKFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Business combination

– ***Business combination involving entities under common control***

The Group uses merger accounting to account for the combination of entities and businesses under common control in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The assets and liabilities of the combining entities or businesses are combined using the carrying book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the consideration at the time of common control combination, to the extent of the continuation of the controlling party's interest.

– ***Business combination involving entities under common control***

The consolidated statement of comprehensive income 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. Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, 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 period in which they were incurred.

– ***Business combination other than that under common control***

The Group accounts for business combination using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see Note 2(k)(ii)). Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

– ***Contingent consideration***

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(p), (q) or (t) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale) (see Note 2(z)). They are initially recognised at cost, which includes transaction costs.

Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see Note 2(k)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale) (see Note 2(z)).

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(k)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 32(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income from the investment is calculated using the effective interest method (see Note 2(u)(ii)(c)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(u)(ii)).

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(k)(ii)). If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(w)).

Any subsequent costs including the cost of replacing part of an item of property, plant and equipment are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of property, plant and equipment are recognised in profit or loss as incurred.

Any gain or loss arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Property, plant and equipment is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use, except that the land with an uncertain useful life is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

	Useful life
– Overseas land	Indefinite or 10-12 years
– Plant and buildings	20-60 years
– Equipment and machinery	3-20 years
– Vehicles	4-10 years
– Hotels decoration expenditure	3-10 years
– Leasehold improvements	10-20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses (see Note 2(k)(ii)). Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(i) Intangible assets other than goodwill

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(k)(ii)).

An intangible asset with a finite useful life is amortized using the straight-line method over its useful life when the asset is available for use. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

	Useful life
– Franchise contracts	5-14 years
– Trademarks and brands	Indefinite or 10 years
– Membership	20 years
– Patents, relevant rights and software	3-10 years

The Group estimates the period of economic benefits to be derived from the respective assets over their respective estimated useful lives over which the assets are expected to contribute directly or indirectly to the future cash flows of the Group.

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Certain trademark and brand are considered to have indefinite useful lives since there are no legal, regulatory, contractual, competitive, economic, or other factors that limit the useful lives of these trademark and brand can be renewed at nominal cost. The Group evaluates the trademark and brand each reporting period together with goodwill to determine whether events and circumstances continue to support an indefinite useful life.

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(k)(ii)). Depreciation is calculated using the straight-line method over the unexpired term of lease.

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(g)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification"), if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The Group presents right-of-use assets that do not meet the definition of investment property in "right-of-use assets" and presents lease liabilities separately in the statements of financial position.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(u)(ii)(a).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(j)(i), then the Group classifies the sub-lease as an operating lease.

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost, including cash and cash equivalents, restricted cash, time deposits, trade and other receivables, long-term receivables and other current and non-current assets. Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions, and forecasts of future economic conditions.

ECLs are measured on the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

– Whether the actual or expected internal credit rating of the debtor has been downgraded;

– Whether there are adverse changes in business, financial or economic conditions that are expected to lead to significant changes in the debtor's ability to perform its debt obligations;

– Whether the actual or expected operating results of the debtor have changed significantly;

– Whether the regulatory, economic or technical environment of the debtor has undergone significant adverse changes;

– Whether there is a significant change in the economic motivation that is expected to reduce the borrower's repayment according to the contractual term;

– Whether the debtor's expected performance and repayment behavior have changed significantly.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the issuer or debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– for economic or contractual reasons relating to the debtor's financial difficulties, the Group having granted to the debtor a concession that it would not otherwise consider;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for the financial asset because of financial difficulties of the issuer or debtor.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– Property, plant and equipment;

– Intangible assets;

– Right-of-use assets;

– Goodwill;

– Interests in associates and joint ventures; and

– Investment in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Inventories and other contract costs

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(u)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(n)).

(n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost (see Note 2(k)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(k)(i).

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables, except financial liabilities to purchase non-controlling interest detailed in the next paragraph, are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

The Group recognises as a financial liability its obligation to purchase non-controlling interests of subsidiaries for cash or another financial asset. The financial liability is measured at the highest present value of the settlement amounts that can arise. Any changes in the carrying amount of the financial liability arising from the remeasurement is recognised in profit or loss as changes in fair value of financial instruments. The Group derecognises the financial liability when, and only when, the Group's obligation is discharged, cancelled or has expired.

(q) Loans and borrowings

Loans and borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(w).

(r) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Defined benefit retirement plan obligations

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligation is performed by using the projected unit credit method.

Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of any asset ceiling (excluding interest), are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(iii) Share-based payments

Repurchase of shares for the purpose of share-based payment or else is disclosed in Note 30 with the consideration paid, including any directly attributable incremental costs, deducted from equity attributable to shareholders of the Company as treasury shares until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs) is included in equity attributable to shareholders of the Company.

The Group grant restricted share as incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of such share-based payments, whereby employees render services in exchange for equity instruments ("equity- settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the share options or restricted share units at the grant date. The fair value of share options or restricted share units granted is recognised as expenses with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the option or restricted share unit pricing model, taking into account the terms and conditions upon which the options or restricted share units were granted. Service and non-market performance conditions are not taken into account when determining the grant date fair value of options or restricted share units, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of options or restricted share units that will ultimately vest.

Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the options or restricted share units, the total estimated fair value of the options or restricted share units is expensed over the vesting period, taking into account the probability that the options or restricted share units will vest. During the vesting period, the number of share options or restricted share units that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve.

On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of equity-settled share-based payments award that vest (with a corresponding adjustment to the capital reserve.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified and if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and it is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

(iv) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises costs for a restructuring.

(s) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income ("OCI").

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(t) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services, the sale of goods and the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

(a) Owned and leased hotel revenues

Owned and leased hotel revenues are primarily derived from the rental of rooms, sales of food and beverage, and sales of other ancillary goods and services (e.g., sales of goods). Each of these products and services represents an individual performance obligation and, in exchange for these services, the Group receives fixed amounts based on published rates or negotiated prices. Payment is due in full at the time when the services are rendered or the goods are provided. Room rental revenue is recognized on a daily basis when rooms are occupied. Food and beverage revenue and other goods and services revenue are recognized when they have been delivered or rendered to the guests as the respective performance obligations are satisfied.

(b) Franchised and manachised hotel revenues

Franchised and manachised hotel revenues are derived from franchise or manachise agreements where the franchisees are required to pay (i) a pre-opening service fee, and/or (ii) ongoing franchise/manachise fees, which mainly consist of (a) primarily on-going management and franchise service fees, (b) central reservation system usage fees and (c) reimbursements for hotel manager fees.

– Pre-opening service fees

It presents the revenue recognized by the Group for the services provided to franchisees before the opening of a franchised hotel. The service provided by the Group in the early stage includes the franchise consulting service, decorative design services, engineering consultancy services, etc. The Group recognizes the revenue over time as services are provided.

– On-going management and franchise service fees

On-going management and franchise service fees: On-going management and franchise service fees for our manachised and franchised hotels are variable and generally calculated as a percentage of the revenues of the hotels as defined by each contract. Generally, on-going management and franchise service are recognized on a monthly basis over the term of the agreements as these amounts became payable.

For the manachised service provided to full-service hotels, the franchisees are generally required to pay the Group an ongoing management fees consisting of a base fee as a percentage of the hotel's gross revenues and an incentive fee as a percentage of the hotel's adjusted gross profit. Base fee is recognized on a monthly basis over the term of the agreement when the amounts become payable. Incentive fee is recognized on a monthly basis over the term of the agreement based on each hotel's financial results, as long as the Group does not expect a significant reversal of the hotel's gross adjusted profit.

Under the management and franchise agreements, the Group is entitled to be reimbursed for payroll related for the appointed hotel general managers and other out-of-pocket expenses the Group incurs on behalf of the franchised and manachised hotels. The Group is entitled to reimbursement in the period the Group incurs the related reimbursable costs, which are recognized within manachised and franchised hotels revenue.

– Central reservation system usage fees

Central reservation system usage fees are recognized based on either a fixed amount per room night or a certain percentage of the revenues generated from central reservation system channel. These fees are recognized when services are rendered.

(c) Loyalty program revenues

Jinjiang WeHotel loyalty program members earn loyalty points based on nights and other consumptions that they spent at the Group's hotels and Jinjiang Mall. These loyalty points can be redeemed for future products and services. Points earned by loyalty program members represent a material right to free or discounted goods or services in the future. The loyalty program has one performance obligation that consists of marketing and managing the program and arranging for award redemptions by members. The amount of revenue is impacted by the Group's estimate of the "breakage" for points that members will never redeem.

Membership fees from the Group's customer loyalty program are earned and recognized on over the expected membership duration of the different membership levels. The membership duration is estimated to be six to twelve months which reflects the expected membership retention.

(d) Other revenues

Other revenues mainly include:

– revenues from property management services and food and catering services arsing from the operation of canteens. These revenues are recognized on a monthly basis over the term of the agreements as these amount become payable.

– revenues from property procurement platform service fees present the commissions from suppliers for goods sold through an e-commerce platform of the Group. Revenue from commissions charged to suppliers for goods through the e-commerce platform is recognized upon delivery of goods to end customers when the suppliers' obligations are fulfilled.

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(c) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Where the grant relates to an asset, the grant received is credited to other non-current liabilities and is released to the profit and loss over the expected useful life of the relevant asset by equal annual instalments.

(v) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss. The income and expenses of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(z) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to deferred tax assets, employee benefits assets, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(ii) Discontinued operations

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which:

– represents a separate major line of business or geographical area of operations;

– is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

– is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

Where an operation is classified as discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Notes 30 and 32(e) contains information about the assumptions and risk factors relating to fair value of equity-settled share-based transactions and other financial assets. Other key sources of estimation uncertainty are as follows:

(i) Allowance for impairment of trade and other receivables

The Group's management determines the loss allowance for expected credit losses on trade and other receivables based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. The Group's management reassesses the loss allowance at each reporting period end.

(ii) Useful life of intangible assets and property, plant and equipment

Intangible assets are amortised and property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the respective assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during the reporting period. The useful lives are based on the industry experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

(iii) Deferred tax assets

Deferred tax assets are recognized to the extent of taxable income that is likely to be obtained to offset tax losses and temporary differences. If it is expected that sufficient taxable income will not be obtained in the future to make use of the economic interests brought by deductible tax losses and deductible temporary differences, the management of the Group will write down the carrying amount of the deferred tax assets.

(iv) Impairment of intangible assets with definite useful life and property, plant and equipment, right-of-use assets

Intangible assets with definite useful life, property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related assets values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections and whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of comprehensive income.

(v) Impairment of goodwill and intangible assets with indefinite useful life

Goodwill together with trademark and brands with indefinite useful life are tested for impairment at least once annually. For the purpose of impairment testing, the Group allocates goodwill and intangible assets with indefinite useful life to relevant portfolio of asset groups. The recoverable amount of the portfolio of asset groups containing goodwill, trademark and brands with indefinite useful life shall be determined based at the higher of the present value of estimated future cash flows of the portfolio of asset groups and fair value less costs to disposal. Accounting estimates are made for calculation.

Details of key assumptions and estimates used in the calculation of recoverable amount by the Group are set out in Note 14. When the actual amount of key assumptions and estimates differs from the previous estimate, the recoverable amount of portfolio of asset groups will be affected, which lead to impact over the impairment amount of goodwill, trademark and brands with indefinite useful life.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by the nature of product or service is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15			
Owned and leased hotel revenues	7,206,524	6,543,466	5,801,332
Franchised and manachised hotel revenues			
– Pre-opening service fees	667,962	541,760	487,982
– On-going management and franchise service fees	4,787,523	4,974,589	5,385,869
– Central reservation system usage fees	755,660	669,316	988,967
Loyalty program fees	521,658	724,458	596,443
Others	647,590	520,522	463,367
	14,586,917	13,974,111	13,723,960
Revenue from other sources			
Rental income	62,462	88,870	86,872
	14,649,379	14,062,981	13,810,832

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Over-time	12,271,393	11,881,239	11,567,251
Point-in-time	2,315,524	2,092,872	2,156,709
	14,586,917	13,974,111	13,723,960

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2023, 2024 and 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB868,553,000, RMB683,251,000 and RMB707,467,000. This amount represents revenue expected to be recognised in the future in relation to pre-opening service, hotel revenue and deferred loyalty fee. The Group will recognise the expected revenue in future over the completion progress of the work or as the work is completed, which is expected to occur over the next 12 months.

(b) Segment reporting

HKFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into 5 reporting segments. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. The Group has determined 5 reporting segments on the basis of operating segments. Based on the business nature of the Group, reporting segments are divided into "domestic full-service hotel management and operation", "domestic limited-service hotel management and operation", "overseas limited-service hotel management and operation", "food and catering" and "others". Major products and services delivered or provided by each of the reporting segments are domestic hotel services, overseas hotel services, catering services and other businesses.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

(i) Segment results, assets and liabilities

Segment results for the year ended 31 December 2025:

	Year ended 31 December 2025						
	Domestic full-service hotel management and operation	**Domestic limited-service hotel management and operation**	**Overseas limited-service hotel management and operation**	**Food and catering**	**Others**	**Elimination among segments**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	254,302	9,495,599	3,850,540	210,391	–	–	13,810,832
Inter-segment revenue	3,707	2,544	31,687	–	863	(38,801)	–
Reportable segment revenue	258,009	9,498,143	3,882,227	210,391	863	(38,801)	13,810,832
Reportable segment profit before taxation	43,895	2,070,569	(706,779)	176,421	(116,810)	–	1,467,296
Interest income	5,720	50,918	14,716	224	26,315	–	97,893
Interest expenses	–	(252,031)	(390,592)	(365)	(87,257)	58,035	(672,210)
Impairment losses reversed/(recognised) on trade and other receivables	(2,104)	16,030	(17,228)	(4,600)	–	–	(7,902)
Net gain on disposal of subsidiaries	–	–	–	–	103,463	–	103,463
Changes in the fair value of financial instruments	–	–	–	(17,300)	(29,681)	–	(46,981)
Depreciation and amortisation for the year	(1,654)	(1,435,054)	(744,112)	(2,872)	(11,116)	–	(2,194,808)
Income tax	(10,425)	(523,548)	44,254	4,324	7,481	–	(477,914)
Reportable segment assets	451,778	26,896,492	17,276,777	1,163,963	4,633,655	(4,517,761)	45,904,904
Interests in joint ventures and associates	4,881	224,602	26,898	238,862	874	–	496,117
Additions to non-current segment assets during the year (excluding right-of-use assets, interests in joint ventures and associates, financial assets, goodwill and deferred tax assets)	4,930	199,363	1,688,649	9	4,201	–	1,897,152
Reportable segment liabilities	67,195	13,189,570	16,380,961	420,167	4,053,604	(4,481,731)	29,629,766

Segment results for the year ended 31 December 2024:

	Year ended 31 December 2024						
	Domestic full-service hotel management and operation	Domestic limited-service hotel management and operation	Overseas limited-service hotel management and operation	Food and catering	Others	Elimination among segments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	238,310	9,326,458	4,256,223	241,968	22	–	14,062,981
Inter-segment revenue	3,967	624	36,932	–	1,197	(42,720)	–
Reportable segment revenue	242,277	9,327,082	4,293,155	241,968	1,219	(42,720)	14,062,981
Reportable segment profit before taxation	31,219	1,903,877	(430,615)	186,440	(45,871)	–	1,645,050
Interest income	7,778	96,684	10,220	363	45,637	–	160,682
Interest expenses	–	(258,053)	(527,178)	(548)	(110,821)	32,977	(863,623)
Impairment losses reversed/(recognised) on trade and other receivables	(5,552)	(133,143)	8,847	–	–	–	(129,848)
Net gain on disposal of subsidiaries	–	415,504	(46)	–	–	–	415,458
Changes in the fair value of financial instruments	–	–	(32,745)	3,200	71,766	–	42,221
Depreciation and amortisation for the year	(151)	(1,577,109)	(629,849)	(2,180)	(15,106)	–	(2,224,395)
Income tax	(7,271)	(470,500)	(3,692)	(1,198)	(18,083)	–	(500,744)
Reportable segment assets	419,569	27,372,378	15,507,886	1,186,481	4,267,614	(2,643,960)	46,109,968
Interests in joint ventures and associates	4,597	232,059	48,913	222,460	864	–	508,893
Additions to non-current segment assets during the year (excluding right-of-use assets, interests in joint ventures and associates, financial assets, goodwill and deferred tax assets)	3,272	484,682	557,395	21	563	–	1,045,933
Reportable segment liabilities	68,324	14,431,389	14,012,741	434,954	4,176,332	(2,696,278)	30,427,462

Segment results for the year ended 31 December 2023:

	Year ended 31 December 2023						
	Domestic full-service hotel management and operation	Domestic limited-service hotel management and operation	Overseas limited-service hotel management and operation	Food and catering	Others	Elimination among segments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	159,328	9,945,313	4,294,902	249,835	1	–	14,649,379
Inter-segment revenue	1,890	996	37,475	–	3,061	(43,422)	–
Reportable segment revenue	161,218	9,946,309	4,332,377	249,835	3,062	(43,422)	14,649,379
Reportable segment profit before taxation	11,901	1,948,874	(449,573)	345,045	(62,918)	–	1,793,329
Interest income	5,666	104,513	9,306	359	88,733	–	208,577
Interest expenses	–	(295,974)	(453,811)	(967)	(113,542)	18,263	(846,031)
Impairment losses reversed/(recognised) on trade and other receivables	(2,983)	(61,983)	10,292	–	–	–	(54,674)
Changes in the fair value of financial instruments	–	–	(8,184)	159,400	9,746	–	160,962
Depreciation and amortisation for the year	(104)	(1,629,197)	(582,241)	(1,937)	(16,519)	–	(2,229,998)
Income tax	1,459	(519,147)	44,980	(40,712)	(2,725)	–	(516,145)
Reportable segment assets	398,710	30,308,922	15,685,038	1,188,656	4,403,768	(1,398,058)	50,587,036
Interests in joint ventures and associates	3,205	244,691	39,045	224,548	837	–	512,326
Additions to non-current segment assets during the year (excluding right-of-use assets, interests in joint ventures and associates, financial assets, goodwill and deferred tax assets)	215	462,324	299,166	58	500	–	762,263
Reportable segment liabilities	71,413	14,256,187	16,088,843	434,491	3,841,307	(1,465,778)	33,226,463

(ii) Geographic information

The following table sets out information about the geographical location of (i) the group's revenue from external customers and (ii) the group's property, plant and equipment, right-of-use assets, intangible assets, goodwill, interests in associates and joint venture and other non-current assets ("specified non-current assets").

	Years ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from external customers			
Mainland of the PRC	10,354,477	9,806,757	9,960,292
Overseas	4,294,902	4,256,224	3,850,540
	14,649,379	14,062,981	13,810,832

	Years ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Specified non-current assets			
Mainland of the PRC	21,498,804	18,804,645	17,443,328
Overseas	13,534,437	12,712,761	14,272,283
	35,033,241	31,517,406	31,715,611

5 OTHER NET INCOME

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	68,795	42,640	40,139
Interest income	208,577	160,682	97,893
Dividends income	112,178	120,538	128,678
Net gains on disposal of non-current assets			
– Sold to the government upon expropriation	43,650	3,293	–
– Sold to other third parties	11,454	85,451	(30,959)
Income from claims	18,419	9,244	7,691
Others	(11,733)	(49,378)	(37,597)
	451,340	372,470	205,845

Government grants primarily comprise subsidies received from the government for the encouragement of investment in hotel projects.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

		Year ended 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Interest expenses on loans and borrowings	*22(c)*	473,962	532,081	374,953
Interest expenses on lease liabilities	*22(c)*	372,069	331,542	297,257
Other financial expenses		54,430	49,696	56,419
		900,461	913,319	728,629

(b) Staff costs:

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits		4,987,048	4,822,643	4,750,779
Contributions to defined contribution retirement plans *(i)*		257,281	266,083	324,618
Contributions to defined benefit plans	*29(i)*	71	(123)	(2,815)
Equity-settled share-based payment expenses	*30*	–	4,148	(4,148)
		5,244,400	5,092,751	5,068,434

(i) Defined contribution retirement plans

Employees of the Company and its subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company and its subsidiaries contributes funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items:

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Depreciation:				
– owned property, plant and equipment	*11*	816,911	803,746	887,689
– right-of-use assets	*12*	1,231,972	1,221,458	1,091,624
Amortisation of intangible assets	*13*	181,115	199,191	215,495
Net gain on disposal of subsidiaries *(i)*		–	415,458	103,463
Changes in the fair value of financial instruments		160,962	42,221	(46,981)
Impairment losses on trade and other receivables		54,674	129,848	7,902
Auditors' remuneration		3,125	2,750	2,750

(i) It refers to disposal of wholly-owned subsidiary, Smart Hotel Management Co., Ltd. ("Smartel" or 時尚之旅酒店管理有限公司) at a consideration of RMB1,659,989,000 for the year ended 31 December 2024 with goodwill associated with Smartel of RMB51,786,000 derecognised accordingly and disposal of four wholly-owned subsidiaries at a consideration of RMB207,090,000 for the year ended 31 December 2025.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
Provision for the year	663,294	669,579	643,537
Under/(over)-provision in respect of prior years	(842)	(5,325)	3,376
	662,452	664,254	646,913
Deferred tax			
Origination and reversal of temporary differences	(146,307)	(163,510)	(168,999)
	516,145	500,744	477,914

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	1,793,329	1,645,050	1,467,296
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned *(i)*	448,332	411,262	366,824
Effect of tax rate difference of subsidiaries *(ii)*	11,210	(3,196)	(5,409)
Under/(over)-provision in prior years/period	(842)	(5,325)	3,376
Tax effect of non-taxable income	(49,383)	(49,892)	(33,975)
Tax effect of non-deductible expenses	62,564	95,251	10,237
Tax effect of temporary differences and tax losses not recognised, net of recognition/utilisation of temporary differences and tax losses not recognised in prior years	43,975	54,497	135,609
Others	289	(1,853)	1,252
Actual tax expense	516,145	500,744	477,914

(i) According to the Corporate Income Tax Law of China (the "Tax Law"), the Group's subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to advanced and new technology enterprises of 15%.

(ii) The provision for enterprise income tax in the mainland of China and other countries and regions has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the regions in which the Group operates. Most of the subsidiaries outside China are incorporated in France and they are subject to statutory income tax rate of 25.8%.

(iii) The Group is subject to the global minimum top-up tax under the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The Pillar Two income tax are levied on certain subsidiaries under the local new tax laws which introduced a domestic minimum top-up tax effective from 1 January 2024.

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred. This new tax policy did not have a material impact on the financial report of the Group for the year ended 31 December 2025.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

		Year ended 31 December 2023						
	Notes	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors								
Zhang Xiaoqiang (張曉強)	*(g)*	–	–	–	–	–	–	–
Chen Liming (陳禮明)	*(b)(g)*	–	–	–	–	–	–	–
Ma Mingju (馬名駒)	*(b)(g)*	–	–	–	–	–	–	–
Zhou Wei (周維)	*(g)*	–	–	–	–	–	–	–
Shen Li (沈莉)	*(b)*	–	843	410	–	1,253	–	1,253
Non-executive directors								
Sun Chiping (孫持平)	*(e)*	–	120	–	–	120	–	120
Zhang Huiming (張暉明)		–	120	–	–	120	–	120
Xu Jianxin (徐建新)		–	120	–	–	120	–	120
Liu Jiuping (劉九評)		–	120	–	–	120	–	120
							–	–
Supervisors								
Guan Lijuan (管麗娟)	*(a)(f)(g)*	–	–	–	–	–	–	–
Xu Zheng (徐錚)	*(f)(g)*	–	–	–	–	–	–	–
Xu Guorong (徐國榮)	*(f)*	–	254	78	–	332	–	332
Wang Guoxing (王國興)	*(a)(g)*	–	–	–	–	–	–	–
Sun Qing (孫青)	*(a)*	–	418	199	–	617	–	617
		–	1,995	687	–	2,682	–	2,682

		Year ended 31 December 2024						
	Notes	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors								
Zhang Xiaoqiang (張曉強)	*(g)*	–	–	–	–	–	–	–
Xu Ming (許銘)	*(c)*	–	–	–	–	–	–	–
Zhou Wei (周維)	*(g)*	–	–	–	–	–	–	–
Mao Xiao (毛嘯)	*(c)*	–	752	179	–	931	51	982
Ai Gengyun (艾耕雲)	*(c)(e)*	–	563	247	–	810	30	840
Chen Liming (陳禮明)	*(b)(g)*	–	–	–	–	–	–	–
Ma Mingju (馬名駒)	*(b)(g)*	–	–	–	–	–	–	–
Shen Li (沈莉)	*(b)*	–	286	630	–	916	–	916
Non-executive directors								
Sun Chiping (孫持平)	*(e)*	–	120	–	–	120	–	120
Zhang Huiming (張暉明)		–	120	–	–	120	–	120
Xu Jianxin (徐建新)		–	120	–	–	120	–	120
Liu Jiuping (劉九評)		–	120	–	–	120	–	120
Supervisors								
Guan Lijuan (管麗娟)	*(a)(f)(g)*	–	–	–	–	–	–	–
Xu Zheng (徐錚)	*(f)(g)*	–	–	–	–	–	–	–
Xu Guorong (徐國榮)	*(f)*	–	254	151	–	405	–	405
		–	2,335	1,207	–	3,542	81	3,623

		Year ended 31 December 2025						
	Notes	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors								
Zhang Xiaoqiang (張曉強)	*(g)*	–	–	–	–	–	–	–
Xu Ming (許銘)	*(c)*	–	–	–	–	–	–	–
Zhou Wei (周維)	*(g)*	–	–	–	–	–	–	–
Mao Xiao (毛嘯)	*(c)*	–	562	431	–	993	–	993
Ai Gengyun (艾耕雲)	*(c)(e)*	–	323	241	–	564	–	564
Non-executive directors								
Sun Chiping (孫持平)	*(e)*	60	–	–	–	60	–	60
Zhang Huiming (張暉明)		120	–	–	–	120	–	120
Xu Jianxin (徐建新)		120	–	–	–	120	–	120
Liu Jiuping (劉九評)		120	–	–	–	120	–	120
Zhang Lei (張磊)	*(d)*	–	–	–	–	–	–	–
Li Hong (李紅)	*(d)*	–	257	161	–	418	–	418
Supervisors								
Guan Lijuan (管麗娟)	*(a)(f)(g)*	–	–	–	–	–	–	–
Xu Zheng (徐錚)	*(f)(g)*	–	–	–	–	–	–	–
Xu Guorong (徐國榮)	*(f)*	–	127	122	–	249	–	249
		420	1,269	955	–	2,644	–	2,644

Notes:

(a) Wang Guoxing (王國興) retired from a supervisor of the Company in November 2023. Sun Qing (孫青) retired from a supervisor of the Company in November 2023. Guan Lijuan (管麗娟) was appointed as a supervisor of the Company in November 2023.

(b) Chen Liming (陳禮明), Ma Mingju (馬名駒) and Shen Li (沈莉) retired from executive directors of the Company in June 2024.

(c) Xu Ming (許銘), Mao Xiao (毛嘯), Ai Gengyun (艾耕雲) were appointed as executive directors of the Company in June 2024.

(d) Li Hong (李紅) was appointed as an non-executive director of the Company in June 2025. Zhang Lei (張磊) was appointed as a non-executive director of the Company in June 2025.

(e) Ai Gengyun (艾耕雲) retired from an executive director of the Company in June 2025. Sun Chiping (孫持平) retired from a non-executive directors of the Company in June 2025.

(f) Guan Lijuan (管麗娟), Xu Zheng (徐錚) and Xu Guorong (徐國榮) retired from supervisors of the Company in June 2025 due to the cancellation of Supervisory Board.

(g) The emoluments of Zhang Xiaoqiang (張曉強), Chen Liming (陳禮明), Ma Mingju (馬名駒), Zhou Wei (周維), Zhu, Wang Guoxing (王國興), Xu Zheng (徐錚) and Guan Lijuan (管麗娟) were not paid directly by the Group but received remuneration from ultimate controlling shareholder of the Company or its related parties other than the Group in respect of the service to the shareholder. No apportionment has been made as the qualifying service provided to the Group is incidental to the responsibility to the shareholder.

During the Relevant Periods, no director or chief executive has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the years ended 31 December 2023, 2024 and 2025, none of the five individuals with the highest emoluments in the Group are directors. The emoluments in respect of the five highest individuals during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowance and benefits in kind	19,448	12,362	10,819
Discretionary bonuses	18,084	39,078	24,338
	37,532	51,440	35,157

The emoluments of the individuals with the highest emoluments are within the following bands:

	Year ended 31 December		
	2023	2024	2025
	Number of individuals	*Number of individuals*	*Number of individuals*
Hong Kong Dollar ("HKD")			
1,000,001 – 1,500,000	–	–	–
1,500,001 – 2,000,000	–	–	–
2,000,001 – 2,500,000	1	–	–
2,500,001 – 3,000,000	1	–	–
3,000,001 – 3,500,000	–	–	2
4,000,001 – 4,500,000	–	–	1
4,500,001 – 5,000,000	1	–	–
5,500,001 – 6,000,000	–	2	1
6,000,001 – 6,500,000	–	1	–
7,500,001 – 8,000,000	–	–	–
8,500,001 – 9,000,000	–	–	–
9,500,001 – 10,000,000	1	–	–
11,000,001 – 11,500,000	–	–	–
11,500,001 – 12,000,000	–	–	–
18,000,001 – 18,500,000	–	1	–
20,000,001 – 20,500,000	–	1	–
21,500,001 – 22,000,000	1	–	1
	5	5	5

During the Relevant Periods, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity shareholders of the Company by the weighted average number of ordinary shares in issue for the years ended 31 December 2023 and 2024 and 2025 as follows:

	Year ended 31 December		
	2023	2024	2025
Profit attributable to equity shareholders of the Company (RMB'000)	1,001,746	910,173	920,994
Weighted average number of ordinary shares ('000)	1,070,044	1,067,377	1,062,044
Basic earnings per share (expressed in RMB per share)	0.94	0.85	0.87

Profit attributable to equity shareholders of the Company:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit attributable to all equity shareholders of the Company	1,001,746	911,031	925,461
Allocation of profit attributable to holders of unvested restricted shares *(i)*	–	(858)	(4,467)
Profit attributable to equity shareholders of the Company	1,001,746	910,173	920,994

Weighted average number of ordinary shares:

	Note	Year ended 31 December		
		2023	2024	2025
		'000	*'000*	*'000*
Issued ordinary shares at beginning of year	*31(c)*	1,070,044	1,070,044	1,070,044
Effect of ordinary shares repurchased	*31(c)*	–	(2,667)	(8,000)
Weighted average number of ordinary shares at end of year		1,070,044	1,067,377	1,062,044

(i) The restricted shares issued under the Restricted Share Incentive Plan (Note 30) enjoy the same rights to dividends as ordinary shareholders.

(b) Diluted earnings per share

Restricted shares (Note 30) were not included in the calculation of diluted earnings per share because their effect would have been anti-dilutive. The Company did not have other dilutive potential ordinary shares outstanding during the years ended 31 December 2023, 2024 and 2025, respectively, therefore, diluted earnings per share were the same as the basic earnings per share.

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Overseas land	Plant and buildings	Equipment and machinery	Vehicles	Hotels decoration expenditure	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:								
At 1 January 2023	1,132,185	7,846,907	3,020,487	11,343	651,925	6,790,234	534,868	19,987,949
Additions	453	74,947	44,202	991	12,787	3,755	640,428	777,563
Transfer	141	114,491	55,994	407	43,514	259,995	(552,660)	(78,118)
Disposals	(14,430)	(136,206)	(341,597)	(2,105)	(23,540)	(662,079)	–	(1,179,957)
Exchange adjustments	86,882	407,142	94,362	–	24,177	–	9,409	621,972
At 31 December 2023 and 1 January 2024	1,205,231	8,307,281	2,873,448	10,636	708,863	6,391,905	632,045	20,129,409
Additions	205	110,430	89,834	194	13,813	3,119	775,726	993,321
Transfer	38	53,978	80,331	274	53,277	328,812	(634,199)	(117,489)
Disposals	(60,827)	(2,293,197)	(741,322)	(2,164)	(234,100)	(600,777)	(117,774)	(4,050,161)
Exchange adjustments	(45,285)	(206,723)	(35,779)	–	(14,780)	–	(10,384)	(312,951)
At 31 December 2024 and 1 January 2025	1,099,362	5,971,769	2,266,512	8,940	527,073	6,123,059	645,414	16,642,129
Additions	52,044	475,826	286,207	34	16,649	6,186	1,050,665	1,887,611
Transfer	4,003	356,543	302,281	–	88,235	290,710	(1,293,949)	(252,177)
Disposals	(189,758)	(1,130,829)	(357,165)	(1,293)	(93,278)	(1,013,660)	(10,744)	(2,796,727)
Exchange adjustments	148,541	588,173	86,048	–	40,110	–	30,698	893,570
At 31 December 2025	1,114,192	6,261,482	2,583,883	7,681	578,789	5,406,295	422,084	16,374,406

	Overseas land	Plant and buildings	Equipment and machinery	Vehicles	Hotels decoration expenditure	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated depreciation:								
At 1 January 2023	(47,237)	(4,570,921)	(2,517,533)	(10,229)	(528,226)	(5,314,301)	–	(12,988,447)
Charge for the year	(8,496)	(218,497)	(130,409)	(137)	(63,349)	(396,023)	–	(816,911)
Disposals or written-offs during the year	514	84,801	305,515	1,268	20,977	640,239	–	1,053,314
Exchange adjustments	(3,493)	(284,349)	(80,693)	–	(15,665)	–	–	(384,200)
At 31 December 2023 and 1 January 2024	(58,712)	(4,988,966)	(2,423,120)	(9,098)	(586,263)	(5,070,085)	–	(13,136,244)
Charge for the year	(26,378)	(197,440)	(132,002)	(539)	(65,243)	(382,144)	–	(803,746)
Disposals or written-offs during the year	1,374	917,539	718,659	1,884	204,414	510,100	–	2,353,970
Exchange adjustments	2,512	159,410	29,377	–	11,981	–	–	203,280
At 31 December 2024 and 1 January 2025	(81,204)	(4,109,457)	(1,807,086)	(7,753)	(435,111)	(4,942,129)	–	(11,382,740)
Charge for the year	(88,604)	(193,578)	(175,354)	(151)	(49,827)	(380,175)	–	(887,689)
Disposals or written-offs during the year	98,783	684,391	342,350	1,117	58,790	986,862	–	2,172,293
Exchange adjustments	(57,014)	(433,853)	(64,271)	–	(30,365)	–	–	(585,503)
At 31 December 2025	(128,039)	(4,052,497)	(1,704,361)	(6,787)	(456,513)	(4,335,442)	–	(10,683,639)

	Overseas land	Plant and buildings	Equipment and machinery	Vehicles	Hotels decoration expenditure	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Provision for impairment:								
At 1 January 2023	–	(67,707)	(956)	–	–	–	(7,916)	(76,579)
Charge for the year	–	(13,234)	–	–	–	–	–	(13,234)
Disposals or written-offs during the year	–	10,443	–	–	–	–	–	10,443
Exchange adjustments	–	(3,012)	–	–	–	–	(65)	(3,077)
At 31 December 2023 and 1 January 2024	–	(73,510)	(956)	–	–	–	(7,981)	(82,447)
Charge for the year	–	(7,923)	–	–	–	–	–	(7,923)
Disposals or written-offs during the year	–	3,538	–	–	–	–	–	3,538
Exchange adjustments	–	(7,200)	–	–	–	–	50	(7,150)
At 31 December 2024 and 1 January 2025	–	(85,095)	(956)	–	–	–	(7,931)	(93,982)
Charge for the year	–	(4,396)	(3)	–	(11)	–	(106)	(4,516)
Disposals or written-offs during the year	–	–	–	–	–	–	–	
Exchange adjustments	–	(15,634)	–	–	–	–	–	(15,634)
At 31 December 2025	–	(105,125)	(959)	–	(11)	–	(8,037)	(114,132)
Net book value:								
At 31 December 2023	1,146,519	3,244,805	449,372	1,538	122,600	1,321,820	624,064	6,910,718
At 31 December 2024	1,018,158	1,777,217	458,470	1,187	91,962	1,180,930	637,483	5,165,407
At 31 December 2025	986,153	2,103,860	878,563	894	122,265	1,070,853	414,047	5,576,635

Overseas land with net book value of RMB68,315,000, nil and nil are pledged as security for bank loans (see Note 24(c)(i)) as at 31 December 2023, 2024 and 2025, respectively.

The Group recognised impairment losses of RMB13,234,000, RMB7,923,000 and RMB4,516,000 for the years ended 31 December 2023, 2024 and 2025 mainly related to certain buildings damaged and written off to zero based on management's assessment of estimated recoverable amount.

The Company

	Plant and buildings	Equipment and machinery	Vehicles	Hotels decoration expenditure	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2023	56,539	120,283	158	22,132	352,423	3,931	555,466
Additions	1	636	–	120	–	17,656	18,413
Transfer	–	8	–	–	1,052	(4,152)	(3,092)
Disposals	–	(1,084)	–	–	(3)	–	(1,087)
At 31 December 2023 and 1 January 2024	56,540	119,843	158	22,252	353,472	17,435	569,700
Additions	–	1,802	–	119	–	33,092	35,013
Transfer	–	1,137	–	1,405	17,369	(33,565)	(13,654)
Disposals	–	(2,617)	–	(68)	(150)	–	(2,835)
At 31 December 2024 and 1 January 2025	56,540	120,165	158	23,708	370,691	16,962	588,224
Additions	–	1,528	–	–	–	26,221	27,749
Transfer	–	3,758	–	–	13,484	(27,330)	(10,088)
Disposals	–	(3,471)	(4)	–	(37)	–	(3,512)
At 31 December 2025	56,540	121,980	154	23,708	384,138	15,853	602,373
Accumulated depreciation:							
At 1 January 2023	(32,009)	(89,301)	(144)	(21,269)	(219,586)	–	(362,309)
Charge for the year	(2,088)	(7,848)	(2)	(277)	(27,273)	–	(37,488)
Disposals or written-offs during the year	–	1,025	–	–	1	–	1,026
At 31 December 2023 and 1 January 2024	(34,097)	(96,124)	(146)	(21,546)	(246,858)	–	(398,771)
Charge for the year	(2,088)	(4,754)	(2)	(2,226)	(29,908)	–	(38,978)
Disposals or written-offs during the year	–	2,436	–	65	135	–	2,636
At 31 December 2024 and 1 January 2025	(36,185)	(98,442)	(148)	(23,707)	(276,631)	–	(435,113)
Charge for the year	(2,098)	(5,917)	(4)	(1)	(30,485)	–	(38,505)
Disposals or written-offs during the year	–	3,267	4	–	19	–	3,290
At 31 December 2025	(38,283)	(101,092)	(148)	(23,708)	(307,097)	–	(470,328)
Net book value:							
At 31 December 2023	22,443	23,719	12	706	106,614	17,435	170,929
At 31 December 2024	20,355	21,723	10	1	94,060	16,962	153,111
At 31 December 2025	18,257	20,888	6	–	77,041	15,853	132,045

12 RIGHT-OF-USE ASSETS

The Group

	Land use rights	Buildings	Machinery and equipment	Transportation vehicles	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2023	573,990	17,330,439	413,077	7,914	1,331	18,326,751
Additions	4,567	1,195,946	14,975	5,279	–	1,220,767
Disposals	–	(1,168,218)	(11,911)	(3,428)	(52)	(1,183,609)
Exchange adjustments	18,672	216,769	324	516	–	236,281
At 31 December 2023 and 1 January 2024	597,229	17,574,936	416,465	10,281	1,279	18,600,190
Additions	5,344	748,480	339	4,655	–	758,818
Disposals	(35,028)	(1,562,386)	(56,801)	(2,409)	–	(1,656,624)
Exchange adjustments	(10,122)	(168,182)	(248)	(493)	–	(179,045)
At 31 December 2024 and 1 January 2025	557,423	16,592,848	359,755	12,034	1,279	17,523,339
Additions	–	601,379	711	2,346	–	604,436
Disposals	(71,339)	(2,177,099)	(92,116)	(1,717)	–	(2,342,271)
Exchange adjustments	18,849	357,732	527	1,148	–	378,256
At 31 December 2025	504,933	15,374,860	268,877	13,811	1,279	16,163,760

	Land use rights	Buildings	Machinery and equipment	Transportation vehicles	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:						
At 1 January 2023	(194,014)	(9,704,092)	(272,314)	(4,528)	(808)	(10,175,756)
Charge for the year	(9,264)	(1,194,199)	(25,266)	(3,160)	(83)	(1,231,972)
Written back on disposals	–	1,101,270	11,911	2,815	52	1,116,048
Exchange adjustments	(1,000)	(89,945)	(322)	(276)	–	(91,543)
At 31 December 2023 and 1 January 2024	(204,278)	(9,886,966)	(285,991)	(5,149)	(839)	(10,383,223)
Charge for the year	(9,511)	(1,186,456)	(21,751)	(3,660)	(80)	(1,221,458)
Written back on disposals	4,964	1,165,183	34,747	2,362	–	1,207,256
Exchange adjustments	621	100,353	246	251	–	101,471
At 31 December 2024 and 1 January 2025	(208,204)	(9,807,886)	(272,749)	(6,196)	(919)	(10,295,954)
Charge for the year	(8,512)	(1,061,438)	(17,197)	(4,386)	(91)	(1,091,624)
Written back on disposals	3,249	1,723,887	87,199	1,717	–	1,816,052
Exchange adjustments	(1,036)	(166,580)	(525)	(460)	–	(168,601)
At 31 December 2025	(214,503)	(9,312,017)	(203,272)	(9,325)	(1,010)	(9,740,127)
Net book value:						
At 31 December 2023	392,951	7,687,970	130,474	5,132	440	8,216,967
At 31 December 2024	349,219	6,784,962	87,006	5,838	360	7,227,385
At 31 December 2025	290,430	6,062,843	65,605	4,486	269	6,423,633

The Company

	Land use rights	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2023	91,847	737,602	829,449
Additions	–	154	154
Disposals	–	(2,583)	(2,583)
At 31 December 2023 and 1 January 2024	91,847	735,173	827,020
Additions	–	10,115	10,115
Disposals	–	(113,304)	(113,304)
At 31 December 2024 and 1 January 2025	91,847	631,984	723,831
Additions	–	–	–
Disposals	–	(89,204)	(89,204)
At 31 December 2025	91,847	542,780	634,627
Accumulated depreciation:			
At 1 January 2023	(51,186)	(401,378)	(452,564)
Charge for the year	(2,342)	(57,867)	(60,209)
Written back on disposals	–	2,583	2,583
At 31 December 2023 and 1 January 2024	(53,528)	(456,662)	(510,190)
Charge for the year	(2,342)	(48,222)	(50,564)
Written back on disposals	–	26,494	26,494
At 31 December 2024 and 1 January 2025	(55,870)	(478,390)	(534,260)
Charge for the year	(2,342)	(23,097)	(25,439)
Written back on disposals	–	10,822	10,822
At 31 December 2025	(58,212)	(490,665)	(548,877)
Net book value:			
At 31 December 2023	38,319	278,511	316,830
At 31 December 2024	35,977	153,594	189,571
At 31 December 2025	33,635	52,115	85,750

The analysis of expense items in relation to leases recognised in profit or loss are as follows:

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:			
Land use rights	(9,264)	(9,511)	(8,512)
Assets for owned and leased hotels	(1,222,708)	(1,211,947)	(1,083,112)
	(1,231,972)	(1,221,458)	(1,091,624)
Interest on lease liabilities *(Note 6(a))*	372,069	331,542	297,257
Expense relating to short-term leases	30,464	36,761	33,955

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 22(d), 27 and 32(b), respectively.

(a) Land use rights

Land in respect of land use rights are located in the PRC and other European areas with a lease period of 20 to 53 years when granted.

(b) Properties and land leased for leased and owned hotels

The Group has obtained the right to use properties and land through tenancy agreements. The leases typically run for an initial period of 2 to 35 years.

Some leases include an option to terminate the lease before the end of the contract term. The Group considers it reasonably certain not to exercise the option to early terminate at lease commencement date.

Some leases include the non-cancellable period of the lease plus any additional periods covered by either an option to extend the lease that the Group is reasonably certain to exercise, or an option to extend the lease controlled by the lessor.

13 INTANGIBLE ASSETS

	Franchise contracts	Trademarks and brands	Membership	Patents, relevant rights and software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2023	463,388	6,049,971	398,197	1,183,006	8,094,562
Additions	–	–	–	11,571	11,571
Transfer from construction in progress	–	–	–	78,118	78,118
Disposals	–	–	–	(67,650)	(67,650)
Exchange adjustments	–	131,365	–	75,678	207,043
At 31 December 2023 and 1 January 2024	463,388	6,181,336	398,197	1,280,723	8,323,644
Additions	–	–	–	50,346	50,346
Transfer from construction in progress	–	–	–	117,489	117,489
Disposals	–	–	–	(26,771)	(26,771)
Exchange adjustments	–	(100,269)	–	(44,425)	(144,694)
At 31 December 2024 and 1 January 2025	463,388	6,081,067	398,197	1,377,362	8,320,014
Additions	–	–	–	9,541	9,541
Transfer from construction in progress	–	–	–	252,177	252,177
Disposals	–	–	–	(14,958)	(14,958)
Exchange adjustments	–	203,553	–	82,795	286,348
At 31 December 2025	463,388	6,284,620	398,197	1,706,917	8,853,122

	Franchise contracts	Trademarks and brands	Membership	Patents, relevant rights and software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated amortisation:					
At 1 January 2023	(348,865)	(1,677)	(175,852)	(758,825)	(1,285,219)
Charge for the year	(26,091)	(249)	(16,780)	(137,995)	(181,115)
Written back on disposals	–	–	–	63,826	63,826
Exchange adjustments	–	(88)	–	(59,043)	(59,131)
At 31 December 2023 and 1 January 2024	(374,956)	(2,014)	(192,632)	(892,037)	(1,461,639)
Charge for the year	(26,091)	(232)	(16,780)	(156,088)	(199,191)
Written back on disposals	–	–	–	26,125	26,125
Exchange adjustments	–	79	–	29,004	29,083
At 31 December 2024 and 1 January 2025	(401,047)	(2,167)	(209,412)	(992,996)	(1,605,622)
Charge for the year	(17,776)	(293)	(16,780)	(180,646)	(215,495)
Written back on disposals	–	–	–	14,271	14,271
Exchange adjustments	–	(182)	–	(54,084)	(54,266)
At 31 December 2025	(418,823)	(2,642)	(226,192)	(1,213,455)	(1,861,112)
Provision for impairment:					
At 1 January 2023, 31 December 2023, 2024 and 2025	–	(19,740)	–	–	(19,740)
Net book value:					
At 31 December 2023	88,432	6,159,582	205,565	388,686	6,842,265
At 31 December 2024	62,341	6,059,160	188,785	384,366	6,694,652
At 31 December 2025	44,565	6,262,238	172,005	493,462	6,972,270

Intangible assets with indefinite useful life are trademarks and brands amounting to RMB6,159,528,000, RMB6,059,106,000 and RMB6,262,236,000 as at 31 December 2023, 2024 and 2025. They are allocated to respective cash-generating units for impairment testing annually during the Relevant Periods and more details of the impairment test as conducted by management and the results have been set out in Note 14.

14 GOODWILL

	RMB'000
Cost:	
At 1 January 2023	11,601,440
Exchange adjustments	273,921
At 31 December 2023 and 1 January 2024	11,875,361
Disposal *(i)*	(182,647)
Exchange adjustments	(208,798)
At 31 December 2024 and 1 January 2025	11,483,916
Disposal (ii)	(223,259)
Exchange adjustments	426,782
At 31 December 2025	11,687,439
Accumulated impairment losses:	
At 1 January 2023, 31 December 2023, 2024 and 2025	(43,912)
Carrying amount:	
At 31 December 2023	11,831,449
At 31 December 2024	11,440,004
At 31 December 2025	11,643,527

(i) It represented goodwill derecognised along with disposal of corresponding cash-generating units. The Group disposed Smartel and several owned hotels in Europe for the year ended 31 December 2024; corresponding goodwill of RMB51,786,000 and RMB130,861,000 was derecognised accordingly.

(ii) It represented goodwill derecognised along with disposal of corresponding cash-generating units. The Group disposed several owned hotels in Europe for the year ended 31 December 2025, corresponding goodwill of RMB223,259,000 was derecognised accordingly.

Recognition and allocation of goodwill and intangible assets with indefinite life

Goodwill and intangible assets with indefinite life are allocated to the Group's cash-generating unit groups ("CGU group") for the years ended 31 December 2023, 2024 and 2025 as follows.

Goodwill allocation

Name of CGU group	*Notes*	At 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Keystone	*(i)*	5,766,875	5,766,875	5,766,874
GDL	*(ii)*	4,915,765	4,576,106	4,779,630
Vienna and Baisuicun	*(iii)*	668,817	668,817	668,817
Thayer Jin Jiang and Jinjiang E-Commerce	*(iv)*	428,206	428,206	428,206
Smartel	*(v)*	51,786	–	–
Shanxi Jinguang Inn Management Co., Ltd. ("Jinguang Inn")		–	–	–
Shenzhen Duzhihua Inn Management Co., Ltd. ("Duzhihua")		–	–	–
Total		11,831,449	11,440,004	11,643,527

Intangible assets allocation

Name of CGU group	*Notes*	At 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Keystone	*(i)*	2,965,600	2,965,600	2,965,600
GDL	*(ii)*	2,435,828	2,335,406	2,538,536
Vienna and Baisuicun	*(iii)*	758,100	758,100	758,100
Total		6,159,528	6,059,106	6,262,236

Goodwill and intangible assets with indefinite life as at the end of each reporting period were mainly derived from the Group's following business acquisition:

(i) 81% equity interests of Keystone Lodging Holdings Limited and its subsidiaries (collectively "Keystone") in 2016;

(ii) Acquisition of 100% of GDL and its subsidiaries (collectively "GDL") in 2015;

(iii) 80% equity interests of Vienna Hotels Co., Ltd. ("Vienna") and Shenzhen Baisuicun Restaurant Chain Co., Ltd. ("Baisuicun") in 2016;

(iv) 100% equity interests of Thayer Jin Jiang InterActive Co., Ltd. ("Thayer Jin Jiang") and Shanghai Jin Jiang International E-Commerce Co., Ltd. ("Jinjiang E-Commerce") in 2016; and

(v) 100% equity interests of Smartel in 2013.

The respective goodwill arising from, and intangible assets with indefinite life identified upon, the above acquisitions, have bee allocated to the respective acquired business which was identified as the proper level of cash-generating unit group for such goodwill and intangible assets to be allocated to for the purpose of annual impairment testing during the Relevant Periods.

Impairment tests of CGU group containing goodwill and intangible assets with indefinite life

The Group performs annual impairment assessments of the cash-generating unit group ("CGU group") to which goodwill, trademarks and brands with indefinite useful life have been allocated.

The recoverable amounts of the respective CGU groups are determined based on the value-in-use ("VIU") calculation. The group engaged an independent professional valuer to assist the calculation. As at 31 December 2023, 2024, and 2025, these calculations use cash flow projections based on financial budgets approved by management covering a five-year forecast period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate. Key assumptions and recoverable amounts for the years ended 31 December 2023, 2024 and 2025 are set out as follows:

	At 31 December		
Annual growth rate of main revenue stream for forecast period	**2023**	**2024**	**2025**
Keystone	8.15%	6.31%	4.68%
GDL	5.20%	3.67%	4.54%
Vienna and Baisuicun	1.51%	0.01%	0.04%
Thayer Jin Jiang and Jinjiang E-Commerce	6.73%	3.66%	1.43%

	At 31 December		
Long-term growth rate	**2023**	**2024**	**2025**
Keystone	2.00%	2.00%	2.00%
GDL	1.71%	1.65%	2.00%
Vienna and Baisuicun	2.00%	2.00%	2.00%
Thayer Jin Jiang and Jinjiang E-Commerce	0.00%	0.00%	0.00%

	At 31 December		
Pre-tax discount rate	**2023**	**2024**	**2025**
Keystone	13.72%	13.82%	13.43%
GDL	13.15%	13.57%	12.47%
Vienna and Baisuicun	14.90%	15.50%	14.65%
Thayer Jin Jiang and Jinjiang E-Commerce	14.57%	12.55%	12.15%

	At 31 December		
Recoverable amount	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Keystone	14,499,000	14,103,000	14,720,000
GDL	12,232,980	12,000,858	12,378,780
Vienna and Baisuicun	5,107,000	4,888,000	5,000,000
Thayer Jin Jiang and Jinjiang E-Commerce	1,146,000	1,377,000	1,419,000

The headroom measured by the excess of the recoverable amount over the carrying amount of each CGU group as at 31 December 2023, 2024 and 2025 were set out below:

	At 31 December		
Name of CGU	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Keystone	2,958,435	3,032,545	4,013,933
GDL	1,839,031	2,172,627	1,152,467
Vienna and Baisuicun	1,507,833	1,528,915	1,961,060
Thayer Jin Jiang and Jinjiang E-Commerce	688,393	932,294	984,406

As at 31 December 2023, the recoverable amounts of the CGU Group of Smartel were RMB1,662,254,000 respectively, which were determined based on its fair value less cost of disposal. The Smartel was disposed at a consideration of RMB1,659,989,000 for the year ended 31 December 2024. Goodwill associated with Smartel of RMB51,786,000 was derecognised accordingly for the year ended 31 December 2024.

Management has identified that a reasonably possible change in key assumptions could cause the carrying amount to exceed the recoverable amount for CGUs with significant goodwill. The following table shows the amount by which these three assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Key assumption required for carrying amount to equal recoverable amount		
	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Annual growth rate of main revenue stream for forecast period			
– Keystone	6.48%	5.36%	2.80%
– GDL	4.59%	2.96%	3.37%
Long-term growth rate			
– Keystone	-2.10%	-2.60%	-3.50%
– GDL	-1.99%	-3.27%	0.00%
Pre-tax discount rate			
– Keystone	17.32%	17.81%	18.80%
– GDL	14.90%	15.88%	13.30%

15 INTERESTS IN JOINT VENTURES AND ASSOCIATES

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Joint ventures			
– immaterial joint ventures	4,042	4,474	15,037
Associates			
– immaterial associates	508,284	504,419	481,080
	512,326	508,893	496,117

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Joint ventures			
– immaterial joint ventures	837	864	874
Associates			
– immaterial associates	232,636	231,038	247,617
	233,473	231,902	248,491

16 INVESTMENTS IN SUBSIDIARIES

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries	17,431,416	18,495,071	18,380,071

The particulars of subsidiaries which principally and significantly affected the results, assets or liabilities of the Group are set out in Note 1.

The following table lists out the information relating to Vienna Hotels Group and Lavande Holdings Limited, the subsidiaries of the group which has a material NCI. The summarised financial information presented below represents the amounts before any inter-company elimination.

Vienna Hotels Group	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
NCI percentage	10%	10%	10%
Current assets	2,412,179	1,476,198	1,534,959
Non-current assets	2,457,590	2,947,529	2,565,350
Current liabilities	2,020,467	1,940,508	1,879,061
Non-current liabilities	1,899,956	1,610,828	1,363,824
Net assets	949,346	872,391	857,424
Carrying amount of NCI	154,183	145,450	142,916
Revenue	3,734,620	3,520,462	3,589,086
Profit for the year	633,922	558,115	544,303
Total comprehensive income	633,922	558,115	544,303
Profit allocated to NCI	62,355	54,774	53,393
Dividend paid to NCI	54,435	63,507	55,927
Cash flows from operating activities	1,340,583	1,081,892	1,114,116
Cash flows from investing activities	(73,899)	(747,676)	(100,320)
Cash flows from financing activities	(977,128)	(1,119,051)	(902,675)

Lavande Holdings Limited	Year ended 31 December
	2023
	RMB'000
NCI percentage	43%
Current assets	568,519
Non-current assets	256,807
Current liabilities	365,756
Non-current liabilities	1,754
Net assets	457,816
Carrying amount of NCI	285,537
Revenue	787,257
Profit for the year	267,621
Total comprehensive income	267,621
Profit allocated to NCI	113,778
Dividend paid to NCI	85,803
Cash flows from operating activities	357,275
Cash flows from investing activities	400,162
Cash flows from financing activities	(624,181)

The Group purchased all the non-controlling interests of Lavande Holdings Limited and two other subsidiaries of Keystone in 2024 with total consideration of RMB1,715,157,000. During the Relevant Periods, the Group purchased the non-controlling interests of Wehotel in 2023 respectively as set out in Note 1.

17 OTHER NON-CURRENT ASSETS

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Security deposits and deposits	57,734	90,646	108,409
Others	46,560	3,341	123,533
	104,294	93,987	231,942

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Security deposits and deposits	1,152	1,152	1,151
Entrusted loans to subsidiaries	293,272	490,075	373,727
	294,424	491,227	374,878

As at the end of each reporting period, the interest rate of the entrusted loan of the Company is fixed at 1.15% per annum and the loan period ranged from 2 to 3 years.

18 TRADE AND OTHER RECEIVABLES

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables, net of loss allowance	1,705,695	1,407,071	1,405,132
Prepayment	157,303	204,247	261,859
Other receivables and deposits, net of loss allowance:			
– Amounts due from related parties	153,164	166,210	27,987
– Dividend receivables	96,286	95,502	117,159
– Securities and deposits	219,871	224,051	206,685
– others	173,158	190,918	275,871
	642,479	676,681	627,702
	2,505,477	2,287,999	2,294,693

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables, net of loss allowance	57,203	49,196	52,349
Prepayments	1,624	2,673	2,272
Other receivables and deposits, net of loss allowance:			
– Amounts due from related parties	270,591	334,872	394,394
– Dividend receivables	227,859	356,265	381,099
– Securities and deposits	277	256	257
– others	9,613	9,414	7,632
	508,340	700,807	783,382
	567,167	752,676	838,003

All of trade and other receivables of the Group are expected to be recovered or recognised as expenses within one year.

All the amounts due from related parties of the Group are trade in nature.

As of the end of each reporting period, the ageing analysis of trade receivables (which are included in trade receivables and other receivables) based on the invoice date and net of loss allowance, is as follows:

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,726,556	1,505,281	1,512,708
Over 1 year	323,632	365,033	362,673
Less: provision for bad and doubtful debts	(344,493)	(463,243)	(470,249)
	1,705,695	1,407,071	1,405,132

Details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 32(a).

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	39,481	48,402	52,349
Over 1 year	19,145	1,228	1,279
Less: provision for bad and doubtful debts	(1,423)	(434)	(1,279)
	57,203	49,196	52,349

19 FINANCIAL ASSETS MEASURED AT FAIR VALUE

(a) Financial assets measured at FVPL:

The Group

		At 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current:				
– Investments in unlisted equity securities	*32(e)*	857,400	860,600	843,300
Current:				
– Investments in listed equity securities	*32(e)*	263,014	334,096	273,265

The Company

		At 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current:				
– Investments in unlisted equity securities		857,400	860,600	843,300
Current:				
– Investments in listed equity securities		200,679	272,445	242,764

(b) Financial assets measured at FVOCI:

The Group

	Notes	At 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Investments in listed equity securities	*32(e)*	15,834	23,229	33,408
Investments in unlisted equity securities	*32(e)*	36,236	37,142	42,723
		52,070	60,371	76,131

These equity investments are classified as financial assets at fair value through other comprehensive income, which were designated by the Company at initial recognition.

20 RESTRICTED CASH

	At 31 December 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Pledged deposits	5,851	19,837	45,499

As at 31 December 2023, 2024 and 2025, restricted cash included in current assets were pledged deposits mainly related to letters of guarantees and frozen bank deposits.

21 TIME DEPOSITS

The Group

	At 31 December 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Time deposits with maturity within one year	1,782,554	639,524	1,848,477
Time deposits with maturity over one year	260,866	69,345	86,910
	2,043,420	708,869	1,935,387

The Company

	At 31 December 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Time deposits with maturity within one year	1,323,457	–	1,700,053

The item represents deposits mainly in Mainland large banks with original maturity exceeding three months. The applicable interest rate is determined in accordance with the benchmark interest rate published by the People's Bank of China ("PBOC") or with reference to the market interest rate.

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	8,506,385	8,637,637	6,703,971

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	2,048,650	2,664,617	1,160,028

(b) Reconciliation of profit before taxation to cash generated from operations:

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Profit before taxation		1,793,329	1,645,050	1,467,296
Adjustments for:				
Depreciation of property, plant and equipment	*6(c)*	816,911	803,746	887,689
Depreciation of right-of-use assets	*6(c)*	1,231,972	1,221,458	1,091,624
Amortisation of intangible assets	*6(c)*	181,115	199,191	215,495
Interest on loans and borrowings	*6(a)*	473,962	532,081	374,953
Interest expenses on lease liabilities	*6(a)*	372,069	331,542	297,257
Impairment loss on property, plant and equipment		13,234	7,923	4,516
Changes in the fair value of financial instruments	*6(c)*	(160,962)	(42,221)	46,981
Net gain on disposal of subsidiaries		–	(415,458)	(103,463)
Share of profit less losses of joint ventures and associates		(90,443)	(94,283)	(79,627)
Others		(247,481)	(476,731)	(111,831)
Changes in working capital:				
Trade and other receivables		(255,319)	363,960	(93,649)
Restricted cash		14,423	(13,986)	(23,124)
Inventories		1,533	17,607	4,538
Other current assets		(12,337)	(66,440)	(132,416)
Trade and other payables		1,513,969	378,617	124,979
Contract liabilities		142,855	(185,302)	24,216
Other non-current liabilities		(54,755)	(9,747)	13,020
Cash generated from operations		5,734,075	4,197,007	4,008,454

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's cash flow statement as cash flows from financing activities.

	Loans and borrowings	Lease liabilities	Trade and other payables – dividends payable	Total
	RMB'000 *(Note 24)*	*RMB'000* *(Note 27)*	*RMB'000* *(Note 25)*	*RMB'000*
At 1 January 2023	13,315,519	9,757,284	140,372	23,213,175
Changes from financing cash flows:				
Capital element of lease rentals paid	–	(1,360,681)	–	(1,360,681)
Interest element of lease rentals paid	–	(372,069)	–	(372,069)
Proceeds from loans and borrowings	8,712,077	–	–	8,712,077
Repayment of loans and borrowings	(8,432,624)	–	–	(8,432,624)
Profit distribution paid	–	–	(286,874)	(286,874)
Interest paid	(452,522)	–	–	(452,522)
Total changes from financing cash flows	(173,069)	(1,732,750)	(286,874)	(2,192,693)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	1,220,767	–	1,220,767
Decrease in lease liabilities from terminating leases during this year	–	(71,329)	–	(71,329)
Dividends declared and approved	–	–	243,579	243,579
Interest expenses *(Note 6(a))*	473,962	372,069	–	846,031
Effect of foreign exchange rate changes	594,630	227,412	–	822,042
Total other changes	1,068,592	1,748,919	243,579	3,061,090
At 31 December 2023	14,211,042	9,773,453	97,077	24,081,572

	Loans and borrowings	Lease liabilities	Trade and other payables – dividends payable	Total
	RMB'000 *(Note 24)*	*RMB'000* *(Note 27)*	*RMB'000* *(Note 25)*	*RMB'000*
At 1 January 2024	14,211,042	9,773,453	97,077	24,081,572
Changes from financing cash flows:				
Capital element of lease rentals paid	–	(1,522,847)	–	(1,522,847)
Interest element of lease rentals paid	–	(331,542)	–	(331,542)
Proceeds from loans and borrowings	8,638,124	–	–	8,638,124
Repayment of loans and borrowings	(9,980,236)	–	–	(9,980,236)
Profit distribution paid	–	–	(988,451)	(988,451)
Interest paid	(538,814)	–	–	(538,814)
Total changes from financing cash flows	(1,880,926)	(1,854,389)	(988,451)	(4,723,766)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	758,818	–	758,818
Decrease in lease liabilities from terminating leases during this year	–	(447,619)	–	(447,619)
Dividends declared and approved	–	–	904,610	904,610
Interest expenses *(Note 6(a))*	532,081	331,542	–	863,623
Effect of foreign exchange rate changes	(447,274)	(52,303)	–	(499,577)
Total other changes	84,807	590,438	904,610	1,579,855
At 31 December 2024	12,414,923	8,509,502	13,236	20,937,661

	Loans and borrowings	Lease liabilities	Trade and other payables – dividends payable	Total
	RMB'000 *(Note 24)*	*RMB'000* *(Note 27)*	*RMB'000* *(Note 25)*	*RMB'000*
At 1 January 2025	12,414,923	8,509,502	13,236	20,937,661
Changes from financing cash flows:				
Capital element of lease rentals paid	–	(1,171,984)	–	(1,171,984)
Interest element of lease rentals paid	–	(297,257)	–	(297,257)
Proceeds from loans and borrowings	8,829,508	–	–	8,829,508
Repayment of loans and borrowings	(9,530,337)	–	–	(9,530,337)
Profit distribution paid	–	–	(464,060)	(464,060)
Interest paid	(362,683)	–	–	(362,683)
Total changes from financing cash flows	(1,063,512)	(1,469,241)	(464,060)	(2,996,813)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	604,436	–	604,436
Decrease in lease liabilities from terminating leases during this year	–	(473,766)	–	(473,766)
Dividends declared and approved	–	–	465,084	465,084
Interest expenses (Note 6(a))	374,953	297,257	–	672,210
Effect of foreign exchange rate changes	900,919	221,906	–	1,122,825
Total other changes	1,275,872	649,833	465,084	2,390,789
At 31 December 2025	12,627,283	7,690,094	14,260	20,331,637

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	32,365	36,761	33,955
Within financing cash flows	1,732,750	1,854,389	1,469,241
	1,765,115	1,891,150	1,503,196

These amounts relate to the following:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lease rentals paid	1,765,115	1,891,150	1,503,196

23 OTHER CURRENT ASSETS

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finance lease receivables	385,979	352,004	319,026
Less: non-current portion	(354,356)	(317,733)	(284,577)
Finance lease receivables – current portion	31,623	34,271	34,449
Value-added tax recoverable	321,213	399,364	513,449
Income tax recoverable	28,879	10,632	24,030
Prepaid expenses	21,207	23,066	26,199
Others	18,160	20,189	77,879
	421,082	487,522	676,006

24 LOANS AND BORROWINGS

(a) Loans and borrowings comprise:

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing borrowings			
– Floating rate	11,870,054	2,625,889	9,425,026
– Fixed rate	2,340,988	9,789,034	3,202,257
	14,211,042	12,414,923	12,627,283

As at the end of each reporting period, the interest rate of bank loans with fixed-rate ranged from 1.05%-4.44%. The interest of bank loans with floating-rate was mainly related to PRC Loan-Prime-Rate, three-month EUR-inter-bank-offered rate, the EUR-inter-bank-offered rate, and the three-month Poland-inter-bank-offered rate.

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

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
RMB	2,848,671	3,097,176	1,131,168
EUR	11,362,371	9,317,747	11,496,115
	14,211,042	12,414,923	12,627,283

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing borrowings			
– Floating rate	744,605	142,106	–
– Fixed rate	2,687,285	2,636,919	1,150,503
	3,431,890	2,779,025	1,150,503

All the Company's loans and borrowings are denominated in RMB. As at the end of each reporting period, the interest rate of bank loans with fixed-rate ranged from 2.00%-3.00%. The interest of bank loans with floating-rate was mainly related to PRC Loan Prime Rate.

(b) As of the end of each reporting period, loans and borrowings were repayable as follows:

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	4,318,264	5,370,398	3,344,016
After 1 year but within 2 years	3,070,917	1,990,899	3,134,818
After 2 years but within 5 years	6,800,840	5,053,626	6,148,449
More than 5 years	21,021	–	–
	9,892,778	7,044,525	9,283,267
	14,211,042	12,414,923	12,627,283

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	54,045	1,318,080	1,150,503
After 1 year but within 2 years	1,177,845	1,460,945	–
After 2 years but within 5 years	2,200,000	–	–
	3,377,845	1,460,945	–
	3,431,890	2,779,025	1,150,503

(c) As of the end of each reporting period, loans and borrowings were guaranteed and secured as follows:

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Secured loans *(i)*	132,713	–	–
Unsecured and unguaranteed borrowings	14,078,329	12,414,923	12,627,283
	14,211,042	12,414,923	12,627,283

(i) Loans and borrowings of the Group were secured by the following assets of the Group:

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	68,315	–	–

As at 31 December 2023, 2024 and 2025, in the non-current portion of loans and borrowings, the loans of RMB744,605,000, nil and nil are subject to below covenant terms:

(i) the debt-to-asset ratio (total liabilities/total assets) of the Group shall not exceed 70% for three consecutive months;

(ii) the current ratio (total current assets/total current liabilities) of the Group shall not be less than 0.8 for three consecutive months.

(iii) the EBITDA-to-interest expenses ratio of the Group in the quarterly consolidated statements of profit or loss shall not be less than 6. EBITDA is calculated as the total amount of profit before taxation, interest expenses (corresponding quarterly interest expenses, excluding any overdue penalty interests, misappropriation penalty interests, and any other penalty interests or compound interests), and depreciation and amortisation.

The covenant is tested quarterly. As at each respective quarter end of the Relevant Periods, all the covenants are complied with.

25 TRADE AND OTHER PAYABLES

The Group

		At 31 December		
	Note	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Trade payables		1,449,129	1,430,610	1,401,843
Accrued payroll		1,131,558	1,049,896	972,569
Taxes payable		241,935	494,357	308,890
Other payables and accruals:				
– Payments received on behalf of franchised hotels		1,592,921	1,761,148	1,837,090
– Amounts due to related parties – trade		242,520	229,030	107,500
– Amounts due to related parties – non-trade		80,000	80,000	–
– Deposits		515,079	664,391	812,306
– Dividends payable		97,077	13,236	14,260

	Note	At 31 December 2023	2024	2025
		RMB'000	RMB'000	RMB'000
– Repurchase obligation related to restricted share incentive plan		–	71,506	49,820
– Other payables related to purchase of non-controlling interests		126,791	151,503	166,702
– Performance commitment deposit	29(ii)	–	–	283,814
– Others		367,499	458,100	547,851
		3,021,887	3,428,914	3,819,343
		5,844,509	6,403,777	6,502,645

Amounts due to related parties - non-trade were settled in August 2025.

The Company

	At 31 December 2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	15,096	22,012	17,823
Accrued payroll	26,861	26,161	26,865
Taxes payable	1,577	2,623	1,937
Other payables and accruals:			
– Amounts due to related parties – trade	262,156	221,593	182,980
– Dividends payable	599	642	1,666
– Repurchase obligation related to restricted share incentive plan	–	71,506	49,820
– Performance commitment deposit	–	–	283,814
– Others	110,800	120,664	149,040
	373,555	414,405	667,320
	417,089	465,201	713,945

All trade and other payables of the Group are expected to be settled or recognised as income within one year or are repayable on demand.

(i) As of the end of each reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

The Group

	At 31 December 2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	1,156,707	1,219,599	1,207,333
Over 1 year	292,422	211,011	194,510
	1,449,129	1,430,610	1,401,843

The Company

	At 31 December 2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	9,253	17,093	15,712
Over 1 year	5,843	4,919	2,110
	15,096	22,012	17,823

26 CONTRACT LIABILITIES

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Franchise-related service fees	573,854	509,444	510,750
Others	294,699	173,807	196,717
	868,553	683,251	707,467

Contract liabilities would be recognised as operating revenue upon the rendering of services or providing products. Almost all of the contract liability balance as at 31 December 2023, 2024 were recognised as revenue in the consolidated statement of profit or loss within one year. All of the contract liability balance as at 31 December 2025 will be expected to be recognised as revenue in the consolidated statement of profit or loss within one year.

27 LEASE LIABILITIES

As of the end of each reporting period, the lease liabilities were repayable as follows:

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,457,726	1,330,586	1,210,944
After 1 year but within 2 years	1,271,301	1,118,450	1,103,171
After 2 years but within 5 years	3,490,707	2,972,849	1,940,942
After 5 years	3,553,719	3,087,617	3,435,037
	8,315,727	7,178,916	6,479,150
	9,773,453	8,509,502	7,690,094

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	67,816	61,402	33,813
After 1 year but within 2 years	59,092	57,010	31,444
After 2 years but within 5 years	151,568	74,358	11,882
After 5 years	49,827	–	1,915
	260,487	131,368	45,241
	328,303	192,770	79,054

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

		At 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year		63,881	153,977	182,908
Provision for current income tax for the year	*7(a)*	663,294	669,579	643,537
Under/(over)-provision in respect of prior years	*7(a)*	(842)	(5,325)	3,376
Payment during the year		(572,356)	(635,323)	(707,102)
At the end of the year		153,977	182,908	122,719

		At 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Reconciliation to the consolidated statements of financial position:				
Income tax payable		182,856	193,540	146,749
Income tax recoverable	*23*	(28,879)	(10,632)	(24,030)
At the end of the year		153,977	182,908	122,719

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The Group

	Tax losses carried forward	Lease liabilities	Employee benefits	Credit loss allowance	Accrued expenses	Impairment on assets	Deferred revenue	Long-term contract liability	Depreciation differences of fixed assets between tax base and accounting base	Changes in fair value of financial assets held for trading included in gains or losses form changes in fair value	Changes in fair value of other non-current financial assets included in gains or losses form changes in fair value	Government subsidies	Adjustment of fair value of assets derived from business combination not involving enterprises under common control	Right-of-use assets	Changes in fair value of equity Instruments Investment in gains or losses form changes in fair value	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	928,210	2,178,955	66,438	42,242	25,685	7,885	9,711	8,426	(7,931)	19,987	(181,985)	1,645	(1,957,071)	(2,046,454)	1,821	(5,430)	(907,866)
Credited/(charged) to profit or loss	160,969	61,387	(2,910)	15,004	10,629	2,415	6,642	(1,195)	3,292	(2,437)	(26,987)	(204)	(20,214)	(70,735)	–	10,651	146,307
Credited/(charged) to reserves	–	–	(985)	–	–	–	–	–	–	–	–	–	–	–	(794)	–	(1,779)
At 31 December 2023 and 1 January 2024	1,089,179	2,240,342	62,543	57,246	36,314	10,300	16,353	7,231	(4,639)	17,550	(208,972)	1,441	(1,977,285)	(2,117,189)	1,027	5,221	(763,338)
Credited/(charged) to profit or loss	111,964	(347,591)	(4,755)	31,253	1,765	(2,089)	(885)	(1,603)	5,602	(17,942)	(800)	(1,003)	148,107	325,102	–	(3,251)	243,874
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	80,364	–	–	–	80,364
Credited/(charged) to reserves	–	–	721	–	–	–	–	–	–	–	–	–	–	–	(1,849)	–	(1,128)
At 31 December 2024 and 1 January 2025	1,201,143	1,892,751	58,509	88,499	38,079	8,211	15,468	5,628	963	(392)	(209,772)	438	(1,829,178)	(1,792,087)	(822)	1,970	(520,592)
Credited/(charged) to profit or loss	13,345	(212,158)	(1,577)	(5,811)	4,196	486	1,746	(1,281)	(966)	7,421	4,325	(138)	73,036	257,910	–	23,598	164,132
Disposal of subsidiaries	(4,867)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(4,867)
Credited/(charged) to reserves	78,382	55,571	1,574	–	–	–	–	503	(405)	–	–	–	(76,886)	(52,634)	2,236	(1,943)	6,398
At 31 December 2025	1,292,870	1,736,164	58,506	82,688	42,275	8,697	17,214	4,850	(408)	7,029	(205,447)	300	(1,833,028)	(1,586,811)	1,414	23,625	(350,062)

The Company

	Lease liabilities	Employee benefits	Credit loss allowance	Deferred revenue	Changes in fair value of financial assets held for trading included in gains or losses form changes in fair value	Changes in fair value of other non-current financial assets included in gains or losses form changes in fair value	Government subsidies	Right-of-use assets	Changes in fair value of equity Instruments Investment in gains or losses form changes in fair value	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022 and 1 January 2023	84,056	3,427	425	75	19,987	(169,122)	714	(84,056)	491	(144,003)
Credited/(charged) to profit or loss	(14,428)	(233)	82	–	(2,436)	(39,850)	(139)	14,428	–	(42,576)
Credited/(charged) to reserves	–	–	–	–	–	–	–	–	(794)	(794)
At 31 December 2023 and 1 January 2024	69,628	3,194	507	75	17,551	(208,972)	575	(69,628)	(303)	(187,373)
Credited/(charged) to profit or loss	(31,229)	56	(247)	(75)	(17,942)	(800)	(137)	31,229	–	(19,145)
Credited/(charged) to reserves	–	–	–	–	–	–	–	–	(1,849)	(1,849)
At 31 December 2024 and 1 January 2025	38,399	3,250	260	–	(391)	(209,772)	438	(38,399)	(2,152)	(208,367)
Credited/(charged) to profit or loss	(25,370)	(13)	211	0	7,420	4,325	(138)	25,370	–	11,805
Credited/(charged) to reserves	–	–	–	–	–	–	–	–	(2,544)	(2,544)
At 31 December 2025	13,029	3,237	471	0	7,029	(205,447)	300	(13,029)	(4,696)	(199,106)

(ii) Reconciliation to the consolidated statements of financial position

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets in the consolidated statements of financial position	1,093,455	1,216,076	1,383,589
Net deferred tax liabilities in the consolidated statements of financial position	1,856,793	1,736,668	1,733,651
	(763,338)	(520,592)	(350,062)

(c) Deferred tax assets not recognised:

The Group

In accordance with the accounting policy set out in Note 2(s), as at 31 December 2023, 2024 and 2025, the Company and its subsidiaries have not recognised deferred tax assets in respect of their cumulative tax losses of RMB2,359,758,000, RMB2,371,529,000 and RMB2,054,104,000 and temporary differences of RMB765,681,000, RMB659,800,000 and RMB525,560,000, respectively as certain entities of the Group are not considered probable that taxable profits in foreseeable future will be available against which the tax losses or temporary differences can be utilised. The tax losses arising from operations in Mainland China can be carried forward to offset against taxable profits of subsequent years for up to five to eight years from the year in which they arose. The unrecognised tax losses as at 31 December 2025 arising from overseas entities outside of PRC of RMB191,000,000 has no expiry date. As at the end of each reporting period of the Relevant Periods, tax liabilities arising from the temporary differences relating to the undistributed profits of overseas subsidiaries have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

29 OTHER NON-CURRENT LIABILITIES

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Long-term payables	5,469	4,240	3,380
Long-term employee benefits payable *(i)*	67,900	67,426	69,788
Provisions	71,356	67,413	93,155
Performance commitment deposit *(ii)*	268,564	276,084	–
Others	75,968	70,638	55,554
	489,257	485,801	221,877

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loans from related parties	–	900,667	2,411,583
Performance commitment deposit *(ii)*	268,564	276,084	–
Others	2,301	1,750	1,201
	270,865	1,178,501	2,412,784

(i) Movements in the present value of the defined benefit obligation

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance as at 1 January	69,128	67,900	67,426
Actuarial (gain)/loss	(3,818)	2,869	(851)
Benefits paid by the plans	(2,804)	(2,678)	(2,449)
Current service cost	71	(123)	(2,815)
Interest cost	1,553	2,402	2,202
Exchange adjustments	3,770	(2,944)	6,275
Balance at the end of the year/period	67,900	67,426	69,788

Significant actuarial assumptions are as follows:

	At 31 December		
	2023	2024	2025
Discount rate	4.00%	3.20%	3.65%
Future salary increases	3.00%-3.50%	3.00%-3.50%	3.00%-4.50%

(ii) Performance commitment deposit

As set out in Note 1, the Group entered into equity transfer agreements to acquire 90% equity interests of Wehotel in June 2023, where the then controlling owners of Wehotel, i.e. Jin jiang Capital and Jin jiang Asset Management as ultimately controlled by Jin Jiang International, pledged such performance security deposit to the Group with regard to their commitment to operation results of Wehotel from 2023 to 2025 ("commitment period") after the acquisition. As at 31 December 2025, performance commitment deposit is due within one year as set out in Note 25.

30 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

In accordance with the authorization by the 2024 First Extraordinary General Meeting of Shareholders on 20 September 2024 and upon the approval of the 34th meeting of the 10th Board of Director of the Company on 11 October 2024, the Company launched the 2024 Jin Jiang Hotel Restricted Share Incentive Plan (hereinafter referred to as "Plan"), through which the Company granted the qualified Group's employees the ordinary shares of the Company.

On 11 October 2024, the Company granted 6,034,240 restricted shares to the qualified employees at a price of RMB11.85 per share. 40%, 30% and 30% of restricted shares granted are to be vested 1 year, 2 years and 3 years respectively from the grant date.

On 22 June 2025, the Company repurchased 2,625,259 of restricted shares for RMB31,112,000 from grantees due to that the performance condition of the Plan was not met in 2024 or that employments relationship of the grantees was terminated.

On 2 September 2025, the Company granted 845,400 restricted shares to the qualified employees at a price of RMB 11.15 per share. 50% and 50% of restricted shares granted are to be vested 1 year and 2 years respectively from the grant date.

(i) The number of restricted shares to the Group's incentive employees is summarized as follows:

	Number of RSUs
Outstanding as at 1 January 2023 and 31 December 2023	–
Granted during the year ended 31 December 2024	6,034,240
Outstanding as at 31 December 2024	6,034,240
Granted during the year ended 31 December 2025	845,400
Forfeited during the year ended 31 December 2025	(2,625,259)
Outstanding as at 31 December 2025	4,254,381

(ii) Fair value of restricted shares

The fair value of services received in return for restricted shares is measured by reference to the fair value of restricted shares granted. The fair value of the newly granted restricted shares is measured based on the closing price of the Company's A-Share as at the grant date which was RMB11.85 and 11.15 respectively.

The total expenses recognised for the above transaction were RMB4,148,000 for the year ended 31 December 2024 and the Group reversed RMB4,148,000 for the year ended 31 December 2025.

31 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity during the Relevant Periods is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity are set out below:

	Notes	**Share capital**	**Treasury shares**	**Share premium**	**Capital reserve**	**PRC Statutory reserve**	**Share-based payment reserve**	**Other reserve**	**Retained earnings**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023		1,070,044	–	12,652,200	1,279,847	715,703	–	106,429	2,918,172	18,742,395
Profit for the year		–	–	–	–	–	–	–	968,276	968,276
Other comprehensive income		–	–	–	–	–	–	2,289	–	2,289
Total comprehensive income		–	–	–	–	–	–	2,289	968,276	970,565
Deemed distributions	*31(d)(iii)*	–	–	–	(766,478)	–	–	–	–	(766,478)
Dividends declared and approved	*31(b)*	–	–	–	–	–	–	–	(64,203)	(64,203)
Others	*31(d)(vi)*	–	–	–	–	–	–	1,081	–	1,081
Balance at 31 December 2023 and 1 January 2024		1,070,044	–	12,652,200	513,369	715,703	–	109,799	3,822,245	18,883,360
Profit for the year		–	–	–	–	–	–	–	1,432,360	1,432,360
Other comprehensive income		–	–	–	–	–	–	5,072	–	5,072
Total comprehensive income		–	–	–	–	–	–	5,072	1,432,360	1,437,432
Shares repurchased under Restricted Share Incentive Plan	*30*	–	(189,077)	–	–	–	–	–	–	(189,077)
Shares granted under Restricted Share Incentive Plan	*30*	–	71,111	–	(71,111)	–	–	–	–	–
Equity-settled share-based transactions	*30*	–	–	–	–	–	4,148	–	–	4,148
Dividends declared and approved	*31(b)*	–	–	–	–	–	–	–	(662,467)	(662,467)
Others	*31(d)(vi)*	–	–	–	–	–	–	957	–	957
Balance at 31 December 2024		1,070,044	(117,966)	12,652,200	442,258	715,703	4,148	115,828	4,592,138	19,474,353

	Notes	**Share capital**	**Treasury shares**	**Share premium**	**Capital reserve**	**PRC Statutory reserve**	**Share-based payment reserve**	**Other reserve**	**Retained earnings**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2025		1,070,044	(117,966)	12,652,200	442,258	715,703	4,148	115,828	4,592,138	19,474,353
Profit for the year		–	–	–	–	–	–	–	779,029	779,029
Other comprehensive income		–	–	–	–	–	–	7,634	–	7,634
Total comprehensive income		–	–	–	–	–	–	7,634	779,029	786,663
Shares granted under Restricted Share Incentive Plan	*30*	–	(20,383)	–	20,383	–	–	–	–	–
Equity-settled share-based transactions	*30*	–	–	–	–	–	(4,148)	–	–	(4,148)
Dividends declared and approved	*31(b)*	–	–	–	–	–	–	–	(405,870)	(405,870)
Treasury shares cancelled	*31(c)*	(3,746)	88,526	–	(84,780)	–	–	–	–	–
Others	*31(d)*	–	–	–	–	–	–	886	–	886
Balance at 31 December 2025		1,066,298	(49,823)	12,652,200	377,861	715,703	–	124,348	4,965,297	19,851,884

(b) Dividends

During the years ended 31 December 2023 and 2024 and 2025, the Company declared and approved the dividends of RMB64,203,000 and RMB662,467,000 and RMB405,870,000 respectively to its shareholders.

(c) Share capital

(i) Issued and fully paid:

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Ordinary shares of RMB1 each, issued and fully paid	1,070,044	1,070,044	1,066,298

(ii) Purchase of treasury shares

Month/year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Total consideration paid
		(RMB)	*(RMB)*	*(RMB'000)*
August 2024	8,000,000	24.00	23.17	189,077

The Group repurchased 8,000,000 shares in August 2024 among which 6,879,640 shares were granted to the employees, as set out in Note 30. 2,625,259 shares were forfeited in June 2025 as set out in Note 30 and written off on 10 July 2025 and the outstanding 1,120,360 treasury shares were written off on 28 October 2025, resulting in 1,066,298,444 shares number of shares issued as at 31 December 2025.

(d) Nature and purpose of reserves

(i) Share premium

The share premium represents the excess of capital injections made by the equity shareholders over the par value of the shares issued.

(ii) Capital reserve

The capital reserve mainly comprises the following:

– the historical book value of the net assets of the subsidiary under common control transferred to the Company less consideration; and

– the difference between the consideration paid and net assets acquired by the Company for acquisition of non-controlling interests in subsidiaries.

(iii) Deemed distributions

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deemed distributions			
– Distribution to the shareholder of Jin Jiang Liancai	–	–	–
– Distribution to the shareholder of WeHotel	696,521	–	–
– Distribution to the shareholder of Jin Jiang Hotel Management	461,000	–	–
Total	1,157,521	–	–

As part of the common-control merge mentioned in Note 1, the Group has acquired WeHotel and Jin Jiang Hotel Management in 2023 respectively. The net assets and financial results of these entities acquired have been included in this Historical Financial Information based on basis of presentation as set out in Note 1 and the cash consideration was deemed as distribution to the shareholders, which are under the common-control.

(iv) PRC statutory reserve

According to the PRC Company Law, the Company's PRC subsidiaries are required to transfer 10% of their profit after taxation, as determined under the PRC accounting regulations, to statutory reserve until the reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined based on the statutory financial statements prepared in accordance with PRC accounting standards. The transfer to this reserve must be made before distribution of dividend to shareholders. Statutory reserve fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(v) Share-based payment reserve

The share-based payment reserve represents the portion of the grant date fair value of the Restricted Shares Incentive Plan of the Company, granted to the employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(r)(iii).

(vi) Other reserve

The other reserve mainly comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations.

Others in other reserve represents the changes in the Group's proportionate interest in the joint venture arising from changes in the joint venture's other reserve due to the recognition in accordance with the joint venture's equity-settled share-based plan.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate, currency and fair value risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The trade receivables from the Group's five largest customers at 31 December 2023, 2024 and 2025 represented 4.01%, 4.96% and 11.81% of the total trade receivables respectively, while 3.68%, 4.71% and 4.25% of the total trade receivables were due from the largest single customer respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	At 31 December 2023			At 31 December 2024			At 31 December 2025		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000
Requisitioned hotel receivables	8.33%	183,606	15,287	73.20%	107,221	78,486	78.60%	68,483	53,827

Client portfolio of domestic companies

	At 31 December 2023			At 31 December 2024			At 31 December 2025		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000
Within 6 months	2.11%	856,657	18,056	12.04%	731,264	88,058	17.31%	730,723	126,452
6-12 months	16.66%	148,985	24,817	22.56%	168,799	38,078	20.17%	92,565	18,669
Over 1 year	89.07%	153,044	136,310	99.58%	124,526	124,000	96.28%	116,936	112,590
		1,158,686	179,183		1,024,589	250,136		940,224	257,711

Client portfolio of overseas companies

	At 31 December 2023			At 31 December 2024			At 31 December 2025		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000
Within 3 months	5.72%	455,055	26,031	3.92%	526,892	20,642	3.83%	633,975	24,262
3-12 months	27.66%	82,252	22,753	25.94%	78,326	20,320	35.86%	55,445	19,885
Over 1 year	59.35%	170,589	101,239	70.27%	133,286	93,659	64.63%	177,254	114,564
		707,896	150,023		738,504	134,621		866,674	158,711
		2,050,188	344,493		1,870,314	463,243		1,875,381	470,249

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at 1 January	294,147	344,493	463,243
Net impairment losses recognised during the year	52,215	127,263	5,463
Others	(1,869)	(8,513)	1,543
	344,493	463,243	470,249

Other receivables

The Group determines the credit loss of other receivables on the individual basis. Increase in provision for expected credit losses on other receivables. The amount to be reversed shall be recognized as credit losses or gains in the current period's profit and loss.

Movement in the loss allowance account in respect of other receivables during the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at 1 January	28,385	30,436	32,409
Net impairment losses (reversed)/recognised during the year	2,464	2,584	2,439
Others	(413)	(611)	650
	30,436	32,409	35,498

Cash and cash equivalents, restricted cash, time deposits, other current assets, long-term receivables, and other non-current assets

The Group's exposure to credit risk arising from cash and cash equivalents, restricted cash and time deposits is limited because the counterparties are state-owned banks or reputable commercial banks which the Group considers to have low credit risk.

The Group measures loss allowances for other current assets, long-term receivables and other non-current assets at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 for cash and cash equivalents, restricted cash, time deposits, other current assets, long-term receivables, and other non-current assets as at 31 December 2023, 2024 and 2025.

(b) Liquidity risk

The Group's policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay.

	At 31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	4,465,813	3,210,581	7,215,960	29,650	14,922,004	14,211,042
Trade and other payables . .	4,337,624	–	–	–	4,337,624	4,337,624
Lease liabilities	1,678,239	1,505,561	4,027,954	3,839,391	11,051,145	9,773,453
Other non-current liabilities .	–	5,469	287,760	–	293,229	274,033
	10,481,676	4,721,611	11,531,674	3,869,041	30,604,002	28,596,152

	At 31 December 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	5,554,258	2,097,798	5,525,130	–	13,177,186	12,414,923
Trade and other payables . .	4,851,650	–	–	–	4,851,650	4,851,650
Lease liabilities	1,542,326	1,326,595	3,540,683	3,383,801	9,793,405	8,509,502
Other non-current liabilities .	–	292,000	–	–	292,000	280,324
	11,948,234	3,716,393	9,065,813	3,383,801	28,114,241	26,056,399

	At 31 December 2025					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	3,408,853	3,236,519	6,586,098	–	13,231,470	12,627,283
Trade and other payables . .	5,199,826	–	–	–	5,199,826	5,195,880
Lease liabilities	1,400,324	1,372,302	2,402,535	3,921,059	9,096,220	7,690,094
Other non-current liabilities .	–	3,380	–	–	3,380	3,380
	10,009,003	4,612,201	8,988,633	3,921,059	27,530,896	25,516,637

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash and cash equivalents, restricted cash, time deposits, loans and borrowings and lease liabilities. The Group's interest-bearing financial instruments at variable rates as at 31 December 2023, 2024 and 2025 primarily are the cash and cash equivalent, restricted cash and loans and borrowings, and the cash flow interest rate risk arising from the change of market interest rate on these balances is not considered significant. The Group's interest rate profile as monitored by management is set out below.

The Group's loans and borrowings, lease liabilities, restricted cash, time deposits and cash and cash equivalents and interest rates at the end of each reporting period are set out as follows:

	At 31 December					
	2023		2024		2025	
	Effective interest rate	*RMB'000*	*Effective interest rate*	*RMB'000*	*Effective interest rate*	*RMB'000*
Fixed rate instruments						
Time deposits.	2.75%-3.10%	2,043,420	1.30%-2.80%	708,869	1.00%-2.30%	1,935,387
Loans and borrowings	2.70%-3.85%	(2,340,988)	2.10%-3.85%	(9,789,034)	2.10%-2.70%	(3,202,258)
Lease liabilities	3.95%-4.22%	(9,773,453)	3.75%-4.58%	(8,509,502)	3.75%-4.58%	(7,690,094)
		(10,071,021)		(17,589,667)		(8,956,965)
Variable rate instruments						
Restricted cash	0.10%~0.39%	5,851	0.10%~0.39%	19,837	0.10%-0.25%	45,499
Cash and cash equivalent	0.39%-1.35%	8,506,385	0.39%-1.35%	8,637,637	0.01%-1.35%	6,703,971
Loans and borrowings	3.33%~5.17%	(11,870,054)	3.50%~4.67%	(2,625,889)	2.01%-3.33%	(9,425,025)
		(3,357,818)		6,031,585		(2,675,555)

(i) Sensitivity analysis

At 31 December 2023, 2024 and 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profits after tax and retained profits as follows.

	Increase/(decrease) in basis points	(Decrease)/ increase in profits after tax for the year	(Decrease)/ increase in retained profits for the year
		RMB'000	*RMB'000*
At 31 December 2023			
Basis points	100	(25,184)	(25,184)
Basis points	(100)	25,184	25,184
At 31 December 2024			
Basis points	100	45,237	45,237
Basis points	(100)	(45,237)	(45,237)
At 31 December 2025			
Basis points	100	(20,067)	(20,067)
Basis points	(100)	20,067	20,067

(d) Currency risk

The Group has foreign currency risk as certain balances are denominated in foreign currencies that is different from the functional currency of the respective group entities. The related foreign currency balance was mainly consist with cash and cash equivalents. The Group closely monitor the impact of exchange rate fluctuations on the Group's foreign exchange risk. As at year ended 31 December 2023, 2024 and 2025, the amount of the Group's foreign currency represented a low portion of the total cash and cash equivalents and the Group considered the related foreign currency risk was immaterial.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team performing valuations for the financial instruments categories into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer.

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
Trading securities	263,014	263,014	–	–
Unlisted equity securities	857,400	–	–	857,400
Financial assets at FVOCI:				
Investments in listed equity securities	15,834	15,834	–	–
Investments in unlisted equity securities	36,236	–	–	36,236
Total Asset	1,172,484	278,848	–	893,636

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
Trading securities	334,096	334,096	–	–
Unlisted equity securities	860,600	–	–	860,600
Financial assets at FVOCI:				
Investments in listed equity securities	23,229	23,229	–	–
Investments in unlisted equity securities	37,142	–	–	37,142
Total Asset	1,255,067	357,325	–	897,742

	Fair value at 31 December 2025	Fair value measurements as at 31 December 2025 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
Trading securities	273,265	273,265	–	–
Unlisted equity securities	843,300	–	–	843,300
Financial assets at FVOCI:				
Investments in listed equity securities	33,408	33,408	–	–
Investments in unlisted equity securities	42,723	–	–	42,723
Total Asset	1,192,696	306,673	–	886,023

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

Information about Level 3 fair value measurements

The fair values of investment in financial assets at FVPL and financial liabilities at FVPL have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors of the Company to make estimates about the expected future cash flows including discount rate, expected net income of the unlisted company and EBITDA or the enterprise value of the previous year when minority shareholders proposed to exercise their rights of the acquired interest. The directors of the Company believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of each of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of these financial assets at FVPL with a quantitative sensitivity analysis at the end of each of the reporting period:

	Valuation techniques	Significant unobservable inputs	Discount rate	Sensitivity of fair value to the input: Increase/ (decrease) in discount rate	Sensitivity of fair value to the input: (Decrease)/ increase in fair value
					RMB'000
31 December 2023					
Financial assets at FVPL: .	Discounted cash flow method	Discount rate	9.70%	1% -1%	(33,900) 36,800
31 December 2024					
Financial assets at FVPL: .	Discounted cash flow method	Discount rate	9.50%	1% -1%	(39,000) 42,400
31 December 2025					
Financial assets at FVPL: .	Discounted cash flow method	Discount rate	9.40%	1% -1%	(35,700) 38,400

Below is a summary of significant unobservable inputs to the valuation of these financial assets at FVOCI with a quantitative sensitivity analysis at the end of each of the reporting period:

	Valuation techniques	Significant unobservable inputs	Sensitivity of fair value to the input: Increase/ (decrease) in multiple	Sensitivity of fair value to the input: Increase/ (decrease) in fair value
				RMB'000
31 December 2023				
Financial assets at FVOCI:	EBITDA multiple	Multiple	1% -1%	333 (333)
31 December 2024				
Financial assets at FVOCI:	EBITDA multiple	Multiple	1% -1%	319 (319)
31 December 2025				
Financial assets at FVOCI:	EBITDA multiple	Multiple	1% -1%	349 (349)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	At 31 December 2023	At 31 December 2024	At 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Unlisted equity securities:			
At the beginning of the year	698,000	857,400	860,600
Changes in fair value recognised in profit or loss during the year	159,400	3,200	(17,300)
At the end of the year	857,400	860,600	843,300
Investments in unlisted equity securities:			
At the beginning of the year	37,655	36,236	37,142
Net unrealised gains or losses recognised in other comprehensive income during the year	(1,419)	906	5,581
At the end of the year	36,236	37,142	42,723

33 CONTINGENT LIABILITIES

As of 31 December 2025, the Group did not have any material contingent liabilities.

34 MATERIAL RELATED PARTY TRANSACTIONS

(a) Names and relationships of the related parties that had material transactions with the Group

For the years ended 31 December 2023 and 2024 and 2025, the directors are of the view that the following are related parties of the Group:

Name of party	Relationship with the Group
Shanghai Jin Jiang Capital Co., Ltd. 上海錦江資本有限公司	Parent company
Jinjiang International (Group) Co., Ltd ("Jinjiang International") 錦江國際(集團)有限公司	Ultimate controlling party
Shanghai Jinjiang Capital Co., Ltd. New City Hotel 上海錦江資本有限公司新城飯店	Under common control of ultimate controlling party
Shanghai Jinjiang Capital Co., Ltd. New Jinjiang Hotel 上海錦江資本有限公司新錦江大酒店	Under common control of ultimate controlling party
Shanghai Jinjiang Capital Co., Ltd. Xinya Hotel 上海錦江資本有限公司新亞大酒店	Under common control of ultimate controlling party
Jinjiang Inn Ningbo Metro Shop 寧波錦波旅館有限公司	Under common control of ultimate controlling party
Shanghai Jianguo Hotel Co., Ltd. 上海建國賓館有限公司	Under common control of ultimate controlling party
Shanghai Hotel Co., Ltd. 上海市上海賓館有限公司	Under common control of ultimate controlling party
Shanghai New Asia Plaza Great Wall Hotel Co., Ltd. Jing'an Branch 上海錦禓企業管理有限公司靜安分公司	Under common control of ultimate controlling party
Kunming Jinjiang Hotel Co., Ltd. 昆明錦江大酒店有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang International Restaurant Co., Ltd. 上海錦江國際飯店有限公司	Under common control of ultimate controlling party
Tianjin Hujin Investment Management Co., Ltd. 天津滬錦投資管理有限公司	Under common control of ultimate controlling party
Changchun Jinlu Investment Management Co., Ltd. 長春錦旅投資管理有限公司	Under common control of ultimate controlling party
Zhenjiang Jinjiang Star Hotel Co., Ltd. 鎮江京口錦江之星旅館有限公司	Under common control of ultimate controlling party
Tianjin Hedong District Jinjiang Star Investment Co., Ltd. 天津河東區錦江之星投資有限公司	Under common control of ultimate controlling party
Shenyang Songhuajiang Jinjiang Star Hotel Co., Ltd. 沈陽松花江街錦江之星旅館有限公司	Under common control of ultimate controlling party
Shanghai Dishuihujinjiang Star Hotel Co., Ltd. 上海滴水湖錦江之星旅館有限公司	Under common control of ultimate controlling party
Shanghai Jing'an Bread Workshop Co., Ltd. 上海靜安麵包房有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang International Tourism Co., Ltd. 上海錦江國際旅遊股份有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang Tourism Holdings Co., Ltd. 上海錦江旅遊控股有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang International Low Temperature Logistics Development Co., Ltd. 上海錦江國際低溫物流發展有限公司	Under common control of ultimate controlling party
Shanghai Hongqiao Hotel Co., Ltd. 上海虹橋賓館有限公司	Under common control of ultimate controlling party
Wuhan Jinjiang International Hotel Co., Ltd. 武漢錦江國際大酒店有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang Property Management Co., Ltd. 上海錦江物業管理有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang Tangchen Hotel Co., Ltd. 上海錦江湯臣大酒店有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang Yuwei Food Technology Co., Ltd. 上海錦江御味食品科技有限公司	Under common control of ultimate controlling party
Shanghai Peace Hotel Co., Ltd. 上海和平飯店有限公司	Under common control of ultimate controlling party
Shanghai Yangtze Hotel Co., Ltd. 上海揚子江大酒店有限公司	Under common control of ultimate controlling party
Jiangsu Jinjiang Nanjing Restaurant Co., Ltd. 江蘇錦江南京飯店有限公司	Under common control of ultimate controlling party

Name of party	Relationship with the Group
Shanghai Jinjiang Jinmen Hotel Co., Ltd 上海錦江金門大酒店有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang Hotel Co., Ltd. 上海錦江飯店有限公司	Under common control of ultimate controlling party
Shanghai Longbai Hotel Co., Ltd. 上海龍柏飯店有限公司	Under common control of ultimate controlling party
West Capital International Hotel Co., Ltd. 西安西京國際飯店有限公司	Under common control of ultimate controlling party
Shanghai Jing'an Hotel Co., Ltd. 上海靜安賓館有限公司	Under common control of ultimate controlling party
Nanhuating Hotel Co., Ltd. 上海南華亭酒店有限公司	Under common control of ultimate controlling party
Shanghai Baiyulan Hotel Co., Ltd. 上海白玉蘭賓館有限公司	Under common control of ultimate controlling party
Shanghai Xinya Plaza Great Wall Restaurant Co., Ltd. 上海新亞廣場長城酒店有限公司	Under common control of ultimate controlling party
Shanghai Jinshajiang Hotel Co., Ltd. 上海金沙江大酒店有限公司	Under common control of ultimate controlling party
Shanghai Jingmian Food Co., Ltd. 上海靜面食品有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang YMCA Hotel 上海商悦青年會大酒店有限公司 ("青年會大酒店")	Under common control of ultimate controlling party
Shanghai Jinjiang International Industrial Investment Co., Ltd. 上海錦江國際實業投資股份有限公司新錦江商旅酒店	Under common control of ultimate controlling party
Tianjin Jinjiang Star Hotel Co., Ltd. 天津錦江之星旅館有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang Capital Co., Ltd. Technical Service Branch 上海錦江資本有限公司技術服務分公司	Under common control of ultimate controlling party
Kunming Jinjiang Hotel Co., Ltd. 昆明錦江大酒店	Under common control of ultimate controlling party
Shanghai Xintiantian Low Temperature Logistics Co., Ltd. 上海新天天低溫物流有限公司	Under common control of ultimate controlling party
Beijing Jinjianghui Catering Co., Ltd. 北京錦江會餐飲有限公司	Under common control of ultimate controlling party
Shanghai Liaokun Hotel Management Co., Ltd. 上海遼堃酒店管理有限公司	Under common control of ultimate controlling party
Shanghai Jichangkun Hotel Management Co., Ltd. 上海吉長堃酒店管理有限公司	Under common control of ultimate controlling party
Shanghai Ehankun Hotel Management Co., Ltd. 上海鄂漢堃酒店管理有限公司	Under common control of ultimate controlling party
Shanghai Huaizhen Hotel Management Co., Ltd. 上海懷臬酒店管理有限公司	Under common control of ultimate controlling party
Jinjiang International Group Finance Co., Ltd. 錦江國際集團財務有限責任公司	Under common control of ultimate controlling party
Shanghai Interstate Zhuoyi Hotel and Resort Management Co., Ltd. 上海州際卓逸酒店和度假村管理有限公司	Under common control of ultimate controlling party
Shanghai Jinhai Jieya Logistics Management Co., Ltd. 上海錦海捷亞物流管理有限公司	Under common control of ultimate controlling party
Shanghai Jin Jiang Online Network Service Co., Ltd. 上海錦江在線網絡服務股份有限公司	Under common control of ultimate controlling party
Shanghai Heyu Apartment Management Co., Ltd. 上海禾寓公寓管理有限公司	Under common control of ultimate controlling party
Shanghai Food Group Hotel Management Co., Ltd. Jiaozhou Resort Hotel 上海食品集團酒店管理有限公司膠州度假旅館	Under common control of ultimate controlling party
Shanghai Ningfu Hotel Consulting Services Co., Ltd. 上海寧復酒店諮詢服務有限公司	Under common control of ultimate controlling party
Shanghai Jinchuangyuan Commercial Co., Ltd. 上海錦創源商業有限公司	Under common control of ultimate controlling party
Shanghai Longshen Business Service Co., Ltd. 上海龍申商務服務有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang Dahua Hotel Co., Ltd. 上海錦江達華賓館有限公司	Under common control of ultimate controlling party
Jinjiang International (Group) Co., Ltd. Shanghai Friendship Building 錦江國際(集團)有限公司上海聯誼大廈	Under common control of ultimate controlling party
Shanghai Xinyuan Hotel Co., Ltd 上海新苑賓館有限公司	Under common control of ultimate controlling party

Name of party	Relationship with the Group
Beijing Kunlun Hotel Co., Ltd. 北京昆侖飯店有限公司	Under common control of ultimate controlling party
Shanghai Huating Hotel Co., Ltd. 上海華亭賓館有限公司	Under common control of ultimate controlling party
Shanghai Eastern Jinjiang Hotel Co., Ltd. 上海東錦江大酒店有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang Liancai Cultural and Creative Co., Ltd. 上海錦江聯採文化創意有限公司	Under common control of ultimate controlling party
Shanghai Jing'an Kunlun Hotel Co., Ltd. 上海靜安昆侖大酒店有限公司	Under common control of ultimate controlling party
Radisson Hotel Management (Shanghai) Co., Ltd. 麗笙酒店管理(上海)有限公司	Under common control of ultimate controlling party
Shanghai Jinshang Yi'er Hotel Co., Ltd 上海錦商奕貳酒店有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang International Investment Management Co., Ltd. 上海錦江國際投資管理有限公司	Under common control of ultimate controlling party
Shanghai Food Group Hotel Management Co., Ltd. 上海食品集團酒店管理有限公司	Under common control of ultimate controlling party
Shanghai Senior Schools Logistics Service Co., Ltd. 上海高校後勤服務股份有限公司	Under common control of ultimate controlling party
Shanghai Beef and Lamb Co., Ltd. 上海牛羊肉有限公司	Under common control of ultimate controlling party
Shanghai Education Supermarket Chain Co., Ltd. 上海教育超市連鎖有限公司	Under common control of ultimate controlling party
Shanghai Hunan Egg Products Co., Ltd. 上海市滬南蛋品有限公司	Under common control of ultimate controlling party
Shanghai Foodstuff (Group) Company 上海市食品(集團)有限公司	Under common control of ultimate controlling party
Shanghai Jingye Real Estate Co., Ltd. 上海敬業房地產有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang Garden Hotel Co., Ltd. 上海錦江花園飯店有限公司	Under common control of ultimate controlling party
Shanghai New Union Building Company 上海新聯誼大廈有限公司	Under common control of ultimate controlling party
Jin Jiang International Merchant Services Co., Ltd. 錦江國際商務有限公司	Under common control of ultimate controlling party
Shanghai Jinjiang Asset Management Co., Ltd. 上海錦江資產管理有限公司	Under common control of ultimate controlling party
Radisson Hotels Asia Pacific Investments Pte. Ltd.	Under common control of ultimate controlling party
Shanghai Jinjiang Supermarket Co., Ltd. 上海錦江超市有限公司	Under common control of ultimate controlling party
Shanghai JinJiang Action Park Co., Ltd. 上海錦江樂園有限公司	Under common control of ultimate controlling party
Shanghai Gengjie Investment Management Co., Ltd. 上海庚傑投資管理有限公司	Under common control of ultimate controlling party
Master Melon Capital Co., Limited	Under common control of ultimate controlling party
Shanghai Yoshinoja Fast Food Co., Ltd 上海吉野家快餐有限公司	Associates of the Group
Ganzi Holy Land Shambala Tourism Investment Co., Ltd 甘孜州聖地香巴拉旅遊投資有限公司	Associates of the Group
Guangzhou Woqu Apartment Management Co., Ltd 廣州窩趣公寓管理有限公司	Associates of the Group
Shanghai Xinya Fulihua Catering Co., Ltd. 上海新亞富麗華餐飲股份有限公司	Associates of the Group
Jinshiting Hotel Management (Shanghai) Co., Ltd. 錦詩庭酒店管理(上海)有限公司	Joint venture of the Group
Xi'an Jinjiang Star Hotel Co., Ltd 西安錦江之星旅館有限公司	Joint venture of the ultimate controlling party
Zhengzhou Jinjiang Star Hotel Co., Ltd 鄭州錦江之星旅館有限公司	Joint venture of the ultimate controlling party
Mao Xiao (毛嘯)	Director, CEO
Ai Gengyun (艾耕雲)	Director, CFO, Financial Manager
Shen Li (沈莉)	Director, CEO (Retired)
Li Hong (李紅)	Director
Xu Guorong (徐國榮)	Supervisor
Sun Qing (孫青)	Supervisor (Retired)
Hu Min (胡暋)	Vice president, Board Secretary
Hou Lerui (侯樂蕊)	Vice president
Zhao Yanfei (趙雁飛)	Vice president
Qian Kang (錢康)	Vice president

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in Note 8, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages, other benefits and defined contribution retirement plan	5,449	4,866	4,041
Equity-settled share-based payment expenses	–	160	–
	5,449	5,026	4,041

Total remuneration is included in staff costs (see Note 6(b)).

(c) Related parties transactions

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchase of goods			
– Jinjiang International and its subsidiaries	1,060	1,575	1,078
Receiving of services			
– Jinjiang International and its subsidiaries	116,846	193,034	157,461
Sale of goods			
– Jinjiang International and its subsidiaries	10,733	4,832	4,945
Rendering of services			
– Jinjiang International and its subsidiaries	50,515	102,838	134,120
– Joint ventures and associates of the Group as the lessees	–	–	8,381
Leases			
– Jinjiang International and its subsidiaries as the lessees	1,021	1,221	1,659
– Joint ventures and associates of the Group as the lessees	1,279	–	–
– Jinjiang International and its subsidiaries as the lessors	153,242	147,017	96,060
Interest expenses on lease liabilities			
– Jinjiang International and its subsidiaries	46,015	30,823	19,608
Interest income			
– Jinjiang International and its subsidiaries	73,568	60,549	47,966
– Joint ventures and associates of the Group	499	73	72
Interest expense on loans and borrowings			
– Jinjiang International and its subsidiaries	59,874	56,172	98,422
Gains on disposal of subsidiaries			
– Jinjiang International and its subsidiaries	–	–	207,090
Loans and borrowings			
– Loans from Jinjiang International and its subsidiaries	1,557,940	5,000	2,475,591
– Loans to Joint ventures and associates of the Group	3,382	–	–

(d) Balance with related parties

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and other receivables			
– Jinjiang International and its subsidiaries	226,039	326,086	121,887
– Joint ventures and associates of the Group	97,538	96,966	127,311
Trade and other payables - trade			
– Jinjiang International and its subsidiaries	270,580	258,167	159,258
– Joint ventures and associates of the Group	29	23	23
Trade and other payables - non-trade			
– Jinjiang International and its subsidiaries	80,000	80,000	–

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalent			
– Jinjiang International and its subsidiaries	4,307,331	4,080,645	3,879,720
Contract liabilities			
– Jinjiang International and its subsidiaries	333	201	146
Other non-current assets			
– Joint ventures and associates of the Group	3,382	3,340	3,297
Other current assets			
– Joint ventures and associates of the Group *(i)*	–	–	–
Loans and borrowings – current			
– Jinjiang International and its subsidiaries	55,000	2,852,225	469,000
Loans and borrowings – non-current			
– Jinjiang International and its subsidiaries	4,410,406	1,471,905	2,475,591

(i) The original amount was RMB3,500,000 and it was fully impaired.

All the amounts due from related parties of the Group are trade in nature.

Amounts due to related parties – non-trade were settled in August 2025.

35 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 31 December 2025 which would materially affect the Group's operating and financial performance.

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on 1 January 2026 and which have not been adopted in these financial statements. These developments include the followings:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7, Contracts Referencing Nature dependent Electricity	1 January 2026
Amendments to HKFRS 9, Financial instruments and *HKFRS 7, Financial instruments: disclosures – Amendments to the classification* and *measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, Presentation and *disclosure in financial statements*	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027
HKAS 21, Translation to a hyperinflationary presentation currency	1 January 2027

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for the year beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and HKFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

Subsequent financial statements

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2025.